Road King Infrastructure Limited

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

Corporate Profile

ROAD KING INFRASTRUCTURE LIMITED

Road King Infrastructure Limited is a prominent property developer in Mainland China and Hong Kong focusing on developing quality residential apartments and also a leading toll road investor and operator with over 25 years of experience in the industry. The Company successfully entered into the Southeast Asian market in 2019 and became the first company to invest and participate in the operation of Indonesian expressways among other Mainland China and Hong Kong toll road companies. The existing real estate portfolio is mainly located in the Yangtze River Delta, Bohai Rim regions and Greater Bay Area, comprising a land reserve over 6.5 million square meters. The current toll road portfolio consists of five expressways in Mainland China and three expressways in Indonesia, all located in major economic corridors and spanning over 600km in total.

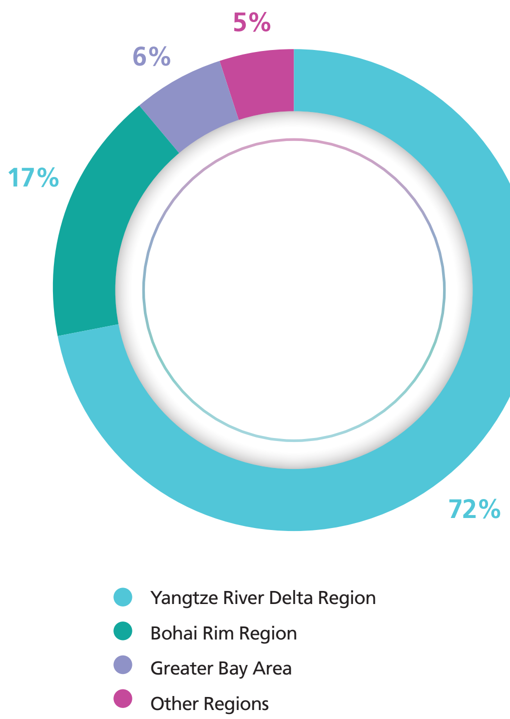
Contents

Financial Highlights

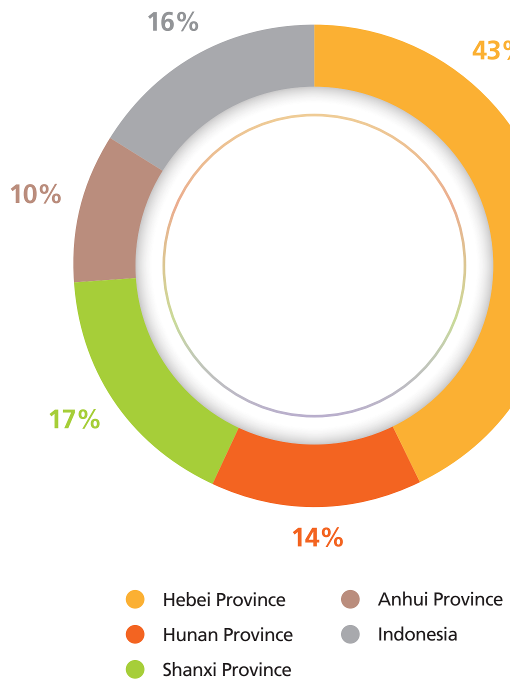
(HK$'million)	For the year ended 31 December **2021**	2020	2019	2018	2017
Revenue of the Group	**24,678**	24,196	21,495	22,365	14,756
Group's share of revenue of joint ventures and associates	**14,153**	7,587	9,673	4,624	1,504
Revenue of the Group and Group's share of revenue of joint ventures and associates	**38,831**	31,783	31,168	26,989	16,260
Cash received from toll road projects (including the repayment of shareholders' loans from toll road projects in Mainland China)	**604**	465	689	827	713
Profit for the year	**1,984**	2,784	3,677	3,699	2,476
Equity attributable to owners of the Company	**22,337**	20,928	18,866	17,398	15,635
Total assets	**108,236**	103,281	90,788 (Note)	78,952	69,735
Bank balances and cash	**12,600**	14,056	14,451	11,793	8,552
Basic earnings per share (HK$)	**1.37**	2.30	4.04	3.99	2.61
Dividend per share (HK$)	**0.35**	0.75	1.18	1.18	0.93
Net assets per share attributable to owners of the Company (HK$)	**29.81**	27.93	25.18	23.22	20.90

Note: The figure of 2019 has been restated pursuant to the amendment made to the contingent consideration payable to the vender for the acquisition of an expressway joint venture. The details have been set out in note 20(d) of the 2020 audited consolidated financial statements.

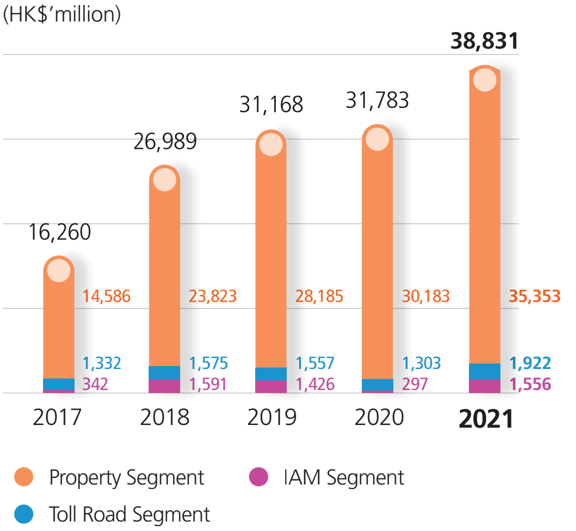
REVENUE CONTRIBUTION OF PROPERTY PROJECTS IN 2021 BY LOCATION



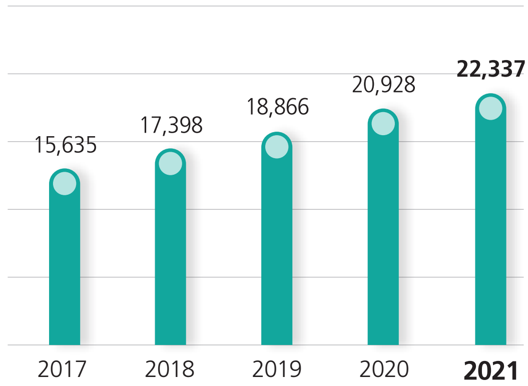
REVENUE CONTRIBUTION OF EXPRESSWAY PROJECTS IN 2021 BY LOCATION



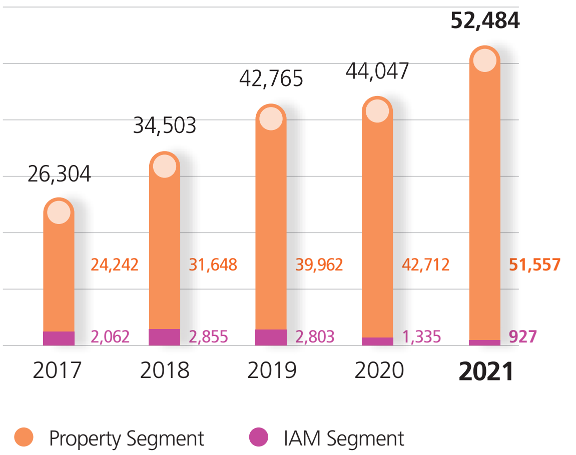
REVENUE
(including share of revenue of joint ventures and associates)
(HK$'million)



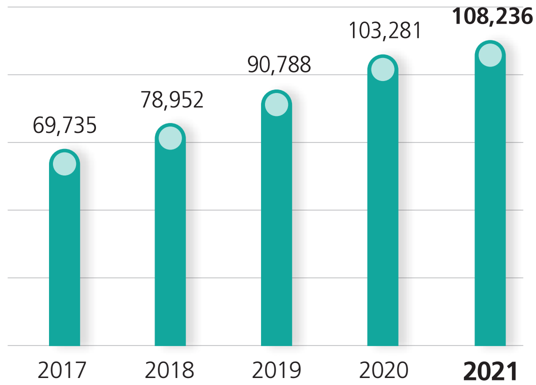
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY
(HK$'million)



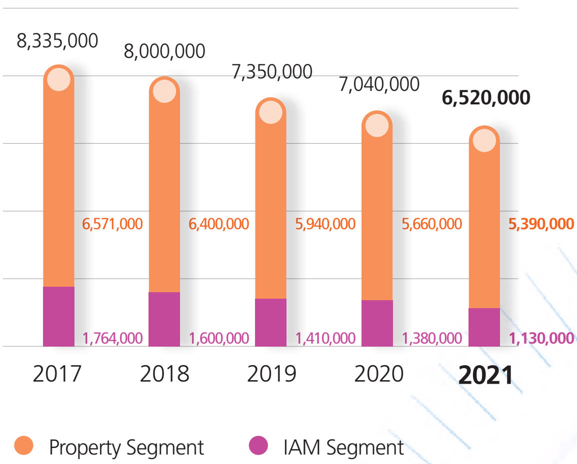
PROPERTY SALES
(including joint venture and associate projects)
(RMB'million)



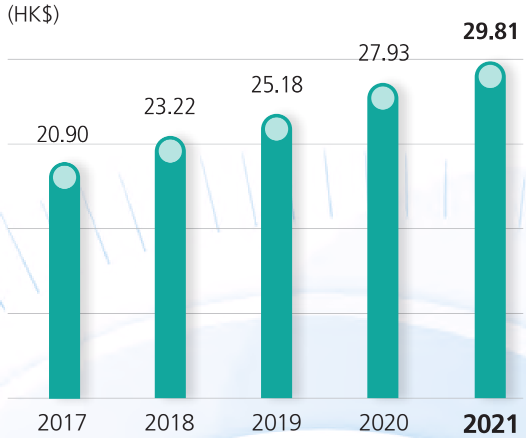
TOTAL ASSETS
(HK$'million)



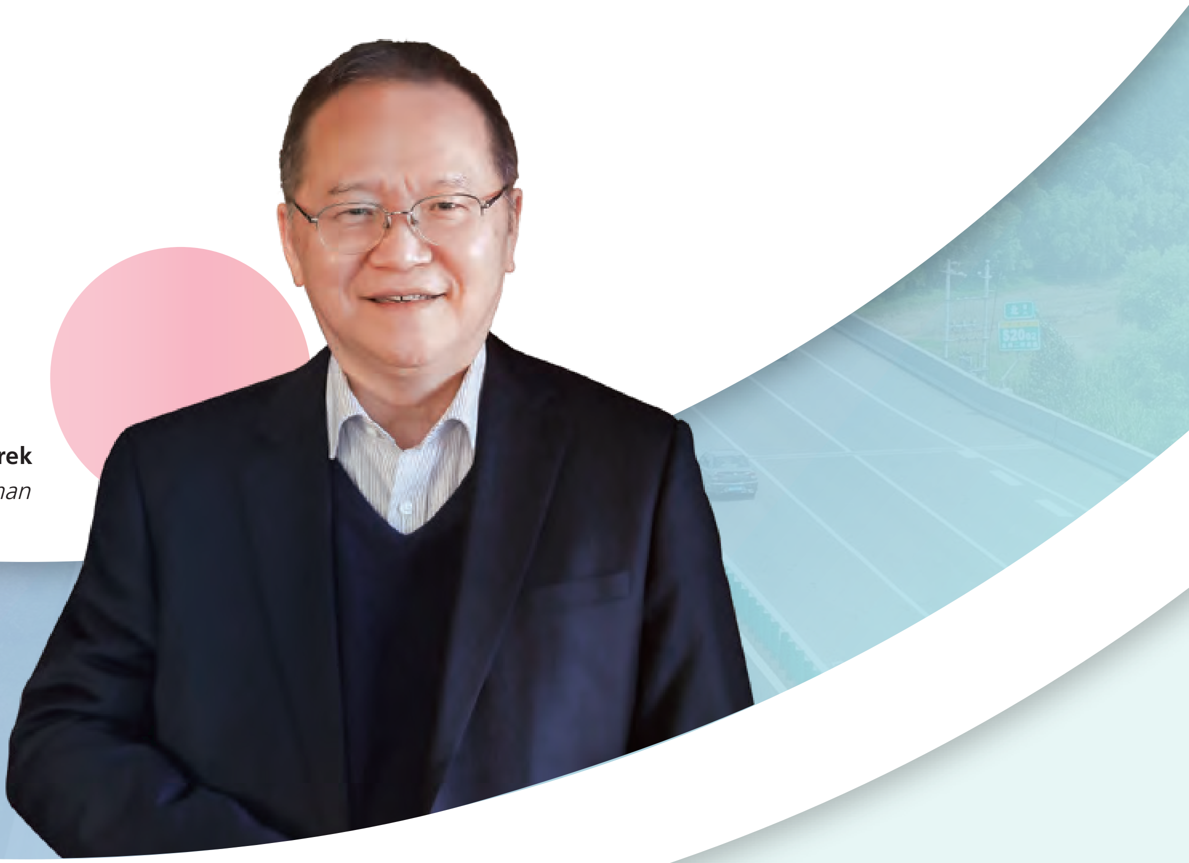
LAND RESERVE
(including joint venture and associate projects)
(sqm)



NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY
(HK$)



Chairman's Statement



Zen Wei Peu, Derek
Chairman

The Group's equity attributable to the Shareholders increased by HK$1,409 million during 2021 whilst the equity per share increased by 7% to HK$29.81. Since the management structure was re-organized in May 2017, the cumulative gain in equity per share (on the basis that the dividend declared during this period is considered as part of the Shareholders' equity) has become 92%, or on the average, approximately 14% as compounded per year.

The Group's total property sales (including joint venture and associate projects) in 2021 was RMB52,484 million. The Group's turnover and net profit attributable to Shareholders were HK$24,678 million and HK$1,028 million respectively.

Our performance in the past year was far from satisfactory, the main reasons of which are as follows:

1) Property Development Business

The Central Government continued to impose restrictions on property development business such as price ceiling, restricting the number of units anyone can buy, restricting the loan to value percentage on the mortgage loans, etc. In addition, the Central Government in 2021 imposed harsh control in the release of project development loans, the use of the sales receipts, slowing down the registration of sales contracts and the release of mortgage loans. These factors combined create huge pressure for all property developers with the industry witnessing the immediate dry out of property market sentiment and cashflow, thus a sliding down of gross and net profit of their sales. Road King of course is no exception. Our net profit margin in property development segment in 2020 was 15% but it dropped to 9% in 2021, representing a corresponding drop of profit of HK$1,381 million!

I will revisit this in my Business Analysis section.

2) Investment and Asset Management Business

I did mention that Road King may need three to four years to complete and restructure this segment last year. Naturally COVID-19 slowed down a lot of activities and upon further study, we did identify areas which may take a longer time to have it completely resolved. Road King recorded a loss of HK$806 million in this segment in 2021, mainly because of the interest cost incurred and provision for impairment. I hope in time we can gradually reduce these losses by solving one problem after the other.

BUSINESS ANALYSIS

The Group's business is comprised of the following three major segments:

A) Toll Road Business

As most Shareholders are aware, Road King started off in only toll road business when it was listed in 1996, which is why the Group is named as "Road King". Since 2004, we have been diversified into property development business as toll road networks in Mainland China gradually matured and were completed. We certainly did not expect this diversification would move so fast that now property development has become our main business, and with property sales almost 14 times that of our toll revenue from the Group's expressway projects.

However, our toll road business does provide a steady stream of cash flow and profit, contributing a significant part to our bottom line.

Three years ago, Road King introduced a new shareholder at our toll road level, with a view of entering the Southeast Asian market. Our logic was simple, Road King was set up in 1994 and listed in 1996. During the following 10 plus years, the traffic boomed in Mainland China, yielding a remarkable return of our investment, until around 2004, when new suitable toll roads became difficult to locate. That was the time we started to diversify into property development business.

We consider that most Southeast Asian countries are now in a period of rapid development similar to that of Mainland China in the early Nineties, though somewhat a bit slower. So this may be a golden opportunity for us to venture into these countries. After serious consideration, we narrowed down to a choice between Indonesia, Vietnam and Philippines, and eventually decided on Indonesia in view of its population, percentage of young people, its relationship with Mainland China and political stability, etc.

In late 2019, we invested in two expressways in Indonesia, fully expecting we shall record loss for at least the first four years (which was why the original owner wants to sell in the first place). However, given the particularly long period of concession for over 40 years, we believed in the longer term it will be a good investment for Road King. In 2021, we again negotiated and added another expressway to our portfolio, expecting similar return, but we managed to shorten the loss-making period by negotiating a better financial arrangement with bank. We also took steps to cut cost and delay some non-essential constructions until the time was right to build. Consequently, in 2021, we turned the business around and made a small profit two years earlier than originally expected. We do expect the result to be even better in 2022, considering we are still under the impact of COVID-19, and if this Pandemic eventually subsides, we will see a quantum leap in the result.

It is our intention to put more resources into toll road business. Besides looking seriously at adding more toll roads in Indonesia to our portfolio, we might focus on other countries should we have sufficient confidence and resources, but it would be after the current Pandemic subsides. Let's hope that a vaccine or medication which can control its spreading is found soon so that we can all resume to our normal lives.

B) Property Development Business

Since 2020, we have expected that the golden period of engaging in property development business in Mainland China is over for the time being, and the situation will extend to the next two to three years. Let me explain the challenges Road King are facing. Hopefully we can find a place in the future property development business if we do things right. I welcome Shareholders to share your opinion with the management in the forthcoming 2022 AGM as your ideas may give us fresh insight of the way ahead.

Below is the overall situation as I see it:

1) It is obvious that the Central Government targets to maintain the housing price at certain level, forcing developers to deleverage, with an ultimate objective that "houses are meant for people to live, not speculate" in maintaining a stable community.

2) The reason that the Central Government is trying to curb housing prices is because now in Mainland China, the average borrowing of the top 100 developers is of a total debt over total asset ratio of about 80%. That, when converting into the normal gearing ratio of total debt over equity, equates to 400%, i.e. for 10 billion equity any company holds, his borrowing is 40 billion, a staggering figure if we think of it carefully. What those companies are relying on is they can continuously refinance their debts, and their sales proceeds are sufficiently fast and smooth to cover the cash outlay demanded for the construction cost, as well as purchase of new parcels of land. The scenario works only if both assumptions run smoothly.

3) This is certainly a very unhealthy phenomenon, and if it collapses, it will cause huge disruptions to the financial system, hence the introduction of a number of austerity measures a number of years ago and the "Three Red Lines" guidance recently.

4) As mentioned earlier, the Central Government in 2021 imposed strict control on the release of development loans, the use of the sales receipts, slowing down the registration of sales contracts and the release of mortgage loans. These dried out the market sentiment and cashflow quickly, leading to the non-functioning of the property developers' formal formula for success, hence we saw starting early 2021, rumors or signs of warning of various companies in trouble surfacing. It turned out that a big developer that everyone is familiar was the first to get stuck in trouble, with others being liquidated or wiped out afterwards.

5) Finally, the Central Government realized the serious impact that the fall of a major property developer can cause and that deleveraging could not be done in a short period of time. In addition, the gross domestic product ("GDP") growth rate in Mainland China also began to slow down towards the second half of 2021. Considering that property investment and development related businesses constitutes a major portion of about 15% of Mainland China's GDP with its turnover of RMB15 trillion vs a total GDP of slightly over RMB100 trillion, this sector must be kept stable. Hence in recent months, a series of measures were released by the Central Government to alleviate the negative effects. Those measures include:

    i) gradual relaxation on banks' lending to buyers for mortgages to facilitate transactions and cashflow;

    ii) allowing state owned enterprises (the "SOEs") to take up those private developers in trouble; and all merge or acquisition loans would not be included into the calculations for the "Three Red Lines". As a result, we shall gradually see more private developers being taken over (or at least partially) by SOEs;

    iii) relaxation of development loans to the projects.

All these I believe will gradually have their impacts felt. Yet I don't believe a trend that has formed can be easily reversed, at best the situation will become more normal after the majority of those property developers crossing the "Three Red Lines" have deleveraged enough by selling more flats and stopping buying new land. In fact, we are going to see a massive shrinkage in size for most big property developers, with exception of perhaps the SOEs.

Mainland China

Given the above understanding, plus the impact of the Pandemic, there is no wonder that all property developers suffered greatly after 2020 and it is likely that it will continue until 2023 or 2024. The Shareholders will notice a significant drop in our gross and net profit versus the years before, hence the significant drop in our overall result.

What we are sure is the road ahead will be particularly difficult for all property developers, in particular private property developers. However, we believe that, as long as Road King is doing better (in terms of our design, quality of construction, speed of delivery, control of financial leverage, sales rate, better after sales service, etc.), in the long run, we shall certainly be one of the survivors. When that comes, we should be in a better shape than now.

Hong Kong

The story in Hong Kong is a much happier one. This year we have almost sold all of our Crescent Green units in Yuen Long. We sold 624 units and netted HK$13.6 billion, out of a total of 800 units of our Southland at Wong Chuk Hang mass transit railway station. We target to sell off all remaining units before end of 2022. Our So Kwun Wat Project is going well, with target to launch presale in mid-2022, depending on the development of the Pandemic.

There is urgency for the Company to replenish its land reserve. We had tendered for several parcels of land in 2021, but unfortunately we were unable to get hold of any as most local property developers are still quite bullish on the future of Hong Kong property price. We are also looking at projects owned by property developers from Mainland China with cashflow problems and other opportunities offered by private sectors.

C) Investment and Asset Management Business

As I mentioned last time, we recorded losses in this business segment. After serious review and detailed discussion, two conclusions were reached: one was a deviation in strategy, and the other was a failure in execution. Let me elaborate:

1) A few years ago, as leisure business, commercial centres and asset management seemed to be the favorites at that time, we were more aggressive under the strategy of capturing opportunities and diversifying investment, and forgot the principle of "crossing the river by feeling the stones". We decided to invest in those projects without accumulating enough experience. When the Pandemic hit in these two years, the painted rosy picture suffered a severe blow causing the Company to back out and wind down from the investments, which may take a long time, and the process is bound to be arduous.

2) On the other hand, in terms of business implementation, our executive team was unable to run in and formulate a complete business management system in a timely manner due to its short history of formation, resulting in losses.

Though as I said, some projects may have potential to breakeven or eventually yield some profit, there will be a wait for this to materialize particularly in view of the Pandemic. Those losses are indirect, however, as a big chunk on our equity is tied down and not producing any return for the Company at least in the short term, it has led to a reduction on Road King's return on equity (the "ROE"). While we're doing our best to sort out this business segment now, we need several years to gradually solve this tough issue.

OUTLOOK

As we look ahead, we can expect several key developments affecting the environment in which we are operating in and these are as follows:

1) As we enter the era of the Asian century, one can expect the growth in this area to be much faster than the other continents, particularly those poorer countries with lower income and younger age groups of usually below 30 years old.

2) Mainland China obviously will continue growing. It is just a matter of time when the US will be overtaken in terms of overall GDP.

3) Due to the fast growing new businesses, be it AI, 5G, Generic Invention, Clean Energy, Electric Cars, Quantum Computing, etc., the reliance of Mainland China on the property sector will gradually lessen, but it will remain a significant segment at least for the next 15 to 20 years.

4) The determination of the Central Government to control the housing price is extremely unlikely to change. A healthy development of property market will serve as a stabilizing factor for Mainland China, contributing to its GDP growth.

5) Mainland China will surely continue to keep a tight rein on financial gearing of property developers. Reducing leverage is a must, but the measures taken may be milder and more specific, as seen in the case of Evergrande that a sudden collapse of a major developer with high gearing ratio may upset the financial system and affect numerous related players.

In view of the above, the way forward for Road King to survive and prosper is clearly to take the following actions:

i) For toll road business, we shall focus on increasing our investment in Indonesia, and when the time is right, extend and consider entering Vietnam or the Philippines market. Also if possible, we shall focus on expressways in Mainland China, by extending our current toll roads, or new toll roads if the return meets our investment requirements. In doing so, Road King can be ensured of a steady and ever-growing income stream.

ii) For property development business, our survival strategy is simple and straight forward:

    First, we shall shift certain emphasis on scale to profit in order to maintain a good balance between the two. A reasonable bottom line is what really matters to any organization in the long term;

    Second, we shall maintain our focus on cities where we have performed well and our name is already well known, and concentrate on tier one or tier two cities where we can be certain the price will hold and sales much more easily concluded, and the construction duration well controlled.

    As mentioned last time, property development in Mainland China is becoming more like a manufacturing business, where with the selling price controlled, so is the maximum amount of profit. To be able to make a profit, the developers must excel in the design, flat mix, quality of construction, speed of delivery, strong and efficient sales force, after-sales service (mainly property management) quality, and last but not least, a good control on cost.

In 2021, we saw a huge number of property developers in Mainland China facing liquidity problem and inevitably some may eventually go for liquidation. The extra problem we need to encounter, at least for the next two years, is that certain large developers with high gearing, need to lower their debt ratio, and the only way to achieve that is to sell more of their finished flats quicker (by lowering their price) and buy less land (or not buy any new land). So we shall be competing with many developers who urgently need the money to pay their debt. This certainly will put great pressure on our ability to maintain target selling price at the right pace but on the other hand, those property developers are much less likely to compete in new land purchases, which is actually the situation observed in recent months.

We have kept our financial discipline and stay within the "Three Red Lines", but this does not mean our life will be easier, on the contrary, looking ahead, we do expect at least for the next two years, life will still be extremely difficult for all property developers in Mainland China. One could only hope that by 2024 or may be 2025, things might change and go back to a more normal state, i.e. we all compete on how well we deliver our products, and not who can borrow more, nor who are more daring in bidding parcels of land, with more reasonable margin, but with most big players shrinking in size due to the "Three Red Lines". We hope this day will come sooner than later.

What we are sure is in the next few years, it will be a steep uphill battle for all developers in Mainland China. The only exception may be SOEs with their cost of capital lower than others. I have full confidence that Road King will come out of this difficult period and, more matured and hopefully even stronger and fitter.

Here, I wish to retract one prediction made last year. I had said that the top 100 property developers would dominate the market by 2025, but in view of the strict control on financial gearing, most major developers, with the exception of SOEs would be trying to gradually reduce turnover and debt levels. So I believe a more balance in sizes of developers, with the SOEs capturing most of the top places emerging, is inevitable.

iii) For our investment and assets management business, we have little choice but continue to streamline and liquidate the portfolio, whenever manageable.

However, we can assure Road King will try our best to achieve an ideal ROE in the long term, though we might have to go through a short period of tough challenges in the coming two or three years.

COMMUNICATION WITH SHAREHOLDERS

I have been candid with you in my reporting and I will emphasize the pluses as well as minuses that are important in appraising the Group. My guideline is to tell you the business facts that I would want to know if our positions were reversed; I owe you nothing less. There may be some queries or issues you want to raise and so I strongly encourage Shareholders to attend the 2022 AGM. This is the occasion where the management and owners of the Company can discuss the business face to face.

DIVIDEND POLICY

Based on the Group's earnings per share of HK$1.37, we will distribute a final dividend of HK$0.20 per share for the year. Together with the interim dividend of HK$0.15 per share, a total dividend for 2021 of HK$0.35 per share is distributed, which represents 26% of the Group's profit attributable to Shareholders.

APPRECIATION

Finally, I would like to take this opportunity to again express my hearty gratitude to our Shareholders, clients, business partners, directors and not least, the hard work of our loyal and dedicated staff.

Zen Wei Peu, Derek
Chairman

Hong Kong, 22 March 2022

Fong Shiu Leung, Keter
Chief Executive Officer

Dear Shareholders,

RESULTS FOR 2021

For the year ended 31 December 2021, property sales and toll revenue of the expressway projects of the Group (including joint venture and associate projects) were RMB52,484 million and RMB3,779 million respectively, totaling RMB56,263 million, representing an increase of 20% over last year. The Group's profit for the year was HK$1,984 million, profit attributable to Shareholders was HK$1,028 million, with earnings per share of HK$1.37 and net assets per share of HK$29.81.

BUSINESS OVERVIEW

In 2021, under the policy environment of "house is for living, not for speculating", the Central Government and local governments of Mainland China intensively issued regulatory policies and insisted on the implementation of the long-term mechanism of "stabilizing land prices, stabilizing housing prices and stabilizing expectations". The trend at the end of 2020 continued in the first half of the year, with the market in key cities remaining enthusiastic. Due to the tightening of regulatory policies and credit environment, coupled with credit defaults caused by tight liquidity of some real estate enterprises in the second half of the year, resulting in a crisis of confidence in the industry, a slowdown in the pace of home purchase and a rapid cooling of the national real estate market.

Despite the complex and volatile market environment, the Group's operation team still adhered to the operating principle of striking a balance between sales volume and profitability, closely followed the market trend and made concerted efforts to maintain sales momentum, achieving total property sales (including joint venture and associate projects) of RMB39,562 million in Mainland China in 2021, comprising the contracted sales of RMB36,663 million and outstanding subscribed sales of RMB2,899 million. The sales were mainly from projects in the Yangtze River Delta region and the overall average selling price per sqm was approximately RMB22,100, representing an increase of 10% as compared to last year.

The land market sentiment in Mainland China was enthusiastic in early 2021 and then weak in the later period. In the first half of the year, the first batch of concentrated land supply was launched and the market was still relatively heated. In the second half of the year, the land auction rules were adjusted across the country. The land market cooled down significantly due to the decline in sales and the tight capital of real estate enterprises. The volume of land transactions shrank and bottom price transactions or abortive auctions occurred frequently. The Group was prudent and rational in land acquisition, acquiring 12 pieces of land for residential purpose with a total gross floor area of 1,480,000 sqm in 2021 to replenish its land reserves and support its development scale in the next two years. As at 31 December 2021, the Group had a total land reserve of approximately 6,520,000 million sqm in Mainland China and Hong Kong.

The Hong Kong projects are operating smoothly. Property sales in Hong Kong increased significantly to HK$15,568 million in 2021, mainly due to the overwhelming responses on the sales of the Southland in Wong Chuk Hang since its launch on 1 May, which sold 624 units worth HK$13,626 million and was scheduled to be ready for occupation by the end of 2022. In addition, 104 units and 118 car parking spaces were sold at a value of HK$1,942 million for Crescent Green in Yuen Long for the year, with property delivery of HK$2,144 million. The construction of the superstructure of the So Kwun Wat Project in Tuen Mun was underway and the sale was scheduled to launch in mid-2022, depending on the development of the Pandemic.

In 2021, the Group's total property delivery in Mainland China and Hong Kong (including joint venture and associate projects) amounted to approximately RMB43,657 million, representing an increase of 33% over last year, mainly from projects in the Yangtze River Delta region (which accounted for approximately 72% of the total delivery), with a gross profit margin of approximately 22%.

With the Pandemic under control, toll road business operations gradually restored to normal. Toll revenue from the Group's expressway projects in Mainland China increased by 36% to RMB3,153 million in 2021 compared to last year, with an average daily traffic volume of approximately 274,600 vehicles. The increment was mainly due to a lower revenue base as a result of the implementation of Toll-Free policy for all toll roads during the Pandemic prevention and control period in 2020, and a recovery to the pre-pandemic level in 2021.

In terms of Indonesian expressways, the Group completed the acquisition of the MKTT expressway in Sumatra, Indonesia in April 2021, to enhance the overseas toll road portfolio. Despite the Pandemic continued to resurface in 2021, the overall situation eased compared to last year. In addition, all three projects in Indonesia successfully secured toll rate increments during the year, resulting in an increase of 55% in toll revenue to RMB626 million compared to 2020, with an average daily traffic volume of approximately 47,200 vehicles.

In 2021, the overall average daily traffic volume and toll revenue of the Group's expressway projects in Mainland China and Indonesia reached 321,800 vehicles and RMB3,779 million respectively, representing an increase of 13% and 39% over last year. As a result of the increase in toll revenue, profit of the Toll Road segment rose to HK$579 million. In the same year, the Group received cash distribution of HK$604 million from its expressway joint ventures, which has resumed to the normal distribution before the Pandemic.

CAPITAL AND FINANCING

In 2021, Mainland China continued to strengthen the regulation of real estate funds and tighten its housing credit policy, which led to liquidity constraints for some real estate enterprises. The slowdown in the pace of home purchase, pressure on collection of sales proceeds for real estate enterprises, and debt defaults by some real estate enterprises as the peak of debt repayment period approached, resulting in a rapid cooling of the domestic and overseas real estate financing markets. Investors adopted cautious attitude and observed the market conditions.

In line with its prudent financial management policy, the Group seized the market window during the year and issued two 5-year guaranteed senior notes at a lower interest rate (annual rate ranging from 5.125% to 5.2%) to refinance the bank loans and USD bonds due during the year. After the repayment of the USD bonds, the Group has no offshore bonds maturing in 2022. Throughout the year, the Group drew down a number of offshore bank loans and project development loans with an aggregate value of HK$19,870 million equivalent in Hong Kong and Mainland China.

WORK PLAN FOR 2022

Looking ahead to 2022, it is expected that the Central Government will reaffirm its policy of "house is for living, not for speculating", strictly abide by austerity measures such as "city-specific policies" and restriction on purchase and price. Key cities will continue to optimize the "two concentrations" policy, with further improving the interaction between land and property markets, increasing the proportion of land supply with leasing purpose, gradual strengthening the effect of stabilizing land prices and promoting the stable and healthy development of the real estate market. Although the relevant financial regulatory policies had been relaxed since the end of 2021, the overall capital market environment was still tighter than in previous years. Considering the capital pressure and the market downside risks in the coming year, the pace of the Group's land acquisition will continue to be cautious. In view of the complexity and volatility of the global Pandemic and many uncertainties in the international environment, which will have certain impacts on the Mainland China's economy in the short term, but real estate industry, as a pillar industry in Mainland China, still has an important role in supporting economic growth. The Group stays cautiously optimistic in regards to the outlook of property business development.

Through years of development, the Group's property business has a well-established business model, a well-functioned management system, a seasoned and dedicated operation team and a sound market position. In 2022, the Group will continue its pragmatic approach and adhere to the operating strategy of striking a balance between profitability and sales volume. To establish the Group as a more widely recognised developer, it will continue to research and develop market-oriented products and promote the brand name of the Group.

The Group began to accumulate overseas operating experience after expanding its expressway business in Indonesia in 2019. In 2021, the Group has further acquired another expressway in Sumatra, Indonesia. Going forward, the Group will continue to look for toll road projects with reasonable investment returns in Mainland China and the Asia-Pacific region to further strengthen the Group's toll road business.

ACKNOWLEDGEMENT

We would like to thank our colleagues for their dedication and contributions and express our sincere gratitude to the customers, business partners, Shareholders and the Board for their enduring support and trust.

Fong Shiu Leung, Keter
Chief Executive Officer

Hong Kong, 22 March 2022

Major Awards

ROAD KING INFRASTRUCTURE LIMITED

2021 Best 35 of China Real Estate Listed Companies with Comprehensive Strengths
2021 Best 5 of China Real Estate Listed Companies of Risk Management

RK PROPERTIES HOLDINGS LIMITED

2021 TOP10 of China Foreign Real Estate Developers

RK PROPERTY SERVICE HOLDINGS LIMITED

2021 TOP100 Property Management Companies in China

PROPERTY BUSINESS

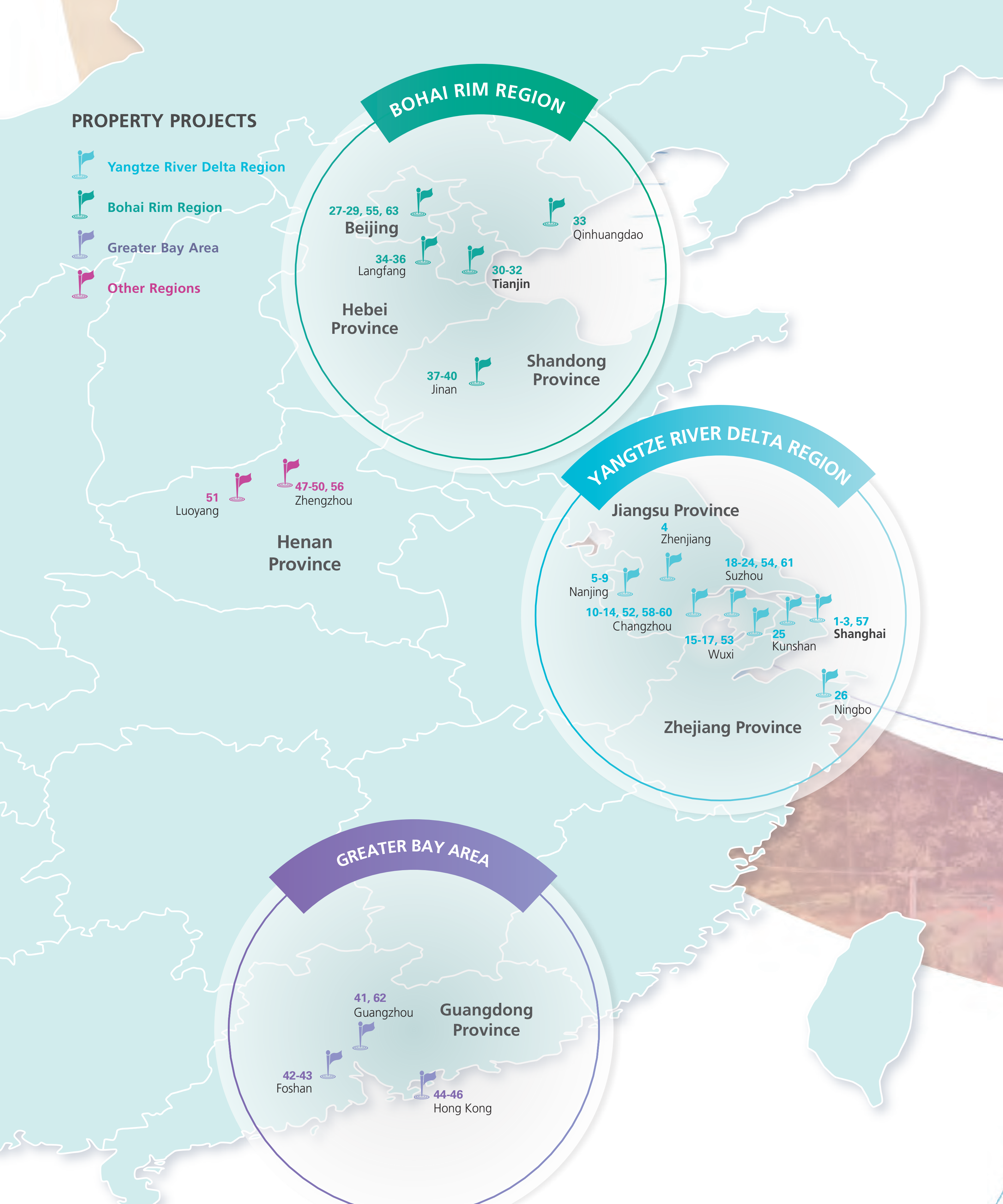
Shanghai	2021 Role Model Property – Simple Life 2021 China Quality Glorious Apartment – Simple Life
Changzhou	2020 Top10 of Foreign Investment Companies 2020 Top 10 of Real Estate Companies

PROPERTY BUSINESS *(CONTINUED)*

Suzhou	2020 Golden Award of China Building Decoration Golden Eagle Design Competition – RK One More Time
Beijing	2021 Honor Award of The 6th REARD Global Design Award – RK Royal Yard 2021 Silver Award of The Italian International Design Award – RK Royal Yard 2021 Excellent Property Company
Tianjin	2021 Digital Brand Value of Real Estate 2020 Benchmarking Projects of Smart On-site – RK Sunny Town 2020 Most Popular Property On Internet – RK Fabulous Community 2021 Environmental Management System Certificate
Guangzhou	2020 Guangzhou Quality Real Estate Property – Phoenix Residence 2020 Small District of Fighting the Prevailing Pandemic – RK J•o•Y Heights

TOLL ROAD BUSINESS

Changyi Expressway	Team Third Award of 2021 Hunan Province Expressway Holding Co., Ltd. Operation Management and Staff Business Skills Competition on Emergency Management Team "Shisanwu" Expressway Maintenance Management Advanced Team
Longcheng Expressway	2021 Advanced Grassroots Party Organization
SN Expressway	2nd Winner of Roadster Rescue Competition 2021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LAND RESERVE

As at 31 December 2021

	Floor Area*	
Region	**sqm**	**Proportion**
Shanghai	379,000	6%
Jiangsu Province	2,797,000	43%
Zhejiang Province	72,000	1%
Yangtze River Delta Region	**3,248,000**	**50%**
Beijing	327,000	5%
Tianjin	393,000	6%
Hebei Province	601,000	9%
Shandong Province	330,000	5%
Bohai Rim Region	**1,651,000**	**25%**
Guangdong Province	350,000	5%
Hong Kong	95,000	2%
Greater Bay Area	**445,000**	**7%**
Henan Province	1,176,000	18%
Other Regions	**1,176,000**	**18%**
Total	**6,520,000**	**100%**
Of which:		
Properties for sale	6,164,000	95%
Investment properties	356,000	5%

* Including joint venture and associate projects

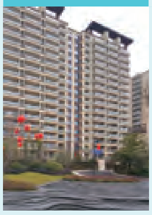
MAJOR PROJECTS INFORMATION

PROPERTIES FOR SALE

As at 31 December 2021

Yangtze River Delta Region

1 RK Sheshan Villa • Dongyuan

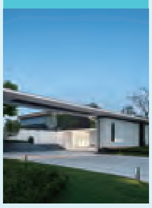


Floor Area (sqm)	104,000	Nature	Residential and commercial	Stage of Completion (note)	S/C	Land area (sqm)	122,000
Approximate attributable interest	100%	Target completion	2024	Location	East to Kungang Highway, West to Hexi Street, South to Mianzhanggang River and North to Wennan Road, Xiaokunshan Town, Songjiang District, Shanghai, the PRC		

2 RK Yuemao Mansion

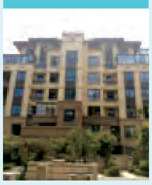
Floor Area (sqm)	34,000	Nature	Residential and Commercial	Stage of Completion (note)	S/C	Land Area (sqm)	61,000
Approximate attributable interest	93.75%	Target completion	2022	Location	East to Hongshi Road, South to Beiqing Road, West to Baiqiang Port, North to Chenjiashan Road, Jiading District, Shanghai, the PRC		

3 Simple Life



Floor Area (sqm)	74,000	Nature	Residential	Stage of Completion (note)	S	Land Area (sqm)	78,000
Approximate attributable interest	49%	Target completion	2022	Location	East to Yuyan Road, South to Jinjuan Road, West to Shizhu Road, North to Xueyan Road, Chongming District, Shanghai, the PRC		

4 RK City (Zhenjiang)



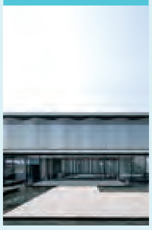
Floor Area (sqm)	149,000	Nature	Residential	Stage of Completion (note)	S/C	Land Area (sqm)	257,000
Approximate attributable interest	100%	Target completion	2023	Location	South of Yihou Road and West of Yandun Shan Road, Dagang Town, Zhenjiang, Jiangsu Province, the PRC		

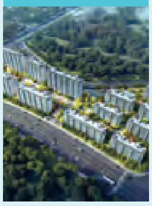
MAJOR PROJECTS INFORMATION

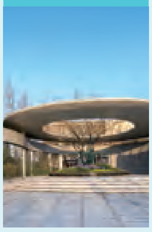
PROPERTIES FOR SALE

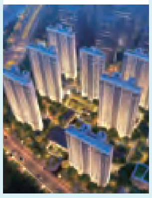
As at 31 December 2021

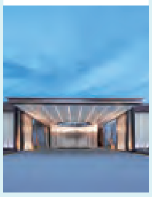
Yangtze River Delta Region

5	Breeze Mansion							
	Floor Area (sqm)	177,000	Nature	Residential	Stage of Completion (note)	S	Land Area (sqm)	83,000
	Approximate attributable interest	40%	Target completion	2023	Location	East to Keji Avenue, South to Yanfa Two Road, West to Development Road, North to Dongji Avenue, Jiangning District, Nanjing, Jiangsu Province, the PRC		

6	Hill Mansion I							
	Floor Area (sqm)	49,000	Nature	Residential	Stage of Completion (note)	S	Land Area (sqm)	32,000
	Approximate attributable interest	30%	Target completion	2022	Location	South to Guanyaoshan Road, West to Happy Avenue, North to Guihua Branch Road, Qixia District, Nanjing, Jiangsu Province, the PRC		

7	Hill Mansion II							
	Floor Area (sqm)	46,000	Nature	Residential	Stage of Completion (note)	S	Land Area (sqm)	26,000
	Approximate attributable interest	36%	Target completion	2022	Location	East to Happy Avenue, South to Guihua Cement Factory Road, West to Guihua Guanjiang Road, North to Guihua Jiangnan Road, Qixia District, Nanjing, Jiangsu Province, the PRC		

8	Dazzling Jiangnan (formerly known as Yuhuatai District G41 Project)							
	Floor Area (sqm)	76,000	Nature	Residential	Stage of Completion (note)	S	Land Area (sqm)	29,000
	Approximate attributable interest	49%	Target completion	2023	Location	North of Xikou South Road, South of Jixiang Road, Yuhuatai Economic Development Zone, Nanjing, Jiangsu Province, the PRC		

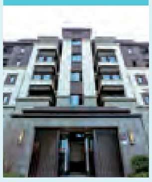
9	Cloud-Clad Mount							
	Floor Area (sqm)	146,000	Nature	Residential	Stage of Completion (note)	F	Land Area (sqm)	67,000
	Approximate attributable interest	25%	Target completion	2023	Location	East of Yuanhua Road, South of Weidi Road, Xianlin Street, Qixia District, Nanjing, Jiangsu Province, the PRC		

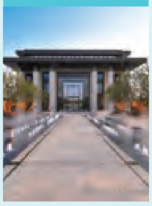
MAJOR PROJECTS INFORMATION

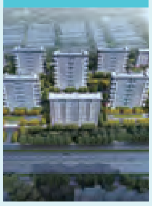
PROPERTIES FOR SALE

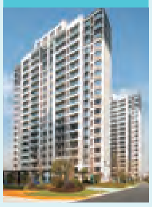
As at 31 December 2021

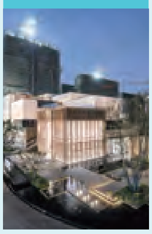
Yangtze River Delta Region

10	Tang Song							
	Floor Area (sqm)	101,000	Nature	Residential	Stage of Completion (note)	S/C	Land Area (sqm)	129,000
	Approximate attributable interest	49%	Target completion	2022	Location	Southeast of Dingxiang Road and Zhongwu Avenue, Zhonglou District, Changzhou, Jiangsu Province, the PRC		

11	Jinmao Palace (Changzhou)							
	Floor Area (sqm)	110,000	Nature	Residential	Stage of Completion (note)	S/C	Land Area (sqm)	108,000
	Approximate attributable interest	51%	Target completion	2023	Location	South of Yanzheng Middle Avenue, West of Fenglin North Road, Hutang Town, Wujin District, Changzhou, Jiangsu Province, the PRC		

12	RK City Boyue							
	Floor Area (sqm)	62,000	Nature	Residential	Stage of Completion (note)	S	Land Area (sqm)	40,000
	Approximate attributable interest	100%	Target completion	2022	Location	West of Wuyi North Road and North of Juhu East Road, Hutang Town, Wujin District, Changzhou, Jiangsu Province, the PRC		

13	RK Royal Bay							
	Floor Area (sqm)	35,000	Nature	Residential	Stage of Completion (note)	C	Land Area (sqm)	34,000
	Approximate attributable interest	100%	Target completion	Completed	Location	East to Xigangtou, South to Chaze Street, West to Miaoqiao River, North to Xiaxi River Tributary, Wujin District, Changzhou, Jiangsu Province, the PRC		

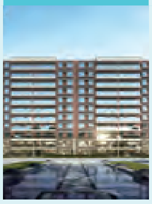
14	Bamboo Grove One							
	Floor Area (sqm)	116,000	Nature	Residential	Stage of Completion (note)	S	Land Area (sqm)	52,000
	Approximate attributable interest	51%	Target completion	2023	Location	East to 26 Qinglong Road, South to Zhulin North Road, West to Miaowan Village West Road, North to Hengtangbang, Tianning District, Changzhou, Jiangsu Province, the PRC		

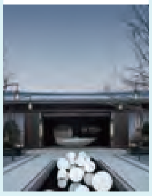
MAJOR PROJECTS INFORMATION

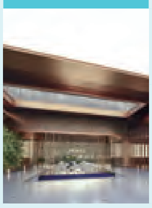
PROPERTIES FOR SALE

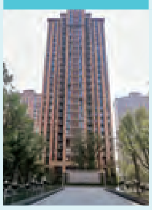
As at 31 December 2021

Yangtze River Delta Region

15	Cloud Top Life							
	Floor Area (sqm)	94,000	Nature	Residential	Stage of Completion (note)	S	Land Area (sqm)	53,000
	Approximate attributable interest	20%	Target completion	2022	Location	Southwest of the intersection of Shangwei Road and Jingying Road, Qianqiao Street, Huishan District, Wuxi, Jiangsu Province, the PRC		

16	Yunjin Oriental (formerly known as Huishan District Project)							
	Floor Area (sqm)	117,000	Nature	Residential	Stage of Completion (note)	F	Land Area (sqm)	54,000
	Approximate attributable interest	30%	Target completion	2024	Location	Southwest of the intersection of 312 National Highway and Yonghui Road, Luoshe Town, Huishan District, Wuxi, Jiangsu Province, the PRC		

17	Poetic Villa (formerly known as Economic Development Zone Project)							
	Floor Area (sqm)	105,000	Nature	Residential	Stage of Completion (note)	S	Land Area (sqm)	76,000
	Approximate attributable interest	24.75%	Target completion	2023	Location	Northwest of the intersection of Guqu Road and Gonghu Avenue, Economic Development Zone, Wuxi, Jiangsu Province, the PRC		

18	RK Phoenix City							
	Floor Area (sqm)	80,000	Nature	Residential	Stage of Completion (note)	S/C	Land Area (sqm)	843,000
	Approximate attributable interest	100%	Target completion	2022	Location	Junction of Zhongxin Da Road East and Xieyu Road South, Suzhou Industrial Park, Suzhou, Jiangsu Province, the PRC		

MAJOR PROJECTS INFORMATION

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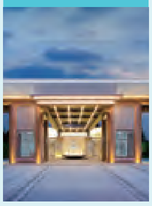
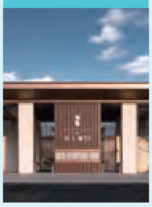
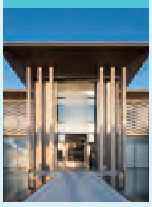
As at 31 December 2021

Yangtze River Delta Region

19	The Legendary One							
	Floor Area (sqm)	41,000	Nature	Residential	Stage of Completion (note)	C	Land Area (sqm)	95,000
	Approximate attributable interest	49%	Target completion	Completed	Location	West of Anyang Road and North of Huhong Road, Huguan Town, Gaoxin District, Suzhou, Jiangsu Province, the PRC		

20	Wonderful Times							
	Floor Area (sqm)	75,000	Nature	Residential	Stage of Completion (note)	S	Land Area (sqm)	36,000
	Approximate attributable interest	49%	Target completion	2022	Location	South of Sufu Road, East of Suxu Bay, Zhonghai, Mudu Town, Wuzhong District, Suzhou, Jiangsu Province, the PRC		

21	RK Jade Shores							
	Floor Area (sqm)	155,000	Nature	Residential	Stage of Completion (note)	S	Land Area (sqm)	79,000
	Approximate attributable interest	51%	Target completion	2022	Location	East of Kangyang Road, South of Chunguang Road, Huangdai Town, Xiangcheng District, Suzhou, Jiangsu Province, the PRC		

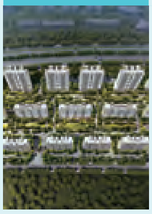
22	Sipac Zone							
	Floor Area (sqm)	84,000	Nature	Residential	Stage of Completion (note)	S/C	Land Area (sqm)	58,000
	Approximate attributable interest	30%	Target completion	2022	Location	South of Jinsheng Road, East of Xingpu Road, Shengpu Street, Suzhou Industrial Park, Suzhou, Jiangsu Province, the PRC		

MAJOR PROJECTS INFORMATION

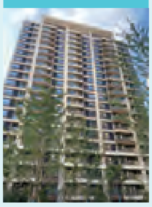
PROPERTIES FOR SALE

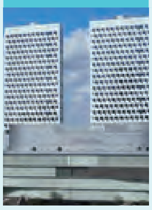
As at 31 December 2021

Yangtze River Delta Region

23	Beautiful Bay Times							
	Floor Area (sqm)	94,000	Nature	Residential	Stage of Completion (note)	S	Land Area (sqm)	48,000
	Approximate attributable interest	30%	Target completion	2022	Location	South of Sunwu Road, East of Xiangshan North Road, Taihu National Tourism Resort Zone, Wuzhong District, Suzhou, Jiangsu Province, the PRC		

24	Glamorous Garden (formerly known as Taihu Resort Zone WG-2 Project)							
	Floor Area (sqm)	97,000	Nature	Residential	Stage of Completion (note)	S	Land Area (sqm)	50,000
	Approximate attributable interest	35%	Target completion	2023	Location	East of Xiangshan North Road, North of Houtang Road, Taihu National Tourism Resort Zone, Wuzhong District, Suzhou, Jiangsu Province, the PRC		

25	Lan Ting Long Yue Hua Yuan							
	Floor Area (sqm)	78,000	Nature	Residential	Stage of Completion (note)	S/C	Land Area (sqm)	71,000
	Approximate attributable interest	49%	Target completion	2022	Location	North of Youyi Road, East of Tongjing Road, Lujia Town, Kunshan, Jiangsu Province, the PRC		

26	RK XinTianDi (Ningbo)							
	Floor Area (sqm)	34,000	Nature	Residential and commercial	Stage of Completion (note)	C	Land Area (sqm)	20,000
	Approximate attributable interest	100%	Target completion	Completed	Location	No. 32, Zhengda Lane, Jiangbei District, Ningbo, Zhejiang Province, the PRC		

MAJOR PROJECTS INFORMATION

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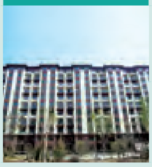
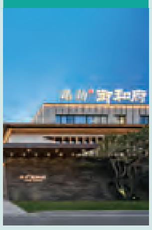
As at 31 December 2021

Bohai Rim Region



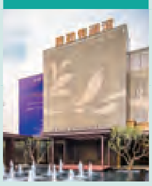
27	RK Yunhe Shangyuan						
Floor Area (sqm)	33,000	Nature	Residential	Stage of Completion (note)	S/C	Land Area (sqm)	33,000
Approximate attributable interest	100%	Target completion	2023	Location	Ligezhuang Road, Miyun District, Beijing, the PRC		

28	RK Royal Yard						
Floor Area (sqm)	74,000	Nature	Residential	Stage of Completion (note)	C	Land Area (sqm)	77,000
Approximate attributable interest	100%	Target completion	Completed	Location	East to Shouzhen Road, South to Yujin Street, West to Caifeng Road, North to Yuzhen Street, Caiyu Town, Daxing District, Beijing, the PRC		



29	RK Noble Mansion						
Floor Area (sqm)	157,000	Nature	Residential	Stage of Completion (note)	S	Land Area (sqm)	99,000
Approximate attributable interest	51%	Target completion	2022	Location	East to Shunfu Road, South to Renheyuan Four Street, West to Fulin Road, North to Lin Henan Main Street, Renhe Town, Shunyi District, Beijing, the PRC		

30	RK Sunny Town						
Floor Area (sqm)	211,000	Nature	Residential	Stage of Completion (note)	P/S/C	Land Area (sqm)	811,000
Approximate attributable interest	94.74%	Target completion	2025	Location	Junction of Lushan Road and Helan Road, Hedong District, Tianjin, the PRC		



31	RK Junlan Bay						
Floor Area (sqm)	68,000	Nature	Residential	Stage of Completion (note)	C	Land Area (sqm)	125,000
Approximate attributable interest	100%	Target completion	Completed	Location	Junction of Chenyong Road and Zhixin Road, Beicang Town, Beichen District, Tianjin, the PRC		

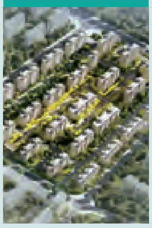
MAJOR PROJECTS INFORMATION

PROPERTIES FOR SALE

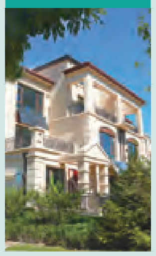
As at 31 December 2021

Bohai Rim Region

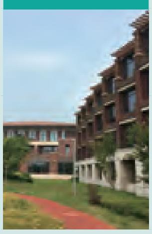
32	Joy Meaningful Residence						
Floor Area (sqm)	100,000	Nature	Residential	Stage of Completion (note)	S/C	Land Area (sqm)	109,000
Approximate attributable interest	50%	Target completion	2023	Location	East of Huangzhuang Street and Quanshang Road, Wuqing District, Tianjin, the PRC		



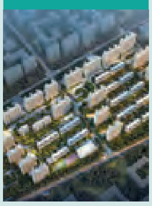
33	Nandaihe Project						
Floor Area (sqm)	271,000	Nature	Residential	Stage of Completion (note)	P/F	Land Area (sqm)	180,000
Approximate attributable interest	27%	Target completion	2025	Location	East of Ninghai Road, South of Weiyi Road, West of Jingyi Road, North of Weisan Road, Beidaihe New District, Qinhuangdao, Hebei Province, the PRC		



34	RK Grandtown						
Floor Area (sqm)	33,000	Nature	Residential	Stage of Completion (note)	C	Land Area (sqm)	495,000
Approximate attributable interest	100%	Target completion	Completed	Location	East of Shouchuang Da Street, South of Xinkai Da Street, West of Lidaxian and South to North of Dafubei Road, Xiadian Town, Dachang Hui Autonomous County, Langfang, Hebei Province, the PRC		



35	Guan Project						
Floor Area (sqm)	75,000	Nature	Residential and commercial	Stage of Completion (note)	C	Land Area (sqm)	200,000
Approximate attributable interest	45%	Target completion	Completed	Location	West of Neinanchen Village and East of Daguang Highway, Hot Spring Park, Guan County, Langfang, Hebei Province, the PRC		



36	Park Up Town						
Floor Area (sqm)	222,000	Nature	Residential	Stage of Completion (note)	P/F	Land Area (sqm)	117,000
Approximate attributable interest	40%	Target completion	2024	Location	South of Dafu South Road, East of Shouchuang Avenue, Dachang Hui Autonomous County, Langfang, Hebei Province, the PRC		

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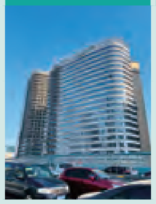
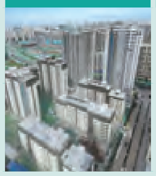
PROPERTIES FOR SALE

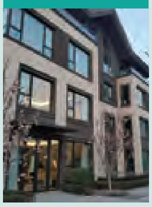
As at 31 December 2021

Bohai Rim Region

37	RK Center							
	Floor Area (sqm)	102,000	Nature	Commercial	Stage of Completion (note)	S	Land Area (sqm)	17,000
	Approximate attributable interest	100%	Target completion	2022	Location	South of Beiyuan Da Street and West of Erhuan East Road, Licheng District, Jinan, Shandong Province, the PRC		

38	Joy Mansion of Glory							
	Floor Area (sqm)	117,000	Nature	Residential	Stage of Completion (note)	S/C	Land Area (sqm)	50,000
	Approximate attributable interest	50%	Target completion	2022	Location	North of Jingshi Dong Road, Lixia District, Jinan, Shangdong Province, the PRC		

39	Noble Mansion of Glory							
	Floor Area (sqm)	42,000	Nature	Residential	Stage of Completion (note)	C	Land Area (sqm)	21,000
	Approximate attributable interest	50%	Target completion	Completed	Location	South of Xinggang Road, Lixia District, Jinan, Shangdong Province, the PRC		

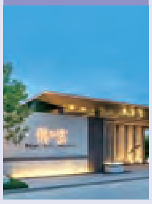
40	Jin Mao Noble Manor							
	Floor Area (sqm)	69,000	Nature	Residential	Stage of Completion (note)	C	Land Area (sqm)	81,000
	Approximate attributable interest	50%	Target completion	Completed	Location	North of Feiyue Avenue, East of Hancang River, South of Hancang Avenue, Licheng District, Jinan, Shandong Province, the PRC		

MAJOR PROJECTS INFORMATION

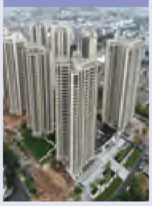
PROPERTIES FOR SALE

As at 31 December 2021

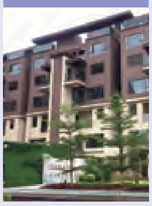
Greater Bay Area



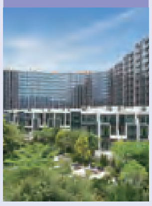
41	Phoenix Residence						
Floor Area (sqm)	154,000	Nature	Residential	Stage of Completion (note)	S	Land Area (sqm)	58,000
Approximate attributable interest	30%	Target completion	2023	Location	East of Phoenix South Road, South of Huadu Lake, Huadu District, Guangzhou, Guangdong Province, the PRC		



42	Elite's Mansion						
Floor Area (sqm)	91,000	Nature	Residential	Stage of Completion (note)	C	Land Area (sqm)	40,000
Approximate attributable interest	49%	Target completion	Completed	Location	North of Ronggui Rongqi Avenue East, West of Xianghe Guojiang Tunnel, Shunde District, Foshan, Guangdong Province, the PRC		



43	RK Rivage Panorama						
Floor Area (sqm)	44,000	Nature	Residential	Stage of Completion (note)	S/C	Land Area (sqm)	22,000
Approximate attributable interest	100%	Target completion	2022	Location	No. 27 of Rongqi Avenue East, Ronggui Rongli Neighborhood Committee, Shunde District, Foshan, Guangdong Province, the PRC		



44	Crescent Green						
Floor Area (sqm)	5,000	Nature	Residential	Stage of Completion (note)	C	Land Area (sqm)	28,000
Approximate attributable interest	100%	Target completion	Completed	Location	Lot No. 1066 in Demarcation District No. 103, Au Tau, Yuen Long, New Territories, Hong Kong		

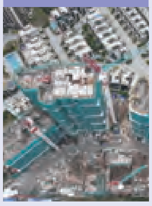
MAJOR PROJECTS INFORMATION

PROPERTIES FOR SALE

As at 31 December 2021

Greater Bay Area

45	Southland							
	Floor Area (sqm)	50,000	Nature	Residential	Stage of Completion (note)	S	Land Area (sqm)	11,000
	Approximate attributable interest	50%	Target completion	2022	Location	Site A of Aberdeen Inland Lot No. 467, Hong Kong		

46	So Kwun Wat Project							
	Floor Area (sqm)	40,000	Nature	Residential	Stage of Completion (note)	S	Land Area (sqm)	12,000
	Approximate attributable interest	50%	Target completion	2023	Location	Tuen Mun Town Lot No. 520, New Territories, Hong Kong		

Other Regions

47	RK International City (Zhengzhou)							
	Floor Area (sqm)	100,000	Nature	Residential	Stage of Completion (note)	C	Land Area (sqm)	162,000
	Approximate attributable interest	60%	Target completion	Completed	Location	Northeast of the junction of Shangduda Road and Renwen Road, Zhengdong New District, Zhengzhou, Henan Province, the PRC		

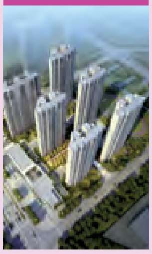
48	RK Ninth County							
	Floor Area (sqm)	625,000	Nature	Residential and commercial	Stage of Completion (note)	P/F/S/C	Land Area (sqm)	314,000
	Approximate attributable interest	60%	Target completion	2027	Location	East to Zhongxing Road, West to Guihua Road, South to Dongfeng Road, North to Wenbo Road, Xiaopan Zhuang, Zhongmou County, Zhengzhou, Henan Province, the PRC		

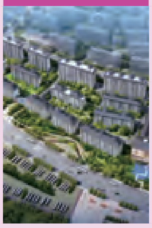
MAJOR PROJECTS INFORMATION

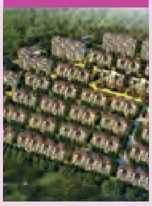
PROPERTIES FOR SALE

As at 31 December 2021

Other Regions

49	Joyful Park							
	Floor Area (sqm)	82,000	Nature	Residential	Stage of Completion (note)	S	Land Area (sqm)	24,000
	Approximate attributable interest	49.9%	Target completion	2023	Location	North of Lingyun Road, East of Yulong Street (Planned road name: Baishi East Street), South of Langxing Road, National Economic and Technological Development Zone, Zhengzhou, Henan Province, the PRC		

50	RK Slow City (Central China)							
	Floor Area (sqm)	246,000	Nature	Residential	Stage of Completion (note)	P/S	Land Area (sqm)	249,000
	Approximate attributable interest	100%	Target completion	2024	Location	North side of Xinmi West Railway Station, North side of Dabei Ring Planning Road, Micun Town, Xinmi City, Zhengzhou, Henan Province, the PRC		

51	RK Leader of Life (Luoyang)							
	Floor Area (sqm)	105,000	Nature	Residential	Stage of Completion (note)	P	Land Area (sqm)	54,000
	Approximate attributable interest	100%	Target completion	2023	Location	Southwest of the junction of Yanhuang Road and Tianzhong Road, Gaoxin District, Luoyang, Henan Province, the PRC		

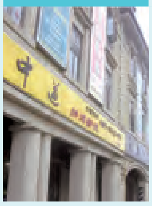
MAJOR PROJECTS INFORMATION

INVESTMENT PROPERTIES

As at 31 December 2021

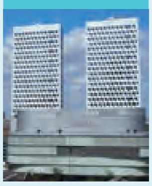
Yangtze River Delta Region

52	RK Grand Metropolis (Changzhou)							
	Floor Area (sqm)	113,000	Nature	Commercial	Stage of Completion (note)	C	Land Area (sqm)	67,000
	Approximate attributable interest	100%	Target completion	Completed	Location	No. 33, Huayuan Street, Wujin District, Changzhou, Jiangsu Province, the PRC		

18	RK Phoenix City							
	Floor Area (sqm)	23,000	Nature	Commercial	Stage of Completion (note)	C	Land Area (sqm)	17,000
	Approximate attributable interest	100%	Target completion	Completed	Location	Junction of Zhongxin Da Road East and Xieyu Road South, Suzhou Industrial Park, Suzhou, Jiangsu Province, the PRC		

53	Meili Ancient Town							
	Floor Area (sqm)	50,000	Nature	Commercial	Stage of Completion (note)	C	Land Area (sqm)	54,000
	Approximate attributable interest	60%	Target completion	Completed	Location	Southeast of Xinhua Road and Taibo Avenue, Xinwu District, Wuxi, Jiangsu Province, the PRC		

54	RK Grand Metropolis (Suzhou)							
	Floor Area (sqm)	37,000	Nature	Commercial	Stage of Completion (note)	C	Land Area (sqm)	24,000
	Approximate attributable interest	100%	Target completion	Completed	Location	No. 180, Renmin Road, Wujiang District, Suzhou, Jiangsu Province, the PRC		

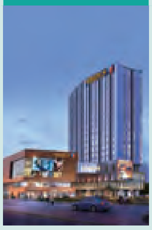
26	RK XinTianDi (Ningbo)							
	Floor Area (sqm)	38,000	Nature	Commercial	Stage of Completion (note)	C	Land Area (sqm)	7,000
	Approximate attributable interest	100%	Target completion	Completed	Location	No. 32, Zhengda Lane, Jiangbei District, Ningbo, Zhejiang Province, the PRC		

MAJOR PROJECTS INFORMATION

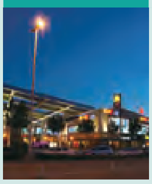
INVESTMENT PROPERTIES

As at 31 December 2021

Bohai Rim Region

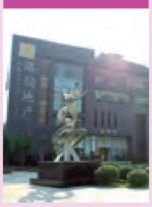


55	RK World Plaza						
Floor Area (sqm)	63,000	Nature	Commercial	Stage of Completion (note)	C	Land Area (sqm)	22,000
Approximate attributable interest	100%	Target completion	Completed	Location	West to Heying Road, East to Heying Xi Road, North to Changhuai Road Southern Line and South to Changhuai Road, Nanshao Town, Changping District, Beijing, the PRC		



30	RK Joy Park						
Floor Area (sqm)	14,000	Nature	Commercial	Stage of Completion (note)	C	Land Area (sqm)	9,000
Approximate attributable interest	94.74%	Target completion	Completed	Location	Junction of Longshan Road and Tianshan Bei Road, Hedong District, Tianjin, the PRC		

Other Regions



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

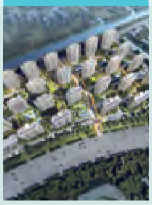
MAJOR PROJECTS INFORMATION

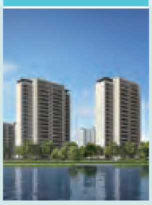
NEW PROJECTS ACQUIRED IN THE SECOND HALF OF 2021

PROPERTIES FOR SALE

As at 31 December 2021

Yangtze River Delta Region

57	Qingpu District Project							
	Floor Area (sqm)	167,000	Nature	Residential	Stage of Completion (note)	P	Land Area (sqm)	77,000
	Approximate attributable interest	33%	Target completion	2023	Location	East to Jingnanhe Road, South to Huqingping Road, West to Block 48-03, North to Huixu Road, Qingpu District, Shanghai, the PRC		

58	West Side Time (formerly known as Wujin District Project)							
	Floor Area (sqm)	88,000	Nature	Residential	Stage of Completion (note)	F/S	Land Area (sqm)	50,000
	Approximate attributable interest	51%	Target completion	2022	Location	South of Juxiang Road, West of Luyang Road, Wujin District, Changzhou, Jiangsu Province, the PRC		

59	Jade Residence							
	Floor Area (sqm)	112,000	Nature	Residential	Stage of Completion (note)	P	Land Area (sqm)	60,000
	Approximate attributable interest	50%	Target completion	2023	Location	South side of Yanzheng West Avenue, East side of Caoxi Road, Niutang Town, Wujin District, Changzhou, Jiangsu Province, the PRC		

60	Boyue Cloudy Yard							
	Floor Area (sqm)	172,000	Nature	Residential	Stage of Completion (note)	P	Land Area (sqm)	87,000
	Approximate attributable interest	40%	Target completion	2024	Location	East to Nanfeng River, South to Yunhe Road, West to Xinqing Road, North to Wutang Road, Zhonglou District, Changzhou, Jiangsu Province, the PRC		

61	Shengpu East Project							
	Floor Area (sqm)	115,000	Nature	Residential	Stage of Completion (note)	P	Land Area (sqm)	56,000
	Approximate attributable interest	45%	Target completion	2023	Location	West of Xingpu Road, South of Minsheng Road, Suzhou Industrial Park High Trade Zone, Suzhou, Jiangsu Province, the PRC		

MAJOR PROJECTS INFORMATION

NEW PROJECTS ACQUIRED IN THE SECOND HALF OF 2021

PROPERTIES FOR SALE

As at 31 December 2021

Greater Bay Area

62	RK Rising Star						
	Floor Area (sqm)	61,000	Nature	Residential	Stage of Completion (note)	P	Land Area (sqm)	18,000
	Approximate attributable interest	70%	Target completion	2023	Location	South side of Xintang Avenue, Xintang Town, Zengcheng District, Guangzhou, Guangdong Province, the PRC		

NEW PROJECT ACQUIRED IN 2022 AND UP TO THE DATE OF THIS REPORT

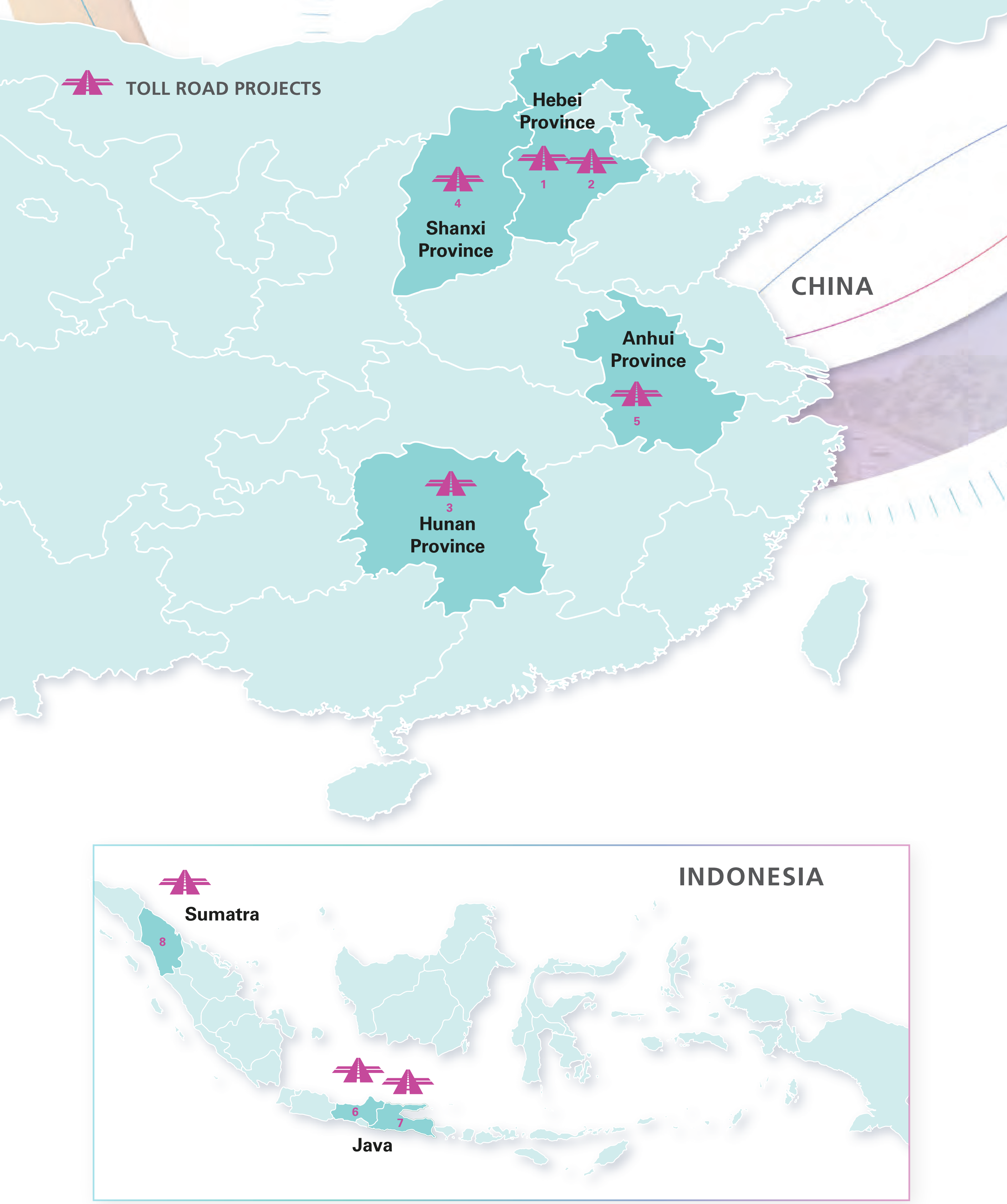
PROPERTIES FOR SALE

Bohai Rim Region

63	Shunyi District Project							
	Floor Area (sqm)	71,000	Nature	Residential	Stage of Completion (note)	P	Land Area (sqm)	41,000
	Approximate attributable interest	49%	Target completion	2023	Location	West side of Shuntai Road, North side of Shuangping Street, Renhe Town, Shunyi District, Beijing, the PRC		

Notes:

"P" denotes "Planning and design"
"S" denotes "Superstructure"
"F" denotes "Foundation"
"C" denotes "Completed"

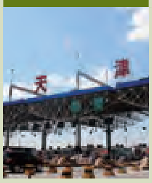

TOLL ROAD PROJECTS
Hebei Province
1
2
4
Shanxi Province
CHINA
Anhui Province
5
3
Hunan Province
INDONESIA
Sumatra
8
6
7
Java

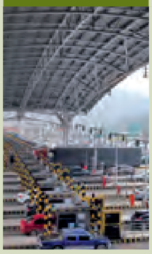
MAJOR PROJECTS INFORMATION

TOLL ROAD PROJECTS

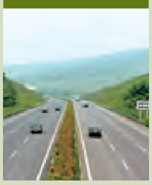
As at 31 December 2021

1	Baojin Expressway					
	Location	Hebei Province	Length	105km	Equity interest (note)	40%
	Route	Provincial Expressway S3700 Baoding-Tianjin ~ 4-lane		Road Rise Investments Limited		

2	Tangjin Expressway					
	Location	Hebei Province	Length	58km	Equity interest (note)	45%
	Route	National Expressway G25 Tangshan-Tianjin ~ 4/6-lane		Ontex Investments Limited Road Base Investments Limited Road Bond Investments Limited		

3	Changyi Expressway					
	Location	Hunan Province	Length	63km	Equity interest (note)	43.17%
	Route	National Expressway G5513 Changsha-Yiyang ~ 4-lane		Road Crown Investments Limited Road Express Investments Limited Road Famous Investments Limited Road Glorious Investments Limited Road Grand Investments Limited Road Link Investments Limited		

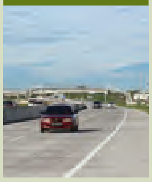
4	Longcheng Expressway					
	Location	Shanxi Province	Length	72km	Equity interest (note)	45%
	Route	Provincial Expressway S2002 Yuci Longbai Village-Chengzhao, Qixian ~ 6-lane		Intersafe Investments Limited		

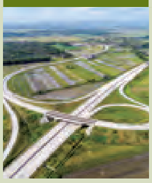
5	Machao Expressway					
	Location	Anhui Province	Length	36km	Equity interest (note)	49%
	Route	National Expressway G4221 Ma'anshan-Chaohu ~ 6-lane		Road King (China) Infrastructure Limited		

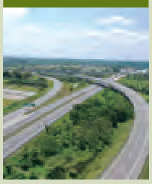
MAJOR PROJECTS INFORMATION

TOLL ROAD PROJECTS

As at 31 December 2021

6	SN Expressway					
	Location	Central and East Java, Indonesia	Length	91km	Equity interest (note)	40%
	Route	Trans Java Expressway Solo Ngawi ~ 4-lane		Kings Key Limited		

7	NKK Expressway					
	Location	East Java, Indonesia	Length	115km	Equity interest (note)	40%
	Route	Trans Java Expressway Ngawi Kertosono Kediri ~ 4-lane		Kings Key Limited		

8	MKTT Expressway					
	Location	North Sumatra, Indonesia	Length	62km	Equity interest (note)	45%
	Route	Trans Sumatra Expressway Medan Kualanamu Tebing Tinggi ~ 4-lane		Kings Ring Limited		

Note:

As at 31 December 2021, the toll road projects are indirectly held by Road King Expressway International Holdings Limited, which is 75% (2020: 75%) held by the Group.

BUSINESS REVIEW

For the year ended 31 December 2021, property sales and toll revenue of the expressway projects of the Group (including joint venture and associate projects) were RMB52,484 million and RMB3,779 million respectively, totaling RMB56,263 million, representing an increase of 20% over last year. The Group's profit for the year was HK$1,984 million, profit attributable to Shareholders was HK$1,028 million, with earnings per share of HK$1.37 and net assets per share of HK$29.81.

For land reserve replenishment, the Group acquired 12 pieces of land in Mainland China for residential development through listing-for-sale and co-development in 2021, with an aggregate floor area of approximately 1,480,000 sqm. As of 31 December 2021, the Group had a land reserve of approximately 6,520,000 sqm, and total area of properties pre-sold but yet to be delivered was approximately 1,210,000 sqm.

BUSINESS SEGMENTS ANALYSIS

(I) PROPERTY SEGMENT

In 2021, under the policy environment of "house is for living, not for speculating, city-specific policies", the Central Government fully implemented the long-term mechanism of "stabilising land prices, stabilizing housing prices and stabilizing expectations" in the property industry. The Central Government further focused its regulation on the supply side, continued to strengthen the financial regulations on the property industry and tightened housing credit policies, which rapidly cooled down the national property market. The land market sentiment was enthusiastic in early 2021 and then weak in the later period. In the first half of the year, the market in some cities was heated and land prices reached record high. In the second half of the year, the land market cooled down significantly due to the adjustment in the land auction rules, the decline in sales and the tight capital. The volume of land transactions shrank and bottom price transactions or abortive auctions occurred frequently.

Despite the complex and volatile market environment, the Group's operation team still adhered to the operating principle of striking a balance between sales volume and profitability, closely followed the market trends and made concerted efforts to maintain sales momentum. The sales of the Property Segment in Mainland China and Hong Kong in 2021 (including joint venture and associate projects) reached a new record high, rising to RMB51,557 million, comprising the contracted sales of RMB48,893 million and outstanding subscribed sales of RMB2,664 million.

Property Sales and Delivery

Set out below is an analysis of the Property Segment's property sales and delivery by region (including joint venture and associate projects) for 2021:

Regions	Sales		Delivery	
	Amount	**Area**	**Amount**	**Area**
(Notes)	RMB'million	sqm	RMB'million	sqm
Yangtze River Delta Region	28,277	1,250,000	31,466	1,529,000
Bohai Rim Region	8,365	347,000	7,595	439,000
Greater Bay Area	14,583	124,000	2,474	61,000
Other regions	332	39,000	116	11,000
Total (2021)	51,557	1,760,000	41,651	2,040,000
Total (2020)	42,712	1,980,000	32,544	1,913,000

Notes:
Yangtze River Delta Region comprises Shanghai, Jiangsu Province and Zhejiang Province.
Bohai Rim Region comprises Beijing, Tianjin, Hebei Province and Shandong Province.
Greater Bay Area comprises Guangdong Province and Hong Kong.
Other regions comprise Henan Province.

Benefitting from the overwhelming responses on the sales of the Southland since its launch on 1 May 2021, the property sales of the Property Segment increased by approximately 21% as compared to 2020, and the average selling price increased significantly to RMB29,300 per sqm, of which the average selling price in Hong Kong was HK$318,000 per sqm and the average selling price in Mainland China was RMB22,600 per sqm. The sales mainly concentrated in Yangtze River Delta Region and Greater Bay Area, representing approximately 55% and 28% of total property sales, respectively. As at 31 December 2021, the total area of properties pre-sold but yet to be delivered was 1,170,000 sqm.

Financial Review

Set out below is an analysis of the financial performance of the Group's Property Segment for 2021 and 2020:

	2021	2020
	HK$'million	HK$'million
Revenue	**24,569**	24,007
Gross profit	**5,379**	6,485
Profit for the year	**2,279**	3,660

In 2021, revenue from the Group's Property Segment was mainly generated from the delivery of properties in Yangtze River Delta Region (representing approximately 76% of total revenue). The average selling price rose to approximately RMB20,400 per sqm. The gross profit margin was 22%, and profit of the Property Segment amounted to approximately HK$2,279 million.

Land Reserve

The Group's Property Segment acquired 12 pieces of land for residential purpose, through listing-for-sale and co-development in 2021, with an aggregate floor area of about 1,480,000 sqm. All of the new lands were jointly developed with competent enterprises, enabling the Group to invest in more scalable projects, share higher returns and diversify the Group's financial commitment.

Details of new lands are set out as follows:

Province/Municipalities	Attributable Interest	Land Area sqm	Floor Area sqm	Total consideration RMB'million
Yangtze River Delta Region				
Shanghai	33%	77,000	167,000	6,395
Jiangsu Province	24.75% – 51%	529,000	1,028,000	15,618
Bohai Rim Region				
Hebei Province	40%	117,000	222,000	1,056
Greater Bay Area				
Guangdong Province	70%	18,000	61,000	794

The Group's land reserve includes properties under planning and construction, properties held for sale and properties held for investment. As at 31 December 2021, the Property Segment's land reserve was approximately 5,390,000 sqm which was mainly located in Yangtze River Delta Region, representing more than 50% of the total land reserve.

In 2022 and up to the date of this report, the Group acquired a land parcel with a floor area of 71,000 sqm in Shunyi District, Beijing for residential development through co-development and further increased its equity interest in a residential land parcel in Wujin District, Changzhou through additional shareholding. Looking ahead to 2022, it is expected that the Central Government will reaffirm its policy of "house is for living, not for speculating", strictly abide by austerity measures such as "city-specific policies" and restriction on purchase and price. Key cities will continue to optimize the "two concentrations" policy, with further improving the interaction between land and property markets, increasing the proportion of land supply with leasing purpose, gradual strengthening the effect of stabilizing land prices and promoting the stable and healthy development of the real estate market. Although the relevant financial regulatory policies had been relaxed since the end of 2021, the overall capital market environment was still tighter than in previous years. Considering the capital pressure and the downside market risks in the coming year, the pace of the Group's land acquisition will continue to be cautious.

In 2021, the area under construction of the Group was 7,920,000 sqm while the area of completed projects was 3,470,000 sqm. The area under construction and the area of completed projects in 2022 are expected to be 6,910,000 sqm and 2,880,000 sqm, respectively.

Overview of Major Projects

Yangtze River Delta Region

RK Maritime Bay, Shanghai

RK Maritime Bay, Shanghai is located in Waigang Town, Jiading District, across the road from the Shanghai Villa, with the beautiful scenery and is surrounded by water systems in the west and in the south. The project has a site area of 46,000 sqm and a floor area of 64,000 sqm.

In 2021, sales of RK Maritime Bay was RMB529 million, with an average selling price of approximately RMB28,000 per sqm. In 2021, the value and area of properties delivered were RMB1,461 million and 52,000 sqm, respectively. It is expected that a total area of 3,000 sqm will be delivered in 2022, which had already been pre-sold as at 31 December 2021.

RK Yuemao Mansion, Shanghai

RK Yuemao Mansion, Shanghai is located at Juyuan Community, Jiading New Town, Jiading District, which is at the prime location of Jiading New Town. West Jiading Station along Shanghai Rail Transit Line 11 is situated to the north of the project, only 40 meters away, while Jiading District Passenger Terminal is in proximity of the project in the northwest. Adjacent to the water systems of the municipal park, the project is equipped with extensive road network, convenient transportation and comprehensive facilities. The project has a site area of 61,000 sqm and a floor area of 132,000 sqm.

In 2021, sales of RK Yuemao Mansion was RMB4,635 million, with an average selling price of approximately RMB45,000 per sqm. In 2021, the value and area of properties delivered were RMB4,015 million and 98,000 sqm, respectively. It is expected that a total area of 6,000 sqm will be delivered in 2022, which had already been pre-sold as at 31 December 2021.

Simple Life, Shanghai

Simple Life, Shanghai is located in Chenjia Town, Chongming District, and is 1.5 km from the Chenjia Town Station of the Chongming Line (under construction). The site is surrounded by established educational facilities with beautiful scenery and is fit for developing into a high-quality low-density residence. The project has a site area of 78,000 sqm and a floor area of 74,000 sqm.

In 2021, sales of Simple Life was RMB696 million, with an average selling price of approximately RMB31,000 per sqm. It is expected that a total area of 64,000 sqm will be delivered in 2022, of which 23,000 sqm had already been pre-sold as at 31 December 2021.

Lakeside Mansion, Nanjing

Lakeside Mansion is located in Saihongqiao Street, Yuhuatai District,Nanjing, with a tributary of the Qinhuai River to the west. With established transport facilities as well as extensive commercial, healthcare and educational resources, it is fit for the development of high-quality residence. The project has a site area of 34,000 sqm and a floor area of 95,000 sqm.

Lakeside Mansion was basically sold out in 2020. The project was completed and delivered in 2021, and the value and area of properties delivered were RMB3,760 million and 93,000 sqm, respectively. It is expected that the remaining 8,000 sqm will be delivered in 2022.

Shanyu Mansion, Nanjing

Shanyu Mansion, Nanjing is located on the west side of Gongnong Road, Qixia Street, Qixia District, adjacent to Qixia Mountain Scenic Area. It is rich in human and natural landscape resources and belongs to the cultural tourism industry area that the government has focused on building. It is fit for developing into a high-quality low-density residential area. The project has a site area of 39,000 sqm and a floor area of 69,000 sqm.

In 2021, sales of Shanyu Mansion was RMB329 million, with an average selling price of approximately RMB24,000 per sqm for residential building. In 2021, the value and area of properties delivered were RMB1,466 million and 62,000 sqm, respectively. It is expected that a total area of 6,000 sqm will be delivered in 2022, of which 1,000 sqm had already been pre-sold as at 31 December 2021.

Breeze Mansion, Nanjing

Located at the High-Tech Park of Jiangning District, Nanjing, south of Fangqian Road and west of Zhengfang Avenue, Breeze Mansion is situated in the area of Zhengfang New Town, Jiangning District. The project is endowed with extensive transportation network and quality educational facilities. The project has a site area of 83,000 sqm and a floor area of 177,000 sqm.

In 2021, sales of Breeze Mansion was RMB1,072 million, with an average selling price of approximately RMB22,000 per sqm for residential building. It is expected that a total area of 66,000 sqm will be delivered in 2022, of which 44,000 sqm had already been pre-sold as at 31 December 2021.

Hill Mansion I, Nanjing

Hill Mansion I is located in Qixia District, Nanjing and close to Shanyu Mansion. The plot is adjacent to Qixia Mountain Scenic Area, and the surrounding large amusement park Happy Valley has opened. Qixia Mountain International Cruise Terminal is under construction. With quality educational facilities, it belongs to the cultural tourism industry area that the government has focused on development and is fit for developing into a high-quality low-density residential area. The project has a site area of 32,000 sqm and a floor area of 49,000 sqm.

In 2021, sales of Hill Mansion I was RMB874 million, with an average selling price of approximately RMB28,000 per sqm for residential building. It is expected that a total area of 45,000 sqm will be delivered in 2022, of which 31,000 sqm had already been pre-sold as at 31 December 2021.

RK Taihu Lake Yard, Changzhou

Located to the north of Xitaihu, Wujin District, Changzhou. RK Taihu Lake Yard is in proximity to Xitaihui scenic area and Jiangsu-Macao industrial zone. Boasting convenient access and comprehensive facilities, the project is surrounded by a beautiful environment fit for developing into a high-end low-density community. The project has a developable site area of 208,000 sqm and a floor area of 197,000 sqm.

In 2021, sales of RK Taihu Lake Yard was RMB688 million, with an average selling price of approximately RMB23,000 per sqm. In 2021, the value and area of properties delivered were RMB1,574 million and 76,000 sqm, respectively. It is expected that a total area of 1,000 sqm will be delivered in 2022, of which 200 sqm had already been pre-sold as at 31 December 2021.

Tang Song, Changzhou

Tang Song is located at southeast of Dingxiang Road and Zhongwu Avenue. Surrounded by educational, healthcare, commercial, park and traffic facilities, the land is fit for developing into a high-quality residential project. The project has a site area of 129,000 sqm and a floor area of 232,000 sqm.

In 2021, sales of Tang Song was RMB642 million, with an average selling price of approximately RMB17,000 per sqm for residential building. In 2021, the value and area of properties delivered were RMB622 million and 56,000 sqm, respectively. It is expected that a total area of 107,000 sqm will be delivered in 2022, of which 98,000 sqm had already been pre-sold as at 31 December 2021.

Guo Shi Jiu Li, Changzhou

Guo Shi Jiu Li is located at the west of Chechang Road and the south of Qingtan West Road, Zhonglou District, Changzhou. With convenient transportation, established surrounding facilities, and extensive commercial, healthcare and educational resources, it is fit for developing into a high-quality low-density residential area. The project has a site area of 61,000 sqm and a floor area of 113,000 sqm.

In 2021, sales of Guo Shi Jiu Li was RMB100 million, with an average selling price of approximately RMB21,000 per sqm for residential building. In 2021, the value and area of properties delivered were RMB2,171 million and 130,000 sqm, respectively. It is expected that a total area of 2,000 sqm will be delivered in 2022, of which 1,000 sqm had already been pre-sold as at 31 December 2021.

Jinmao Palace, Changzhou

Jinmao Palace, Changzhou is located at the south of Yanzheng Avenue, west of Fenglin Road, Wujin District, Changzhou, adjacent to Yancheng scenic area and at the prime location of Wujin main city area. Equipped with comprehensive transport, commercial, healthcare and educational facilities, it is fit for developing into a high-quality and low-density residence. The project has a site area of 108,000 sqm and a floor area of 164,000 sqm.

In 2021, sales of Jinmao Palace, Changzhou was RMB2,103 million, with an average selling price of approximately RMB30,000 per sqm. In 2021, the value and area of properties delivered were RMB1,512 million and 57,000 sqm, respectively. It is expected that a total area of 123,000 sqm will be delivered in 2022, of which 67,000 sqm had already been pre-sold as at 31 December 2021.

RK City Boyue, Changzhou

RK City Boyue is located at the west of Wuyi North Road and the north of Juhu East Road, Hutang Town, Wujin District, Changzhou and at the prime location of Wujin main city area. Equipped with comprehensive public transport facilities and surrounded by two commercial circles with established healthcare and educational resources nearby and is fit for developing into a high-quality low-density residential area. The project has a site area of 40,000 sqm and a floor area of 62,000 sqm.

In 2021, sales of RK City Boyue was RMB1,238 million, with an average selling price of approximately RMB29,000 per sqm for residential building. It is expected that a total area of 65,000 sqm will be delivered in 2022, of which 41,000 sqm had already been pre-sold as at 31 December 2021.

Bamboo Grove One, Changzhou

Located in Tianning District, Changzhou, west of Longcheng Avenue and north of Zhulin North Road, Bamboo Grove One is in the prime location of Changzhou main city area. Close to the government building of Tianning District, the project is equipped with healthcare, traffic, educational facilities and natural landscape and offers a favourable living atmosphere, fit for the development of high-quality and comfortable integrated community. The project has a site area of 52,000 sqm and a floor area of 116,000 sqm.

In 2021, sales of Bamboo Grove One was RMB810 million, with an average selling price of approximately RMB25,000 per sqm for residential building. It is expected that a total area of 37,000 sqm will be delivered in 2022, of which 32,000 sqm had already been pre-sold as at 31 December 2021.

New Lake New City, Suzhou

New Lake New City is located in the Wuzhong Taihu Resort Zone, Suzhou. The land is fit for developing into high-quality residential apartments with convenient access. The project has a site area of 173,000 sqm and a floor area of 356,000 sqm.

In 2021, sales of New Lake New City was RMB348 million, with an average selling price of approximately RMB14,000 per sqm. In 2021, the value and area of properties delivered were RMB1,593 million and 104,000 sqm, respectively. It is expected that a total area of 20,000 sqm will be delivered in 2022, of which 4,000 sqm had already been pre-sold as at 31 December 2021.

The Legendary One, Suzhou

The Legendary One is located in Chengtie New Town, Suzhou New District, adjacent to the New District Railway Station, Metro Line 3, and large commercial centres such as IKEA and AEON. The project is fit for developing into high-quality residential apartments with convenient access and comprehensive facilities. The project has a site area of 95,000 sqm and a floor area of 188,000 sqm.

In 2021, sales of The Legendary One was RMB797 million, with an average selling price of approximately RMB31,000 per sqm. In 2021, the value and area of properties delivered were RMB832 million and 29,000 sqm, respectively. It is expected that a total area of 19,000 sqm will be delivered in 2022, of which 3,000 sqm had already been pre-sold as at 31 December 2021.

Wonderful Times, Suzhou

Wonderful Times is located in Mudu Town, Wuzhong District, Suzhou. The plot is adjacent to the west extension of the South Ring Elevated Line of Suzhou Inner Ring Road. It is located at the junction of the Mudu sector and the Shishan sector of the High-tech Zone. With very convenient transportation and comprehensive facilities, it is surrounded mainly by residential area and is fit for developing into a mid-to-high-end liveable community. The project has a site area of 36,000 sqm and a floor area of 75,000 sqm.

In 2021, sales of Wonderful Times was RMB621 million, with an average selling price of approximately RMB26,000 per sqm. It is expected that a total area of 36,000 sqm will be delivered in 2022, of which 23,000 sqm had already been pre-sold as at 31 December 2021.

RK Jade Shores, Suzhou

RK Jade Shores is located in the most mature prime location of Huangdai Town, Xiangcheng District, Suzhou. It is close to the Suzhou Central North Line with developed economy and convenient transportation. The surrounding commercial, healthcare and educational resources are rich. Surrounded by extensive commercial, healthcare and educational resources, it is fit for developing into high-quality mid-to-high-end residential apartments. The project has a site area of 79,000 sqm and a floor area of 155,000 sqm.

In 2021, sales of RK Jade Shores was RMB1,012 million, with an average selling price of approximately RMB19,000 per sqm. It is expected that a total area of 85,000 sqm will be delivered in 2022, of which 56,000 sqm had already been pre-sold as at 31 December 2021.

Sipac Zone, Suzhou

Sipac Zone is located on the south side of Jinsheng Road, the north side of Zhensheng Road and the west side of Xinjiang Road, Shengpu Street, Suzhou Industrial Park. Adjacent to the core Hudong sector of the park and with favourable living atmosphere and comprehensive commercial, educational and healthcare facilities, it is fit for developing into high-quality residential apartments. The project has a site area of 58,000 sqm and a floor area of 119,000 sqm.

In 2021, sales of Sipac Zone was RMB2,103 million, with an average selling price of approximately RMB30,000 per sqm. In 2021, the value and area of properties delivered were RMB1,080 million and 39,000 sqm, respectively. It is expected that a total area of 81,000 sqm will be delivered in 2022, of which 44,000 sqm had already been pre-sold as at 31 December 2021.

Embrace of Glory, Wuxi

Embrace of Glory is located at the Binhu District, Wuxi and in proximity to Taihu and Lingshan scenic area, with beautiful scenery and excellent natural resources. With a superior location and a strong living atmosphere, the project is fit for developing into middle to high end project. The project has a site area of 106,000 sqm and a floor area of 148,000 sqm.

In 2021, sales of Embrace of Glory was RMB710 million, with an average selling price of approximately RMB22,000 per sqm. In 2021, the value and area of properties delivered were RMB1,473 million and 78,000 sqm, respectively. It is expected that a total area of 8,000 sqm will be delivered in 2022, of which 5,000 sqm had already been pre-sold as at 31 December 2021.

Time Boutique, Wuxi

Time Boutique is located in the Hongshan area of Xinwu District, Wuxi, about 3 km away from the Mei Du Mansion. With convenient transportation, it is adjacent to Ruijin Hospital and has great development potential in the future. The project has a site area of 77,000 sqm and a floor area of 151,000 sqm.

In 2021, sales of Time Boutique was RMB937 million, with an average selling price of approximately RMB18,000 per sqm. In 2021, the value and area of properties delivered were RMB2,240 million and 145,000 sqm, respectively. It is expected that a total area of 7,000 sqm will be delivered in 2022, of which 5,000 sqm had already been pre-sold as at 31 December 2021.

Cloud Top Life, Wuxi

Cloud Top Life is located in Yangxi Park, Qianqiao, Huishan District, Wuxi. The site is surrounded by established transportation, educational, commercial, and healthcare facilities, as well as water systems in the north and in the east, with beautiful scenery and is fit for developing into a high-quality residence. The project has a site area of 53,000 sqm and a floor area of 94,000 sqm.

In 2021, sales of Cloud Top Life was RMB549 million, with an average selling price of approximately RMB19,000 per sqm. It is expected that a total area of 78,000 sqm will be delivered in 2022, of which 31,000 sqm had already been pre-sold as at 31 December 2021.

RK City, Zhenjiang

RK City is located in the Dagang area of Zhenjiang High-tech Development Zone, which is an important manufacturing base in the Yangtze River Delta. Dagang is promoting the development and construction of the national-level Sino-Swiss Eco-Industrial Park. The project will be developed into an international community of Sino-Swiss Eco-Industrial Park. The project has a site area of 257,000 sqm and a floor area of 435,000 sqm.

In 2021, sales of RK City, Zhenjiang was RMB546 million. The value and area of properties delivered were RMB524 million and 72,000 sqm, respectively. It is expected that a total area of 76,000 sqm will be delivered in 2022, of which 64,000 sqm had already been pre-sold as at 31 December 2021.

Lan Ting Long Yue Hua Yuan, Kunshan

Lan Ting Long Yue Hua Yuan, Kunshan is in proximity of the government office in Lujia Town, Kunshan. People can reach Suzhou Industrial Park, the whole Kunshan City and Shanghai Metro Line 11 through Rail Transit Line S1 under construction. With established commercial, healthcare and educational facilities, excellent living atmosphere with a natural water area nearby, the land is fit for developing into a city improvement benchmark project. The project has a site area of 71,000 sqm and a floor area of 152,000 sqm.

In 2021, sales of Lan Ting Long Yue Hua Yuan was RMB415 million, with an average selling price of approximately RMB19,000 per sqm. In 2021, the value and area of properties delivered were RMB1,298 million and 74,000 sqm, respectively. It is expected that a total area of 78,000 sqm will be delivered in 2022, which had already been pre-sold as at 31 December 2021.

Haiyi Cuiting, Hangzhou

Haiyi Cuiting, Hangzhou is located in Chongxian Street, Yuhang District, Hangzhou, near the Jiangnan Courtyard. With established commercial, school and healthcare facilities and strong living atmosphere, the project is fit for developing into a cost-effective residential project. The project has a site area of 36,000 sqm and a floor area of 75,000 sqm.

In 2021, sales of Haiyi Cuiting was RMB412 million, with an average selling price of approximately RMB23,000 per sqm for residential building. In 2021, the value and area of properties delivered were RMB1,550 million and 71,000 sqm, respectively. It is expected that a total area of 4,000 sqm will be delivered in 2022, which had already been pre-sold as at 31 December 2021.

Lanshi Li, Hangzhou

Lanshi Li is located in Chongxian Street, Yuhang District, Hangzhou, near the Jiangnan Courtyard and close to Haiyi Cuiting project. With established commercial, school and healthcare facilities and a strong living atmosphere, the project is fit for developing into a cost-effective residential project. The project has a site area of 49,000 sqm and a floor area of 100,000 sqm.

In 2021, sales of Lanshi Li was RMB534 million, with an average selling price of approximately RMB23,000 per sqm for residential building. In 2021, the value and area of properties delivered were RMB2,169 million and 99,000 sqm, respectively. It is expected that a total area of 1,000 sqm will be delivered in 2022.

RK Xihu Lake Yard, Hangzhou

RK Xihu Lake Yard is located in Longwu Town, Xihu District, Hangzhou and is close to Longwu Scenic Zone. Adjacent to Zhuantang Town in the south and Longjing Mountain and Qiangtang River in the east, the project enjoyed unique geographical advantages, fit for development of high-quality premium project. The project has a site area of 22,000 sqm and a floor area of 23,000 sqm.

In 2021, sales of RK Xihu Lake Yard was RMB905 million, with an average selling price of approximately RMB37,000 per sqm for residential building. It is expected that a total area of 23,000 sqm will be delivered in 2022, which had already been pre-sold as at 31 December 2021.

Bohai Rim Region

RK Royal Yard, Beijing

RK Royal Yard is located in Caiyu Town, Daxing District, Beijing, within the planning scope of Yizhuang Economic Development Zone. With convenient transportation and favourable living atmosphere around, good ecological environment and high-quality educational resources, the project is fit for developing into a low-density liveable quality community. The project has a site area of 77,000 sqm and a floor area of 74,000 sqm.

In 2021, sales of RK Royal Yard was RMB1,272 million, with an average selling price of approximately RMB25,000 per sqm for residential building. In 2021, the value and area of properties delivered were RMB1,007 million and 46,000 sqm, respectively. It is expected that a total area of 59,000 sqm will be delivered in 2022, of which 11,000 sqm had already been pre-sold as at 31 December 2021.

RK Noble Mansion, Beijing

The project is located in the Linhe area of Renhe Town, Shunyi District, Beijing, which is part of the old city of Shunyi, next to the Outer Ring Road to the south, and is connected to the eastern part of Beijing through Line 21, providing convenient access. The land to the north of the project is planned for high school, and the site is surrounded by plenty of educational institutions, providing excellent educational facilities for the area. The land to the south of the project is planned for Xinhe Project in the south of the city, which makes it suitable for the project to create quality products based the advantage of the environmental resources. The project has a site area of 99,000 sqm and a floor area of 157,000 sqm.

In 2021, sales of RK Noble Mansion was RMB2,237 million, with an average selling price of approximately RMB40,000 per sqm for residential building. It is expected that a total area of 126,000 sqm will be delivered in 2022, of which 55,000 sqm had already been pre-sold as at 31 December 2021.

RK Sunny Town, Tianjin

Located in Hedong District, Tianjin, RK Sunny Town is adjacent to the Tianjin Metro line. The project has a site area of 820,000 sqm and a floor area of 1,150,000 sqm, and is planned to comprise nine phases of low-rise and high-rise residential buildings, coupled with 30,000 sqm of commercial complex, 8,000 sqm of a clubhouse as well as one primary school and one kindergarten.

In 2021, sales of RK Sunny Town was RMB1,671 million, with an average selling price of approximately RMB27,000 per sqm. In 2021, the value and area of properties delivered were RMB1,382 million and 55,000 sqm, respectively. It is expected that a total area of 92,000 sqm will be delivered in 2022, of which 27,000 sqm had already been pre-sold as at 31 December 2021.

Joy Meaningful Residence, Tianjin

Joy Meaningful Residence, Tianjin is located in the central water city sector of Wuqing District, Tianjin, close to the Beijing-Hangzhou Grand Canal and Longfeng River. With dual advantages of convenient transportation and ecological landscape, it is healthy and liveable, and is fit for developing into a high-quality low-density community. The project has a site area of 109,000 sqm and a floor area of 163,000 sqm.

In 2021, sales of Joy Meaningful Residence was RMB59 million, with an average selling price of approximately RMB13,000 per sqm. In 2021, the value and area of properties delivered were RMB1,036 million and 66,000 sqm, respectively. It is expected that a total area of 10,000 sqm will be delivered in 2022, of which 1,000 sqm had already been pre-sold as at 31 December 2021.

RK Grandtown, Langfang

RK Grandtown located in Dachang County, Langfang, lying to the east of Yanjiao and is adjacent to Tongzhou District, Beijing. The Group plans to develop it as a high-end residential community. The project has a site area of 495,000 sqm and a floor area of 723,000 sqm and is planned to comprise five phases of villas, semi-detached villas and high-rise residential buildings, coupled with 35,000 sqm for commercial complex and 1,000 sqm for clubhouse.

In 2021, sales of RK Grandtown was RMB649 million, with an average selling price of approximately RMB18,000 per sqm. In 2021, the value and area of properties delivered were RMB1,349 million and 81,000 sqm, respectively. It is expected that a total area of 33,000 sqm will be delivered in 2022, of which 14,000 sqm had already been pre-sold as at 31 December 2021.

Greater Bay Area

Phoenix Residence, Guangzhou

Located at Phoenix South Road, Huadu District, Guangzhou, Phoenix Residence is a new lakeside residential town in Huadu District. Adjacent to Huadu Lake National Wetland Park, with a good natural environment, it is fit for development of middle to high end residence. The project has a site area of 58,000 sqm and a floor area of 154,000 sqm.

In 2021, sales of Phoenix Residence was RMB912 million, with an average selling price of approximately RMB28,000 per sqm. It is expected that a total area of 65,000 sqm will be delivered in 2022, of which 63,000 sqm had already been pre-sold as at 31 December 2021.

Crescent Green, Hong Kong

Crescent Green is located in Au Tau, Yuen Long, New Territories. With a site area of 28,000 sqm and a floor area of 31,000 sqm, the project was developed as a high-quality low-density residence.

In 2021, sales of Crescent Green was HK$1,942 million, with an average selling price of approximately HK$160,000 per sqm for residential building. In 2021, the value and area of properties delivered were HK$2,144 million and 12,000 sqm, respectively. It is expected that a total area of 1,000 sqm will be delivered in 2022.

Southland, Hong Kong

Southland is located at Wong Chuk Hang Station of the MTR South Island line in proximity to Ocean Park and Aberdeen Marina Club, just two stations from Admiralty Station in the financial hub of Hong Kong. It was also the first high-end railway property development project on Hong Kong Island in almost 30 years. The project has a site area of 11,000 sqm and a floor area of 50,000 sqm.

In 2021, sales of Southland was HK$13,626 million, with an average selling price of approximately HK$362,000 per sqm for residential building. It is expected that a total area of 28,000 sqm will be delivered in 2022, for which agreements of sales and purchase had already been signed as at 31 December 2021.

So Kwun Wat Project, Hong Kong

Located in So Kwun Wat, Tuen Mun, New Territories and adjacent to Hong Kong Gold Coast, the So Kwun Wat Project is fit for developing into a relatively high-end low-density residence. With a site area of 12,000 sqm and a floor area of 40,000 sqm, the project is planned to be launched in mid-2022, depending on the development of the Pandemic.

New Projects

Acquired in the second half of 2021:

Yangtze River Delta Region

West Side Time, Changzhou (formerly known as Wujin District Project)
In August 2021, the Group acquired a piece of land in Wujin District, Changzhou for residential development through co-development. The project is located on the south side of Juxiang Road and the west side of Luyang Road in Wujin District. It belongs to the West Taihu Lake area. Endowed with superior surrounding ecological resources, beautiful landscape, and established transportation, educational and commercial facilities, it is fit for developing into high-quality residential apartments. The project has a site area of 50,000 sqm and a floor area of 88,000 sqm. The project has been launched at the end of 2021.

Jade Residence, Changzhou
In September 2021, the Group acquired a piece of land in Wujin District, Changzhou for residential development through listing-for-sale and developed the project with a competent enterprise in Mainland China. The project is located on the south side of Yanzheng West Avenue and the east side of Caoxi Road in Wujin District. With convenient surrounding transportation and favourable living atmosphere and its close proximity to the Golden East Pension and Medical Care Community and the Second People's Hospital (branch), the project is fit for developing into a high-quality residential project. The project has a site area of 60,000 sqm and a floor area of 112,000 sqm, and is planned to be launched in the first half of 2022.

Boyue Cloudy Yard, Changzhou
In October 2021, the Group acquired a piece of land in Zhonglou District, Changzhou for residential development through co-development. The project is located on the east side of Xinqing Road and the south side of Wutang Road in Zhonglou District, with the Beijing-Hangzhou Grand Canal on the south side and Nanfeng River on the east side. It is close to the Government of Zhonglou District. With comprehensive commercial facilities, educational resources and landscape resources, and convenient transportation, it can be developed into a high-quality residential project. The project has a site area of 87,000 sqm and a floor area of 172,000 sqm, and is planned to be launched in the first half of 2022.

Qingpu District Project, Shanghai
In October 2021, the Group acquired a piece of land in Qingpu District, Shanghai for residential development through listing-for-sale together with an enterprise. The project is located on the north side of Huqingping Road and the west side of Jingnanhe Road in Qingpu District. It belongs to the core area of Hongqiao Business District and is 1.6 km away from the National Convention and Exhibition Center. Surrounded by developed road network and equipped with comprehensive educational and healthcare facilities, it is fit for developing into a high-quality residential project. The project has a site area of 77,000 sqm and a floor area of 167,000 sqm, and is planned to be launched in the second half of 2022.

Shengpudong Project, Suzhou

In December 2021, the Group acquired a piece of land in Suzhou Industrial Park for residential development through co-development. The project is located on the south side of Minsheng Road and the west side of Xingpu Road, Shengpu Street, Industrial Park. Adjacent to the core Hudong sector of the park and close to Sipac Zone, and with favourable living atmosphere and comprehensive commercial, educational and healthcare facilities, it is fit for developing into high-quality residential apartments. The project has a site area of 56,000 sqm and a floor area of 115,000 sqm, and is planned to be launched in the first half of 2022.

Greater Bay Area

RK Rising Star, Guangzhou

In September 2021, the Group acquired a piece of land in Zengcheng District, Guangzhou for residential development through listing-for-sale and developed the project with competent enterprises in Mainland China. The project is located on the south side of Xintang Avenue, Xintang Town, Zengcheng District, adjacent to Shacun Station of Line 13. With convenient transportation, favourable living atmosphere and rich educational resources, it is fit for developing into a high-quality residential project. The project has a site area of 18,000 sqm and a floor area of 61,000 sqm, and is planned to be launched in the first half of 2022.

Acquired in 2022 and up to the date of this report:

Shunyi District Project, Beijing

In March 2022, the Group acquired a piece of land in Shunyi District, Beijing for residential development through co-development. The project is located on the west side of Shuntai Road and the north side of Shuangping Street, Renhe Town, Shunyi District and close to RK Noble Mansion. The project is 1.4 km away from Linhe Village Station of the planned R4 line. The land to the west of the site is planned for primary school and large-scale commercial facilities. With comprehensive surrounding living, healthcare, education, leisure and entertainment facilities, it is fit for developing into a high-quality residential project. The project has a site area of 41,000 sqm and a floor area of 71,000 sqm, and is planned to be launched in the second half of 2022.

(II) TOLL ROAD SEGMENT

In 2021, facing multiple challenges such as the severe international environment and the recurring Pandemic, the growth pace of China's economy has moderated after a sharp rebound in the first half of the year. With the support of Pandemic prevention and control and macro policies, China's economy has further formed a new development pattern of promoting the domestic and international dual circulations. Annual economic growth hit 8.1% this year, compared with 2.2% last year. China's economic recovery is consolidating, but consumer confidence still lags behind pre-pandemic levels. The national real disposable income per capita increased by 9.1% as compared to last year, or grew 8.1% after deducting the price factors, basically in line with economic growth. In Indonesia, the Pandemic ravaged in July and August. The Indonesian government imposed strict restrictions on community activities in many parts of the country. However, as the Pandemic alleviated and restrictions were eased, the economy gradually recovered, and the annual economic growth still reached 3.7%.

Benefiting from the Mainland China government's Pandemic prevention and control policies, although the Pandemic situation in Mainland China fluctuated in 2021, it was generally stable and controllable, and our overall operations tended to be normal. The toll revenue from the Group's expressway projects in Mainland China increased by 36% to RMB3,153 million as compared to last year, with an average daily traffic volume increased by 5% to 274,600 vehicles as compared to last year. The increment in toll revenue was mainly due to a lower revenue base as a result of the implementation of the Toll-Free policy by the Mainland China government in last year and a recovery to the pre-pandemic level in 2021.

With the launch of the 14th Five-Year Plan, it is expected that the Mainland China government will strengthen the cross-cycle adjustment of macro policies, increase support for the real economy, and introduce policies and measures to expand domestic demand to ensure steady economic development in 2022. The expansion of domestic demand will be conducive to the growing demand for transportation. The expressways of the Group are well-located and the economic benefits will further uplift. In addition, on 2 June 2021, the Ministry of Transport, the National Development and Reform Commission and the Ministry of Finance of Mainland China jointly issued the "Implementation Plan for Comprehensively Promoting Differential Tolling on Expressways" (Draft), which requires further optimisation and improvement of the policy of differentiated tolling models for road sections. The Group will actively participate in relevant research and discussion, and strive for a beneficial plan for the Group.

In terms of Indonesia expressways, the Group completed the acquisition of the MKTT expressway in Sumatra, Indonesia at a consideration of IDR1,236,000 million (approximately HK$656 million) in April 2021 to expand its overseas toll road portfolio, which is expected to bring considerable benefits to the Group in the future.

The overall toll revenue from the Group's expressway projects in Indonesia increased by 55% to RMB626 million as compared to last year, with an average daily traffic volume increased by 93% to 47,200 vehicles as compared to last year. During the Eid al-Fitr Festival in May, the Indonesian government implemented traffic restrictions and a policy of prohibiting returning to hometown. From July to September, due to the severe Pandemic, it tightened restrictions on community activities, and temporarily implemented traffic restrictions on some major toll roads, resulting in a decrease in traffic volume and toll revenue. However, the traffic volume and toll revenue gradually increased due to the alleviation of the Pandemic after October. In addition, SN Expressway successfully secured toll rate increments by approximately 15% in 2021, and received government compensation for toll adjustment of approximately IDR654,400 million (approximately HK$354 million), in which the Group's share was approximately HK$110 million after deducting taxes during the year. NKK Expressway and MKTT Expressway also obtained the approval to increase the toll rate by approximately 3% in April and May, respectively.

In 2022, the Group will continue to look for toll road projects with reasonable investment returns in Mainland China and the Asia-Pacific region to further expand the Group's toll road business.

Financial Review

The average daily traffic volume and toll revenue of the Group's expressway projects for 2021 are as follows:

Projects	Average Daily Traffic volume	Increase/ (Decrease)	Toll Revenue	Increase
	Vehicles	%	RMB'million	%
Expressway projects in Mainland China				
Baojin Expressway	73,400	(5)	890	22
Tangjin Expressway	58,100	3	721	41
Changyi Expressway	76,800	7	525	17
Longcheng Expressway	29,600	29	644	61
Machao Expressway	36,700	13	373	63
Total	274,600	5	3,153	36
Expressway projects in Indonesia				
SN Expressway	15,500	23	269	26
NKK Expressway	14,400	21	231	20
MKTT Expressway (Note)	17,300	N/A	126	N/A
Total	47,200	93	626	55
Total (2021)	321,800	13	3,779	39
Total (2020)	285,300		2,725	

Note: The acquisition of MKTT Expressway in Indonesia was completed on 22 April 2021 and the above data are for the period from the acquisition date to 31 December 2021. The 2020 data of MKTT Expressway has not been included in the above analysis report. For the year of 2020, the average daily traffic volume and toll revenue of MKTT Expressway was approximately 13,800 vehicles and RMB140 million respectively.

In 2021, the total traffic volume of the Group's expressway projects reached 117 million vehicles, with an average daily traffic volume of approximately 321,800 vehicles, representing an increase of 13% as compared with last year. The toll revenue of the year reached RMB3,779 million, representing an increase of 39% as compared with last year.

In 2021, the profit of the Group's Toll Road segment (after deduction of head office income, expenses and taxation) was HK$579 million. The significant increase in segment profit as compared to 2020 was mainly attributable to the lower revenue base of the toll roads in Mainland China due to the impact of the implementation of the Toll-Free policy for all toll roads during the Pandemic prevention and control period in 2020. In addition, the Group's three expressways in Indonesia successfully secured toll rate increments during the year, and the savings in interest expenses on bank loans due to the significant decrease in interest rates of bank loans in Indonesia. In the same year, the Group received cash distributions of HK$604 million from its expressway joint ventures, which has resumed to the normal distribution amount before the Pandemic.

Overview of Projects

Expressway business in Mainland China

Baojin Expressway

In 2021, the average daily traffic volume decreased by 5% as compared to last year, but the toll revenue increased by 22% as compared to last year. Affected by a number of unfavourable factors such as the diversion of the surrounding road networks such as the Rongwu New Road, the Jinshi Expressway, the Anda Road, and the Rongyi Road, as well as the slowdown in the construction of the Xiongan New Area in the second half of the year, the annual traffic volume decreased slightly compared with the last year. However, with the strong Pandemic prevention measures taken by the Mainland China government, the Pandemic was basically brought under control. There was no Toll-Free Policy this year, so toll revenue increased significantly compared to the last year.

The government compensation policy for the Toll-Free Policy in 2020 has been introduced. According to the policy of Hebei Province, the project company will extend the toll collection period for 79 days after the toll collection period expires in the future.

Tangjin Expressway

In 2021, the average daily traffic volume and toll revenue increased by 3% and 41% as compared to last year, respectively. Due to factors such as the continuous economic growth and the holding of the Garden Expo in Tangshan in September, which offset the negative factors such as the relocation of steel mills and power and production restrictions due to environmental protection requirements, the traffic volume continued to grow slightly this year. Meanwhile, benefits from the strong Pandemic prevention measures taken by the Mainland China government, the Pandemic was basically brought under control. There was no Toll-Free Policy this year, so toll revenue increased significantly compared to the previous year.

The government compensation policy for the Toll-Free Policy in 2020 has been introduced. According to the policy of Hebei Province, the project company will extend the toll collection period for 79 days after the toll collection period expires in the future.

Changyi Expressway

In 2021, the average daily traffic volume and toll revenue increased by 7% and 17% as compared to last year, respectively. The outbreak of the Pandemic since July in several major cities resulted in short-term lockdown measures. However, benefits from the continuous economic growth and the strong Pandemic prevention measures taken by the Mainland China government, the Pandemic was basically brought under control quickly. There was no Toll-Free Policy this year, so toll revenue increased significantly compared to the previous year. After the opening of the Changyi North Road, long-distance vehicles reduced the use of Changyi Expressway, thereby reducing traffic control and attracting the use by short-distance vehicles, and the total traffic volume increased accordingly.

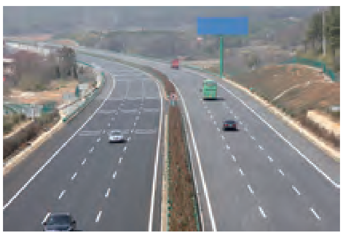
The government compensation policy for the Toll-Free Policy in 2020 has been introduced. According to the policy of Hunan Province, the project company will extend the toll collection period for 79 days after the toll collection period expires in the future. In addition, for compensating the loss of toll revenue caused by the redemption of 6.057 km, the project company has obtained a reasonable compensation plan based on timeliness from the Hunan provincial government.

Longcheng Expressway

In 2021, the average daily traffic volume and toll revenue increased by 29% and 61% as compared to last year, respectively, mainly due to the fact that the Pandemic was basically controlled, the economy continued to grow, and the strong demand for coal in Mainland China, coupled with the truck control policy on Taiyuan Ring Road, which contributed to the increase in traffic volume and the diversion of some trucks to the project. In addition, the favourable factors such as the short-term closure maintenance of the surrounding road networks such as Pingyu Expressway and G108 Yuci Section led to a rapid increase in traffic volume this year. Meanwhile, there was no Toll-Free Policy this year, so toll revenue increased significantly compared to the previous year.

The government compensation policy for the Toll-Free Policy in 2020 has been introduced. According to the policy of Shanxi Province, the project company will extend the toll collection period for 79 days after the toll collection period expires in the future.

Machao Expressway



In 2021, the average daily traffic volume and toll revenue increased by 13% and 63% as compared to last year, respectively, mainly due to the continuous economic growth and the strong Pandemic prevention measures taken by the Mainland China government, coupled with the favourable factors that the expansion of the Nanjing section of the G40 Shanghai-Xi'an Expressway and the Maxi hub contributed to the diversion of vehicles to the project, which made the traffic volume this year grew faster than the previous year. Meanwhile, there was no Toll-Free policy this year, so toll revenue increased significantly compared to the previous year.

In addition, the Anhui provincial government is still working on a compensation plan for the loss of toll revenue associated with the Toll-Free Policy in 2020, and the project company is also closely following up with the local government.

Expressway Business in Indonesia

SN Expressway

In 2021, the average daily traffic volume and toll revenue increased by 23% and 26% as compared to last year, respectively, mainly due to a lower revenue base in Java, Indonesia, which was severely affected by the Pandemic last year. Despite a sharp drop in the traffic volume from July to September this year due to the Indonesian government's implementation of stricter restrictions on community activities in response to the worsening Pandemic during this period, the traffic volume and revenue have rebounded significantly as the project successfully secured toll rate increments by approximately 15% in August and the Pandemic has gradually alleviated since October. In addition, the project completed refinancing at the end of December, which lowered the interest rate for the next five years from floating interest rate to fixed interest rate to reduce the risk of future interest rate hikes.

Moreover, the project received government compensation for toll adjustment of approximately IDR654,400 million (approximately HK$354 million) this year. After deducting taxes, the Group shared approximately HK$110 million, which shall be paid to PT Waskita Toll Road, the seller, in accordance with the terms of the acquisition agreement.

NKK Expressway

In 2021, the average daily traffic volume and toll revenue increased by 21% and 20% as compared to last year, respectively, mainly due to a lower revenue base in Java, Indonesia, which was severely affected by the Pandemic last year. Despite a sharp drop in the traffic volume from July to September due to the Indonesian government's implementation of strict restrictions on community activities in response to the worsening Pandemic during this period, the traffic volume and revenue have rebounded significantly as the project successfully secured toll rate increments by approximately 3% in April and the Pandemic has gradually alleviated since October.

The construction of the remaining unconstructed main section of the project from Kertosono to Kediri will be postponed until next year.

MKTT Expressway

MKTT Expressway, newly acquired by the Group on 22 April 2021, is part of the Trans Sumatra expressway network, connecting Medan. The concession period of MKTT toll road is 40 years until 2056, with a total length of 61.7 km. From the date of acquisition by the Group to 31 December 2021, the average daily traffic volume was 17,300 vehicles and the toll revenue was RMB126 million. During the period, the project company successfully secured toll rate increments by approximately 3% in May. The Pandemic in Sumatra, Indonesia worsened after June, but it was less severe than that in Java. Therefore, the impact on the revenue of the project was less than other Indonesian expressway projects of the Group.

(III) IAM SEGMENT

The COVID-19 incident continues to influence the investment mode, consumption habit, travel pattern and working style. After conducting an in-depth review of the business model of investment and asset management businesses, the Group has merged the cultural, tourist and commercial business and property development business of IAM Segment into its existing Property Segment to centralise its management, rectify the existing investment and asset management businesses that are more affected by the Pandemic and cease the investment in new businesses.

In 2021, the property development projects of IAM Segment (including joint venture and associate projects) achieved property sales of approximately RMB927 million, comprising the contracted sales of RMB692 million and outstanding subscribed sales of approximately RMB235 million. As of 31 December 2021, the land reserve of IAM Segment was approximately 1,130,000 sqm, which was mainly located in Henan Province, and the total area of properties pre-sold but yet to be delivered was 40,000 sqm.

The business scale of other original investment and asset management businesses, mainly including property fund, cultural and entertainment businesses, has been significantly reduced after the restructuring and rectification. In the future, the Group will continue to review the operating conditions of the remaining businesses and address them in due course.

FINANCIAL REVIEW OF THE GROUP

Consolidated Statement of Profit or Loss

The table below extracted major items from the consolidated statement of profit or loss of the Group for each of the two years ended 31 December 2021 and 2020.

	2021 HK$'million	2020 HK$'million
Revenue	**24,678**	24,196
Gross profit	**5,399**	6,507
Interest and other income, net	**575**	588
Selling and operating expenses	**(1,852)**	(1,725)
Share of results of joint ventures and associates	**1,225**	537
Finance costs	**(1,073)**	(1,173)
Profit before taxation	**4,274**	4,734
Income tax expenses	**(2,290)**	(1,950)
Profit for the year	**1,984**	2,784
Profit attributable to:		
– Owners of the Company	**1,028**	1,723
– Owners of perpetual capital securities	**528**	528
– Non-controlling interests of subsidiaries	**428**	533
	1,984	2,784

Revenue and Gross Profit

Revenue and gross profit of the Group for the year were mainly contributed by the Property Segment business. The details are contained in the subsection headed "Financial Review" under "Property Segment".

Selling and Operating Expenses

In respect of the regulation of the property market and the continuous tightening of the credit environment in Mainland China, the Group increased sales efforts to stimulate sales which resulted in a corresponding increase in sales commissions and promotional activities fees and causing the increase in expenses for the year.

Share of Results of Joint Ventures and Associates

During the year, the Group's share of profit was mainly derived from the profit of infrastructure joint ventures of approximately HK$776 million and profit of property joint ventures and associates of approximately HK$449 million of the Group. For details, please refer to the analysis of each business segment. The lower profit contribution in last year was mainly due to the imposition of the Toll-Free Policy in Mainland China since the outbreak of COVID-19. As the Pandemic in Mainland China was brought under control and economic activities resumed steadily in 2021, the profit from infrastructure joint ventures increased significantly as compared with last year.

Income Tax Expenses

Income tax expenses mainly comprise profit tax, land appreciation tax and deferred tax. The increase in income tax expenses was mainly due to the increase in the provision of land appreciation tax as a result of the settlement of land appreciation tax for some property projects.

Consolidated Statement of Financial Position

The table below summarised the major items of the consolidated statement of financial position of the Group as at 31 December 2021 and 2020.

	2021 **HK$'million**	2020 HK$'million
Non-current assets		
– Investments in joint ventures and associates (including shareholders' loans)	**32,556**	25,146
– Investment properties	**4,263**	4,046
– Other non-current assets	**3,562**	2,116
	40,381	31,308
Current assets		
– Inventory of properties (including prepayment for land leases)	**45,146**	47,865
– Bank balances and cash (including pledged bank deposits)	**12,713**	14,171
– Loans to joint ventures and associates	**3,342**	3,939
– Other current assets	**6,654**	5,998
	67,855	71,973
Non-current liabilities		
– Bank and other borrowings	**(30,402)**	(24,631)
– Other current liabilities	**(1,929)**	(1,333)
	(32,331)	(25,964)
Current liabilities		
– Creditors and accrued charges	**(10,703)**	(10,685)
– Loans from joint ventures and associates	**(5,010)**	(4,432)
– Deposits from pre-sale of properties	**(8,407)**	(7,819)
– Bank and other borrowings	**(7,924)**	(13,425)
– Other current liabilities	**(8,063)**	(7,914)
	(40,107)	(44,275)
Total equity (Including perpetual capital securities)	**35,798**	33,042

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

It mainly represented the Group's interests in infrastructure joint ventures of HK$5,355 million (2020: HK$4,539 million) and interests in property joint ventures and associates of HK$30,543 million (2020: HK$24,546 million), including shareholders' short term loans to projects (included in current assets). The increase in balance was mainly attributable to the Group's acquisition of the MKTT Expressway in Indonesia and payment of investment cost and prepayment of land premium for the Group's acquisition of a number of property projects through joint ventures during the year. The details on new projects acquired through joint ventures are contained in the subsections headed "Land Reserve" and "New Projects" under "Property Segment".

The Group entered into the undertaking agreement with an independent third party in 2017, pursuant to which, the Group undertakes for a prompt settlement of 50% of outstanding debts incurred by the property development joint venture, in which the Group held 50% equity interest. As at 31 December 2021, the carrying amount of the liabilities undertaken by the Group amounted to approximately HK$2,798 million (2020: HK$2,778 million). Save for this liability undertaking, details of other guarantees given by the Group to joint ventures were set out in the subsection headed "Financial Guarantee Contracts" under "Financial Review of the Group".

Investment Properties

This comprises the carrying value of investment properties with the details are set out in note 17 of the consolidated financial statements. During the year, the increase in the leased areas of the Group's commercial properties in Beijing and Ningbo offset the impact of decrease in the fair value of investment properties. As at 31 December 2021, the total floor area of the investment properties of the Group (including joint venture and associate projects) was approximately 356,000 sqm.

Inventory of Properties (including Prepayment for Land Leases)

The decrease in inventory of properties was mainly due to the fact that the existing projects of the Group's subsidiaries have been completed and delivered successively; the newly acquired land was mainly developed through joint ventures, and the number of newly acquired projects of wholly-owned subsidiaries decreased compared with last year.

Bank Balances and Cash (including Pledged Bank Deposits)

The decrease in the bank balances and cash was mainly attributable to the payment of land premiums and investment cost for newly acquired projects by the Group during the year.

Deposits from Pre-sale of Properties

The increase in deposits from pre-sale of properties was mainly attributable to the increase in the average selling price of pre-sold properties as compared to last year. As at 31 December 2021, the total area of properties (including joint venture and associate projects) pre-sold but yet to be delivered was approximately 1,210,000 sqm.

Bank and Other Borrowings

Bank and other borrowings and non-current liabilities mainly represented offshore guaranteed senior notes, syndicated loans, domestic bonds and project development loans of the Group.

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

	At 31 December	
	2021	2020
	HK$'million	HK$'million
Repayable:		
On demand	**721**	616
Within one year	**7,203**	12,809
After one year but within two years	**8,494**	9,063
After two years but within five years	**21,004**	14,619
More than five years	**904**	949
Total Loans	**38,326**	38,056

Source of Loans

	2021	2020
Short term loans	**21%**	35%
Long term loans	**79%**	65%
Total	**100%**	100%

Nature of Debts

	2021	2020
Unsecured loans	**74%**	68%
Secured loans	**26%**	32%
Total	**100%**	100%

Currency Profile of Loans

	2021	2020
HKD	**8%**	9%
RMB	**32%**	39%
USD	**60%**	52%
Total	**100%**	100%

Interest Rates Basis

	2021	2020
Floating rate	**41%**	46%
Fixed rate	**59%**	54%
Total	**100%**	100%

Type of Loans

	2021	2020
Guaranteed senior notes*	**53%**	48%
Other offshore loans	**15%**	13%
	68%	61%
Domestic bonds	**3%**	5%
Other onshore loans	**29%**	34%
	32%	39%
Total	**100%**	100%

* Excluding perpetual capital securities (Classified to equity)

Certain of the Group's loans were on a fixed rate basis, which included the following notes:

(a) US$2,592 million of guaranteed senior notes (annual rate ranging from 5.125% to 7.875%), of which US$500 million 5.2% guaranteed senior notes and US$500 million 5.125% guaranteed senior notes were issued in January and July 2021, respectively; and

(b) RMB869 million of 6.5% domestic bonds.

In addition to the above loans, the Group also issued the following three senior guaranteed perpetual capital securities:

(a) US$600 million senior guaranteed perpetual capital securities (distribution rates are 7% and 7.95%); and

(b) US$300 million 7.75% senior guaranteed fixed-spread perpetual capital securities.

As at 31 December 2021, the net gearing ratio and the net capitalisation ratio of the Group were 72% and 42% respectively. Net gearing ratio represents the difference between the Group's total interest bearing borrowings (excluding amounts due to non-controlling interests of subsidiaries) and the bank balances and cash (including pledged bank deposits) ("Net Debt") to the total equity. The net capitalisation ratio represents the Net Debt to the sum of Net Debt and total equity.

Consolidated Statement of Cash Flows

The table below summarised the major items of the consolidated statement of cash flows of the Group for the years ended 31 December 2021 and 2020.

	2021 **HK$'million**	2020 HK$'million
Payment for land leases	**(10,511)**	(13,621)
Net cash from operating activities, other than payment for land leases	**11,955**	9,304
Net cash used in investing activities, other than payment for land leases	**(272)**	(1,993)
Net cash (used in) from financing activities	**(2,305)**	4,574
Effect of change in exchange rates	**382**	680
Cash and cash equivalents at 1 January	**12,183**	13,239
Cash and cash equivalents at 31 December	**11,432**	12,183

Payment for Land Leases (including Payments Through Joint Ventures Arrangement)

During the year, the payment of land premiums was mainly for projects newly acquired in Langfang, Guangzhou, Suzhou, Shanghai, Changzhou, Wuxi and Nanjing. The details on new projects acquired are contained in the subsections headed "Land Reserve" and "New Projects" under "Property Segment".

Net Cash from Operating Activities, other than Payment for Land Leases

The increase in net cash generated from operating activities as compared with last year was mainly due to the increase in cash generated from the pre-sales and sales of properties during the year and the decrease in payment of construction costs compared with last year.

Net Cash used in Investing Activities, other than Payment for Land Leases

The decrease in net cash used in investing activities was mainly due to the decrease in the loans to non-controlling interests of the Group during the year and the increase in the cash distributed or dividends received from the infrastructure joint venture projects as compared with last year.

Net Cash (used in) from Financing Activities

The net cash flow used in financing activities during the year was mainly due to the Group's redemption of two offshore bonds and repayment of certain bank loans during the year, which offset the new loans during the year. The net cash inflow from financing activities in last year was mainly due to the Group's issuance of two offshore bonds totaling US$716 million, resulting in a higher overall loan amount.

Liquidity and Financial Resources

As at 31 December 2021, the equity attributable to owners of the Company was HK$22,337 million (2020: HK$20,928 million). Net assets per share attributable to owners of the Company was HK$29.81(2020: HK$27.93).

As at 31 December 2021, the Group's total assets were HK$108,236 million (2020: HK$103,281 million) and bank balances and cash were HK$12,600 million (2020: HK$14,056 million), of which about 77% was denominated in Renminbi and the remaining 23% was mainly denominated in US dollars or HK dollars.

During the year, the Group drew down various offshore bonds, offshore bank loans and project development loans in Hong Kong and Mainland China in an aggregate amount equivalent to HK$19,870 million. The drawdown of new loans was offset by repayment of certain bank loans and redemption of the domestic and offshore bonds.

The Group continues to adopt prudent financing and treasury policies with all financing and treasury activities are centrally managed and controlled. Implementation of the Group's related policies is made under collective and extensive considerations on liquidity risk, financing costs and exchange rate risk. Going forward, the Group will continue to maintain healthy treasury strategy and explore and broaden financing channels, so as to manage financing costs and enhance cash flows of the Group.

Charges on Assets

As at 31 December 2021, bank balances of HK$113 million (2020: HK$115 million) were pledged as security in favour of banks for certain mortgage facilities granted to customers of the Group's property projects and bank credit facilities granted to the Group. In addition to these charged bank deposits, properties with carrying value of HK$10,241 million (2020: HK$12,279 million) were pledged as securities for certain loan facilities.

Exposure on Foreign Exchange Fluctuations and Interest Rates

The Group's borrowings are mainly denominated in Renminbi and US dollar but the cash flow is mainly generated from projects whose earnings are denominated in Renminbi. As a result, the Group is exposed to the foreign exchange risk on the fluctuation of Renminbi and US dollar. In 2021, the Group recorded net exchange gains of approximately HK$408 million. To cope with the impacts arisen from fluctuation of exchange rate between US dollar and Renminbi on the Group, the Group will pay close attention to the impact of changes in the 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 2021, the Group had provided guarantees of HK$8,398 million (2020: HK$8,880 million) to banks in respect of the mortgage loans of the purchasers of the Group's properties. The guarantees would be released after the purchasers have pledged their property ownership certificates as securities to the banks for the mortgage loans granted.

In addition, the Group had provided guarantees of HK$4,098 million (2020: HK$3,181 million) for banking facilities granted to the joint ventures of the Group as at 31 December 2021.

Details of the Group's undertaking for a property joint venture were set out in the subsection headed "Investments in Joint Ventures and Associates (including Shareholders' Loans)" under "Financial Review of the Group".

Employees

Excluding the staff of joint ventures and associates, the Group had 4,863 employees as at 31 December 2021. Expenditure on staff (excluding Directors' emoluments and share-based payment) for the year under review amounted to HK$1,297 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.

EXECUTIVE DIRECTORS

Mr. Zen Wei Peu, Derek
(aged 69, Chairman)

Mr. Zen has been an Executive Director of the Company since its establishment and was appointed as the Chairman of the Company in January 2021. He is the Chairman of the Nomination Committee, a member of the Remuneration Committee of the Company and a director of various companies of the Group. He is also the Vice Chairman and the Chief Executive Officer of Wai Kee Holdings Limited (HK stock code: 610) and the Chairman of Build King Holdings Limited (HK stock code: 240). He is a Director of Emmaus Life Sciences, Inc., whose shares are traded on the OTC Market in the United States of America. He holds a Bachelor of Science degree in Engineering and a Master of Business Administration degree. He is a Chartered Engineer, a member of the Institution of Civil Engineers, the United Kingdom and a fellow of The Institute of Quarrying, the United Kingdom. Mr. Zen has over 45 years of experience in civil engineering industry.

Mr. Ko Yuk Bing
(aged 66, Deputy Chairman)

Mr. Ko has been an Executive Director of the Company since 1995 and retired from the positions of the Managing Director and Chief Executive Officer of the Company in July 2021. He is still the Deputy Chairman of the Company, the Chairman of the Company's toll road business and a director of various companies of the Group. He holds a Master of Science degree in Engineering. He is a Chartered Engineer and a fellow of the Institution of Civil Engineers, the United Kingdom, The Institution of Structural Engineers, the United Kingdom and The Hong Kong Institution of Engineers. Mr. Ko has extensive experience in infrastructure business, especially in toll road, and property development, and has over 32 years of experience in business development and operation in the PRC. He is the spouse of Ms. Chuk Wing Suet, Josephine.

Mr. Fong Shiu Leung, Keter
(aged 59, Chief Executive Officer)

Mr. Fong was appointed as an Executive Director and Finance Director of the Company in July 2000 and July 2005 respectively, and was re-designated as the Chief Executive Officer of the Company with effect from 1 July 2021. He is also a director of various companies of the Group. He holds a Bachelor of Arts degree in Accountancy. He is a Certified Practising Accountant in Australia and a fellow of the Hong Kong Institute of Certified Public Accountants. He has over 35 years of experience in auditing, accounting and business advisory profession. Prior to joining the Company, he was an audit principal of an international accounting firm.

Mr. Ng Fun Hung, Thomas
(aged 49, Chief Financial Officer)

Mr. Ng, joined the Group in 2011 and was appointed as Executive Director of the Company on 1 February 2022. He is also the Chief Financial Officer of the Company and a director of various companies of the Group. He holds a Bachelor of Business Administration degree and a Master of Applied Finance degree. He is a fellow of both the Association of Chartered Certified Accountants of the United Kingdom and the Hong Kong Institute of Certified Public Accountants, a Chartered Financial Analyst of the United States, a Certified Information System Auditor of the United States and a Chartered Governance Professional of the United Kingdom and Hong Kong. Mr. Ng has over 26 years of experience in accounting, assurance and financial management. Prior to joining the Group, Mr. Ng worked for an international accounting firm and was previously the financial controller of a listed company in Hong Kong.

NON-EXECUTIVE DIRECTORS

Ms. Cai Xun
(aged 47)

Ms. Cai has been appointed as a Non-executive Director of the Company since May 2021. She is an executive director of Shenzhen Investment Limited (HK stock code: 604), a director of 深業集團有限公司 (Shum Yip Group Limited*) and Shum Yip Holdings Company Limited. Ms. Cai worked in the Organization Department of Shenzhen Municipal Party Committee during the period from year 2002 to 2020 and served as the chief of the Cadre Division 1, the chief of the Research and Publicity Division and the chief of the Cadre Supervision Division. She graduated from Central South University of Technology (now known as Central South University) with a bachelor's degree in economics. Ms. Cai has extensive experience in human resources and administrative management.

Mr. Xu Enli
(aged 46)

Mr. Xu has been appointed as a Non-executive Director of the Company since January 2022. He is a Vice President of Shenzhen Investment Limited (HK stock code: 604), 深業集團有限公司 (Shum Yip Group Limited*) and Shum Yip Holdings Company Limited. He previously served as the chairman and general manager of Shum Yip Land Co., Ltd., general manager of Shenzhen Science & Industry Park Group Co., Ltd., deputy general manager of Shum Yip Southern Land (Holdings) Co., Ltd., Shum Yip Pengji (Holdings) Co., Ltd. and Shum Yip Shahe Group Co., Ltd. He graduated from Tianjin University with a master's degree and is a qualified senior engineer. Mr. Xu has extensive experience in real estate development, operation and infrastructure construction.

* *for identification purpose only*

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lau Sai Yung
(aged 74)

Mr. Lau has been appointed as an Independent Non-executive Director of the Company since August 2004. He is the Chairman of the Audit Committee and a member of the Nomination Committee and the Remuneration Committee of the Company. He is the sole-proprietor of Lau SY & Co., Certified Public Accountants, the Executive Chairman of Union Alpha CPA Limited, the Managing Director of Union Alpha CAAP Certified Public Accountants Limited, an Honorary Fellow of The Chinese University of Hong Kong, an Affiliated Fellow cum Overseer of Wu Yee Sun College, The Chinese University of Hong Kong. He also holds honorary positions in various schools, charitable and non-profit-making organisations. He was a Non-executive Director of Dezhan Healthcare Company Limited (formerly known as Xinjiang Tianshan Wool Textile Co., Ltd.) (Shenzhen stock code: SZ000813). He holds a Bachelor degree in Business Administration from The Chinese University of Hong Kong. He is a Certified Public Accountant (Practising), a fellow of the Association of Chartered Certified Accountants of the United Kingdom, The Hong Kong Institute of Certified Public Accountants, The Institute of Chartered Accountants in England and Wales, The Society of Chinese Accountants and Auditors, Hong Kong, and The Taxation Institute of Hong Kong, an associate member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute of the United Kingdom, and Chartered Tax Adviser. Mr. Lau has over 45 years of experience in the profession of accounting.

Mr. Tse Chee On, Raymond (former name, Tse Chi On)
(aged 71)

Mr. Tse has been appointed as an Independent Non-executive Director of the Company since October 2012. He is the Chairman of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee of the Company. From 1989 to 1997, he was the Managing Director of Wheelock and Company Limited (HK stock code: 20), the Chairman and Managing Director of Wheelock Properties Limited, a Director of New Asia Realty & Trust Company, Limited and Realty Development Corporation Limited. Mr. Tse holds a Bachelor degree in Business Administration from the University of Montreal, Canada. He has over 40 years of experience in property development and investment, architectural planning and design consulting, property business consulting, international brand licensing and commercial property business in Hong Kong and the PRC.

Mr. Wong Wai Ho
(aged 72)

Mr. Wong has been appointed as an Independent Non-executive Director of the Company since May 2014. He is a member of the Audit Committee, the Nomination Committee and the Remuneration Committee of the Company. He is an Independent Non-executive Director of Hang Chi Holdings Limited (HK stock code: 8405). He was a consultant of Jumbo Land Resources Limited. Moreover, Mr. Wong was appointed by Jardine Fleming responsible for the management of the world's first ever direct investment focusing on finding investment opportunities in the Greater China region and was appointed by Kleinwort Benson and Advent International Corporation as a director and a managing director respectively. Prior to that, he worked for the Hong Kong Trade Development Council responsible for the promotion of Hong Kong's external trade for 13 years. Mr. Wong has been involved in the public services; he was a member of the Board of Trustees of Chung Chi College, The Chinese University of Hong Kong and a member of The Chinese History and Culture Educational Foundation for Youth. In the Expo 2010 Shanghai, Mr. Wong was appointed as the deputy pavilion director of the World Trade Centers Association Pavilion. Mr. Wong holds a Bachelor degree in Business Administration (major in accounting) from The Chinese University of Hong Kong and a Master in Law degree from the People's University of China (also known as Renmin University of China). He has extensive experience in trade promotion, fund investment and investment consultancy.

SENIOR MANAGEMENT

Ms. Chuk Wing Suet, Josephine
(aged 50)

Ms. Chuk, joined the Group in 1994, is a Deputy Chief Operating Officer of the Group and a Director of RK Properties Holdings Limited, and responsible for the property development projects in Shanghai, Jiangsu and Zhejiang. She holds a Bachelor of Social Science degree and a Master of Business Administration degree. Ms. Chuk has over 28 years of experience in business investment, operation, development and promotion in Hong Kong and the PRC. She is the spouse of Mr. Ko Yuk Bing.

Mr. Zhang Nan
(aged 49)

Mr. Zhang, joined the Group in 2007, is the regional Director of the property development projects in Suzhou, Wuxi, Zhenjiang and Henan Regions. He holds a Bachelor of Engineering Management degree and an Executive Master of Business Administration degree, and is a Registered Costing Engineer in the PRC. Mr. Zhang has over 26 years of experience in property development and management in the PRC.

Ms. Diao Lu, Amy
(aged 47)

Ms. Diao, joined the Group in 2007, is the regional Director of the property development projects in Beijing, Hebei and Shandong, and oversees the corporate communication function of the Group. She holds a Bachelor of International Finance degree and an Executive Master of Business Administration degree. Ms. Diao has substantial years of experience in managerial positions in property development companies as well as Fortune 500 multi-national companies, in particular, in the area of human resources and corporate communication and public affairs.

Mr. Li Wanle
(aged 51)

Mr. Li, joined the Group in 2021, is the Chief Operating Officer of the property development group and the regional Director in the Guangdong region responsible for overseeing the PRC property development projects. He holds a Master degree in Business Administration, a Bachelor degree in Engineering Management and a Bachelor degree in Industrial and Civil Engineering. Prior to joining the Group, Mr. Li worked for several renowned property developers and has 29 years of experience in property development and operation in the PRC.

Mr. Chu Kwok Kit, Ringo
(aged 61)

Mr. Chu, joined the Group in 2018, is the regional Director overseeing the Hong Kong property development projects. He holds a Bachelor of Arts in Architectural Studies degree and a Bachelor of Architecture degree. He is an Authorized Person (List of Architect), a Registered Architect in Hong Kong and a member of The Hong Kong Institute of Architects. He has over 35 years of experience in property development industry. Prior to joining the Group, Mr. Chu worked in a well-known property development company for 26 years.

Mr. Zhao Min
(aged 52)

Mr. Zhao, joined the Group in 2011, is the regional Director of the property development projects in Tianjin. He holds a Bachelor degree in Industrial and Civil Engineering and is a Registered Engineer in the PRC. He has 30 years of engineering and project management experience in the PRC and Singapore. Prior to joining the Group, Mr. Zhao worked for several renowned property developers.

Mr. Lee Tak Fai, Kennedy
(aged 56)

Mr. Lee, joined the Group in 2007, is the Company Secretary and the Senior Vice President of the Group responsible for the corporate finance and legal functions. He holds a Bachelor of Social Science degree and a Master of Science degree in Finance. He is a fellow of both the Association of Chartered Certified Accountants of the United Kingdom and the Hong Kong Institute of Certified Public Accountants. Prior to joining the Group, Mr. Lee worked for a number of international accounting firms and was previously the financial controller and the assistant general manager of the corporate finance department of several companies listed on the main board of the Stock Exchange. He has over 30 years of experience in accounting, assurance, financing and business advisory services.

Mr. Gao Da Peng
(aged 44)

Mr. Gao, joined the Group in 2007, is the Senior Vice President of the Group and the General Manager of Shanghai and Zhejiang regions. He holds an Executive Master of Business Administration degree. Mr. Gao has 22 years of experience in property development, operation and sales management in the PRC.

Mr. Chen Xue Ming
(aged 46)

Mr. Chen, joined the Group in 2019, is the Senior Vice President of the Group and the General Manager of Nanjing and Changzhou regions. He holds a Master of Business Administration degree. Prior to joining the Group, Mr. Chen worked for several renowned property developers and has 25 years of experience in property development, operation and sales management in the PRC.

Mr. Fung Tat Sun, Patrick
(aged 51)

Mr. Fung, joined the Group in 2021, is the Chief Executive Officer – Toll Road operations of the Group. He holds a Bachelor of Computing (Information System), a Bachelor of Business degree (Accounting) and a Master of Science in Financial Management degree. Prior to joining the Group, Mr. Fung worked in financial institutions, financial consultant and mass transportation operators in Southeast Asia and Hong Kong respectively. Mr. Fung has over 28 years of extensive experience in project financing, public-private partnerships, infrastructure mergers and acquisitions in road and transportation sectors.

Mr. He Peiyong
(aged 50)

Mr. He, joined the Group in 2021, is the Chief Operating Officer – Toll Road operations of the Group. He holds a Bachelor of Highway and Urban Road degree and a Master of Civil Engineering degree. Prior to joining the Group, Mr. He has over 27 years of experience in toll road investment and operation in the PRC, among which he worked in a Hong Kong listed toll expressway operation and management company for 10 years.

Mr. Choi Hung Fat, Allen
(aged 60)

Mr. Choi, joined the Group in 2021, is the Regional Director – Indonesia of Toll Road operations of the Group. He holds a Bachelor of Business Administration – Banking and Finance degree and a Master of Business Administration degree. Prior to joining the Group, Mr. Choi worked in several well-known conglomerate and financial institutions in Indonesia and Hong Kong with over 24 years extensive experience in business development, toll road projects management and operations in Indonesia, Hong Kong and Mainland China.

Directors' Report

The Directors present herewith the annual report and the audited consolidated financial statements of the Group for the year ended 31 December 2021.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of the Group, including the joint ventures and associates, are the operation of property development, investment and asset management businesses in Mainland China and Hong Kong and the investment in, development, operation and management of toll road projects in Mainland China and Southeast Asia. Details of the Group's principal subsidiaries, joint ventures and associates are set out in notes 51, 19 and 18 to the consolidated financial statements respectively.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2021 are set out in the consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income on pages F-7 and F-8 respectively.

An interim dividend of HK$0.15 per share amounting to approximately HK$112 million was paid to the Shareholders in September 2021.

The Directors recommend the payment of a final dividend of HK$0.20 per share to the Shareholders whose names appear on the register of members of the Company on Friday, 27 May 2022 amounting to approximately HK$150 million subject to approval of the Shareholders at the 2022 AGM. It is expected that the final dividend will be paid on Thursday, 9 June 2022, if approved.

CLOSURES OF REGISTER OF MEMBERS

To be eligible to attend and vote at the 2022 AGM

The register of members of the Company will be closed from Tuesday, 17 May 2022 to Friday, 20 May 2022, both dates inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the 2022 AGM, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar in Hong Kong, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:00 p.m. on Monday, 16 May 2022 for registration.

To qualify for the proposed final dividend

The register of members of the Company will also be closed from Thursday, 26 May 2022 to Friday, 27 May 2022, both dates inclusive, during which period no transfer of Shares will be registered. In order to qualify for the proposed final dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar in Hong Kong, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:00 p.m. on Wednesday, 25 May 2022 for registration.

BUSINESS REVIEW

The business review of the Group for the year ended 31 December 2021 is set out in the sections headed "Financial Highlights", "Chairman's Statement", "Chief Executive Officer's Report", "Management Discussion and Analysis", "Corporate Governance Report", "Consolidated Financial Statements" and "Financial Summary" on pages 2 to 3, pages 4 to 10, pages 11 to 13, pages 16 to 64, pages 86 to 99, pages F-7 to F-139 and page F-140 respectively. Description of the principal risks and uncertainties facing the Group can be found throughout this annual report.

SHARE CAPITAL AND SHARE OPTIONS

Details of the share capital and share options of the Company during the year are set out in notes 28 and 29 to the consolidated financial statements respectively.

During the year, there was no movement in the share capital and share options of the Company.

RESERVES

Movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity on page F-11 of this annual report.

DISTRIBUTABLE RESERVES OF THE COMPANY

In addition to the accumulated profits, under the Companies Act 1981 of Bermuda (as amended), the contributed surplus of the Company is available for distribution to the Shareholders. However, the Company cannot declare or pay a dividend, or make a distribution out of the contributed surplus, if:

(i) it is, or would after the payment be, unable to pay its liabilities as they become due; or

(ii) the realisable value of its assets would thereby be less than its liabilities.

The reserves of the Company which were available for distribution to the Shareholders as at 31 December 2021 were approximately HK$3,055 million.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group during the year are set out in note 15 to the consolidated financial statements.

INVESTMENT PROPERTIES AND PROPERTIES FOR SALE

Details of the movements in the investment properties of the Group during the year are set out in note 17 to the consolidated financial statements. Particulars of the investment properties and properties for sale are shown under the section headed "Major Projects Information" of "Management Discussion and Analysis".

GUARANTEED SENIOR NOTES

RKPF Overseas 2020 (A) Limited, a wholly-owned subsidiary of the Company, issued US$500 million 5.2% guaranteed senior notes due 2026 in January 2021. The net proceeds of the issue of the notes were used for refinancing and general corporate purposes.

RKPF Overseas 2020 (A) Limited also issued US$500 million 5.125% guaranteed senior notes due 2026 in July 2021. The net proceeds of the issue of the notes were used for funding or refinancing, in full or in part, of the eligible projects undertaken by the Company in accordance with the green finance framework adopted by the Company as a basis for entering into future green financing transactions.

BANK AND OTHER BORROWINGS

Particulars of the bank and other borrowings of the Group are set out in note 30 to the consolidated financial statements.

RETIREMENT BENEFIT PLANS

Particulars of the retirement benefit plans of the Group are set out in note 40 to the consolidated financial statements.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page F-140 of this annual report.

MAJOR SUPPLIERS AND CUSTOMERS

During the year, the aggregate amount of purchases and revenue from property business attributable to the Group's five largest suppliers and customers were less than 30% of the total value of the Group's purchases and revenue from property business respectively.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The Directors during the year and up to the date of this report are:

Executive Directors:
Zen Wei Pao, William (Note 1) (resigned with effect from 1 January 2021)
Zen Wei Peu, Derek (Note 2) *(Chairman)*
Ko Yuk Bing (Note 3) *(Deputy Chairman)*
Fong Shiu Leung, Keter (Note 4) *(Chief Executive Officer)*
Ng Fun Hung, Thomas *(Chief Financial Officer)* (appointed with effect from 1 February 2022)

Non-executive Directors:
Cai Xun (appointed with effect from the conclusion of the 2021 AGM held on 25 May 2021)
Xu Enli (appointed with effect from 1 January 2022)
Mou Yong (retired with effect from the conclusion of the 2021 AGM held on 25 May 2021)
Dong Fang (resigned with effect from 1 January 2022)

Independent Non-executive Directors:
Lau Sai Yung
Tse Chee On, Raymond
Wong Wai Ho

Notes:

1. Mr. Zen Wei Pao, William resigned as the Co-Chairman and an Executive Director of the Company with effect from 1 January 2021.

2. Mr. Zen Wei Peu, Derek was re-designated as the Chairman of the Company with effect from 1 January 2021.

3. Mr. Ko Yuk Bing retired from the positions of the Managing Director and Chief Executive Officer of the Company with effect from 1 July 2021.

4. Mr. Fong Shiu Leung, Keter became Chief Executive Officer and ceased the roles as Deputy Chief Executive Officer and Finance Director of the Company with effect from 1 July 2021.

Pursuant to the Bye-law 86(2) of the Bye-laws, Messrs. Xu Enli and Ng Fun Hung, Thomas, appointed as Directors with effect from 1 January 2022 and 1 February 2022 respectively, will retire from office at the 2022 AGM, and being eligible, will offer themselves for re-election at the 2022 AGM.

Pursuant to Bye-law 87, Messrs. Ko Yuk Bing, Fong Shiu Leung, Keter and Lau Sai Yung will retire from office by rotation at the 2022 AGM, and being eligible, will offer themselves for re-election at the 2022 AGM.

None of the Directors proposed for re-election at the 2022 AGM has a service contract with the Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in the section headed "Connected Transactions", there were no transactions, arrangements or contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director or an entity connected with a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

PERMITTED INDEMNITY PROVISION

Pursuant to the Bye-laws, every Director and everyone of their heirs, executors and administrators, shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them, their or any of their heirs, executors or administrators, shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices or trusts.

The Company has arranged appropriate directors and officers liability insurance coverage for its Directors and officers.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year, the following Directors are considered to have interests in the business which compete or are likely to compete, either directly or indirectly, with the businesses of the Group pursuant to Rule 8.10 of the Listing Rules:

Name of Directors	Name of entities	Description of principal activities	Nature of interest of the Directors in the entities
Cai Xun*	Shenzhen Investment group of companies (including its holding companies)	Property development, investment and management in the PRC	Director
Dong Fang**	Shenzhen Investment group of companies (including its holding companies)	Property development, investment and management in the PRC	Director
	Shahe Industrial Co., Ltd.	Property development, investment and management in the PRC	Director (resigned with effect from 10 December 2021)

* Ms. Cai Xun was appointed as a Non-executive Director of the Company after the conclusion of the 2021 AGM held on 25 May 2021.

** Mr. Dong Fang resigned as a Non-executive Director of the Company with effect from 1 January 2022.

DISCLOSURE OF INTERESTS

Directors' Interests and Short Positions

As at 31 December 2021, the interests and short positions of the Directors in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

(I) Shares

Name of Directors	Nature of interest	Notes	Number of Shares held Long position	Number of Shares held Short position	Percentage of holding (Note 3) %
Zen Wei Peu, Derek	Personal	1 & 2	24,649,000	–	3.29
Fong Shiu Leung, Keter	Personal	1	260,000	–	0.03

Notes:

1. Long position in the Shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds).
2. Included in the balance is 1,000,000 Shares held by Ms. Luk Chan, the spouse of Mr. Zen Wei Peu, Derek.
3. The percentage was calculated based on 749,336,566 Shares in issue as at 31 December 2021.

(II) Underlying Shares – Share Options

The Share Option Scheme was adopted by the Company on 8 May 2013. Particulars of the Share Option Scheme are set out in note 29 to the consolidated financial statements.

During the year ended 31 December 2021, there were no outstanding share options under the Share Option Scheme.

(III) Debentures of Associated Corporations

Name of Directors	Name of companies	Nature of interest	Type of debentures	Principal amount held
Zen Wei Peu, Derek	RKI Overseas Finance 2017 (A) Limited	Personal	US$300 million 7% senior guaranteed perpetual capital securities	US$800,000 (note) (long position)
Wong Wai Ho	RKI Overseas Finance 2017 (A) Limited	Personal	US$300 million 7% senior guaranteed perpetual capital securities	US$200,000 (long position)

Note:

A principal amount of US$400,000 of US$300 million 7% senior guaranteed perpetual capital securities was held by Ms. Luk Chan, the spouse of Mr. Zen Wei Peu, Derek.

Save as disclosed above, none of the Directors or their associates (has the meaning ascribed to it under the Listing Rules) had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Save as disclosed above, none of the Directors or their spouses or children under 18 years of age was granted or had exercised any rights to subscribe for any securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

EQUITY-LINKED AGREEMENTS

Other than the Share Option Scheme as mentioned earlier, no equity-linked agreements were entered into during the year or subsisted at the end of the year.

ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES

Other than the Share Option Scheme as mentioned earlier, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of the shares in, or debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 31 December 2021, the interests or short positions of every person, other than the Directors, in the Shares and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

Name of Shareholders	Nature of interest	Number of Shares held: Long position (Note 1)	Number of Shares held: Short position	Percentage of holding (Note 11) %
Wai Kee (Note 2)	Interest in controlled corporation	336,632,428	–	44.92
Wai Kee (Zens) Holding Limited (Note 3)	Interest in controlled corporation	336,632,428	–	44.92
Groove Trading Limited (Note 4)	Beneficial owner	81,904,000	–	10.93
Wai Kee China Investments (BVI) Company Limited (Note 4)	Interest in controlled corporation	251,728,428	–	33.59
Wai Kee China Investments Company Limited (Note 5)	Interest in controlled corporation	251,728,428	–	33.59
ZWP Investments Limited (Note 6)	Beneficial owner	251,728,428	–	33.59
深業集團有限公司 (Shum Yip Group Limited*) (Note 7)	Interest in controlled corporation	202,334,142	–	27.00
Shum Yip Holdings Company Limited (Note 8)	Interest in controlled corporation	202,334,142	–	27.00
Shenzhen Investment (Note 9)	Interest in controlled corporation	202,334,142	–	27.00
Brightful Investment Holding Limited (Note 10)	Beneficial owner	202,334,142	–	27.00

Notes:

1. Long position in the Shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds).

2. Wai Kee is deemed to be interested in the Shares through its interests in (i) its wholly-owned subsidiaries, namely Wai Kee (Zens) Holding Limited, Groove Trading Limited, Wai Kee China Investments (BVI) Company Limited, Wai Kee China Investments Company Limited, ZWP Investments Limited and Top Horizon Holdings Limited; and (ii) its subsidiaries, namely Build King, Top Tactic Holdings Limited, Amazing Reward Group Limited, Build King Management Limited and Build King Civil Engineering Limited, which beneficially held 3,000,000 Shares. Mr. Zen Wei Peu, Derek is a director of Wai Kee.

3. Wai Kee (Zens) Holding Limited is a direct wholly-owned subsidiary of Wai Kee. Mr. Zen Wei Peu, Derek is a director of Wai Kee (Zens) Holding Limited.

4. Groove Trading Limited and Wai Kee China Investments (BVI) Company Limited are direct wholly-owned subsidiaries of Wai Kee (Zens) Holding Limited. Mr. Zen Wei Peu, Derek is a director of Groove Trading Limited and Wai Kee China Investments (BVI) Company Limited.

5. Wai Kee China Investments Company Limited is a direct wholly-owned subsidiary of Wai Kee China Investments (BVI) Company Limited. Mr. Zen Wei Peu, Derek is a director of Wai Kee China Investments Company Limited.

6. ZWP Investments Limited is a direct wholly-owned subsidiary of Wai Kee China Investments Company Limited. Mr. Zen Wei Peu, Derek is a director of ZWP Investments Limited.

7. 深業集團有限公司 (Shum Yip Group Limited*) (incorporated in the PRC) is deemed to be interested in the Shares through its 100% interests in Shum Yip Holdings Company Limited (incorporated in Hong Kong). Ms. Cai Xun is a director of 深業集團有限公司.

8. Shum Yip Holdings Company Limited (incorporated in Hong Kong) is deemed to be interested in the Shares through its approximately 63.18% interests in Shenzhen Investment. Ms. Cai Xun is a director of Shum Yip Holdings Company Limited.

9. Shenzhen Investment is deemed to be interested in the Shares through its interests in its wholly-owned subsidiary, namely Brightful Investment Holding Limited. Ms. Cai Xun is a director of Shenzhen Investment.

10. Brightful Investment Holding Limited is a direct wholly-owned subsidiary of Shenzhen Investment.

11. The percentage was calculated based on 749,336,566 Shares in issue as at 31 December 2021.

Save as disclosed above, no other person (other than the Directors) had an interest or a short position in the Shares and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO.

* *for identification purpose only*

CONNECTED TRANSACTIONS

1. On 23 February 2021, the Company and Wai Kee entered into the framework agreement pursuant to which one or more joint venture(s) may from time to time be formed between the Company and its subsidiaries and Wai Kee and its subsidiaries for the purposes of tendering for property development projects in the specified territories put up for tender or auction by government or government controlled entities in Hong Kong and Mainland China subject to compliance with the terms of the framework agreement ("Development JVs"). Specified territories means Beijing, Shanghai and Tianjin municipalities of the PRC, Jiangsu, Zhejiang, Hebei, Shandong, Guangdong and Henan provinces of the PRC and Hong Kong.

   The duration for the framework agreement is 12 months commencing from 22 March 2021 ("Period") and the total commitment of the Company on all Development JVs is capped at RMB6,000 million. The total commitment was approved by the independent Shareholders at the Company's special general meeting held on 22 March 2021. There were no Development JVs had been formed pursuant to the framework agreement during the Period.

   As Wai Kee is a controlling shareholder of the Company and therefore a substantial shareholder and a connected person of the Company under the Listing Rules. The framework agreement and the formation of any Development JV in compliance with the requirements of the framework agreement constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

2. On 30 November 2021, RK Properties Holdings Limited (an indirect wholly-owned subsidiary of the Company) ("RKP") and Supreme Gain Limited (an indirect wholly-owned subsidiary of Wai Kee) ("Supreme Gain") entered into the participation agreement pursuant to which RKP granted participation rights to Supreme Gain which allow Supreme Gain to enjoy 22.75% attributable interest in the development and the sales and marketing of units constructed on the parcel of land located at South of Xintang Avenue, Xintang Town, Zengcheng District, Guangzhou, held through 廣州雋新房地產開發有限公司 (the "Project Company"). The consideration paid/payable by Supreme Gain was RMB205,062,230.

   Supreme Gain, being an associate (has the meaning ascribed to it under the Listing Rules) of Wai Kee, is therefore a connected person of the Company under the Listing Rules. Accordingly, the participation agreement and the transactions contemplated thereunder constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

REPURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE GROUP

During the year, the Company redeemed an aggregate principal amount of US$215.6 million of US$400 million 7.75% guaranteed senior notes due 2021 issued by RKPF Overseas 2019 (B) Limited. Following the redemption, the notes were cancelled and delisted from the Singapore Exchange Securities Trading Limited.

In addition, RKI Overseas Finance 2016 (B) Limited redeemed all outstanding notes in the principal amount of US$500 million 4.7% guaranteed senior notes due 2021 upon their maturity on 6 September 2021 at the redemption price equal to 100% of the outstanding principal amount of the notes plus accrued and unpaid interest. Subsequent to the redemption, the notes were cancelled and delisted from the Stock Exchange.

The Company has also redeemed an aggregate principal amount of US$4 million of US$400 million 7.875% guaranteed senior notes due 2023 issued by RKPF Overseas 2019 (A) Limited (the "2023 Notes"). Following the redemption, the notes were cancelled and in an aggregate principal amount US$396 million remain outstanding. Subsequent to the reporting year, the Company further redeemed an aggregate principal amount of US$16 million of the 2023 Notes.

北京路勁雋御房地產開發有限公司 (Beijing RK Junyu Properties Developments Ltd.*), a wholly-owned subsidiary of the Company, issued RMB1.5 billion 7% domestic bonds due 2021 in September 2019 (the "2019 Domestic Bonds") and have a term of three years with the Group's option to adjust the coupon rate after the end of the second year of issuance and the investors' entitlement to require the Group to repurchase the bonds at the principal amount. The Group redeemed the 2019 Domestic Bonds with a principal amount of RMB631,450,000 in September 2021. As at 31 December 2021, the 2019 Domestic Bonds with remaining principal amount of RMB868,550,000, bearing an adjusted fixed interest rate of 6.5% will mature in September 2022.

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 2021.

* *for identification purpose only*

DONATIONS

During the year, donations made by the Group were approximately HK$1 million.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Bye-laws, or the laws of Bermuda, which would oblige the Company to offer new Shares on a pro-rata basis to existing Shareholders.

SUFFICIENCY OF PUBLIC FLOAT

According to the information that is publicly available to the Company and within the knowledge of the Directors as at the latest practicable date prior to the issue of this annual report, the Company has maintained the prescribed public float under the Listing Rules.

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set by the Remuneration Committee of the Company on the basis of merit, qualification and competence.

The emoluments of all Executive Directors are decided by the Remuneration Committee, having regard to the Company's performance, individual performance and comparable market statistics.

The Company has adopted a Share Option Scheme as an incentive to the Directors and eligible employees, details of the scheme are set out in note 29 to the consolidated financial statements.

CONTINUING DISCLOSURE OF THE LISTING RULES

In compliance with continuing disclosure obligations of the Listing Rules, the following information is disclosed:

1. Pursuant to Rule 13.22 of the Listing Rules:

(a) A summary of aggregate financial information of the affiliated companies, based on the financial statements prepared under the accounting principles generally accepted in Hong Kong, as at 31 December 2021, is as follows:

	At 31 December 2021 HK$'million
Statement of Financial Position	
Non-current assets	**14,028**
Current assets	**63,843**
Current liabilities	**(36,912)**
Net current assets	**26,931**
Non-current liabilities	**(20,515)**
Net assets	**20,444**

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

	The Group's attributable interest in the affiliated companies	Amount of guarantee given by the Group HK$'million	Amount of commitment for amounts advanced or to be advanced by the Group HK$'million
Suzhou Zhongjiao RK Properties Co., Ltd.*	49%	–	170
Nanjing Zhongjin Properties Developments Ltd.*	40%	304	164
Changzhou Xinjunjie Properties Developments Ltd.*	40%	–	733
Wuxi Xinsheng Real Estate Co., Ltd.*	30%	–	256
Hangzhou Xinyao Real Estate Co., Ltd.*	30%	–	140
Wuxi Yejing Properties Developments Co., Ltd.*	24.75%	–	417
Hebei Jiantou Road King Urbanization Construction & Development Co., Ltd.*	45%	–	516
Hebei Jiantou Junhui Properties Developments Ltd.*	27%	–	385
Tianjin Junda Corporate Management Co., Ltd.*	50%	–	674
Guangzhou Runhe Real Estate Co., Ltd.*	30%	–	240
Nanjing Qiaojing Properties Developments Co., Ltd.*	49%	–	300
Shanghai Junting Properties Developments Co., Ltd.*	33%	–	1,361
Suzhou Huxi Properties Developments Co., Ltd.*	35%	–	216

	The Group's attributable interest in the affiliated companies	Amount of guarantee given by the Group HK$'million	Amount of commitment for amounts advanced or to be advanced by the Group HK$'million
Zhengzhou Junzheng Properties Developments Co., Ltd.*	49.9%	230	4
Kuangjin Property Development (Suzhou) Co., Ltd.*	45%	–	91
Nanjing Xinjinglian Properties Developments Co., Ltd.*	25%	120	699
Shum King Company Limited	50%	778	2,222
Foshan Qihui Properties Co., Ltd.*	49%	–	826
Jinan Junsheng Properties Developments Co., Ltd.*	50%	–	1,306
Jinan Yajun Properties Developments Co., Ltd.*	50%	–	542
Suzhou Huyue Properties Developments Co., Ltd.*	30%	–	105
Holovis International Ltd	40%	–	78
Tianjin Juntai Properties Developments Co., Ltd.*	50%	308	–
Suzhou Ruimao Properties Developments Co., Ltd.*	49%	98	–
Hebei Baojin Expressway Co., Ltd.* (note)	40%	–	106
Anhui Machao Expressway Co., Ltd.* (note)	49%	283	–
PT Jasamarga Solo Ngawi (note)	40%	–	1
PT Jasamarga Ngawi Kertosono Kediri (note)	40%	–	27
		2,121	11,579

Note: As at 31 December 2021, the interests in those infrastructure joint ventures are indirectly held by Road King Expressway International Holdings Limited, which is 75% held by the Group.

* *for identification purpose only*

2. Pursuant to Rule 13.18 of the Listing Rules:

Guaranteed Senior Notes and Senior Guaranteed Perpetual Capital Securities

The Company is obliged to make an offer to repurchase and redeem the following guaranteed senior notes and senior guaranteed perpetual capital securities then outstanding at a rate equal to 101% of the principal amount, plus accrued and unpaid interest, if any, up to (but not including) the date of repurchase, and together with any distribution accrued to the date fixed for redemption, including any deferred distribution and any additional distribution payable on it, respectively upon the occurrence of a change of control triggering event and a decline in the rating of the notes and the securities:

(a) US$400 million 7.875% notes due 2023 (issued in February 2019);

(b) US$480 million 6.7% notes due 2024 (issued in September 2019);

(c) US$300 million 5.9% notes due 2025 (issued in March 2020);

(d) US$416 million 6% notes due 2025 (issued in September 2020);

(e) US$500 million 5.2% notes due 2026 (issued in January 2021);

(f) US$500 million 5.125% notes due 2026 (issued in July 2021);

(g) US$300 million 7.95% perpetual capital securities (issued in February 2017);

(h) US$300 million 7% perpetual capital securities (issued in June 2017); and

(i) US$300 million 7.75% fixed-spread perpetual capital securities (issued in November 2019).

During the year, US$400 million 7.75% guaranteed senior notes due 2021 issued by RKPF Overseas 2019 (B) Limited, were cancelled and delisted from the Singapore Exchange Securities Trading Limited and US$500 million 4.7% guaranteed senior notes due 2021 issued by RKI Overseas Finance 2016 (B) Limited, were cancelled and delisted from the Stock Exchange on its maturity date on 6 September 2021. For details, please refer to the section headed "Repurchase, Sale or Redemption of Listed Securities of the Group".

3. Pursuant to Rule 13.51B(1) of the Listing Rules:

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

Name of Directors	Details of changes
Mr. Ko Yuk Bing	He entered into a service contract with the Company commencing from 1 July 2021 to 30 June 2024. On 1 February 2022, his annual basic salary was revised to HK$6,577,200 due to additional work commitment.
Mr. Dong Fang	He resigned as a Non-executive Director of the Company with effect from 1 January 2022.
Mr. Xu Enli	He was appointed as a Non-executive Director of the Company with effect from 1 January 2022. He entered into a letter of appointment with the Company for a period from 1 January 2022 to the date of 2022 AGM.
Mr. Ng Fun Hung, Thomas	He was appointed as an Executive Director of the Company with effect from 1 February 2022. He entered into a service contract with the Company for a term of three years commencing from 1 February 2022 to 31 January 2025.

Save as disclosed above, there is no other continuing disclosure required to be made by the Company pursuant to Chapter 13 of the Listing Rules.

AUDITOR

A resolution will be proposed at the 2022 AGM of the Company to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor.

On behalf of the Board
Zen Wei Peu, Derek
Chairman

Hong Kong, 22 March 2022

Corporate Governance Report

CORPORATE GOVERNANCE CODE

The Company is dedicated to maintaining the highest standard of corporate governance as it believes that good corporate governance practices are fundamental to the smooth and effective operation of a company and can enhance the Shareholders' value as well as safeguard the Shareholders' interests. The Company places strong emphasis on an effective Board, accountability, sound internal control, appropriate risk-assessment, monitoring procedures and transparency to all Shareholders and stakeholders.

Throughout 2021, the Company has complied with all the applicable code provisions set out in the CG Code contained in Appendix 14 of the Listing Rules.

THE BOARD

Composition

The Board has a balanced composition of members to ensure independent viewpoints in all discussions. During the year ended 31 December 2021 and as at the date of this annual report, the Board comprises the following Directors:

Board		
Executive Directors	**Non-executive Directors**	**Independent Non-executive Directors**
Zen Wei Peu, Derek (Note 1) *(Chairman)*	Cai Xun (Note 5)	Lau Sai Yung
Ko Yuk Bing (Note 2) *(Deputy Chairman)*	Xu Enli (Note 6)	Tse Chee On, Raymond
Fong Shiu Leung, Keter (Note 3) *(Chief Executive Officer)*	Mou Yong (Note 7)	Wong Wai Ho
Ng Fun Hung, Thomas (Note 4) *(Chief Financial Officer)*	Dong Fang (Note 8)	

Notes:

1. Mr. Zen Wei Peu, Derek was re-designated as the Chairman of the Company with effect from 1 January 2021.

2. Mr. Ko Yuk Bing retired from the positions of the Managing Director and Chief Executive Officer of the Company with effect from 1 July 2021.

3. Mr. Fong Shiu Leung, Keter became Chief Executive Officer and ceased the roles as Deputy Chief Executive Officer and Finance Director of the Company with effect from 1 July 2021.

4. Mr. Ng Fun Hung, Thomas was appointed as an Executive Director of the Company with effect from 1 February 2022.

5. Ms. Cai Xun was appointed as a Non-executive Director of the Company with effect from the conclusion of the 2021 AGM held on 25 May 2021.

6. Mr. Xu Enli was appointed as a Non-executive Director of the Company with effect from 1 January 2022.

7. Mr. Mou Yong retired as a Non-executive Director of the Company with effect from the conclusion of the 2021 AGM held on 25 May 2021.

8. Mr. Dong Fang resigned as a Non-executive Director of the Company with effect from 1 January 2022.

As at the date of this annual report, there are nine Directors including four Executive Directors, two Non-executive Directors and three Independent Non-executive Directors. With the expertise contributed by each of the Directors, the Board has a wide spectrum of valuable business experience, knowledge and professionalism for its efficient and effective functioning. Biographical details of the Directors are set out in the section headed "Directors and Senior Management" of this annual report. An updated list of the Directors and their respective roles and functions are maintained on the websites of the Company and the Stock Exchange.

During the year, the Company has complied with Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules regarding the appointment of at least three Independent Non-executive Directors including one Independent Non-executive Director with accounting or related financial management expertise and the number of Independent Non-executive Directors representing at least one-third of the Board.

During the year ended 31 December 2021, there is no relationship (including financial, business and family relationship or other material relevant relationships) between members of the Board, and between the Chairman and the Chief Executive Officer.

Appointment and Re-election

Pursuant to the Bye-laws, the Board may appoint a director either to fill a casual vacancy or as an addition to the Board from time to time during the year following the recommendation from the Nomination Committee of the Company. Any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting after his/her appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the Board shall hold office until the next following annual general meeting of the Company and shall then be eligible for re-election. In addition, at each annual general meeting, at least one-third of the Directors for the time being shall retire from office by rotation and are eligible for re-election.

Non-executive Directors

All the Non-executive Directors and Independent Non-executive Directors entered into letters of appointment separately with the Company for a specific term of not more than three years, subject to re-election at the general meeting pursuant to the Bye-laws.

Independence of Independent Non-executive Directors

The Company has received written confirmation of independence from each of the Independent Non-executive Directors in accordance with Rule 3.13 of the Listing Rules. The Board considers them to be independent in accordance with the Listing Rules.

Role and Delegation

The primary role of the Board is to protect and enhance long-term Shareholders' value. It assumes the responsibility for providing effective and responsible leadership and control of the Company, and directing and supervising the Company's affairs in pursuit of the Group's strategic objectives.

The Board, led by the Chairman, approves and monitors the Group's strategies and policies, evaluates the performance of the Group and supervises the management. In addition, the Board reserved for its decisions all major matters of the Company, including approval and monitoring of budgets, internal control and risk management systems, dividend payout, material transaction (in particular those may involve conflict of interests), preparation and release of financial information, appointment of Directors, replenishment of land reserves, other significant financial and operational matters.

In order to enhance efficiency, the Board has delegated to the Chief Executive Officer the day-to-day leadership and management of the business of the Group.

The Board also ensures that good corporate governance policies and practices are implemented within the Group and is responsible for performing the corporate governance duties including the following:

- to develop and review the Company's policies and practices on corporate governance;
- to review and monitor the training and continuous professional development of the Directors and senior management;
- to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- to develop, review and monitor the code of conduct manual applicable to employees and the Directors; and
- to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

During the year ended 31 December 2021 and up to the date of this annual report, the Board reviewed the Company's compliance with the CG Code for the years ended 31 December 2020 and 2021 together with six months ended 30 June 2021, and the Company's disclosures in the Corporate Governance Reports for the years ended 31 December 2020 and 2021.

The Group has adopted a number of policies and procedures of the Company, all of which have been documented and communicated to the Directors and employees via Employees' Handbooks and individual departmental handbooks to ensure good corporate governance practices and high standard of business conducts and ethics of the Group. The effectiveness of these policies is reviewed on a regular basis.

Board Meetings

The Board meets regularly at least four times each year. In addition, ad hoc Board meetings are held for major and important matters in which Board resolutions are required. The Directors play an active role in participating the Company's meetings through contribution of their professional opinions and active participation in discussion.

During the year ended 31 December 2021, the Company held six Board meetings. Directors' attendance records at Board and Board Committee meetings, the special general meeting held on 22 March 2021 and the 2021 AGM held on 25 May 2021 are set out below:

	Meetings attended/held					
Name of Directors	**Board**	**Audit Committee**	**Nomination Committee**	**Remuneration Committee**	**Special General Meeting held on 22 March 2021**	**2021 AGM**
Executive Directors						
Zen Wei Peu, Derek	6/6	–	2/2	2/2	1/1	1/1
Ko Yuk Bing	6/6	–	–	–	0/1	1/1
Fong Shiu Leung, Keter	6/6	–	–	–	1/1	1/1
Non-executive Directors						
Cai Xun(Note 1)	2/4	–	–	–	–	–
Mou Yong(Note 2)	0/2	–	–	–	0/1	0/1
Dong Fang(Note 3)	1/6	–	–	–	0/1	0/1
Independent Non-executive Directors						
Lau Sai Yung	6/6	2/2	2/2	2/2	1/1	1/1
Tse Chee On, Raymond	6/6	2/2	2/2	2/2	1/1	1/1
Wong Wai Ho	6/6	2/2	2/2	2/2	1/1	1/1

Notes:

1. Ms. Cai Xun was appointed as a Non-executive Director of the Company with effect from the conclusion of the 2021 AGM held on 25 May 2021.

2. Mr. Mou Yong retired as a Non-executive Director of the Company with effect from the conclusion of the 2021 AGM held on 25 May 2021.

3. Mr. Dong Fang resigned as a Non-executive Director of the Company with effect from 1 January 2022.

"–": Not Applicable

Notice of regular Board meetings is given to all Directors at least 14 days before each meeting, and all Directors are given the opportunity to include matters in the agenda for discussion at the Board meetings. The agenda and meeting materials, including relevant background information and supporting analysis, are normally sent to all Directors at least three days before the regular Board meetings (and so far as practicable for such other Board meetings) to ensure that they have sufficient time and attention to the affairs of the Company.

In order to have an effective Board, all Directors are provided with information on activities and developments in the Group's business on a monthly basis to keep them apprised of the latest developments of the Group. They have full access to information on the Group and are able to invite management and professional advisers, where appropriate, to attend Board meetings.

All Directors have direct access to the Company Secretary who is responsible for advising the Board on corporate governance and compliance issues. The Company Secretary is also responsible for taking the minutes of the Board and Board Committees' meetings. Such minutes are open for inspection by the Directors.

Each Director is required to make disclosure of his/her interests or potential conflict of interests, if any, in any proposed transactions or issues discussed by the Directors at the Board and Board Committees' meetings. Any Director shall not vote on any resolution of the Board and Board Committees approving any contract or arrangement or any other proposal in which he/she (or his/her associate (has the meaning ascribed to it under the Listing Rules)) is materially interested nor shall he/she be counted in the quorum present at such meeting.

Induction and Continuous Professional Development

Directors should keep abreast of their collective responsibilities. Each newly appointed Director would receive a comprehensive induction package covering the Group's business and the statutory and regulatory obligations of a director of a listed company. The Group also provides seminars and trainings to develop and refresh the Directors' knowledge and skills. The Group continuously updates the Directors on the latest developments regarding the Listing Rules and applicable regulatory requirements to ensure compliance and enhance their awareness of good corporate governance practices.

During the year, the Group provided seminars, training courses and site visits to the Directors and management.

All Directors are requested to provide the Company with their respective training records pursuant to the Code. According to the training records maintained by the Company, the trainings received by each of the existing Directors during the year ended 31 December 2021 are summarised as follows:

Name of Directors	Type of continuous professional development
Executive Directors	
Zen Wei Peu, Derek	A,B
Ko Yuk Bing	A,B
Fong Shiu Leung, Keter	A,B
Non-executive Director	
Cai Xun	A,B
Independent Non-executive Directors	
Lau Sai Yung	A,B
Tse Chee On, Raymond	B
Wong Wai Ho	A,B

A: attending seminars and/or conferences and/or forums and/or site visits
B: reading newspapers, newsletters, journals and updates relating to the economy, general business, real estate, laws, rules and regulations, etc.

Directors' and Officers' Liability Insurance and Indemnity

The Company has arranged appropriate Directors' and Officers' Liability Insurance for its Directors and officers covering the costs, losses, expenses and liabilities arising from the performance of their duties. The insurance policy covers legal action against its Directors and officers to comply with the requirement of the CG Code. During the year, no claim was made against the Directors and officers of the Company.

Chairman and Chief Executive Officer

The Chairman and the Chief Executive Officer of the Company are Mr. Zen Wei Peu, Derek and Mr. Fong Shiu Leung, Keter respectively.

To ensure a balance of power and authority, the roles of the Chairman and the Chief Executive Officer of the Company are performed by different individuals with separate duties. The division of responsibilities between the Chairman and the Chief Executive Officer is clearly established and set out in writing.

The role of the Chairman is to oversee the functioning of the Board and ensure the establishment of strategic direction of the Group. The Chairman provides leadership for the Board and ensures that the Company establishes sound corporate governance practices and procedures. He also encourages all Directors to make a full and active contribution to the affairs of the Board. To enhance efficiency, the Chairman has delegated to the Deputy Chairman, Mr. Ko Yuk Bing, the responsibility of directing the long-term development and high level management of the toll road business.

The Chief Executive Officer is responsible for implementing the Board's approved strategies and policies, and focuses on handling the day-to-day operations of the Group.

Detailed duties and responsibilities of the Chairman and the Chief Executive Officer are available on the website of the Company.

Board Diversity Policy

The Board adopted a Board Diversity Policy. The Policy aims to set out the approach to achieve diversity of the Board to ensure that the Board has the balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. During the year and up to the date of this annual report, the Nomination Committee and the Board had taken into account of, among others, the Board Diversity Policy and the Nomination Policy (please refer to the paragraphs of "Nomination Policy" and "Nomination Procedures" under section headed "Nomination Committee" for details) when considering the following appointments:

(1) Ms. Cai Xun as a Non-executive Director;

(2) Mr. Xu Enli as a Non-executive Director; and

(3) Mr. Ng Fun Hung, Thomas as an Executive Director.

The Nomination Committee and the Board formed the view that, with their different backgrounds and expertise, each newly appointed Director mentioned above would be a valuable addition to the Board and would further enrich the spectrum of skills, experience and diversity of perspectives of the Board apposite to the leading and overseeing of the Company's business.

BOARD AND MANAGEMENT COMMITTEES

To facilitate the work of the Board, the Board has delegated responsibilities to three Board Committees, namely Audit, Nomination and Remuneration Committees, to oversee particular aspects of the Company's affairs, and Property Business Management Committee to deal with the day-to-day operations of property development business of the Group. The terms of reference of the Audit, Nomination and Remuneration Committees are available on the websites of the Company and the Stock Exchange.

Audit Committee

Composition

The Audit Committee comprises three members, namely Messrs. Lau Sai Yung (Chairman of the Audit Committee), Tse Chee On, Raymond and Wong Wai Ho. All members are Independent Non-executive Directors.

Role and Function

The main responsibilities of the Audit Committee are to review the consolidated financial statements and the auditor's report, and to monitor the integrity of the consolidated financial statements. It also assists the Board to oversee internal control systems, risk management and internal and external audit functions. The Committee meets at least twice a year with the Company's external auditor to discuss the audit process and accounting issues.

Summary of Work Done

The following is a summary of major work performed by the Audit Committee during the year ended 31 December 2021 and up to the date of this annual report:

- Approval of the remuneration and terms of engagement of the external auditor;
- Review of the annual results of the Group for the years ended 31 December 2020 and 2021, and the interim results of the Group for the six months ended 30 June 2021;
- Review of the Group's financial information, financial reporting procedures, internal control systems, risk management, and financial and accounting policies and practices;
- Review of external auditor's independence and objectivity and the effectiveness of the audit process, and review of policy on engaging the external auditor to supply non-audit services;
- Review of the audit plan for financial year ended 31 December 2021;
- Review of adequacy of resources, staff qualifications and experience, training programs and budget of the Company's accounting and financial reporting and internal audit functions;
- Review of internal/external auditor's significant findings and recommendations, and monitoring of the subsequent implementation;
- Recommendation to the Board to re-appoint the external auditor at the 2021 AGM and 2022 AGM;
- Review of the effectiveness of the internal audit function of the Company;
- Approval of the 2022 internal audit plan;
- Review of the findings in the internal control report;
- Review of reporting mechanism for employees to raise concerns about possible improprieties in financial reporting, internal control or other matters related to the Company;
- Meetings with the external auditor, in the absence of Executive Directors and Management; and
- Review of Risk Management Report.

Nomination Committee

Composition

During the year ended 31 December 2021, the Nomination Committee comprised four members, namely Messrs. Zen Wei Peu, Derek (Chairman of the Nomination Committee), Lau Sai Yung, Wong Wai Ho and Tse Chee On, Raymond. Except for Mr. Zen Wei Peu, Derek, an Executive Director, all other members are Independent Non-executive Directors.

Role and Function

The Nomination Committee was established to ensure that there are deliberative, considered and transparent procedures for the appointment of the Directors. The duties of the Committee include reviewing the structure, size and diversity (including without limitation, gender, age, cultural and educational background, professional experience, skills, knowledge and length of service) of the Board and the Nomination Policy at least annually, and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy, identifying individuals suitably qualified to become Directors and selecting, or making recommendations to the Board on the selection of individuals nominated for directorships. In identifying suitable candidates, the Committee shall consider candidates on merit and against the objective criteria with due regard for benefits of diversity of the Board.

Summary of Work Done

The following is a summary of the work performed by the Nomination Committee during the year ended 31 December 2021 and up to the date of this annual report:

- Review of the structure, size and diversity (including without limitation, gender, age, cultural and educational background, professional experience, skills, knowledge and length of service) of the Board;
- Assessment of the independence of the Independent Non-executive Directors;
- Review of the Nomination Policy and Board Diversity Policy (the "Policies");
- Review of the measurable objectives for implementing the Policies;
- Making recommendations to the Board on the appointment of Directors and succession planning of the Board after taking into account of the Policies; and
- Determination the rotation of the Directors at the 2021 AGM and 2022 AGM.

Nomination Policy

The Company has a Nomination Policy for the nomination of Directors. The Policy aims to set out the approach to guide the Nomination Committee in relation to the identification of individuals suitably qualified to become Directors and selection or making recommendation to the Board on the selection of individuals nominated for directorships and re-election.

Nomination Procedures

Appointment of new Directors is first considered by the Nomination Committee. In considering the appointment of a Director, the Committee applies criteria such as relevant experience, professional and educational background, reputation for integrity and independence as well as the diversity of the Board as mentioned in the Board Diversity Policy, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service.

For the retiring Directors to be re-elected at annual general meeting, other than the consideration of selection criteria and the diversity of the Board mentioned above, the Committee will evaluate their overall contribution and service to the Company.

The recommendation of the Committee is then put to the Board for consideration and approval. Thereafter, any Director appointed by the Board is subject to re-election by the Shareholders at the general meeting after his/her appointment.

Remuneration Committee

Composition

During the year ended 31 December 2021, the Remuneration Committee comprised four members, namely Messrs. Tse Chee On, Raymond (Chairman of the Remuneration Committee), Zen Wei Peu, Derek, Lau Sai Yung and Wong Wai Ho. Except for Mr. Zen Wei Peu, Derek, an Executive Director, all other members are Independent Non-executive Directors.

Role and Function

The Remuneration Committee has been established to ensure that there are formal and transparent procedures to assist the Board in determining the remuneration policy of the Company and structuring the remuneration of all Directors and senior management. The Committee is responsible for making recommendation to the Board on the Company's policy and structuring for all Directors' and senior management's remuneration, and reviewing and approving the management's remuneration proposal with reference to the Board's corporate goals and objectives. It also determines, with delegated responsibility, remuneration packages of individual Executive Directors and senior management, and makes recommendations on the remuneration of Non-executive Directors and Independent Non-executive Directors.

Summary of Work Done

The following is a summary of the work performed by the Remuneration Committee during the year ended 31 December 2021 and up to the date of this annual report:

- Review and approval of the Company's remuneration policy for 2021 and 2022;
- Approval of emoluments of the Executive Directors (including the newly appointed Executive Director) (where Mr. Zen Wei Peu, Derek abstained from voting in determining his own remuneration) and senior management;
- Approval of remuneration package of the Executive Directors (including the newly appointed Executive Director);
- Approval of year end bonus of the Executive Directors and senior management;
- Review of remuneration and bonus policy of senior management;
- Approval of salary adjustment of staff; and
- Approval of remuneration for newly recruited senior staff.

Remuneration Policy

The Company ensures that the remuneration offered in appropriate for the duties, in line with market practice and pay levels, and effective in attracting, retaining and motivating employees (including Executive Directors). For Non-executive Directors, the Company ensures that they are sufficiently but not excessively compensated for their efforts and time dedicated to the Company. No individual determines his/her own remuneration.

The remuneration of a Director is determined with reference to his/her duties and responsibilities with the Company and the prevailing market situation. Details of the emoluments of the Directors during the year ended 31 December 2021 are set out in note 11 to the consolidated financial statements of this annual report. The emoluments paid/payable to the senior management for the year ended 31 December 2021 were within the following bands:

	Number of Senior Management
Up to HK$3,000,000	1
HK$3,000,001 to HK$4,000,000	3
HK$4,000,001 to HK$5,000,000	2
HK$5,000,001 to HK$6,000,000	1
HK$6,000,001 to HK$7,000,000	1
HK$7,000,001 to HK$8,000,000	2
HK$8,000,001 to HK$9,000,000	1
HK$14,000,001 to HK$15,000,000	1

Property Business Management Committee

Composition

As at the date of this annual report, the Property Business Management Committee currently comprises nine members, including four Executive Directors, namely Messrs. Zen Wei Peu, Derek, Ko Yuk Bing, Fong Shiu Leung, Keter (Convenor of the Property Business Management Committee) and Ng Fun Hung, Thomas and five members of senior management, namely Mr. Li Wanle, Ms. Chuk Wing Suet, Josephine, Mr. Zhang Nan, Ms. Diao Lu, Amy and Mr. Zhao Min.

Role and Function

The Property Business Management Committee was formed in 2006 to supervise, monitor and handle major matters arising from the daily operations of the property development business in various cities in Mainland China.

In order to cope with the competitive and complex nature of the business, four functional sub-committees, namely Market, Product, Engineering and Property Service, were subsequently established to provide professional recommendations and solutions to the Property Business Management Committee for major matters as well as to execute and make decisions in areas delegated by the Property Business Management Committee.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. All the Directors have confirmed, following specific enquiry, that they have complied with the Model Code throughout the year ended 31 December 2021.

The Company has also adopted a code of conduct, on terms no less exacting than the Model Code, governing securities transactions by relevant employees who are likely to be in possession of unpublished inside information in relation to the Group or its securities because of their offices or employment.

Formal notifications are sent by the Company to all Directors and relevant employees before commencement of "black out period" specified in the Model Code to remind them not to deal in the securities of the Group. No incident of non-compliance with the Model Code by the Directors or relevant employees was noted by the Company during the year ended 31 December 2021.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledge their responsibility, with the support from the Finance and Accounting Department, to prepare the consolidated financial statements of the Group in accordance with statutory requirements and applicable accounting standards. The Directors, having made appropriate enquiries, are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern. Accordingly, the Directors have prepared the consolidated financial statements on a going concern basis.

The Directors are aware of the requirements under the applicable Listing Rules and statutory regulations with regard to the timely and proper disclosure of inside information, announcements and financial disclosures and authorises their publication as and when required.

EXTERNAL AUDITOR'S REMUNERATION AND REPORTING RESPONSIBILITIES

Messrs. Deloitte Touche Tohmatsu had been re-appointed as the Company's external auditor at the 2021 AGM until the conclusion of the 2022 AGM.

The fees paid/payable to external auditor for audit and non-audit services for the year ended 31 December 2021 are as follows:

Type of Services	Fee paid/payable HK$
Audit fee	5,310,000
Non-audit services	
Interim review fee	1,840,000
Other services	1,192,000
Total	8,342,000

The statement of the Company's external auditor, Messrs. Deloitte Touche Tohmatsu, regarding their reporting responsibilities is set out in the Independent Auditor's Report on pages F-1 to F-6.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and maintaining sound and effective risk management and internal control systems (including reviewing their effectiveness) to safeguard Shareholders' investment and the Company's assets. The Group has established and developed the risk management system, which is defined by the Risk Management Policy comprising the roles and responsibilities of the Audit Committee, approach and methodology in establishing the risk assessment mechanism with references to international standards and best market practices. A Risk Management Taskforce (the "RMTF") has been set up to oversee the risk management program and assesses the program processes and makes decisions on risk management issues.

The Company has adopted the Committee of Sponsoring Organizations of the Treadway Commission (the "COSO") 2013 framework. The management allocates resources for the internal control and risk management systems compatible with the COSO to provide reasonable, though not absolute, assurance against material misstatement or loss and to manage rather than eliminate the risk of failure to achieve business objectives. The risk assessment comprises five core stages including risk identification, risk assessment and prioritization, risk response, risk monitoring and risk reporting.

The Audit Committee, which was delegated by the Board, assisted by the RMTF has reviewed and evaluated the effectiveness of the Group's risk management system for the year ended 31 December 2021. The Audit Committee considered the risk management system of the Company and its subsidiaries was effective and adequate.

The internal control system comprises a defined organisational structure and comprehensive policies and standards. Responsibilities of each business and operational unit are defined to ensure effective check and balance.

The Audit Committee, which was delegated by the Board, has reviewed and evaluated, via the internal audit team, the effectiveness of the Group's internal control system put in place by management covering all material controls, including financial, operational and compliance controls as well as risk management functions of the Company and its subsidiaries for the year ended 31 December 2021. The Audit Committee considered the internal control system of the Company and its subsidiaries was effective and adequate.

During the year, the internal audit team conducts systematic reviews of the Group's internal control system by using a risk-based audit approach and reviews the effectiveness of the Group's system of internal control against the COSO 2013 framework in order to provide reasonable assurance of the effectiveness of the system. The team reports directly to the Audit Committee and has free access to review all aspects of the Group's activities and controlling system. The team summarises audit findings and control weaknesses and reports to the Audit Committee on a quarterly basis.

SHAREHOLDERS' RIGHTS

The Board and management shall ensure Shareholders' rights and all Shareholders are treated equitably and fairly. Pursuant to the Bye-laws, any Shareholder entitled to attend and vote at a general meeting of the Company is entitled to appoint another person as his/her proxy to attend and vote instead of him/her. Shareholders holding not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall have the right, by written requisition to the Board, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition. In addition, Shareholders holding not less than one-twentieth of the total voting rights or not less than 100 Shareholders may submit a written request to the Company stating the resolution intended to be proceeded at the annual general meeting.

Any vote of the Shareholders at a general meeting must be taken by poll (other than procedural matters). Voting results are posted on the websites of the Company and the Stock Exchange on the day of the general meeting. The Bye-laws were amended by a special resolution passed by the Shareholders at the 2021 AGM. The updated versions of the memorandum of association of the Company and the Bye-laws are available on the websites of the Company and the Stock Exchange.

Detailed procedures for the Shareholders to convene a special general meeting, putting forward proposals at a general meeting and proposing a person for election as a Director are also available on the website of the Company.

COMMUNICATION WITH SHAREHOLDERS

The Board has established a shareholders' communication policy setting out various channels of communication, with the objective of enabling the Shareholders to assess the Company's overall performance, exercise their rights in an informed manner and engage actively with the Company.

The Company regards its Shareholders' meeting as an important means of communication with the Shareholders in which the Shareholders will be able to have an open dialogue with the Board. The Board members, in particular, the Chairmen of the Board Committees and appropriate management executives are available to answer questions of the Group's business at the annual general meetings. External auditor also attends the Company's annual general meetings and addresses queries from the Shareholders relating to the conduct of the audit and the preparation and content of its auditor's report.

Apart from holding Shareholders' meeting, the Company also endeavours to maintain effective communication with all Shareholders through other channels such as publication of annual and interim reports, announcements and circulars so as to provide extensive information on the Group's activities, business strategies and developments, and financial position. Such information is also available on the websites of the Company and the Stock Exchange.

Shareholders are also provided with contact details of the Company, such as telephone hotline, fax number, email address and postal address, to enable them to make any queries or comments on the Company at any time.

DIVIDEND POLICY

The Company has adopted a Dividend Policy. It aims to provide Shareholders with stable and sustainable returns. In proposing any dividend payout, the Board shall take into account, inter alia, the Group's financial condition, working capital requirements and future expansion plans, actual operations and liquidity position, the Company's retained earnings, distributable reserves and cash flow situation, general economic condition and other factors that the Board considers appropriate.

INVESTOR RELATIONS

The Company pursues a proactive policy of promoting investor relations and communications with the Shareholders. To this end, the Company maintains an open dialogue with the Shareholders and investors through the Company's financial reports, press releases, road shows, conferences, annual general meetings and general meetings that may be convened, as well as making available all the disclosures submitted to the Stock Exchange to provide regular and timely public disclosures on the Company's operating performance and corporate developments.

The Company has issued newsletters on a quarterly basis. These newsletters set out the latest developments of the Group's projects, and the quarterly performance of property sales and toll road projects. All the newsletters and publications of the Company issued in 2021 can be retrieved from the website of the Company. Going forward, the Company will continue to enhance its transparency to ensure the Shareholders and investors are kept abreast of the Company's latest development on a timely basis.

During the year, the Company's investor relations team arranged analyst meetings and regular meetings and interviews with the Shareholders, investors and analysts.

SOCIAL RESPONSIBILITY

The Group is committed to make contributions to the community since its establishment. In addition to fulfilling corporate responsibility in its day to day operations, the Group also proactively participates in social welfare activities and donations. For details, please refer to the subsection headed "Community Investment" under "Building Sustainable Community" of the "Environmental, Social and Governance Report" of this annual report.

Environmental, Social and Governance Report

ABOUT THIS REPORT

This Environmental, Social and Governance Report of the Group serves as a summary of the ESG strategy, policies and achievements. It illustrates how Road King pursues its mission to become the best performing investor and operator in Mainland China and Hong Kong through dedication in quality products and services while managing its ESG risks and impacts.

REPORTING SCOPE

This ESG Report provides an overview of the ESG progress of the Group for the period from 1 January 2021 to 31 December 2021 (the "Reporting Period"). Unless otherwise specified, this report covers the Group's property development and investment businesses in Mainland China and Hong Kong, which represent the Group's principal business operations. The total gross floor area of the entities covered in this report represents the principal gross floor area of the Group's property development and investment projects during the Reporting Period, adequately reflecting the Group's overall ESG performance.

REPORTING STANDARD

This report is prepared in accordance with the ESG Reporting Guide as set out in Appendix 27 to the Listing Rules.

REPORTING PRINCIPLES

With the aim to offer stakeholders a fair view of the Group's effort in ESG as well as useful information for decision making, this report, in its preparation, strictly adhered to the following principles:

Materiality:
Important and relevant information to stakeholders on different ESG aspects is covered in this report. Relative importance of ESG topics has been determined through materiality assessment and approved by the Board.

Quantitative:
Quantitative information with appropriate annotated and comparative data is provided in this report to assist readers in interpreting the data and assess the group's ESG performance objectively.

Consistency:
Consistent methodologies (as previous reports) are used to prepare and present ESG data provided in this report, unless otherwise specified.

Balance:
Unbiased information is provided in this report, without the inappropriate use of selections, omissions and presentation formats that would mislead the readers.

ESG PERFORMANCE HIGHLIGHT

Due to the recurrent Pandemic, the business environment in 2021 was still full of variables and challenges. Nonetheless, the Group continued its efforts to improve overall ESG performance in different aspects. Please see below key highlights of results achieved:

EMPHASIZE ENVIRONMENTAL PROTECTION

16 Projects That Obtained Green Building Certification Were Completed During the Year

Resource Recycling Rate Increased by **6** %

FOCUS ON STAFF TRAINING AND DEVELOPMENT

Employee Training Rate Increased by **3** %

Average Training Hours of Trained Employees Increased by **20** Hours

In order to support the Group's green development in the future, the Group has established a green financing framework in 2021 and obtained a second-party opinion letter for the relevant framework. In the future, the funds raised by the Group through green financing channels (such as bonds and loans) will be used for projects such as green buildings, energy efficiency, renewable energy, pollution prevention and control. For details, please refer to the section headed "Green Finance" in the report and visit the Group's website.

GREEN FINANCING FRAMEWORK

Use of Funds

Green Building Projects	Energy Efficiency Projects
Renewable Energy Projects	Pollution Prevention and Control Projects

ENVIRONMENTAL GOALS

The Group has formulated environment-related goals in 2021 to facilitate the monitoring and improvement of environmental performance. The detailed goals are as follows:

Category	2023 Goals
Non-Hazardous Waste	Compared with 2019, the emission density of non-hazardous waste shall decrease by 5% in 2023
Energy Use (and Related Emissions)	Compared with 2019, the intensity of electricity resource consumption (and its associated greenhouse gas emissions) shall decrease by 5% in 2023
Water Use	Compared with 2019, water use intensity shall decrease by 5% in 2023

Given that more than 80% of greenhouse gases are caused by electricity consumption, the Group has set goals on related energy usage to facilitate the emission reduction process. For the emission reduction, waste reduction, energy use and water use measures to achieve the goals, please refer to the section headed "Environmentally Friendly Workplace" in the report.

ESG FRAMEWORK

ESG risks and opportunities are considered at the corporate level, with the Board having overall responsibility for determining the Group's ESG risks and ensuring effective risk management and internal control systems are in place. In addition, the Board guides the Group in setting the direction and targets regarding ESG with reference to the Group's business objectives and operational needs, and incorporates ESG into the Group's businesses with appropriate strategies. The Board also regularly monitors the overall progress of the ESG goals and regularly assesses the relevance and impact of the established ESG goals to the Company. As part of monitoring the Group's ESG performance, the Board also approves ESG reports annually.

To assist the Group in managing daily ESG matters, the Board acts as the general convener and has established an ESG working group (the "Working Group"). The Working Group is chaired by Mr. Zen Wei Peu, Derek, the Chairman of the Company and Executive Director, and members include representatives of the Administration and Personnel Department, Sales and Marketing Department, Property Management Department, Design Department, Construction and Costing Department, Finance Department and the Company Secretary, as well as other members appointed by the Chairman. The main duty of the Working Group is to: formulate specific ESG blueprints, strategies and implementation measures; establish ESG policies and procedures to ensure that the Group complies with relevant ESG policies and procedures in the operation process and meets legal and regulatory requirements; assess ESG issues that may have a significant impact on the Group's business and/or stakeholders, identify risks and opportunities, and ensure that effective risk management and internal control systems are in place to manage ESG risks; ensure positive relationships and effective communication with stakeholders; develop ESG-related goals, evaluate the Group's performance against the goals, formulate long-term improvement plans. The Working Group is also responsible for overseeing the preparation of ESG reports by the Group, ensuring that the reporting standards and reporting scope of the ESG reports meet the requirements.

ESG RISK MANAGEMENT

Moreover, ESG risks have been integrated into the Group's enterprise risk management framework. An external adviser has been engaged to assist in annual risk assessment, through which key business and operational risks (including ESG-related risks) are identified and prioritised. The Group has assigned risk owners for major risks and formulated corresponding mitigation plans to ensure the relevant risks can be effectively managed. The results of the risk assessment will be confirmed by the Management and the Board.

STAKEHOLDER ENGAGEMENT

The Group understands that its operations will affect, as well as be affected by different groups of stakeholders. The key stakeholders of the Group are identified by the Management by considering their degree of dependency and influence on the Group, and they are constantly engaged through various channels as summarized below:

Stakeholder Groups	Engagement Channels
Employees	• Meetings and Briefings • Training Sessions • Internal Emails and Publications • Employee Activities • Surveys and Interviews
Customers	• Corporate Website • Surveys • Property Sales Activities • Property Management Work
Suppliers and Business Partners	• Screening and Assessments • Business Meetings • Surveys
Investors and Shareholders	• Annual General Meeting • Analyst Briefings and Announcements
Government and Regulators	• Consultations
Community	• Community Events
Media	• Press Releases

The Group will continue to communicate with its stakeholders on ESG approach and measures, and use the feedback received to improve its strategy and policies to better meet stakeholders' expectation.

MATERIALITY ASSESSMENT

The Group faces a vast number of ESG issues relating to its operations that are of varying importance to stakeholders. To prioritize the important issues for meaningful reporting and resource allocation, the Group conducted a materiality assessment during the Reporting Period. Such activity consisted of four stages as shown below:

1 **Issue Identification**
Identify ESG issues relating to the Group's operations by the Management, with reference to previous stakeholders' feedbacks, market research, peers benchmarking and ESG Reporting Guide; and establish a preliminary issue list

2 **Stakeholders Questionnaire**
Distribute questionnaires to stakeholders that have a certain degree of dependency or influence on the Group's operations for assessing relative importance of the ESG issues

3 **Materiality Ranking**
Consolidate the questionnaire results and prepare the materiality ranking of the issues

4 **Confirmation**
Review the materiality ranking from stage 3 and confirm the final results by the Management and the Board

Both internal and external stakeholders were invited to complete the questionnaire for assessing relative importance of the 21 issues identified in stage 1. 10 issues are classified as highly important, 7 issues are classified as important and 4 issues are classified as moderately important. All topics are covered in later sections of this report.

Compared with 2020, the materiality of some issues changed:

ASCEND

To Highly Important Issues
#4 Data Privacy
#7 Social Responsibility
#21 Construction Materials

To Important Issues
#18 Energy Conservation

DESCEND

To Important Issues
N/A

To Moderately Important Issues
#15 Air Emissions and Water Discharges
#17 Waste Management

The materiality assessment results for 2021 are mapped into the following materiality matrix:

Material Issues		
Value Chain	**Labour**	**Environment**
1 Supplier/Contractor Management	8 Recruitment and Promotion	15 Air Emissions and Water Discharges
2 Product and Service Responsibility	9 Working Hours	16 Greenhouse Gas Emissions
3 Marketing Ethics	10 Remuneration	17 Waste Management
4 Data Privacy	11 Equal Opportunity	18 Energy Conservation
5 Anti-Corruption and Money Laundering	12 Workplace Health and Safety	19 Water Conservation
6 Whistle-Blowing Mechanism	13 Staff Training	20 Environmental Risk Management
7 Social Responsibility	14 Anti-Child and Forced Labour	21 Construction Materials

ESG APPROACH

With over 60 property development projects in more than 15 cities, the Group is a prominent property developer in Mainland China and Hong Kong. Possessing significant influence, the Group has contributed greatly to the economic development of the regions where it operates through providing quality residential and commercial properties as well as creating numerous job opportunities. While in recent years public awareness and demand on corporate social responsibility have risen considerably, the Group recognizes and embraces this trend with the determination to contribute to the inclusiveness and sustainable development of the wider community.

Accordingly, the Group has established its ESG approach with 3 focuses:

I. Offering Quality Properties and Services

- Through socially and environmentally responsible construction practices and production processes,
- With highest standards of business ethic,
- In response to customers' demand and suppliers' request.

II. Establishing Constructive Workplace

- Through desirable employment practices and career development opportunities,
- With comfortable and supportive working environment,
- In response to employees' needs and contribution.

III. Building Sustainable Community

- Through continuous community involvement and social participation,
- With targeted community investment,
- In response to public expectation.

I. OFFERING QUALITY PROPERTIES AND SERVICES

The Group is committed to providing quality properties and services in a socially and environmentally responsible manner, with the core objective to generate sustainable values to customers and society. From the beginning of a property development project comprising property design and supplier selection, to the end of it which is often marked by the sales of property projects and delivery of residential projects or other forms of commencement of property operation and management, every single ESG issue in this production process is taken seriously by the Group.

Issues in This Section	Stock Exchange ESG Indicators Involved	SDGs Issues Involved
Building Design and Supplier Selection Construction Planning and Construction Work Quality Management Property Sales and Customer Relationship	B5.1, B5.2, B5.3, B5.4, B6.1, B6.2, B6.3, B6.4, B6.5	SDG9, 11, 12 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 11 SUSTAINABLE CITIES AND COMMUNITIES 12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Building Design and Supplier Selection

Building design and supplier selection mark the start of the property development project. Satisfying customers' needs is the Group's objective. Suppliers are engaged in serving this end within the Group's supply chain framework. Whenever appropriate, the Group incorporates green building elements to enhance the environmental performance and sustainability of the properties.

Construction Planning and Construction Work

Construction planning and construction work is the crucial stage of production, during which a significant part of environmental and social impacts are managed. The Group strives to reduce emission and energy consumption, as well as maintaining construction site safety in this phase.

Quality Management

Quality management not only concerns the quality of properties built or services provided, but also the health and safety of the product. The Group places customers' interests at heart when establishing and executing quality management policies and procedures.

Property Sales and Customer Relationship

Property sales and customer relationship are also the Group's priority. With ethical and professional business practices, the Group is able to maintain the confidence and loyalty of our customers.

There were no material non-compliance cases noted relating to the environment, labour health and safety, as well as product responsibility during the Reporting Period. The Group's production process, sales practices, products and services offered were in compliance with relevant local environmental, labour, product and customer-related laws and regulations.

Building Design and Supplier Selection

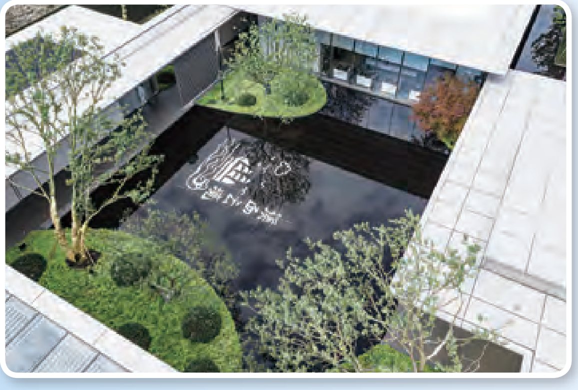
Green Building Design

The Group's core principle in terms of building design is to satisfy customers' and end users' needs, while establishing a comfortable living environment. Furthermore, the Group makes effort to incorporate green elements into building design as possible, such as the installation of solar panels and water heating systems to utilize solar energy; the use of heat preservation materials in exterior walls to enhance heat insulation and reduce the need for air-conditioning; as well as adopt the "Sponge City" concept for better water resources conservation. At the same time, the Group refers to different green building standards, such as LEED, WELL, BEAM PLUS and China Green Building Evaluation Label, etc., to encourage property development projects to obtain green building certification and improve environmental performance. In recent years, the number of completed projects of the Group that have obtained green building certification has continued to increase, as listed below:

Completed in 2021	Completed in 2020	Completed in 2019
Two-Star Green Buildings	***One-Star Green Buildings***	***One-Star Green Buildings***
RK Royal Bay, Changzhou	Guo Shi Jiu Li, Changzhou	RK·Sunny Town Haoyangyuan, Tianjin
RK One More Time, Suzhou	RK Mont Panorama, Guangzhou	
Time Boutique, Wuxi	RK Rivage Panorama, Guangzhou	
RK Fabulous Community, Tianjin		
RK Junfanghua, Shanghai		
Lan Ting Long Yue Hua Yuan (Phase I), Kunshan		
One-Star Green Buildings		
Shanyu Mansion, Nanjing		
Hill Mansion I, Nanjing		
Lakeside Mansion, Nanjing		
Elite's Mansion, Foshan		
RK Yunhe Shangyuan, Beijing		
RK Royal Yard, Beijing		
RK Yuemao Mansion, Shanghai		
RK Shanghai Villa, Shanghai		
Lanshi Li, Hangzhou		
Haiyi Cuiting, Hangzhou		

The Group has also applied for green building certification for some projects under construction. It is hoped that a higher proportion of projects will be able to obtain relevant honours and achieve higher standards (such as the three-star rating of the China Green Building Evaluation Label) in the future.

Green Building/Green Architecture



Cloud Top Life, Wuxi

The "Cloud Top Life" project in Wuxi completed the demonstration area exhibition in April 2021, and was awarded the Bronze Award of the 12th Yuanye Awards. As a major award in the domestic landscape industry, this award is full of affirmation of the green building features of the "Cloud Top Life" project.

The landscape design of the project emphasizes ecological experience, combines the requirements of "sponge city", focusing on the atmosphere of nature and forest, using "water" and "forest" as the landscaping theme, it fully integrates with the view of the road to home, forming an opening and closing relationship while creating the unique temperament of each space and making the life scene more vivid.

The project also adopts a sponge design, and pays attention to the control of terrain elevation during the landing process. The large lawn design with alternating slopes and valleys replaces the large-scale shrub planting, which effectively reduces the landscaping cost. The project also selects more practicable permeable and hard materials, combines the rain garden with the humidogene perennial flower border to replace the traditional plant combination, and reduces the pruning and maintenance work later. Through these measures, the project achieved the following results:

- The control rate of total annual runoff in the plot area is 75%, and the designed rainfall is 24.1 mm;
- The reduction rate of total annual runoff pollutants reaches 60%;
- The index of sunken green space ratio is greater than or equal to 8%;
- The proportion of water supply substitute by rainwater is greater than or equal to 4%. In the process of sponge design, the greenery area is fully utilized. Ecological sponge facilities of more than 1,527.76 sqm and a storage tank of 276 cubic meters are set up to effectively collect the runoff from the surrounding hard surfaces and relieve the pressure of municipal drainage.

RK City Boyue, Changzhou

The "RK City Boyue" project in Changzhou won the Golden Diamond Award in the 2020-2021 International Environmental Art Innovation Design Competition, and won the Best Pre-sale Property Award in the WPA China Division of the 2021 Kinpan Global Real Estate Awards, which fully demonstrates the market's recognition of the project's greening construction.

The "RK City Boyue" project is mainly high-rise, reducing the number of buildings, so that the use of internal landscape resources can be maximized and the integration of design and nature is considered in all aspects of the design. The residential area is divided into groups according to the structure to set up central gardens, strengthening the communication between the neighbours. During the construction, we paid attention to details, embody people-oriented and achieve our design concept.

Green Building/Green Architecture

Time Boutique, Wuxi

The "Time Boutique" project in Wuxi was delivered in December 2021, and won the titles of "Online Sensation Property" and "Wuxi Hot Sales Property", which was fully recognized by the market.

The landscape design is based on the classic phrase "sprout in spring, grow in summer, harvest in autumn, store in winter", which contains philosophical meanings. In spring, there is a central axis of the splendid cherry blossom landscape. In summer, there is a rest area shaded by dense hackberry trees and camphor trees. In autumn, there are quiet and beautiful tallow trees and fruit-rich pomelo avenues. In winter, there are tall and straight elms and wintersweet flowers in the snow. The scene experience in four distinct seasons creates a fuller park space, and fully reflects the original design intention of "respecting nature, following ecology, and integrating internal and external".

Jinmao Palace, Changzhou

The project follows the concept of "sponge city" and adopts various rainwater infiltration and collection technologies, including rain gardens, sunken green spaces and other measures. The annual rainwater runoff control in the site exceeds 70%, and more than 40% are the permeable pavement area. The utilization rate of rainwater resources is more than 10%. Runoff from building roofs and hard surfaces of roads are effectively collected more ecologically, and rainwater are guided into ground ecological facilities. Runoff pollution control measures are adopted, permeable bricks are reasonably arranged according to the site and load conditions, which contributes to direct infiltration of rainwater at the front end and reduces the risk of water accumulation in the residential area during the rainstorm season, while taking into account the landscape effect of the residential area.

Plants play an important role in ensuring the long-term and stable ecological function of sponge facilities, reducing soil erosion, purifying runoff pollution, and presenting a good landscape. They are tolerant of alternating wetting and drying and characterized by short-term waterlogging resistance in particular. Their developed root system contributes to good pollutant removal effect in the facility. They are arranged based on the surrounding green landscape to avoid the landscape in the sponge facility that deviates from the overall landscape requirements and is too abrupt. For the boundary parts such as pebbles and fir stakes and the surrounding of the overflow, lush herbs and shrubs are planted to cover and soften the rigid boundary and related facilities.

Supplier and Contractor Management

Fine building design needs to be complemented by high-standard construction work in order to produce quality properties. Therefore, supplier and contractor management is a crucial part of the Group's quality control. The Group implements a strict supplier and contractor selection process, to ensure the competence and suitability of them in terms of delivering quality work. Factors considered in this process include but not limited to experience, reputation as well as possession of relevant licenses. After qualified suppliers and contractors are identified and engaged, regular evaluation will be conducted throughout the contract period to ensure suppliers are performing the contractual duties as intended. An overall performance assessment will also be conducted at the end of contractual relationship to serve as a reference for supplier selection in the future. The Group maintains a close and long-term relationship with qualified suppliers and contractors to guarantee a stable supply chain.

As at 31 December 2021, the Group had a total of 147 major suppliers (2020: 144 suppliers) that were directly related to the Group's core operations in property development. These included but not limited to construction contractors and construction material providers. In particular, 117 suppliers (2020: 113 suppliers) were located in Mainland China and 30 suppliers (2020: 31 suppliers) were located in Hong Kong. (Please note the figures above do not include suppliers that provide selling and marketing services and office supplies.)

Green Supply Chain

In addition to the quality aspect, sustainable development considerations have also been incorporated into the Group's supply chain management. The Group expects and requires all suppliers and contractors to share the same values in terms of corporate social responsibility. Accordingly, ESG performance is incorporated as one of the assessment criteria during the supplier and contractor selection process, as to provide incentives to suppliers to adopt socially and environmentally preferable practices. To better control ESG risks along the supply chain, issues such as human rights, forced labour and pollutions are identified and considered, with specific terms and conditions relating to these matters added to contract appropriately. Regular review is performed to ensure the issues identified remain relevant and material over time. The Group also strictly prohibits child and forced labour in its operation and would not engage suppliers and contractors known to employ such labours.

During the contractual period, the ESG performance of suppliers and contractors are continuously monitored and evaluated. They are required to follow the Group's policy regarding corporate social responsibility in all material aspects. Unsatisfactory or inadequate commitment to environmental and social performance will be reflected negatively on performance evaluation, affecting their chance of being engaged again in the future.

Green Finance

In accordance with the Green Bond Principles of the International Capital Market Association ("ICMA") and the Green Loan Principles 2021 of the Loan Market Association ("LMA"), we have formulated the Green Bond Framework this year to establish a detailed green bond issuance plan, which was reviewed by Sustainalytics, a Morningstar company, to ensure that the framework complies with the above principles. We expect this framework to lay the foundation for future issuances, helping us drive sustainable green properties and deliver on our commitment to sustainability.

Our Green Bond Framework has four elements:

Use of Proceeds
We commit to earmarking funds raised under the Green Finance Framework to fund or refinance in whole or in part "eligible projects", including but not limited to refinancing existing debt associated with such projects. Examples of "eligible projects" are described below: **Green Building** Acquisition, construction, redevelopment or renovation of commercial and residential buildings possessing environmental certification from LEED (minimum gold) or a China Green Building Label (minimum two stars) **Energy Efficiency** Adoption of technologies, equipment and systems generating at least 10% improvement in energy efficiency or at least 10% in energy reduction. **Renewable Energy** Investment in solar panel power generation and solar water heaters **Pollution Prevention and Control** Expenditure relating to wastewater treatment, dust pollution prevention and treatment, reduction, recycling and reuse of solid waste

Project Evaluation and Selection Process
We select senior managers from various functional teams to form an ESG Working Group. The aforementioned Working Group will identify potential eligible projects based on the eligibility criteria outlined in the Use of Proceeds section and manage the allocation of proceeds to eligible green projects. We will strive to ensure that all eligible green assets comply with international and national standards, as well as local laws and regulations. The Working Group will also review the current portfolio of eligible projects on an ongoing basis and exclude projects that no longer comply with the eligibility criteria or that have been processed to better utilize green funding.
Management of Proceeds
We commit to allocating an equivalent amount of proceeds of each financing transaction to finance eligible projects within 3 years after the settlement of each financing transaction and / or to refinance existing eligible projects originated within 3 years prior to each financing transaction, and all funds will not be used to invest in fossil fuels. **Monitoring:** We will monitor the allocation of proceeds raised under the framework via internal information system and establish a register to monitor and report on net monies raised and deployed towards eligible projects under the framework. The register will include details of loans and bonds under the financing, a list of eligible projects and the total amount of remaining funds. **Allocation of unused funds:** The net balance of bonds or loans raised under this framework may be used as part of our funds, invested in cash or cash equivalents, or used to repay existing debt, prior to any allocation to eligible projects. **Reallocation of funds:** If any project ceases to comply with the conditions set out in the framework, or is classified as an asset/project to be dispose of, proceeds previously allocated to such eligible project will be monitored and reallocated.
Report
We will publish information on green loans/bonds annually in the ESG section of our annual report until any net proceeds from bonds or loans raised under the framework have been allocated. We will also do our best to provide additional information, including building certifications, energy efficiency data, environmental performance indicators, and case studies of certain eligible projects that have been funded.

Under the framework, we issued our first US$500 million 5.125% green senior notes due 2026 in July 2021, which received enthusiastic responses from the capital market and attracted the participation of many ESG and green funds.

We also actively participate in the green deposit scheme launched by Bank of Communications Hong Kong to support environmental benefit projects, including but not limited to energy efficiency improvement, pollution prevention and control, sustainable water resources management and sewage treatment, clean transportation, green buildings, environmentally sustainable management of biological and land resources, so as to achieve the sustainable vision.

Construction Planning and Construction Work

The Group recognises that construction activities usually consume significant amount of resources and result in considerable amount of emissions and wastes. Negative external impacts may also be posed to neighbouring parties and the natural environment through noise and light pollutions. Despite not having direct control over the outsourced construction work, the Group takes a monitoring role in managing contractors' environmental practices and strives to minimise the potential environmental impacts.

Environmental Risk Management

The Group strictly monitors the environmental risks related to its construction sites by performing environmental assessments and implementing preventive measures to control the risks. If significant environmental risks are identified, respective mitigating measures would be formulated to address the root causes or lessen the impacts. For instance, the Group requires contractors to implement effective noise and light nuisance control measures, such as installation of acoustic panels for sound blocking. Level of noise is also recorded from time to time for control purpose. In addition, construction activities have been properly planned to avoid noise and light nuisance at night while site noises have been closely monitored. The noise in all construction stages shall be controlled within the limits of the national standard "Noise Limits for Construction Sites" (GB12523-900).

Noise dosimeters are installed at construction site to monitor noise level. Meter reading is recorded few times a day at random intervals serving as random inspections.

During the Reporting Period, the following projects of the Group were awarded "Safe and Civilized Construction Sites" by relevant authorities in recognition of their efforts in environmental protection:

- RK Junfanghua
- RK Shanghai Style+
- RK Shanghai Style Phase III
- Shanyu Mansion
- RK Jade Shores
- Wonderful Times
- RK Center
- RK Sunny Town
- RK Junlan Bay

Furthermore, all property development projects of the Group in Hong Kong have participated in the BEAM Plus programme to reduce environmental impacts arising from the construction work.

Climate Change

In addition to the potential negative impacts on construction work may impose to external environment, the Group also realised the risks posed by external environment to construction activities. The Group is particularly concerned with the effects of climate change, which results in more frequent extreme weather conditions such as extreme temperature, flooding and typhoon. As these events may disrupt construction activities, cause damage to the Group's properties and most importantly, threaten the safety of construction workers and construction site.

To control these external risks, the Group closely monitors the weather conditions and climate change related issues of the districts where construction sites locate, and requires its contractors to develop emergency plans and perform regular examination on construction equipment to ensure they meet the safety standards. Besides, the Group is also aware of the difficulties in carrying out construction activities during winter, due to low temperature and intense air pollution (e.g. smog). Accordingly, the Group requires contractors to complete standardized preparation work before starting construction in winter. This includes the installation of relevant heating and warming equipment as well as other heat preservation measures to protect construction machinery, ensuring that they can operate normally. Formal procedures have also been established to regulate the construction work during winter. For instance, specific temperature requirements on different construction materials and processes are set out, the time intervals for regular temperature check are specified, and methodologies for heat preservation are provided. In addition, contractors are also required to provide trainings to construction site managers and other relevant personnel to ensure they have the required knowledge for monitoring and managing construction activities in winter.

During the year, we also made reference to the proposed framework of the Task Force on Climate-Related Financial Disclosures ("TCFD"), focusing on disclosure of information on climate-related "risk management". We expect this disclosure of information to stakeholders on the climate-related financial impacts and our response measures, and to assist them in their decision-making.

Risk Management – Managing Climate-Related Risks	
Physical Risk	
Category	**Description**
Immediate Risk	The occurrence of extreme weather scenarios, such as typhoons, floods, etc., will damage physical assets and properties and may result in a temporary suspension of business operations. These climate events may also increase maintenance costs, operating and procurement expenses, etc. In addition, casualties caused by extreme weather will also increase the risk of related legal liabilities.
Transition Risk	
Policy and Regulatory Risk	The Group will be affected by policies related to climate change, restrict or change its original operating policy, and may face an increased risk of litigation due to non-compliance with new policies. Examples include: the increased regulatory risk of non-compliance due to the tightening of building energy codes and guidelines and the promotion of green buildings; or the need to transform into a low-carbon operation mode due to the implementation of carbon pricing policies in the market in which it operates, resulting in increased operating costs
Market and Reputational Risk	The market expects the Group to develop more green products to be more in line with its sustainable development plan. If the market demand for green buildings increases, and the Group fails to obtain green building certification for sufficient projects, its potential revenue may be reduced. Goodwill may be affected if the Group's approach to climate-related issues differ from market expectations.
Technical Risk	Using green technology will bring uncertainty. On the one hand, innovative green technologies will drive revenue, reduce the Company's operating costs through new technologies, and attract more investors due to its green features. On the other hand, potential operational risks and costs are also increased. For example, using environmentally friendly materials will increase the procurement cost and the research on renewable energy will increase the investment cost.

Energy Conservation

Further to environmental risk management, during the preparation stage of construction work, different preventive measures are adopted with the aim to enhance energy efficiency.

During the planning stage of construction work, work procedures are carefully designed to avoid unnecessary procedures that would lead to energy consumption; optimising capacity and frequency of the logistics of raw materials are set up to improve fuel efficiency. Regarding the use of equipment, electrical construction machinery with high energy efficiency (as compared to diesel ones) are deployed as possible, and solar panels are installed in certain locations to support the lighting systems at the construction site. As for site members, different communications (such as posters, signs and memos) are launched to raise construction workers' awareness on energy conservation, and site supervisors are assigned to record and monitor the electricity usage and formulate corresponding energy conservation plan.

Water Conservation

Equal importance is also placed on water conservation during the preparation stage. The Group requires its contractors to implement certain measures such as installing sediment tanks and reflux pipes to collect sewage and rainwater, which will be reused after sedimentation for washing trucks and machinery as well as sprinkling roads to reduce dust.

Adoption of measures mentioned above during the preparation stage provides a good foundation for managing negative impacts to external environment as well as conserving energy and water.

Waste Management

At the construction stage, the Group pays close attention to the wastes and emissions generated, and requires its contractors to implement effective control and mitigation measures. The Group also requires its contractors to use energy-saving and environmentally friendly construction materials and building materials as much as possible to reduce the generation of various wastes. Construction site waste management consists of 5 areas, namely, monitoring, reduction, handling, storage and disposal, respective control measures are summarized below:

Monitoring

- Assign site supervisors to record and monitor the daily waste amount and formulate corresponding control measures

Reduction

- Reuse construction materials to reduce waste generation (e.g. inert wastes such as construction debris and rubble are recycled for land formation)
- Cover construction materials properly to avoid deterioration caused by weather which will lead to unnecessary disposal
- Carry out construction work with proper procedures, advanced techniques (e.g. use of pre-cast materials) and precision to reduce wastage

Handling

- Separate domestic and construction wastes (which are further categorized into inert and non-inert wastes) for handling in accordance with environmental regulations
- Prohibit the use of Asbestos (a traditional hazardous construction material)

Storage

- Arrange designated areas with clear signs for temporary storage of construction wastes, and conduct anti-leakage treatment for the ground
- Store hazardous construction wastes in covered or sealed containers with proper labels for identification before collection by qualified contractors

Disposal

- Dispose non-hazardous construction wastes to designated municipal landfills
- Appoint qualified contractors to collect and process hazardous construction wastes
- Install Global Positioning System (GPS) locators on trucks to detect any disposal of construction wastes at unauthorized sites

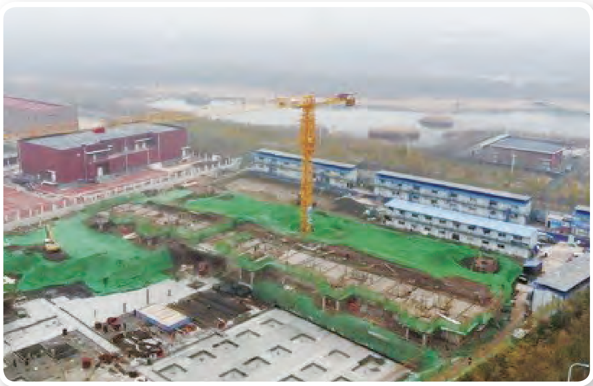
The measures mentioned above are reviewed by the Group regularly to ensure compliance to relevant laws such as the Environmental Protection Law of the People's Republic of China and the Waste Disposal Ordinance (Cap. 354) of Hong Kong.

Air Emissions

Regarding air emissions at construction site, the Group places special attention to the control of blowing dust, which is a significant source of air and water pollution. The Group requires contractors to implement control measures, as appropriate, to ensure dust generation and dispersion to external environment are minimised. Relevant measures include:

Reduce Dust Generation	
1.	Prohibition of on-site mortar mixing
2.	Use of commercial mortar
3.	Use of appropriate materials for pavements at construction site
4.	Proper maintenance and hardening of construction site pavements
5.	Assignment of supervisors to monitor the loading of soil from earth excavation onto the trucks

Prevent Dust Dispersion	
1.	Use of barriers to contain construction site area
2.	Use of water sprinkler systems
3.	Covering of cargo compartments of trucks that transport dust generating materials
4.	Covering of newly reclaimed land
5.	Washing tank and sedimentation tank in place for regular cleaning of construction machinery and trucks
6.	Prohibition of dust generating works under strong wind



Example of covering up of construction area

Example of using water sprinkler system to prevent dust dispersion

To further reduce overall air emissions, the Group requires contractors to use electrical construction machinery that does not generate air emissions, and cleaner fuels (e.g. ultralow Sulphur diesel) that generate less air emissions, where feasible. Meanwhile, contractors are prohibited from burning construction waste onsite and required to collect and dispose inflammable wastes timely. CCTV and air quality gauges have been installed to monitor air quality, to ensure that level of air pollution complies with the standards set by BEAM Plus and other relevant regulations including the Atmospheric Pollution Prevention and Control Law of the People's Republic of China and the Air Pollution Control Ordinance (Cap. 311) of Hong Kong.

Water Discharges

As for water discharges, the Group strictly prohibits any illegal discharges that result in pollution of nearby environment, and complies with applicable laws such as the Water Pollution Prevention and Control Law of the People's Republic of China and the Water Pollution Control Ordinance (Cap. 358) of Hong Kong. Contractors are required to discharge water to designated municipal drainage systems after treatment in accordance with the environmental regulations, where water discharge quality has to be accredited by relevant governmental authorities. The Group also requires contractors to obtain relevant license as commanded by drainage-related authority and perform regular inspections to ensure compliance with discharge standards. Besides, the Group requires contractors to use a 3-tier water discharge control system, consisting of drainage system, storing tank and sediment tank, where possible, for more effective control of water discharge; and perform regular cleaning of sediment tanks.

Prefabricated Building

Prefabricated building technology refers to the unified planning and design of different parts of a building. The required building parts are prefabricated through mould production and simply assembled in the factory, and then transported to the site for construction, thus improving construction efficiency.

Since the prefabricated building adopts dry construction, the assembly work is carried out on site. Compared with the traditional cast-in-place building, the prefabricated building can reduce the amount of sand, mud and lime produced by nearly 30%. Prefabricating parts in the factory can also reduce the number of processes and effectively solve the problems of noise, dust and water pollution caused on the site. In addition, engineers can monitor whether the components are designed in accordance with the unified building component design of prefabricated buildings as early as in the process of components prefabrication, and make changes as early as possible before finding that the quality is not up to standard, and avoid uneven quality. This makes it faster and more compact in installation than traditional buildings, effectively reducing water seepage and cracks, thereby improving the quality of buildings and ensuring the interests and safety of users.

We actively implement prefabricated buildings, and focus on the application research of key fabrication technologies and the training of professional talents. Through prefabricated buildings, we can effectively control and reduce energy and resource consumption during construction, while reducing waste emissions and environmental pollution. Compared with the traditional cast-in-place construction method, the prefabricated building can reduce: water consumption by about 60%; energy consumption by about 30%; wood consumption by about 80%; plastering mortar consumption by about 55%; and construction waste by about 80% while effectively suppressing construction dust and noise pollution.

In 2021, we had a total of 61 projects that applied prefabricated building technology, with a total construction area of 6.65 million sqm.

Construction Health and Safety

Besides the environmental aspect of construction activities, the health and safety of construction workers are of paramount importance to the Group. The Group requires contractors to set up construction safety management working group and deploy sufficient safety supervisors or responsible personnel in construction site to constantly monitor the situation. The Group also requests contractors to provide construction health and safety manual and procedures for review and approval. For example, the project contractor of the Southland in Wong Chuk Hang, Hong Kong will provide site safety training, seminars on toolboxes, special safety training and external seminars to all new employees; as well as safety training focusing on high-risk work procedures and related regulatory updates to all relevant employees. The project contractor of the So Kwun Wat Project in Tuen Mun, Hong Kong conducts mandatory on-boarding safety training for all staff and workers, and requires all staff and workers to review the on-boarding safety training every six months. Staff and workers are also required to receive at least six toolbox safety trainings per month. Contractors of the Group's projects in Mainland China also conduct regular safety training and occupational health training for their staff. In specific, safety training covers topics such as responding to tilting operational platform, emergency rescue, integrated electricity use, firefighting demonstrations, falls from height or into a hole, safety helmet collision and VR experiences. Occupational health training covers topics such as preventing high temperature injuries, dust inhalation, injuries from collision, fall and poisoning and hearing protection.

On top of that, the Group enforces a comprehensive set of construction health and safety standards, stipulating the requirements on areas such as safety equipment, worker behaviours and construction work procedures etc. Contractors are subject to penalties should they fail to meet these standards. The project contractor of the Southland in Wong Chuk Hang, Hong Kong targets to have an accident rate below 0.236 per 100,000 man-hours, and so far the construction site has maintained an accident rate that is lower than the target. The project contractor of the So Kwun Wat Project in Tuen Mun, Hong Kong targets to have zero fatal accident and an accident rate of less than 0.21 per 100,000 man-hours. Both of these contractors hold the ISO45001 Occupational Health and Safety certification. Most of the Group's contractors in Mainland China also hold occupational health and safety related certifications such as ISO45001, GB/T45001 or GB/T28001, and are committed to achieving the target of 0 to 1.5% casualty rate. The Group requires its contractors to adopt appropriate construction safety measures, such as the provision of personal protective equipment, in accordance with local regulations such as the the Construction Law of the People's Republic of China and Construction Sites (Safety) Regulations (Cap. 59I) of Hong Kong. On top of that, the Group has established clear construction site environment and sanitation requirements to ensure proper working and living conditions of construction workers. For instance, the dormitory must have good moisture-proof function, ventilation and daylighting; sufficient number of toilets has to be set up (no less than 1 toilet per 50 males and 1 toilet per 25 females); designated resting areas and appropriate facilities have to be provided such that construction workers can take proper rest when needed.

Example of living area with washrooms, canteens, toilets and bedrooms.

Example of resting facilities: pantry and smoking zone.

The Group proactively supervises the contractors, regularly conducts self-inspection on the contractors for safe and civilized construction, and organizes the implementation of major engineering inspections on the projects. Meanwhile, the Group publicizes and enforces contractor's occupation health and safety-related training in the form of regular supervising meetings, and ensures that they have implemented effective measures to reduce health and safety risks in construction site. Their performance in this regard is also taken into account during the contractor selection and evaluation processes to provide incentives for maintaining and improving living and working conditions of construction workers. The construction sites of various construction projects of the Group have also obtained honours related to civilized construction.

Achievements

Sunny Town 9+A6 Plot Phase II (Haoyangyuan) #5-9 residential buildings and underground garage project won the 2020 Tianjin Municipal Civilized Construction Site Award.

The Legendary One project won the 2021 Suzhou "Gusu Cup" Quality Engineering Award.

In addition, in order to encourage contractors and construction workers to actively participate in and pay attention to safety, the Group has adopted various activities and awards to motivate frontline and maintain a safe atmosphere on site.

We regularly reward workers who meet safety standards

We encourage contractors to care for workers on site, and distribute gifts during festivals to promote two-way communication between workers and site management.

Quality Management

Construction Quality

Strict construction quality management is a key success factor of the Group. The Group assumes the responsibilities for ensuring the property is safe for use with high quality before delivering it to customers. As such, the Group has established its Construction Quality Management Policy, setting out the principles of construction quality management, the responsibilities of different personnel, the areas subject to quality check (including construction equipment, construction work procedures, as well as the finished components of property such as doors and windows) and the methodologies for quality check (e.g. by sampling). Qualified engineers and third parties are appointed to perform such quality assurance procedures. These standards are strictly enforced in every property development project, and reviewed constantly to ensure they are in compliance with applicable laws and remain effective over time. The Group does not accept any quality defects that would potentially impair the health and safety of customers. If such defects are identified, the Group requires corrective actions to be taken promptly before delivery of property by construction contractors. Also, before the delivery of property to customers, the Group arranges buyer inspection to ensure the quality is satisfactory before accepting the apartments. To further safeguard the interests of property buyers, the Group issues letter of guarantee on the quality of brand new apartments, which specifies the Group's commitment to free repair services on certain items and components with quality defects (that occur under normal operation of property) up to specific years since the date of project completion acceptance, subject to specific terms and conditions.

Product Health and Safety

The Group also concerns about the health and safety impacts arising from the construction materials used. To ensure indoor air quality, the Group requires the use of construction materials to follow requirements of the "Code for Indoor Environmental Pollution Control of Civil Building Engineering" (《民用建築工程室內環境污染控制規範》) in the People's Republic of China. Third parties are also engaged to perform quality check on construction materials when necessary. Materials imposing harmful effects on human health or environment are strictly prohibited, for instance, moisture proof agents consist of asphalt cannot be used on wooden materials.

During the Reporting Period, the Group did not receive any significant health and safety related complaints for the residential properties delivered to customers.

Property Management amid the Pandemic

The health and safety of customers and tenants are of paramount importance to the Group. Different precautionary measures have been implemented to ensure safe and orderly resumption of economic activities at the Group's properties, including performance of temperature check at entrance, strengthening of disinfection work in common areas of the properties, provision of hand sanitizers and adherence to stricter visitor registration processes. The Group will continue to closely monitor the Pandemic situation, and adjust the response plans as appropriate.

Property Sales and Customer Relationship

The Group pays significant attention to customer relations and customer satisfaction, and as a result, the Group conducted a systematic customer satisfaction survey on the property management business in 2021. The scope included the Group's property management companies in Beijing, Changzhou, Guangzhou, Suzhou, Tianjin, Wuxi, Zhenjiang, Zhengzhou, Jinan and Shanghai, covering areas such as customer service, community activities, daily maintenance, cleaning and hygiene, safe vehicle management, landscaping maintenance, and elderly care. The results revealed that the overall customer satisfaction has been steadily improving for six consecutive years. Moreover, the Group is actively analyzing and discussing the survey results, strives to improve the weaknesses and maintain the advantages on its services in the future, in order to foster good customer relationships.

Responsible Sales Practices

The Group aims at building long-term relationship with its customers. On top of delivering quality properties and services in a responsible manner, the Group is committed to ethical sales practices to protect customer interests. As a control measure, the Group reviews all information on its advertisements and promotion materials before publication to ensure there is no untrue or misleading information used. The Group strictly prohibits the use of any illegitimate marketing tactics, and requires its entities to comply with all relevant local laws on property sales including the Urban Real Estate Administration Law of the People's Republic of China and the Residential Properties (First-hand Sales) Ordinance (Cap. 621) of Hong Kong.

Customer Data Privacy

The Group respects customer privacy and maintains the highest level of accuracy, security and confidentiality when handling customer data. To this end, the Group has applied the six common data protection principles for the purpose of preventing inappropriate collection, holding, processing or use of the customer data that would harm the interests of customers.

Six Data Protection Principles	
Collection Purpose and Means: Collect adequate but not excessive data through lawful and fair means for a purpose directly related to the Group's business operations.	**Data Security:** Implement effective security system and apply adequate security measures to protect customer data from unauthorized access.
Data Accuracy and Retention: Ensure customer data held are accurate and up-to-date. Data will not be kept after the purpose of data collection is fulfilled.	**Data Openness:** Disclose to the customer the kind of personal data held, as well as the policies and guidelines on handling such data.
Use of Data: Use customer data only for the purpose of data collection as previously communicated to and consented by customers, unless new consent is obtained.	**Data Access and Correction:** Provide a copy of personal data held to the customer upon request. Correct the data record in accordance to the customer's demand.

Policies and procedures on customer data management have been established accordingly to provide detailed guidance to employees on handling customer data. Such policies and procedures are also regularly reviewed to ensure they are sufficient to counter evolving threats on customer data privacy (e.g. cyberattack) and compliant with increasingly stringent customer data privacy laws. Relevant laws include but not limited to the Personal Data (Privacy) Ordinance (Cap. 486) of Hong Kong.

II. ESTABLISHING CONSTRUCTIVE WORKPLACE

The Group highly values its employees, for their contributions to the Group's development and success. The Group takes talent management as top priority and aims at providing a constructive workplace where employees can work efficiently and effectively with job satisfaction. In addition, the operations of such workplace shall also be environmentally friendly. The first step towards this goal is attracting the right talents, then supporting them at work with stable development, at last promoting environmentally friendly practices at workplace.

Issues in this section	Stock Exchange ESG Indicators involved	SDGs issues involved
Talent Attraction and Retention Staff Development and Support Environmentally Friendly Workplace	A1.1, A1.2, A1.3, A1.4, A1.5, A1.6, A2.1, A2.2, A2.3, A2.4, A2.5, A3.1, A4.1, B1.1, B1.2, B2.1, B2.2, B2.3, B3.1, B3.2, B4.1, B4.2	SDG3, 6, 7, 8, 10, 13 

Talent Attraction and Retention

Talent attraction and retention are crucial to developing a sustainable talent pool. The objective is to identify the suitable candidates, recruit and retain them ethically.

Staff Development and Support

Staff development and support are important factors of employee productivity and satisfaction. The Group offers tailored-made trainings to employees of different business functions and seniorities.

Environmentally Friendly Workplace

Environmentally friendly workplace with active employee participation could help us better protect our planet. The Group adopts various green office measures to reduce wastes and energy consumption.

There were no material non-compliance cases noted relating to the Group's employment practices and labour standards as well as regulations on resource use and pollutant discharge during the Reporting Period. The Group's human resource policies, environmental policies and operations were in compliance with relevant local labour and environment laws and regulations.

Talent Attraction and Retention

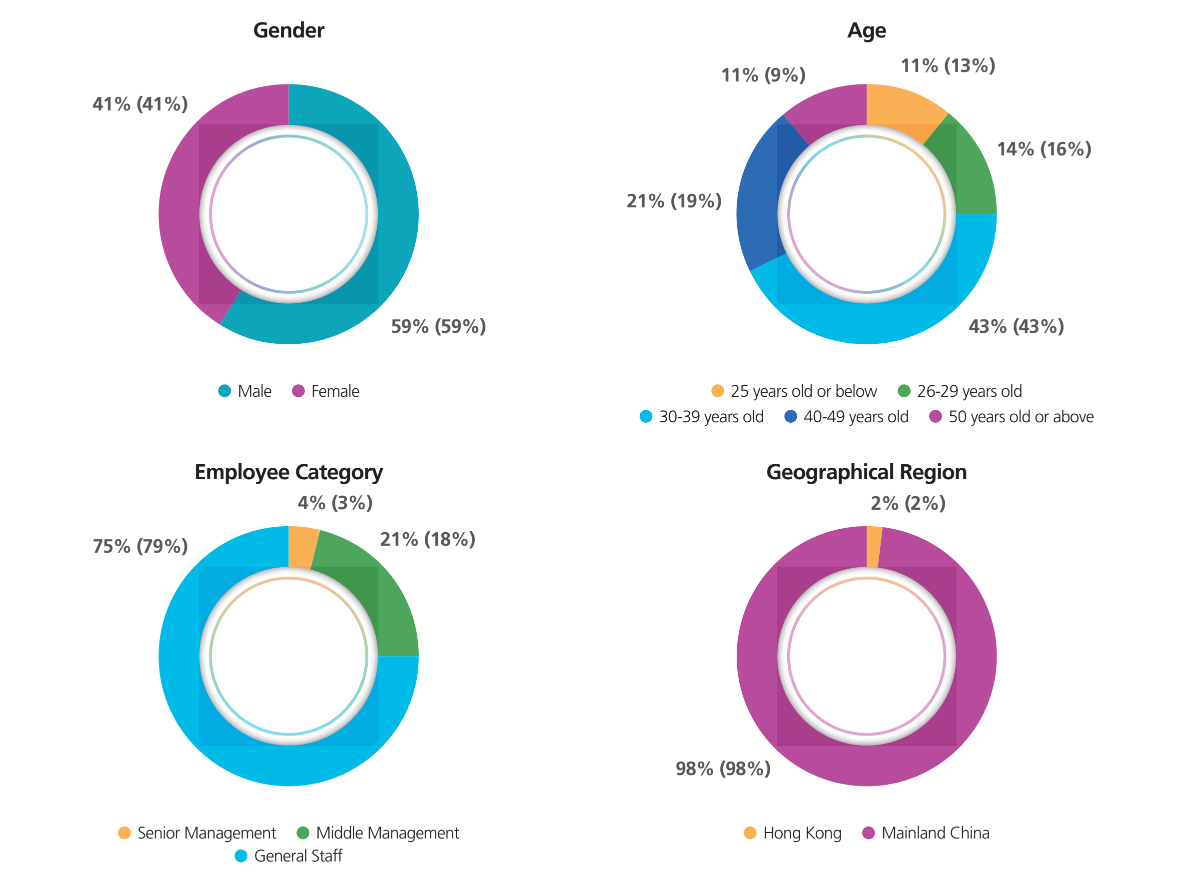
The Group aims at attracting the right talents who possess the suitable skills and knowledges, as well as share the mission and values of the Group. They are the important internal resources the Group can leverage on for the purpose of business operation and development.

Recruitment, Promotion, Compensation and Termination

The Group understands that there are two key elements in talent management. First, the Group has to identify the suitable talents, which is achieved through a carefully designed recruitment process with different means of assessment. Then it has to attract and retain them to serve the Group. In this respect, the Group sets out clear career paths and offers comprehensive opportunities to employees, helping them to gain exposure and achieve their career aspirations. In addition, the Group provides competitive remuneration packages to employees in accordance with their performance, relevant skills, experience and contribution; other benefits include provident fund, medical insurance, training programmes and bonuses. Meal subsidies and travel allowance are provided under certain circumstances including outbound business trip and overtime work. Meanwhile, the Group also offers different types of leave to address employees' need on personal time for events such as exam, marriage and maternity etc. The Group received awards for being a responsible employer[1]. All related employment practices adopted by the Group, including termination, are in compliance with relevant labour laws including the Labour Law of the People's Republic of China and the Employment Ordinance (Cap. 57) of Hong Kong.

As at 31 December 2021, the Group (including those major joint ventures and associates the Group was directly involved in management) had 5,132 employees（2020：5,410 employees）, out of which more than 99% were full time employees. Further distributions of the Group's employees are shown below:

Total Workforce

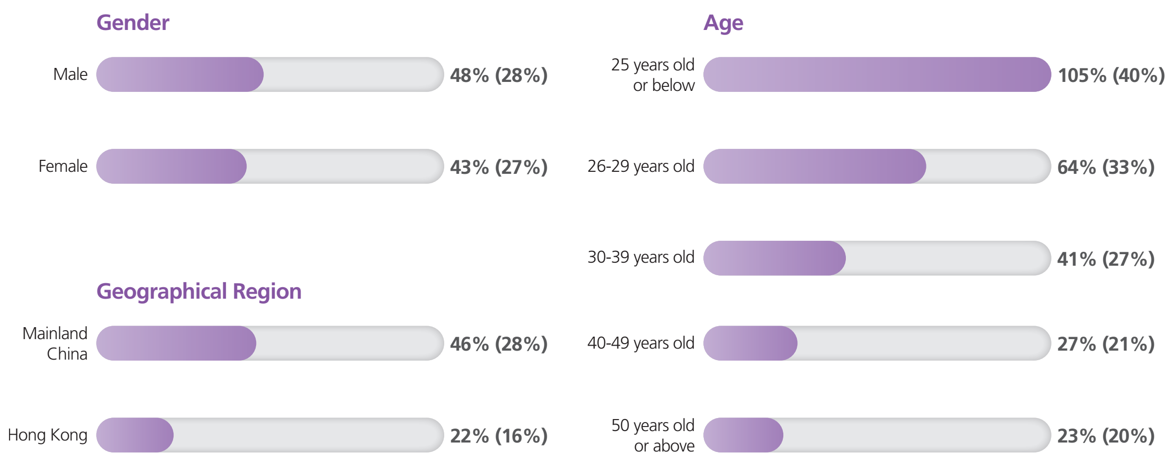


( ) represents data for 2020

1 RK Properties Holdings Limited won the 2021 China Real Estate Best Employer Enterprise Award from Keyan Think Tank and Yihan Think Tank, and the 2021 China Real Estate Best Employer Enterprise Award from China Real Estate Association.

Meanwhile, the Group strives to retain talents and takes employee turnover rate as a performance indicator in this regard. Optimal level of employee turnover rate implies strong employee loyalty, which indeed benefits the Group's development. Total employee turnover during the Reporting Period was 2,358 employees (2020：1,493 employees) which is mainly from property management business. Please refer to the graphs below for details of employee turnover rate of the Group during the Reporting Period:

Employee Turnover Rate



% represents the percentage of the number of employees who left over the total workforce in each group as at the end of the Reporting Period

( ) represents data for 2020

The overall employee turnover rate in 2021 was higher than that in 2020, which was mainly due to the increase in the mobility of the job market as a result of the improvement of the Pandemic in Mainland China, the streamlining of the Group's structure, and the withdrawal of project staff after completion of some property projects in the year.

RK Properties Holdings Limited won the 2021 China Real Estate Best Employer Enterprise Award from Keyan Think Tank and Yihan Think Tank.

RK Properties Holdings Limited won the 2021 China Real Estate Best Employer Enterprise Award from China Real Estate Association.

Road King Infrastructure Management Limited is honoured as Good MPF Employer and presented with e-Contribution Award and MPF Support Award

Road King Infrastructure Limited is honoured as Good MPF Employer and presented with e-Contribution Award and MPF Support Award

Anti-Child and Forced Labour

The Group respects talents and is convinced that the right talents can only be attracted, recruited and retained through legal and ethical employment practices. Concerning the skills and knowledge required to perform job duties for the Group, child labour will not be suitable employees for the Group and the risk of employing such labour is low. Nevertheless, the use of child labour is strictly forbidden, and control measures including requirement of proof of identity and age are in place. Use of forced labour is also strictly prohibited, while it remains a low risk issue to the Group, employees are encouraged to report any cases relating to forced labour practices. The Group constantly reviews and assesses its employment practices, as well as engaging employees, to avoid child and forced labour and ensure compliance with relevant laws such as the Labour Law and Provisions on the Prohibition of Using Child Labour of the People's Republic of China, as well as the Employment Ordinance (Cap. 57) of Hong Kong.

Staff Development and Support

The Group takes responsibilities to support its employees at work, with the aims to enhance their productivity and sense of belonging to the Group.

Training and Development

The Group designs training programmes for employees according to the needs of different functions and positions, collectively referred to as "RK Training Programmes". The purpose of implementing the "RK Training Programmes" is to ensure that the materials used, the course content covered, and the skills and knowledge taught are relevant to the employee's job. The "RK Training Programmes" are divided into the following different schemes:

Training programmes	Training Targets	Training Objectives	Participants in 2021
RK Commander Scheme	Senior management	Expand horizons through external study tours, understand the management models of outstanding companies, and improve comprehensive management capabilities.	2
RK General Scheme	Reserve heads of functions and project general managers	Focus on cultivating the professional and comprehensive capabilities of the reserve heads of functions and project general managers through learning management/professional courses, real estate sand table simulation and benchmarking learning.	Suspended due to the Pandemic in 2021
RK Promotion Scheme	Middle-level and above management	RK Promotion Level 1 and Level 2 are set up according to the different selection and training directions, through professional skills training, leadership training, job apprenticeship, executive coaching and other methods to improve the management mindset and ability of managers.	40
RK Wing Scheme	Business key talent	Solve real pain points in business scenarios and achieve mutual growth of the company and individuals through centralized empowerment, action learning, mentoring, and job apprenticeships.	Suspended due to the Pandemic in 2021
RK Jump Scheme	Grass-roots	Talent with certain professional and management abilities in the grass-roots positions are selected and trained for the supervisor and above positions, aiming to reserve talents for project/ department supervisor.	142
RK Elite Scheme New RK Force Scheme	Fresh graduates	Help fresh graduates to achieve rapid career development and cultivate future middle and senior management of the Group through on-the-job practice, job rotation learning, centralized training, dynamic evaluation, etc.	RK Elite Scheme: 11 New RK Force Scheme: 34
RK Colour Scheme	Newly recruited and newly promoted senior management	Quickly and deeply understand the corporate culture, and help "double new" employee to quickly adapt through executives' lectures and trainees' sharing.	Suspended due to the Pandemic in 2021
RK Start Scheme	All new employees	Help all "Road King's Freshmen" understand Road King in a comprehensive and three-dimensional manner, integrate quickly through pre-online learning, process coaching, and centralized empowerment.	43

The following are examples of specific content for three typical training programmes:

RK Colour Scheme

RK Colour Scheme is a talent development project for new executives of Road King, which reflects Road King's core executive team values key talents. Through face-to-face interaction with the core executive team, trainees discuss the development of the Company and their concerns. Through sharing past experiences, they open up interpersonal links, and achieve rapid integration and adaptation.

RK Promotion Scheme

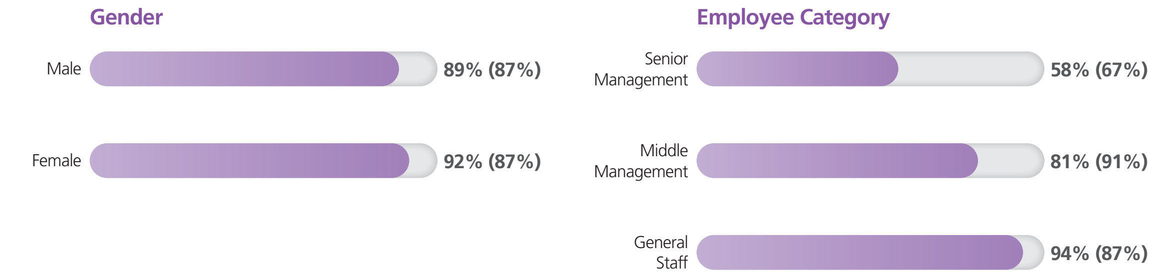
RK Promotion Scheme is a project for the selection of middle and senior management talents in Road King's property segment, and is committed to establishing an internal training and talent delivery channel for the property segment. According to the different selection and training directions, and with reference to the ability model, professional skills training, leadership training, job apprenticeship and other training methods are adopted. Internal and external resources are combined to improve the management mindset and ability of managers. The talent structure of Road King is continuously improved to facilitate business development.

New RK Force Scheme

Road King's management trainee programme "New RK Force" was established in 2013. It adopts a customized training system and model to quickly cultivate the backbone of Road King's future development and build the future middle and senior management of the Group.

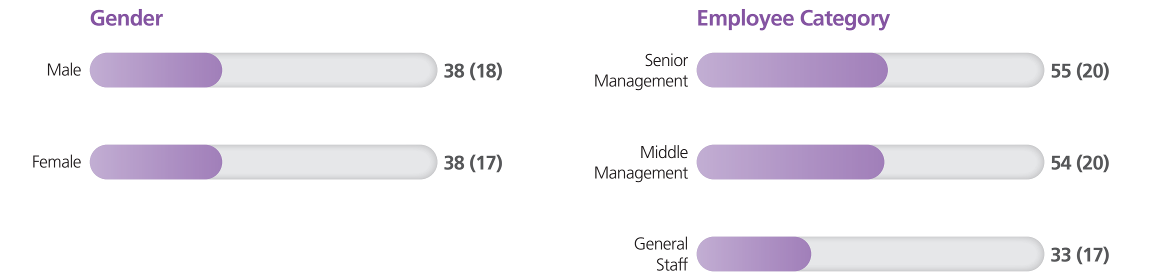
During the Reporting Period, a total number of 4,631 employees were trained (2020: 4,726 employees). Details of percentage of employees trained by gender and employee category and respective average training hours completed (per trained employee) are as follows:

Percentage of Employees Trained



% represents the percentage of the number of employees trained over the total workforce in each group as at the end of the Reporting Period
( ) represents data for 2020

Average Training Hours Completed per Trained Employee



( ) represents data for 2020

In 2021, the average number of training hours completed per trained employee increased significantly compared with 2020, which was related to the adoption of online training by some subsidiaries/joint ventures and the increase in training for new recruits.

In addition to training programmes, the Group also provides coaching by supervisors to help employees better perform their job duties. Apart from coaching, the Group offers various development opportunities, including job rotation, intending to nurture talents for sustaining and growing the Group's business. As an enduring effort to enhance the programme design, the Group collects and reviews feedback from employees to identify potential improvement areas regarding these training and development programmes. Furthermore, the Group provides subsidies on relevant external training courses to eligible employees, as an encouragement to develop knowledge and skills continuously, which contribute to the Group's operations and their career.

Employee Wellbeing

While work performance is a critical aspect of human resource management, the Group equally values employee wellbeing and believes that it is the key of inducing employee loyalty. The Group sets working hours and rest periods in accordance with the guidelines issued by the local labour authorities. Besides, the Group offers flexible working hours for certain positions with special requirements on working hours. In addition, the Group organizes various recreational activities each year for employees to participate.

Workplace Health and Safety

The Group also strives to build and maintain a working environment that is free of workplace health and safety incidents. Health insurance is provided to employees and different workplace health and safety practices are constantly communicated and promoted to employees. Besides, various control measures are in place to prevent electrical and fire hazards, and regular office housekeeping is also performed to keep office environment clean and tidy. Other policies have also been established in accordance to relevant workplace health and safety laws such as the Labour Law of the People's Republic of China and the Occupational Safety and Health Ordinance (Cap. 509) of Hong Kong to ensure compliance. Meanwhile, occupational health and safety risk should be moderate for the Group's employees, as they mainly work at administrative offices. Regarding construction site health and safety, please refer to the section "Construction Planning and Construction Work".

During the Reporting Period, a total of 1,827 lost days due to work injury were recorded (2020: 1,309 days). All work-related injury cases have been followed up in accordance with established procedures, and the Group has taken necessary measures to reduce future work-related injuries. There was no case of work-related fatalities occurred over the past three years regarding the Group's employees.

Safeguarding Employees' Health and Safety amid the Pandemic

Since the end of 2019, the outbreak of the Pandemic caused an international public health crisis and resulted in global economic downturn. As a responsible employer, the Group has adopted various measures to protect employees' physical and mental well-being, which include implementation of flexible and remote work arrangements, provision of face masks and hand sanitizer, tracking of employees' health status, increased frequency of cleaning of office and office equipment, temperature measurement and registration of guests visiting the office and provision of disinfectant alcohol. In addition, the Group requires companies in each city to update their local Pandemic prevention and control policies once a week (immediate update is required when the Pandemic is severe), strengthen education on personal hygiene, and record COVID-19 vaccination statistics on all employees of the Group. The Group also provides employees with information such as vaccination sites and vaccine manufacturers in real time, and encourages employees to complete the whole process of vaccination. The Group will continue to provide appropriate assistance to employees to jointly overcome the challenges brought about by the Pandemic.

Anti-discrimination and Equal Opportunity

The Group makes every effort to provide an inclusive workplace free of discrimination and harassment in all forms, with the belief that an inclusive workplace fosters collaboration between employees and creates harmony. The Group promotes diversity and respects individual differences. Equal opportunities on employment and promotion are provided to employees regardless of their gender, race, ethnic origin, religion, marital status or disabilities as stipulated in the Group's employee handbook; where employees are assessed with objective criteria. The Group is particularly concerned with sexual harassment at workplace, where relating complaints will be handled by Administration and Personnel departments with strict confidentiality. All anti-discrimination and equal opportunity policies established are in alignment with applicable laws such as the Labour Law of the People's Republic of China and the Sex Discrimination Ordinance (Cap. 480) of Hong Kong.

Environmentally Friendly Workplace

The Group is committed to operate its workplace and offices in an environmentally responsible manner, and aims at reducing wastes and improving efficiency in the use of resources. (Where the Group's operations including its offices and properties under management do not generate material amount of emissions, respective disclosures on policies and data are not applicable except for greenhouse gas emissions). The Group will continue to monitor relevant data and implement effective measures to gradually improve its environmental performance.

Waste Management

Regarding waste management, the Group adopts the 4R-principle of "reduce", "reuse", "recycle" and "replace" at workplace and establishes different measures accordingly. The major type of waste at workplace is paper with some other non-hazardous wastes such as ink cartridge and carton box of smaller amounts, while hazardous wastes produced are of immaterial amount. Several measures targeted at reducing the use of paper include: digitalizing work process with the use of electronic approval as appropriate, encouraging staff to use double-sided printing while collecting single-side printed papers for reuse, as well as promoting the use of recycled papers. To further reduce overall waste generation at workplace, the Group has implemented other measures. For instance, recycling facilities are provided in offices to separately collect different types of recyclable waste which will be passed to qualified contractors for further processing, where records of recycling are maintained and evaluated regularly to identify improvement areas. Besides, only durable food containers, cutlery and cups are used in office, and staff are also encouraged to bring their own utensils. The Group recognizes the importance of staff participation in this respect, and will continue to raise their awareness on waste management while providing support through different measures.

Details of amount of paper and other non-hazardous wastes disposed and recycled by the Group directly during the Reporting Period are as follows:

Non-hazardous Wastes[2]	**2021**	2020
Paper Disposed (kg)	**36,575**	41,987
Intensity per Headcount[3] (kg)	**17.1**	18.5
Paper Recycled (kg)	**11,836**	10,651
Intensity per Headcount (kg)	**5.5**	4.7
Other Non-hazardous Wastes Disposed[4] (kg)	**4,281**	5,883
Intensity per Headcount (kg)	**2.0**	2.6
Other Non-hazardous Wastes Recycled (kg)	**1,984**	2,659
Intensity per Headcount (kg)	**0.9**	1.2

2 Environmental data provided in this report is adjusted according to the Group's shareholding percentage in its joint ventures and associates to reflect actual ownership.

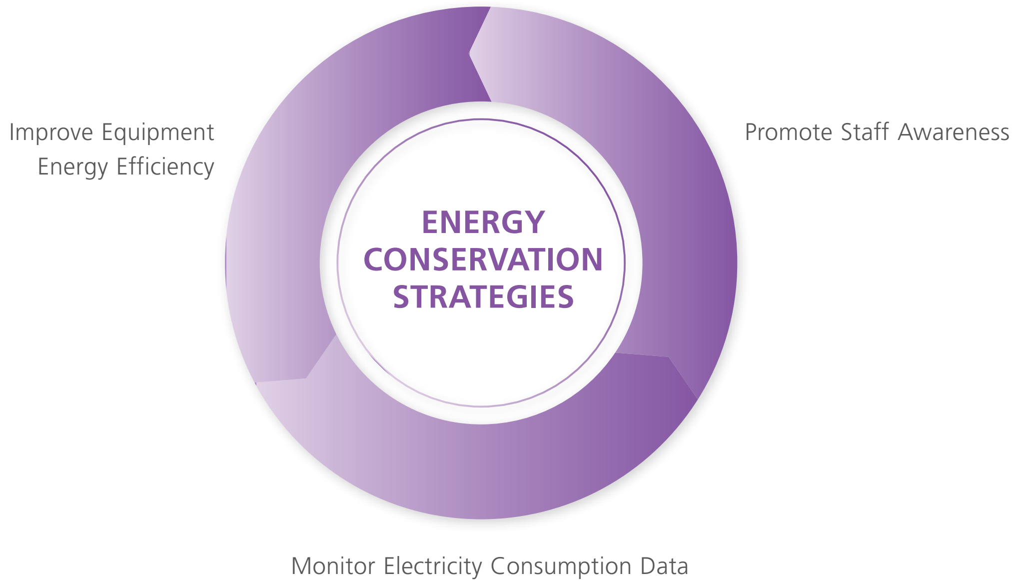
3 Unless otherwise specified, intensity in this report is calculated as amount per headcount (Includes employees involved in energy consumption/emissions related activities) that generated the wastes and emissions/consumed the energy.

4 Other Non-hazardous Wastes include ink cartridges, carton boxes, plastic, glass bottles as well as other general wastes.

Efficient Use of Resources

To improve the efficiency of the use of resources at workplace, the Group establishes practical and specific resources consumption targets, encourages behavioural changes of employees and implements various resource conservation measures in operations.

Understanding energy consumption is the major source of GHG emissions as well as a significant part of operating costs, the Group strives to reduce its energy consumption from both environmental and financial perspectives. The strategies of energy conservation include: improve equipment's energy efficiency through installing energy-efficient electrical appliances and devices such as LED light, and setting indoor temperature within a specific range to reduce energy consumption of air-conditioning systems; promote staff awareness by posting memos next to power switches for reminding them to switch off idle electrical appliances; and monitor consumption data by assigning coordinators to inspect unnecessary energy consumption, and recording fuel consumption of vehicles to serve as a performance indicator of drivers' performance evaluation.



During the Reporting Period, the major types of energy consumed by the Group were petrol and electricity. Details on consumption amount are as follows:

Energy Consumption[5, 6]	2021	2020
Petrol (liter)	**221,889**	225,647
Intensity per Headcount (liter)	**104**	99
Electricity (kWh)	**4,255,875**	4,387,740
Intensity per Headcount (kWh)	**1,985**	1,929

5 Environmental data provided in this report is adjusted according to the Group's shareholding percentage in its joint ventures and associates to reflect actual ownership.

6 The amounts represent the energy directly controlled and consumed by the Group during the Reporting Period. Indirect energy consumptions (i.e. those consumed by its contractors, agents and other third parties engaged by the Group) are excluded.

The Group's energy consumption in 2021 was substantially similar to that in 2020.

Energy-Saving Measures for Lighting in Underground Parking Lots

In order to reduce the high energy consumption and large energy waste of the basement lighting (owners' schedules being unpredictable, but the lighting fixtures remain turned on 24 hours a day), Shanghai Road King Property Service Co., Ltd. has upgraded the radar control of the fluorescent lighting of underground parking lots of partial projects under their management. By replacing the lamps, adjusting the wiring of lamps, etc., 20%-30% of the fluorescent lamps are kept 100% brightness to ensure the overall brightness of the basement, while other lamps turn 100% brightness when someone or vehicles passing by, and maintaining 25% brightness when there are no one or no vehicle passing by, in order to reduce energy consumption, save energy and reduce emissions, reduce costs and increase efficiency.

(Pictures: 25% brightness on the left and 100% brightness on the right)

The Group places equal importance on water conservation in terms of efficient use of resources. Several measures, such as regular check of unused running taps and leakage from water pipes or faucets, installation of induction faucets in washrooms and display of posters advocating water conservation at prominent places, are implemented at workplace for saving water. Details of water consumption are as follows:

Water Consumption[7, 8]	**2021**	2020
Water (cubic meter)	**267,294**	316,580
Intensity per Headcount (cubic meter)	**125**	139

7 Environmental data provided in this report is adjusted according to the Group's shareholding percentage in its joint ventures and associates to reflect actual ownership.

8 The amounts represent the water directly controlled and consumed by the Group during the Reporting Period. Indirect water consumptions (i.e. those consumed by its contractors, agents and other third parties engaged by the Group) are excluded.

The Group's water conservation measures were slightly effective, and the water consumption in 2021 was lower than that in 2020.

landscaping Sprinkler Irrigation System

We use automation technology to control the landscaping sprinkler irrigation system and implement precise irrigation. We implement a sensible irrigation system based on the actual water demand of each plant, supplemented by information technology (such as sensor technology, etc.). This can improve the accuracy of landscaping irrigation and improve the utilization rate of water.

Our landscaping sprinkler irrigation system combines two forms, buried sprinkler irrigation and swing arm sprinkler irrigation. In the buried sprinkler irrigation system, landscaping sprinkler heads are deployed at a distance calculated based on the actual water demand and connected to water pipes for buried layout. The swing arm sprinkler irrigation system can effectively avoid the waste of water resources, reduce the damage rate, and promote the landscaping construction of the park through the automatic transformation of the sprinkler irrigation direction, angle and range.

Greenhouse Gas Emissions

During the Reporting Period, the Group's GHG emissions were mainly resulted from consumption of energy. Whereas consumption of water and production of paper waste contributed a smaller amount as represented by Other Indirect (Scope 3) Emissions.

Greenhouse Gas Emissions[9, 10, 11]	2021	2020
Direct (Scope 1) Emissions (kg CO2e)	**600,846**	611,021
Intensity per Headcount (kg CO2e)	**280**	269
Indirect (Scope 2) Emissions (kg CO2e)	**2,634,486**	2,723,751
Intensity per Headcount (kg CO2e)	**1,229**	1,197
Other Indirect (Scope 3) Emissions (kg CO2e)	**290,091**	484,899
Intensity per Headcount (kg CO2e)	**135**	213

9 Environmental data provided in this report is adjusted according to the Group's shareholding percentage in its joint ventures and associates to reflect actual ownership.

10 The GHG emissions are calculated with reference to the "Reporting Guidance on Environmental KPIs" issued by the Hong Kong Stock Exchange, the "2019 China Regional Power Grid Baseline Emission Factors for Emission Reduction Project" issued by the Ministry of Ecology and Environment of the PRC and the "Greenhouse Gas Reporting: Conversion Factors 2020" issued by the Department for Business, Energy & Industrial Strategy of the UK Government.

11 Scope 1 emissions include direct emissions from the combustion of unleaded gasoline. Scope 2 emissions include indirect emissions from purchased electricity. Scope 3 emissions include emissions from the Group's disposal of paper, commercial and industrial waste, as well as water consumption.

The Group's Scope 1 and Scope 2 emissions in 2021 were generally similar to those in 2020, and the decrease in Scope 3 emissions was related to the reduction in waste disposed of in 2020.

III. BUILDING SUSTAINABLE COMMUNITY

The Group recognizes the importance of sustainable community development. While certain stakeholder groups such as customers, suppliers and employees are directly engaged with the Group in its business operations, other community stakeholders are equally important to the Group. The Group is determined to operate in a responsible manner which avoids harming the interests of these stakeholders and generates positive values to them. Accordingly, the Group endorses market competition through various means and makes community investment.

Issues in This Section	Stock Exchange ESG Indicators Involved	SDGs Issues Involved
Fair Competition Community Investment	B7.1, B7.2, B7.3, B8.1, B8.2	SDG16 16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Fair Competition

Fair competition is the basis of innovation and economic growth which should be supported by all corporates. The Group adheres to the highest standards of business ethics and implements various controls to eliminate corruption.

Community Investment

Community Investment is a crucial way for a corporate to give back to society. The Group strives to promote inclusive growth of the community while honouring its mandate to generate financial returns for investors.

There were no material non-compliance cases noted relating to corruption, bribery, extortion, fraud and money laundering during the Reporting Period. The Group's operations were in compliance to relevant local anti-corruption laws and regulations.

Fair Competition

The Group believes that fair competition is the basis of innovation and economic development. As such, the Group considers that integrity and honesty are of paramount importance to gain the trust and respect from stakeholders of the Group.

Anti-Corruption and Whistle-Blowing Channel

The Group upholds the highest standard of integrity throughout its operations. Prudent policies and procedures have been established to provide guidance to employees on upholding business ethics, so as to reduce the risk of unethical or inappropriate business practices resulted from inadequate or unclear internal instructions. Code of conduct has been stipulated in the staff handbook to communicate with staff the proper behaviours and prohibited acts. For examples, all employees are prohibited to accept improper personal benefits in the course of performing their duties with the company; directors and employees must not use the confidential information obtained through their duties with the company or during work for acquiring personal benefits. Anti-corruption trainings were also provided, during the Reporting Period, to staff with reference to the contents of employee handbook. The Group strictly prohibits all falsifying documents or business records and any soliciting or accepting of advantages to or from clients, suppliers and business partners. Special attention is paid on the supplier selection process to ensure it is fairly carried out to serve its intended purposes. The Group reviews its policies and practices regularly to ensure compliance to relevant laws such as the Criminal Law and Anti-Money Laundering Law of the People's Republic of China; and the Prevention of Bribery Ordinance (Cap. 201) of Hong Kong.

The Group strengthens the publicity of "integrity" through explaining relevant provisions of the employee handbook. To facilitate identification of suspected cases of corruption, money laundering and other misconducts, the Group has established a reporting channel to encourage its staff and business partners to take the initiative in reporting irregularities and suspected cases of fraud, criminal offense as well as non-compliance to laws or internal guidelines to the management for further investigation. Management personnel independent of the involved functions will be assigned to follow-up on the reported cases to ensure impartiality. For serious occasions, investigation results will be reported to the board. The Group is committed to protecting the interests of the reporter, and the reported cases will be handled with strict confidentiality.

In order to strengthen and standardize the behaviour of employees, the Group has also formulated the Integrity Convention. The specific provisions of the Convention are as follows:

1. Commitment not to practice favouritism or cheating at work.
2. Commitment not to solicit or accept the benefits of business-related units, including gifts, cash gift, red envelopes and various forms of commission rebates.
3. Commitment to strictly follow the Company's bidding regulations in production and operation activities, and not to use power or other illegal operations to seek improper benefits.
4. Commitment not to operate, for oneself or others, or participate in the operation of any business that directly or indirectly competes with the Company during his/her tenure with the Company, and not to allow relatives to have any form of business relationship with the Company.
5. Commitment to be economical in business transactions, strictly control expenditure standards, and not to use company funds to welcome and send off internal parties and pay expenses that are unrelated to business.
6. Commitment to keep the remuneration of oneself and others strictly confidential.
7. Commitment not to conceal, condone, shield or protect anyone who violates the Company management system.
8. Commitment not to use the Internet, media, self-media, letters, etc. to fabricate and spread rumours, incite employees to be disloyal to the Company, and damage the Company's reputation and interests.

During the Reporting Period, the Group also carried out a series of activities to promote clean governance. For example, the Shandong Branch of the Group has launched a clean governance education and publicity month campaign with the theme "be a honest, self-disciplined and self-restrained gentleman", to strengthen the organizational education and further enhance the awareness of clean governance practice among all employees. The campaign adopts various activities to consolidate anti-corruption awareness and uphold integrity for employees.

Intellectual Property Rights

The Group respects intellectual property rights. Employees are required to follow the Group's policies and procedures regarding intellectual property right when making use of materials, pictures, contents as well as all other forms of private intellectual property that are not produced by their own or possessed by the Group in order to comply with relevant laws such as the Patent Law of the People's Republic of China and the Patents Ordinance (Cap. 514) of Hong Kong. Besides, the Group has registered its trademark and retained a detailed record of the intellectual property rights it possesses and has in place a system to protect its intellectual property rights.

Community Investment

The Group is dedicated to building a sustainable community where members of all groups are able to share the benefits brought by social and economic development. As such, in addition to fulfilling corporate responsibility in its day-to-day operations, the Group proactively participates in social welfare activities and makes donations. The Group's effort in this regard is recognized. In 2021, the Group continued to participate in various fund-raising activities of the Community Chest, including the Community Chest's Virtual Walk for Millions, Skip Lunch Day, Green Low Carbon Day, Mooncake Vouchers, Dress Casual Day, Love Teeth Day and Employee Contribution Programme.

In order to improve the effectiveness of resource allocation, during the Reporting Period, the Group focused on sponsoring education, helping the underserved children and the elderly, and carried out a series of community activities.

Education

The Group believes that education is vital in enhancing people's human capital, and subsequently creating more opportunities to them for a better future. The community will also benefit from having more educated citizens. Therefore, the Group is enthusiastic in sponsoring education for teenagers. Over the years, the Group has offered various scholarship programmes to a number of universities in Mainland China and Hong Kong, arranged interactive activities between students and enterprises, and sponsored tertiary academic activities, namely the "Peking University China Finance 40 Forum Road King Scholarship (北京大學中國金融四十人路勁獎學金班) jointly launched by the Group, China Finance Academic Think Tank – China Finance 40 Forum and National School of Development of Peking University since 2009, which aims to nurture talents for the society, the programmes of which are supported by China Finance 40 Forum. For the year 2021, the Group sponsored RMB400,000 to China Finance 40 Forum for scholarships, benefiting 45 students.

On 22 June 2021, the inauguration ceremony for the class of "Peking University China Finance 40 Forum Road King Scholarship (北京大學中國金融四十人路勁獎學金班)" was held at National School of Development of Peking University.

Supporting the Underserved Children

The Group places equal emphasis on helping children in poverty with the aim to offer them equal opportunities as children from more financially capable families. Since 2013, the Group has joined hands with China Real Estate Chamber of Commerce and Elite Habitat Development Foundation to launch the ELITE Child Plan, which targets to improve the living and growth environment for those staying in orphanage schools and village kindergarten in the ethnic community of the western regions through various means including donations. As a recognition of the Group's contribution, in 2016, China Real Estate Chamber of Commerce and Elite Habitat Development Foundation awarded the Group "ELITE Public Welfare Pioneer".

Caring for the Elderly

In addition, in order to better protect the well-being of the elderly, the Group has carried out a series of diversified and content-rich elderly care activities.

From July to September 2021, the Group carried out the cooling service, serving a total of 480 visits.

In July and September 2021, the Group provided basic medical examinations and convenience services for the elderly, serving a total of 77 visits.

In July and September 2021, the Group explained the use of Anjubao, how to classify garbage, and anti-fraud publicity to community elders through symposiums or door-to-door methods, serving a total of 127 visits.

The Group actively carried out technology assistance projects for the elderly, held training courses, and popularized the use of modern technology for the elderly.

During the Pandemic, the Group assisted the elderly: to set up the health code and demonstrated how to show it, strengthened the publicity of Pandemic prevention knowledge, distributed Pandemic prevention kits and added separate channels and waiting areas for the elderly before carrying out the national nucleic acid test, which guaranteed the prevention and control of the Pandemic among the elderly during the Pandemic.

The Group has set up daycare centres for the elderly, and carried out various forms of public welfare activities for them such as free medical consultations for the elderly, public lectures, and elderly care activities during the Mid-Autumn Festival and the Dragon Boat Festival.

Community Events

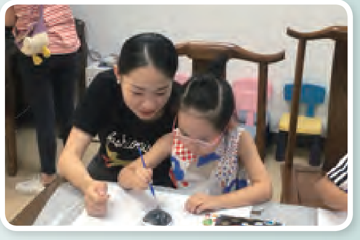
In order to improve the quality of life of the elderly and cultivate the arts and culture of the children in the community, the Group held the "Cloud Academy" activity, and organized a series of cultural and recreational activities with various forms and contents, which greatly enriched the lives of the elderly and children in the community.


Activities for the Elderly – Sing the Red Songs (10 Sessions)


Guided reading of Picture Books (33 Sessions)


Enlightenment Painting (14 Sessions)

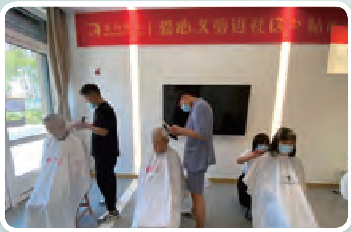

Creative Circular Fan Parent-Child Theme Activities


Fancy Stone Painting


Exploration of the Mysterious Ocean World

In addition, the Group has also carried out a series of community services, which not only provide convenience for residents' life, but also enrich the forms of residents' leisure and entertainment.

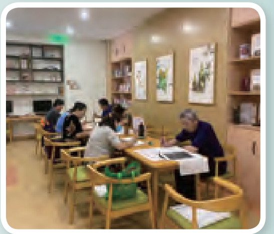

"Follow Me" Smartphone Class for the Elderly


Caring Free Haircuts into the Community


Caring Free Clinics into the Community


Health Lectures


Poetry Recitation Society


University for the Elderly's Calligraphy Class


University for the Elderly's Orchestra

CONTENT INDEX FOR HKEX ESG REPORTING GUIDE

General Disclosures and KPIs	Description	Reference (Page Number)	Remark
Environmental			
Aspect A1: Emissions			
General Disclosure		Offering Quality Properties and Services (P.117-119); Establishing Constructive Workplace (P.133, 136)	
KPI A1.1	The types of emissions and respective emissions data	N/A	Direct emissions of air and water from the operation/management of the Group's administrative offices and buildings are of immaterial amount
KPI A1.2	Greenhouse gas emissions in total and, where appropriate, intensity	Establishing Constructive Workplace (P.136)	
KPI A1.3	Total hazardous waste produced and, where appropriate, intensity	N/A	The amount of hazardous waste generated by the offices and properties under the Group's management is of immaterial amount
KPI A1.4	Total non-hazardous waste produced and, where appropriate, intensity	Establishing Constructive Workplace (P.133)	
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Environmental Goals (P.102); Offering Quality Properties and Services (P.108-110,114); Establishing Constructive Workplace (P.133-136)	
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them	Environmental Goals (P.102); Offering Quality Properties and Services (P.117-119); Establishing Constructive Workplace (P.133)	

General Disclosures and KPIs	Description	Reference (Page Number)	Remark
Aspect A2: Use of Resources			
General Disclosure		Offering Quality Properties and Services (P.108-110, 116-117); Establishing Constructive Workplace (P.134-136)	
KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity	Establishing Constructive Workplace (P.134)	
KPI A2.2	Water consumption in total and intensity	Establishing Constructive Workplace (P.135)	
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them	Environmental Goals (P.102); Offering Quality Properties and Services (P.108-110,116); Establishing Constructive Workplace (P.134-135)	
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them	Environmental Goals (P.102); Offering Quality Properties and Services (P.108-110, 117); Establishing Constructive Workplace (P.135-136)	The Group has not encountered any major issues in obtaining sourcing water
KPI A2.5	Total packaging material used for finished products and, if applicable, with reference to per unit produced	N/A	The amount of packaging materials used by the Group is of immaterial amount
Aspect A3: The Environment and Natural Resources			
General Disclosure		Offering Quality Properties and Services (P.114)	
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the action taken to manage them	Offering Quality Properties and Services (P.114)	
Aspect A4: Climate Change			
General Disclosure		Offering Quality Properties and Services (P.115-116)	
KPI A4.1	Description of the significant climate-related issues which have and may have impact on the issuer, and the actions taken to manage them	Offering Quality Properties and Services (P.115-116)	

General Disclosures and KPIs	Description	Reference (Page Number)	Remark
Social			
Aspect B1: Employment			
General Disclosure		Establishing Constructive Workplace (P.126-127, 132)	
KPI B1.1	Total workforce by gender, employment type, age group and geographical region	Establishing Constructive Workplace (P.126)	
KPI B1.2	Employee turnover rate by gender, age group and geographical region	Establishing Constructive Workplace (P.127)	
Aspect B2: Health and Safety			
General Disclosure		Offering Quality Properties and Services (P.120-122); Establishing Constructive Workplace (P.132)	
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year	Establishing Constructive Workplace (P.132)	
KPI B2.2	Lost days due to work injury	Establishing Constructive Workplace (P.132)	
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored	Offering Quality Properties and Services (P.120-122); Establishing Constructive Workplace (P.132)	
Aspect B3: Development and Training			
General Disclosure		Establishing Constructive Workplace (P.129-131)	
KPI B3.1	The percentage of employees trained by gender and employee category	Establishing Constructive Workplace (P.131)	
KPI B3.2	The average training hours completed per employee by gender and employee category	Establishing Constructive Workplace (P.131)	

General Disclosures and KPIs	Description	Reference (Page Number)	Remark
Aspect B4: Labour Standards			
General Disclosure		Establishing Constructive Workplace (P.128)	
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour	Establishing Constructive Workplace (P.128)	
KPI B4.2	Description of steps taken to eliminate such practices when discovered	N/A	No relevant violation was found by the Group
Aspect B5: Supply Chain Management			
General Disclosure		Offering Quality Properties and Services (P.111)	
KPI B5.1	Number of suppliers by geographical region	Offering Quality Properties and Services (P.111)	
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored	Offering Quality Properties and Services (P.111)	
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	Offering Quality Properties and Services (P.111)	
KPI B5.4	Description of practices used to promote environmentally friendly products and services when selecting suppliers, and how they are implemented and monitored	Offering Quality Properties and Services (P.111)	

General Disclosures and KPIs	Description	Reference (Page Number)	Remark
Aspect B6: Product Responsibility			
General Disclosure		Offering Quality Properties and Services (P.123-124); Building Sustainable Community (P.139)	
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	N/A	Recalls of the Group's products are not common
KPI B6.2	Number of products and service related complaints received and how they are dealt with	Offering Quality Properties and Services (P.123)	
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights	Building Sustainable Community (P.139)	
KPI B6.4	Description of quality assurance process and recall procedures	Offering Quality Properties and Services (P.123)	
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	Offering Quality Properties and Services (P.124)	
Aspect B7: Anti-corruption			
General Disclosure		Building Sustainable Community (P.138-139)	
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	N/A	No relevant corruption lawsuit was found by the Group
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	Building Sustainable Community (P.138)	
KPI B7.3	Description of anti-corruption training provided to directors and staff	Building Sustainable Community (P.139)	
Aspect B8: Community Investment			
General Disclosure		Building Sustainable Community (P.139-142)	
KPI B8.1	Focus areas of contribution	Building Sustainable Community (P.139-142)	
KPI B8.2	Resources contributed to the focus area	Building Sustainable Community (P.139-142)	

Glossary

In this annual report, unless otherwise defined or as the context otherwise requires, the following expressions have the following meanings:

"2021 AGM"	the annual general meeting of the Company held on Tuesday, 25 May 2021
"2022 AGM"	the annual general meeting of the Company to be held on Friday, 20 May 2022
"Board"	the board of Directors
"Build King"	Build King Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange and is a non-wholly owned subsidiary of Wai Kee
"Bye-laws"	the bye-laws of the Company
"Central Government"	The Central Government of the Mainland China
"CG Code"	Corporate Governance Code set out in Appendix 14 to the Listing Rules
"Company"/"Road King"	Road King Infrastructure Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the main board of the Stock Exchange
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"controlling shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"COVID-19"	a novel coronavirus named COVID-19 that causes pneumonia-lie illness and was declared by the World Health Organization to be a global pandemic on 11 March 2020
"Director(s)"	the director(s) of the Company
"ESG"	Environmental, Social and Governance
"ESG Reporting Guide"	Environmental, Social and Governance Reporting Guide set out in Appendix 27 to the Listing Rules
"Greater Bay Area"	Guangdong – Hong Kong – Macao Bay Area
"Group"/"We"/"Our"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"HIBOR"	Hong Kong Interbank Offered Rate
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC

"IAM Segment"	Investment and Asset Management Segment of the Group
"IDR"	Indonesian Rupiah, the lawful currency of Indonesia
"Indonesia"	The Republic of Indonesia
"km"	kilometers
"LIBOR"	London Interbank Offered Rate
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Mainland China"	the PRC, excluding Hong Kong, Macau and Taiwan for the purpose of this annual report
"MKTT Expressway"	Medan-Kualanamu-Tebing Tinggi Expressway
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
"N/A" or "n/a"	not applicable
"NKK Expressway"	Ngawi Kertosono Kediri Expressway
"PRC"	the People's Republic of China
"Pandemic"	the COVID-19 pandemic
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
"Share(s)"	ordinary share(s) of HK$0.10 each in the share capital of the Company
"Shareholder(s)"	shareholder(s) of the Company
"Share Option Scheme"	the share option scheme adopted by the Company on 8 May 2013
"Shenzhen Investment"	Shenzhen Investment Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange and is one of the substantial shareholders of the Company
"SN Expressway"	Solo Ngawi Expressway
"sqm"	square meters

"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"substantial shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Toll-Free Policy"	The Mainland China government implemented toll-free policy for all toll roads during the Pandemic prevention and control period from 17 February to 5 May 2020
"US$"/"US dollars"	United States dollars(s), the lawful currency of the United States of America
"Wai Kee"	Wai Kee Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange and is the controlling shareholder of the Company
"%"	per cent

EXECUTIVE DIRECTORS

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

NON-EXECUTIVE DIRECTORS

Cai Xun
Xu Enli

INDEPENDENT NON-EXECUTIVE DIRECTORS

Lau Sai Yung
Tse Chee On, Raymond
Wong Wai Ho

PROPERTY BUSINESS MANAGEMENT COMMITTEE

Zen Wei Peu, Derek
Ko Yuk Bing
Fong Shiu Leung, Keter *(Convenor)*
Ng Fun Hung, Thomas
Li Wanle
Chuk Wing Suet, Josephine
Zhang Nan
Diao Lu, Amy
Zhao Min

AUDIT COMMITTEE

Lau Sai Yung *(Chairman)*
Tse Chee On, Raymond
Wong Wai Ho

NOMINATION COMMITTEE

Zen Wei Peu, Derek *(Chairman)*
Lau Sai Yung
Wong Wai Ho
Tse Chee On, Raymond

REMUNERATION COMMITTEE

Tse Chee On, Raymond *(Chairman)*
Zen Wei Peu, Derek
Lau Sai Yung
Wong Wai Ho

COMPANY SECRETARY

Lee Tak Fai, Kennedy

AUDITOR

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors

SOLICITORS

Beijing Global Law Office
Conyers, Dill & Pearman
Reed Smith Richards Butler LLP

PRINCIPAL BANKERS

Mainland China

Agricultural Bank of China Limited
Bank of China Limited
China Construction Bank Corporation
Industrial and Commercial Bank of China Limited
PingAn Bank Co., Ltd.

Hong Kong

China CITIC Bank International Limited
The Hongkong and Shanghai Banking Corporation Limited

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited
4th Floor, North Cedar House
41 Cedar Avenue
Hamilton HM 12
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Secretaries Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL PLACE OF BUSINESS

Suite 501, 5th Floor
Tower 6, The Gateway
9 Canton Road
Tsimshatsui
Kowloon
Hong Kong

SHARE LISTING

The Company's shares are listed on the main board of The Stock Exchange of Hong Kong Limited (Stock Code: 1098)

NOTES, SECURITIES AND BONDS LISTING

The following notes and securities are listed on the Singapore Exchange Securities Trading Limited

- US$400 million 7.875% guaranteed senior notes due 2023
- US$480 million 6.7% guaranteed senior notes due 2024
- US$300 million 5.9% guaranteed senior notes due 2025
- US$416 million 6% guaranteed senior notes due 2025
- US$500 million 5.2% guaranteed senior notes due 2026
- US$500 million 5.125% guaranteed senior notes due 2026
- US$300 million 7.95% senior guaranteed perpetual capital securities
- US$300 million 7% senior guaranteed perpetual capital securities
- US$300 million 7.75% senior guaranteed fixed-spread perpetual capital securities

The following bonds are listed on the Shanghai Stock Exchange

- RMB868.55 million 6.5% domestic bonds

The following commercial mortgage-backed securities ("CMBS") are listed on the Shenzhen Stock Exchange

- RMB270 million 5.5% CMBS due 2024
- RMB440 million 6.5% CMBS due 2024

INVESTOR RELATIONS

Contact Persons:	Lee Tak Fai, Kennedy Tsoi Yuk Gee, Melissa
Telephone:	(852) 2957 6800
Facsimile:	(852) 2375 2477
E-mail address:	ir@roadking.com.hk

WEBSITES

http://www.roadking.com.hk
http://www.rkph.com

Deloitte. 德勤

To the Shareholders of Road King Infrastructure Limited
(incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Road King Infrastructure Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages F-7 to F-139, which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Revenue recognised from sale of completed properties held for sale	
We identified revenue recognised from sale of completed properties held for sale as a key audit matter as it is quantitatively significant to the consolidated statement of profit or loss. The Group's revenue from sale of completed properties held for sale for the year ended 31 December 2021 amounted to approximately HK$23,755 million, which is disclosed in Note 5 to the consolidated financial statements, representing 96% of the Group's total revenue. As disclosed in Note 3 to the consolidated financial statements, revenue from sale of completed properties held for sale is recognised when control of completed properties is transferred to customers, being at the point that the customers obtain control of the completed properties and the Group has a present right to payment and collection of the consideration is probable.	Our procedures in relation to revenue recognised from sale of completed properties held for sale included: • Understanding and assessing the effectiveness of the Group's internal control over the revenue recognition for sale of completed properties held for sale; • Inspecting, on a sample basis, the terms set out in sale and purchase agreements to understand the point that customers obtain the control of the completed properties and the Group has present right to payment and collection of the consideration is probable; and • Evaluating whether control of completed properties has been transferred to customers by checking, on a sample basis, to the terms of sale and purchase agreements, the relevant completion certificate for construction work and the delivery notice sent to customers.

Key audit matter	How our audit addressed the key audit matter
Net realisable value of inventory of properties	
We identified the net realisable value of inventory of properties, which includes properties under development for sale (the "PUD") and completed properties held for sale (the "PFS") (collectively referred to as the "Properties") as a key audit matter as it is significant to the consolidated statement of financial position and significant judgments and estimates are involved in the determination of net realisable value (the "NRV") of the Properties. As disclosed in Note 23 to the consolidated financial statements, the Group's PUD of approximately HK$31,042 million and PFS of approximately HK$13,625 million are situated in Mainland China and Hong Kong as at 31 December 2021. As set out in Note 4 to the consolidated financial statements, management of the Group determined the NRV of the PUD with reference to the current market price of properties of a comparable standard and location, construction costs to be incurred to complete the development based on existing asset structure and construction material price lists and the estimated costs necessary to make the sale. Management determined the NRV of the PFS with reference to the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.	Our procedures in relation to net realisable value of inventory of properties included: • Understanding management's process of estimating construction costs to be incurred to complete the development of the PUD and estimating the NRV of the Properties; • Evaluating the reasonableness of estimated costs to completion of the PUD, on a sample basis, by comparing budgeted construction costs, to the signed contracts with subcontractors, and actual development costs of similar completed properties of the Group and comparing the adjustments made by management, on a sample basis, to current market data; and • Assessing the appropriateness of estimated selling price of the Properties, on a sample basis, by comparing it to the recent market prices achieved in the same project or comparable properties.

OTHER INFORMATION

The directors of the Company ("Directors") are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Wong Kuen.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
22 March 2022

Consolidated Statement of Profit or Loss

For the year ended 31 December 2021

	NOTES	2021 HK$'000	2020 HK$'000
Revenue			
Property sales and service income		**24,498,509**	24,055,542
Other revenue		**179,440**	140,561
Total revenue	5	**24,677,949**	24,196,103
Cost of sales		**(19,278,910)**	(17,689,510)
Gross profit		**5,399,039**	6,506,593
Interest income		**307,695**	244,588
Other income		**184,425**	83,574
Other gains and losses	7	**82,950**	259,652
Selling expenses		**(901,018)**	(763,170)
Administrative expenses		**(950,298)**	(961,668)
Share of results of associates		**131,715**	70,040
Share of results of joint ventures	8	**1,093,035**	466,586
Finance costs	9	**(1,073,317)**	(1,172,693)
Profit before taxation	10	**4,274,226**	4,733,502
Income tax expenses	12	**(2,289,737)**	(1,949,906)
Profit for the year		**1,984,489**	2,783,596
Profit for the year attributable to:			
Owners of the Company		**1,028,245**	1,722,848
Owners of perpetual capital securities		**527,775**	527,775
Non-controlling interests of subsidiaries		**428,469**	532,973
		1,984,489	2,783,596
Earnings per share	14		
– Basic		**HK$1.37**	HK$2.30
– Diluted		**N/A**	N/A

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2021

	NOTES	**2021 HK$'000**	2020 HK$'000
Profit for the year		**1,984,489**	2,783,596
Other comprehensive income (expense)			
Items that have been reclassified or may be subsequently reclassified to profit or loss:			
Fair value losses on hedging instruments designated in cash flow hedges	32	**–**	(53,111)
Reclassified to profit or loss upon termination of hedging instruments	32	**53,111**	–
Item that will not be reclassified subsequently to profit or loss:			
Exchange differences arising on translation to presentation currency		**926,689**	1,364,932
Other comprehensive income for the year		**979,800**	1,311,821
Total comprehensive income for the year		**2,964,289**	4,095,417
Total comprehensive income for the year attributable to:			
Owners of the Company		**1,934,109**	2,871,079
Owners of perpetual capital securities		**527,775**	527,775
Non-controlling interests of subsidiaries		**502,405**	696,563
		2,964,289	4,095,417

Consolidated Statement of Financial Position

At 31 December 2021

	NOTES	2021 HK$'000	2020 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	15	**93,253**	81,905
Right-of-use assets	16	**82,685**	105,585
Investment properties	17	**4,263,014**	4,046,258
Interests in associates	18	**1,606,893**	1,433,375
Interests in joint ventures	19	**19,320,801**	13,843,087
Deferred tax assets	31	**196,304**	214,939
Amounts due from joint ventures	20	**11,628,741**	9,869,288
Amounts due from non-controlling interests of subsidiaries	21	**306,198**	–
Loan receivables	22	**1,983,620**	1,384,570
Financial assets at fair value through profit or loss ("FVTPL")	26	**899,080**	328,751
		40,380,589	31,307,758
Current assets			
Inventory of properties	23	**44,667,671**	47,864,974
Prepayment for land leases	24	**478,012**	–
Amounts due from joint ventures and associates	20	**3,341,987**	3,939,385
Amounts due from non-controlling interests of subsidiaries	21	**2,122,295**	1,672,435
Loan receivables	22	**558,008**	551,420
Debtors, deposits and prepayments	25	**2,398,928**	2,421,954
Prepaid income tax		**1,575,271**	1,352,193
Pledged bank deposits	27	**113,395**	114,799
Bank balances and cash	27	**12,599,575**	14,055,969
		67,855,142	71,973,129
Total assets		**108,235,731**	103,280,887

Consolidated Statement of Financial Position

At 31 December 2021

	NOTES	2021 HK$'000	2020 HK$'000
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	28	**74,934**	74,934
Reserves		**22,262,484**	20,852,911
		22,337,418	20,927,845
Perpetual capital securities	39	**6,954,296**	6,952,437
Non-controlling interests of subsidiaries		**6,506,666**	5,161,572
Total equity		**35,798,380**	33,041,854
Non-current liabilities			
Bank and other borrowings	30	**30,402,464**	24,631,423
Amount due to a joint venture	34	**386,081**	–
Deferred tax liabilities	31	**1,362,754**	1,172,600
Financial liabilities at FVTPL	26	**111,793**	17,409
Derivative financial instruments	32	**–**	53,111
Lease liabilities	37	**67,663**	89,609
		32,330,755	25,964,152
Current liabilities			
Creditors and accrued charges	33	**10,703,320**	10,685,326
Amounts due to joint ventures and associates	34	**5,010,168**	4,431,961
Amounts due to non-controlling interests of subsidiaries	35	**1,938,642**	1,424,335
Contract liabilities	36	**8,406,644**	7,819,246
Lease liabilities	37	**24,417**	26,357
Income tax payable		**5,954,969**	5,831,694
Bank and other borrowings	30	**7,923,720**	13,424,768
Financial liabilities at FVTPL	26	**144,716**	182,672
Other financial liabilities	38	**–**	448,522
		40,106,596	44,274,881
Total equity and liabilities		**108,235,731**	103,280,887

The consolidated financial statements on pages F-7 to F-139 were approved and authorised for issue by the Board of Directors on 22 March 2022 and are signed on its behalf by:

Zen Wei Peu, Derek
DIRECTOR

Fong Shiu Leung, Keter
DIRECTOR

For the year ended 31 December 2021

	Attributable to owners of the Company											
	Share capital HK$'000	Share premium HK$'000	Foreign currency translation reserve HK$'000	Special reserve HK$'000 (note (a))	Other reserve HK$'000 (note (c))	Statutory reserve HK$'000 (note (b))	Cash flow hedging reserve HK$'000	Retained profits HK$'000	Sub-total HK$'000	Perpetual capital securities HK$'000	Non-controlling interests of subsidiaries HK$'000	Total equity HK$'000
Balance at 1 January 2020 (note (d))	74,934	3,224,794	36,126	1,260,000	1,002,963	3,397,558	–	9,869,674	18,866,049	6,961,919	2,736,049	28,564,017
Profit for the year	–	–	–	–	–	–	–	1,722,848	1,722,848	527,775	532,973	2,783,596
Fair value losses on hedging instruments (note 32)	–	–	–	–	–	–	(53,111)	–	(53,111)	–	–	(53,111)
Exchange differences arising on translation to presentation currency	–	–	1,201,342	–	–	–	–	–	1,201,342	–	163,590	1,364,932
Total comprehensive income (expense) for the year	–	–	1,201,342	–	–	–	(53,111)	1,722,848	2,871,079	527,775	696,563	4,095,417
Sub-total	74,934	3,224,794	1,237,468	1,260,000	1,002,963	3,397,558	(53,111)	11,592,522	21,737,128	7,489,694	3,432,612	32,659,434
Expenses paid for perpetual capital securities	–	–	–	–	–	–	–	–	–	(8,304)	–	(8,304)
Acquisition of a subsidiary (note 44)	–	–	–	–	–	–	–	–	–	–	380,356	380,356
Capital contributions from non-controlling interests of subsidiaries	–	–	–	–	–	–	–	–	–	–	1,348,604	1,348,604
Distributions paid for perpetual capital securities	–	–	–	–	–	–	–	–	–	(528,953)	–	(528,953)
Dividends (note 13)	–	–	–	–	–	–	–	(809,283)	(809,283)	–	–	(809,283)
Appropriation	–	–	–	–	–	345,065	–	(345,065)	–	–	–	–
Balance at 31 December 2020	74,934	3,224,794	1,237,468	1,260,000	1,002,963	3,742,623	(53,111)	10,438,174	20,927,845	6,952,437	5,161,572	33,041,854
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**1,028,245**	**1,028,245**	**527,775**	**428,469**	**1,984,489**
Reclassified to profit or loss upon termination of hedging instruments (note 32)	**–**	**–**	**–**	**–**	**–**	**–**	**53,111**	**–**	**53,111**	**–**	**–**	**53,111**
Exchange differences arising on translation to presentation currency	**–**	**–**	**852,753**	**–**	**–**	**–**	**–**	**–**	**852,753**	**–**	**73,936**	**926,689**
Total comprehensive income for the year	**–**	**–**	**852,753**	**–**	**–**	**–**	**53,111**	**1,028,245**	**1,934,109**	**527,775**	**502,405**	**2,964,289**
Sub-total	**74,934**	**3,224,794**	**2,090,221**	**1,260,000**	**1,002,963**	**3,742,623**	**–**	**11,466,419**	**22,861,954**	**7,480,212**	**5,663,977**	**36,006,143**
Capital contributions from non-controlling interests of subsidiaries	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**842,689**	**842,689**
Distributions paid for perpetual capital securities	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(525,916)**	**–**	**(525,916)**
Dividends (note 13)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(524,536)**	**(524,536)**	**–**	**–**	**(524,536)**
Appropriation	**–**	**–**	**–**	**–**	**–**	**411,827**	**–**	**(411,827)**	**–**	**–**	**–**	**–**
Balance at 31 December 2021	**74,934**	**3,224,794**	**2,090,221**	**1,260,000**	**1,002,963**	**4,154,450**	**–**	**10,530,056**	**22,337,418**	**6,954,296**	**6,506,666**	**35,798,380**

Notes:

(a) Special reserve was arisen on group reorganisation and represents the difference between the nominal amount of the share capital issued by the Company and the aggregate of the nominal amount of the issued share capital of a subsidiary, which was acquired by the Company pursuant to the then group reorganisation.

(b) The statutory reserve of the Company and its subsidiaries (the "Group") represents the reserve required by relevant laws of the People's Republic of China ("PRC") applicable to the Company's PRC subsidiaries.

(c) Other reserve represents the transfers between the relevant reserves attributable to the shareholders of the Company and the non-controlling interests of subsidiaries upon the partial disposal of interests in subsidiaries as detailed in note (d).

(d) On 2 August 2018, Asia Belt and Road Expressway Company Limited (the "Investor"), a company independent of the Group, the Company and Road King Expressway International Holdings Limited ("RKE"), a wholly-owned subsidiary of the Company, entered into subscription agreement pursuant to which RKE has agreed to allot and issue, and the Investor has agreed to subscribe for 166,666,667 shares of RKE at the subscription price of US Dollars equivalent of HK$2,000,000,000. Upon completion of the share subscription on 4 October 2018, the Investor held 25% equity interest in RKE, which was considered as a non-wholly owned subsidiary of the Company.

Consolidated Statement of Cash Flows

For the year ended 31 December 2021

	2021 HK$'000	2020 HK$'000
Operating activities		
Profit before taxation	**4,274,226**	4,733,502
Adjustments for:		
Depreciation of property, plant and equipment	**21,539**	22,102
Depreciation of right-of-use assets	**28,189**	35,951
Impairment loss on other receivables	**–**	12,943
Impairment loss on loan receivables	**136,256**	104,027
Impairment loss on long-term prepayments	**–**	36,913
Fair value losses on transfer of completed properties held for sale to investment properties	**437**	7,093
Change in fair value of investment properties	**42,766**	185,275
Change in fair value of financial asset at FVTPL – relating to investment in a listed entity	**41,468**	49,216
Change in fair value of financial liabilities at FVTPL		
– relating to the foreign currency forward contracts	**130,316**	229,585
– relating to contingent consideration	**110,371**	–
Net exchange gains	**(538,534)**	(979,067)
Net gains on termination of hedging instruments	**(5,443)**	–
Interest income	**(307,695)**	(244,588)
Finance costs	**1,073,317**	1,172,693
Share of results of associates	**(131,715)**	(70,040)
Share of results of joint ventures	**(1,093,035)**	(466,586)
Net (gains) losses on disposals/written off of property, plant and equipment	**(587)**	94,363
Operating cash flows before movements in working capital	**3,781,876**	4,923,382
Decrease in debtors, deposits and prepayments	**205,946**	2,101,604
Increase in completed properties held for sale	**(2,920,961)**	(1,930,849)
Decrease in properties under development for sale	**13,580,285**	10,823,519
(Decrease) increase in creditors and accrued charges	**(618,807)**	297,806
Increase (decrease) in contract liabilities	**293,568**	(4,602,893)
Payment for land leases	**(5,544,523)**	(10,306,478)
Cash generated from operations	**8,777,384**	1,306,091
Income tax paid	**(2,366,742)**	(2,308,857)
Net cash from (used in) operating activities	**6,410,642**	(1,002,766)

For the year ended 31 December 2021

	NOTE	2021 HK$'000	2020 HK$'000
Investing activities			
Cash distributions/dividends received from joint ventures		**1,004,689**	536,683
Additions to investment properties		**(385)**	(869)
Interest received		**321,297**	137,739
Purchases of property, plant and equipment		**(32,266)**	(14,315)
Proceeds on disposal of property, plant and equipment		**2,100**	3,269
Net cash (outflows) inflows from acquisition of subsidiaries	44	**(12,828)**	59,112
Additions to loan receivables		**(775,199)**	(664,624)
Repayment of loan receivables		**125,368**	165,478
Addition of investment in an unlisted entity		**(602,198)**	–
Cash payment for foreign currency forward contracts		**(185,330)**	–
Advances to non-controlling interests of subsidiaries		**(1,016,462)**	(1,656,475)
Repayment from non-controlling interests of subsidiaries		**324,699**	–
Advances to joint ventures		**(5,089,963)**	(6,821,159)
Repayment from joint ventures		**4,887,007**	5,766,508
Decrease in pledged bank deposits		**1,404**	606,961
Decrease (increase) in restricted bank balances		**705,752**	(660,603)
Acquisition of interest in joint ventures		**(517,736)**	–
Capital contributions to joint ventures		**(4,666,814)**	(1,983,128)
Reduction in capital of a joint venture		**296,342**	–
Settlement of consideration payables		**(7,516)**	(781,589)
Net cash used in investing activities		**(5,238,039)**	(5,307,012)
Financing activities			
New borrowings raised		**19,870,326**	18,514,506
Repayment of borrowings		**(20,040,660)**	(11,316,062)
Repayment of other financial liabilities		**(448,522)**	–
Repayment of lease liabilities including related interests		**(32,066)**	(36,266)
Expenses paid for perpetual capital securities		**–**	(8,304)
Capital contributions from non-controlling interests of subsidiaries		**842,689**	1,348,604
Advances from non-controlling interests of subsidiaries		**1,719,825**	601,757
Repayment to non-controlling interests of subsidiaries		**(1,151,894)**	(2,189,966)
Advances from joint ventures and associates		**2,454,435**	2,004,289
Repayment to joint ventures and associates		**(2,092,923)**	(676,204)
Dividends paid for non-controlling interests of subsidiaries		**(157,349)**	(83,995)
Distributions paid for perpetual capital securities		**(525,916)**	(528,953)
Dividends paid		**(524,536)**	(809,283)
Interest paid		**(2,335,452)**	(2,246,302)
Cash received from participation rights designated as at FVTPL		**111,793**	–
Cash received on termination of hedging instruments		**5,367**	–
Net cash (used in) from financing activities		**(2,304,883)**	4,573,821
Net decrease in cash and cash equivalents		**(1,132,280)**	(1,735,957)
Cash and cash equivalents at beginning of the year		**12,183,058**	13,238,530
Effect of foreign exchange rate changes		**381,638**	680,485
Cash and cash equivalents at end of the year		**11,432,416**	12,183,058
Add: designated bank balances	27	**1,167,159**	1,872,911
Total bank balances and cash		**12,599,575**	14,055,969

1. GENERAL

The Company is an exempted company incorporated in Bermuda and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and principal place of business of the Company is Suite 501, 5/F, Tower 6, The Gateway, 9 Canton Road, Tsimshatsui, Kowloon, Hong Kong.

The Company acts as an investment holding company. The principal activities of the Group are the operation of property development and investment, investment and asset management businesses in Mainland China and Hong Kong; and the development, operation and management of toll roads through the infrastructure joint ventures in the PRC and Indonesia. The principal activity of the major subsidiaries, associates and joint ventures are detailed in notes 51, 18 and 19 respectively.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is different from the Company's functional currency of Renminbi ("RMB"). The directors of the Company (the "Directors") adopted HK$ as presentation currency. For the convenience of the financial statements users, the consolidated financial statements are presented in HK$, as the Company's shares are listed on the Stock Exchange.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

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

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2021 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	Covid-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39 HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

In addition, the Group applied the agenda decision of the IFRS Interpretations Committee (the "Committee") of the International Accounting Standards Board issued in June 2021 which clarified the costs an entity should include as "estimated costs necessary to make the sale" when determining the net realisable value of inventories.

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.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(CONTINUED)*

2.1 Amendments to HKFRSs that are mandatorily effective for the current year *(Continued)*

(a) Impacts on application of Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 "Interest Rate Benchmark Reform – Phase 2"

The Group has applied the amendments for the first time in the current year. The amendments relate to changes in the basis for determining the contractual cash flows of financial assets, financial liabilities and lease liabilities as a result of interest rate benchmark reform, specific hedge accounting requirements and the related disclosure requirements applying HKFRS 7 "Financial Instruments: Disclosures".

As at 1 January 2021, the Group has several financial liabilities and derivative financial instruments, the interests of which are indexed to benchmark rates that will or may be subject to interest rate benchmark reform. The following table shows the total amounts of these outstanding contracts. The amounts of financial liabilities are shown at their carrying amounts and derivatives are shown at their notional amounts.

	HKD Hong Kong Interbank Offered Rate ("HIBOR") HK$'000	USD London Interbank Offered Rate ("LIBOR") HK$'000
Financial liabilities		
Bank and other borrowings	**3,571,418**	**1,635,196**
Derivatives		
Interest rate swaps	**–**	**2,325,000**

The amendments have had no impact on the consolidated financial statements as none of the relevant contracts has been transitioned to the relevant replacement rates during the year ended 31 December 2021. The Group will apply the practical expedient in relation to the changes in contractual cash flows resulting from the interest rate benchmark reform for bank loans measured at amortised cost. Additional disclosures as required by HKFRS 7 are set out in note 42.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(CONTINUED)*

2.1 Amendments to HKFRSs that are mandatorily effective for the current year *(Continued)*

(b) Impacts on application of the agenda decision of the Committee – Cost necessary to sell inventories (HKAS 2 "Inventories")

In June 2021, the Committee, through its agenda decision, clarified the costs an entity should include as "estimated costs necessary to make the sale" when determining the net realisable value of inventories. In particular, whether such costs should be limited to those that are incremental to the sale. The Committee concluded that the estimated costs necessary to make the sale should not be limited to those that are incremental but should also include costs that an entity must incur to sell its inventories including those that are not incremental to a particular sale.

The Group's accounting policy prior to the Committee's agenda decision was to determine the net realisable value of inventories taking into consideration incremental costs only. Upon application of the Committee's agenda decision, the Group changed its accounting policy to determine the net realisable value of inventories taking into consideration both incremental costs and other cost necessary to sell inventories. The new accounting policy has been applied retrospectively.

The application of the Committee's agenda decision has had no material impact on the Group's financial positions and performance.

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

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

HKFRS 17	Insurance Contracts and the related Amendments[3]
Amendments to HKFRS 3	Reference to the Conceptual Framework[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021[1]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[3]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[3]
Amendments to HKAS 8	Definition of Accounting Estimates[3]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[3]
Amendment to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use[2]
Amendments to HKFRS 37	Onerous Contracts – Cost of Fulfilling a Contract[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 – 2020[2]

[1] Effective for annual periods beginning on or after 1 April 2021.
[2] Effective for annual periods beginning on or after 1 January 2022.
[3] Effective for annual periods beginning on or after 1 January 2023.
[4] Effective for annual periods beginning on or after a date to be determined.

Except for the new and amendments to HKFRSs mentioned below, the Directors anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(CONTINUED)*

2.2 New and amendments to HKFRSs in issue but not yet effective *(Continued)*

(a) Amendments to HKFRS 3 "Reference to the Conceptual Framework"

The amendments:

- update a reference in HKFRS 3 "Business Combinations" so that it refers to the "Conceptual Framework for Financial Reporting 2018" issued in June 2018 (the "Conceptual Framework") instead of "Framework for the Preparation and Presentation of Financial Statements" (replaced by the "Conceptual Framework for Financial Reporting 2010" issued in October 2010);

- add a requirement that, for transactions and other events within the scope of HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets" or HK(IFRIC) – Int 21 "Levies", an acquirer applies HKAS 37 or HK(IFRIC) – Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination; and

- add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The Group will apply the amendments prospectively to business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on 1 January 2022. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

(b) Amendments to HKFRS 10 and HKAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"

The Amendments to HKFRS 10 "Consolidated Financial Statements" and HKAS 28 "Investments in Associates and Joint Ventures" deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parents profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parents profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(CONTINUED)*

2.2 New and amendments to HKFRSs in issue but not yet effective *(Continued)*

(c) Amendments to HKAS 1 "Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)"

The 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:

- 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:

  (i) the classification should not be affected by management intentions or expectations to settle the liability within 12 months; and

  (ii) if the right is conditional on the compliance with covenants, the right exists if the conditions are met at the end of the reporting period, even if the lender does not test compliance until a later date; and

- 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".

In addition, Hong Kong Interpretation 5 was revised as a consequence of the Amendments to HKAS 1 to align the corresponding wordings with no change in conclusion.

As at 31 December 2021, the Group's right to defer settlement for bank and other borrowings is subject to compliance with certain financial and/or non-financial covenants within 12 months from the reporting date. As disclosed in note 30, these bank and other borrowings were classified as non-current at 31 December 2021. Pending clarification on the application of relevant requirements of the amendments, the Group will further assess the potential impacts of the amendments. The impacts on application, if any, will be disclosed in the Group's future consolidated financial statements.

Except for as disclosed above, the application of the amendments will not result in reclassification of the Group's other liabilities as at 31 December 2021.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(CONTINUED)*

2.2 New and amendments to HKFRSs in issue but not yet effective *(Continued)*

(d) Amendments to HKAS 1 and HKFRS Practice Statement 2 "Disclosure of Accounting Policies"

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

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

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

The application of the amendments is not expected to have significant impact on the financial position or performance of the Group but may affect the disclosures of the Group's significant accounting policies. The impacts of application, if any, will be disclosed in the Group's future consolidated financial statements.

(e) Amendments to HKAS 8 "Definition of Accounting Estimates"

The amendments define accounting estimates as "monetary amounts in financial statements that are subject to measurement uncertainty". An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty – that is, the accounting policy may require such items to be measured at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. Developing accounting estimates involves the use of judgments or assumptions based on the latest available, reliable information.

In addition, the concept of changes in accounting estimates in HKAS 8 is retained with additional clarifications.

The application of the amendments is not expected to have significant impact on the Group's consolidated financial statements.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(CONTINUED)*

2.2 New and amendments to HKFRSs in issue but not yet effective *(Continued)*

(f) Amendments to HKAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

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

As disclosed in note 3.2 to the consolidated financial statements, for leasing transactions in which the tax deductions are attributable to the lease liabilities (please see Note below), the Group applies HKAS 12 requirements to the relevant assets and liabilities separately. Temporary differences on initial recognition of the relevant assets and liabilities are not recognised due to application of the initial recognition exemption.

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

The amendments are effective for the Group's annual reporting periods beginning on 1 January 2023, with early application permitted. As at 31 December 2021, the carrying amounts of right-of-use assets and lease liabilities which are subject to the amendments amounted to HK$82,685,000 and HK$92,080,000 respectively. The Group is still in the process of assessing the full impact of the application of the amendments.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") and by 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 at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 "Share-based Payment", leasing transactions that are accounted for in accordance with HKFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 "Inventories" or value in use in HKAS 36 "Impairment of Assets".

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial instruments and investment properties which are transacted at fair value and a valuation technique that unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that the results of the valuation technique equals the transaction price.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.2 Significant accounting policies

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to owners of Company, to owners of the perpetual capital securities and to non-controlling interests of subsidiaries. Total comprehensive income and expense of subsidiaries attributed to owners of the Company, to owners of the perpetual capital securities and to non-controlling interests even if this results in non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries, including perpetual capital securities are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation, adjusted for consolidation adjustments or eliminations, if applicable.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.2 Significant accounting policies *(Continued)*

Changes in the Group's interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and, (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9 "Financial Instruments", or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business combinations or asset acquisitions

Optional concentration test

The Group can elect to apply an optional concentration test, on a transaction-by-transaction basis, that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed.

Asset acquisitions

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to the financial assets/financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

When the Group obtains control over a joint venture which does not constitute a business through acquisition of additional interest, the carrying amount of the joint venture is not remeasured. The costs of the underlying assets and the related liabilities are measured at the sum of the carrying amount of the relevant joint venture under equity method and the consideration of the additional interest.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.2 Significant accounting policies *(Continued)*

Business combinations or asset acquisitions *(Continued)*

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

Except for certain recognition exemptions, the identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the "Framework for the Preparation and Presentation of Financial Statements"(replaced by the "Conceptual Framework for Financial Reporting" issued in October 2010).

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 "Income Taxes" and HKAS 19 "Employee Benefits" respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 at the acquisition date (see the accounting policy below);

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" are measured in accordance with that standard; and

- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in HKFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.2 Significant accounting policies *(Continued)*

Business combinations or asset acquisitions *(Continued)*

Business combinations *(Continued)*

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period (see above), and additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.2 Significant accounting policies *(Continued)*

Revenue from contracts with customers *(Continued)*

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

Output method

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

As a practical expedient, if the Group has a right to consideration in an amount that corresponds directly with the value of the Group's performance completed to date, the Group recognises revenue in the amount to which the Group has the right to invoice.

Existence of significant financing component

In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component. A significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed to by the parties to the contract.

For contracts where the period between payment and transfer of the associated goods or services is less than one year, the Group applies the practical expedient of not adjusting the transaction price for any significant financing component.

For advance payments received from customers before the transfer of the associated goods or services in which the Group adjusts for the promised amount of consideration for a significant financing component, the Group applies a discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. The relevant interest expenses during the period between the advance payments were received and the transfer of the associated goods and services are accounted for on the same basis as other borrowing costs.

Incremental costs of obtaining a contract

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained.

The Group recognises such costs (sales commissions) as an asset if it expects to recover these costs. The asset so recognised is subsequently amortised to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate.

The Group applies the practical expedient of expensing all incremental costs to obtain a contract if these costs would otherwise have been fully amortised to profit or loss within one year.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.2 Significant accounting policies *(Continued)*

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition.

To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statement of financial position except for those that are classified and accounted for as investment properties under the fair value model and inventory of properties. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties also include leased properties which are being recognised as right-of-use assets.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at fair value, adjusted to exclude any prepaid or accrued operating lease income. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. A leased property which is recognised as a right-of-use asset is derecognised if the Group as intermediate lessor classifies the sublease as a finance lease. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.2 Significant accounting policies *(Continued)*

Interests in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Group's infrastructure joint ventures are Sino-foreign co-operative joint ventures registered in the PRC in respect of which the partners' cash/profit sharing ratios until the expiration of the joint venture periods are predetermined in accordance with the joint venture agreements and may not be in proportion to their capital contribution ratios.

The results and assets and liabilities of associates and joint ventures are incorporated in the consolidated financial statements using the equity method of accounting. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, investments in associates and joint ventures are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associates and joint ventures based on the predetermined profit sharing ratio. Changes in net assets of the associate/joint venture other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group.

When the Group's share of losses of an associate or a joint venture equals or exceeds its interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.2 Significant accounting policies *(Continued)*

Interests in associates and joint ventures *(Continued)*

When the consideration transferred by the Group in an acquisition of joint venture includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in an acquisition of joint venture.

The contingent consideration is remeasured to fair value at subsequent reporting dates, with the corresponding gain or loss being recognised in profit or loss.

The Group assesses whether there is an objective evidence that the interest in an associate or a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the joint venture that are not related to the Group.

Toll road operation rights of joint ventures

When applying the equity method of accounting, the concession intangible assets, which are the toll road operation rights of the Group's infrastructure joint ventures, are amortised to write off their cost over their expected useful lives or the remaining concession period, whichever is shorter, commencing from the date of commencement of operation of the underlying toll roads using an amortisation method which reflects the pattern in which the intangible asset's future economic benefits are expected to be consumed. The expected useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.2 Significant accounting policies *(Continued)*

Impairment on property, plant and equipment and right-of-use assets

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and long-term prepayments to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount of property, plant and equipment, right-of-use assets and long-term prepayments are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.2 Significant accounting policies *(Continued)*

Inventory of properties

Properties under development which are intended to be sold upon completion of development and properties held for sale are classified as current assets. Except for the leasehold land element which is measured at cost model in accordance with the accounting policies of right-of-use assets, properties under development/properties held for sale are carried at the lower of cost and net realisable value. Cost is determined on a specific identification basis including allocation of the related development expenditure incurred and where appropriate, borrowing costs capitalised. Net realisable value represents the estimated selling price for the properties less estimated cost to completion and costs necessary to make the sales. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Properties under development are transferred to properties held for sale upon completion.

The Group transfers a property from inventory of properties to investment properties when there is a change in use to hold the property to earn rentals or/and for capital appreciation rather than for sale in the ordinary course of business, which is evidenced by the inception of an operating lease to another party. Any difference between the fair value of the property at the date of transfer and its previous carrying amount is recognised in profit or loss.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.2 Significant accounting policies *(Continued)*

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in its functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise except for exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's entities and its joint ventures are translated into the presentation currency of the Group (i.e. HK$) at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of foreign currency translation reserve (attributed to non-controlling interests of subsidiaries as appropriate).

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Exchange differences relating to the retranslation of the Group's net assets in RMB to the Group's presentation currency (i.e. HK$) are recognised directly in other comprehensive income and accumulated in foreign currency translation reserve. Such exchange differences accumulated in the foreign currency translation reserve are not reclassified to profit or loss subsequently.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.2 Significant accounting policies *(Continued)*

Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application of HKFRS 16 or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed. As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the consolidated financial statements would not differ materially from individual leases within the portfolio.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components, including contract for acquisition of ownership interests of a property which includes both leasehold land and non-lease building components, unless such allocation cannot be made reliably.

Non-lease components are separated from lease component on the basis of their relative stand-alone prices.

Short-term leases

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use assets includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Except for those that are classified as investment properties and measured under fair value model, right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.2 Significant accounting policies *(Continued)*

Leases *(Continued)*
The Group as a lessee *(Continued)*
Right-of-use assets (Continued)
The Group presents right-of-use assets that do not meet the definition of investment property or inventory as a separate line item on the consolidated statement of financial position. Right-of-use assets that meet the definition of investment property or inventory are presented within "investment properties" and "inventory of properties", respectively.

Refundable rental deposits
Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities
At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever the lease term has changed.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Lease modifications
The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.2 Significant accounting policies *(Continued)*

Leases *(Continued)*
The Group as a lessee *(Continued)*
Lease modifications (Continued)
For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability, less any lease incentives receivable, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group as a lessor
Classification and measurement of leases
Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term except for investment properties measured under fair value model.

Rental income which are derived from the Group's ordinary course of business are presented as revenue.

Allocation of consideration to components of a contract
When a contract includes both leases and non-lease components, the Group applies HKFRS 15 "Revenue from Contracts with Customers" to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

Refundable rental deposits
Refundable rental deposits received are accounted for under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

Retirement benefit costs
Payments to the state-managed retirement benefit scheme operated by the government and the Mandatory Provident Fund Scheme are charged as an expense when employees have rendered service entitling them to the contributions.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.2 Significant accounting policies *(Continued)*

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from the profit before taxation because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

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

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and interests in joint ventures and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.2 Significant accounting policies *(Continued)*

Taxation *(Continued)*

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale, except for freehold land, which is always presumed to be recovered entirely through sale.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 "Income Taxes" requirements to right-of-use assets and lease liabilities separately. Temporary differences on initial recognition of the relevant right-of-use assets and lease liabilities are not recognised due to application of the initial recognition exemption. Temporary differences arising from subsequent revision to the carrying amounts of right-of-use assets and lease liabilities, resulting from remeasurement of lease liabilities and lease modifications, that are not subject to initial recognition exemption are recognised on the date of remeasurement or modification.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.2 Significant accounting policies *(Continued)*

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade debtors arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income which are derived from the Group's ordinary course of business are presented as revenue.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.2 Significant accounting policies *(Continued)*

Financial instruments *(Continued)*
Financial assets *(Continued)*
Classification and subsequent measurement of financial assets (Continued)
A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortised cost and interest income
Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Financial assets at FVTPL
Financial assets that do not meet the criteria for being measured at amortised cost are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the “other gains and losses” line item.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.2 Significant accounting policies *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets and financial guarantee contracts subject to impairment assessment under HKFRS 9

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade and other debtors, loan receivables, amounts due from joint ventures and associates, amounts due from non-controlling interests of subsidiaries, pledged bank deposits and bank balances) and financial guarantee contracts which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12 month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade debtors.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.2 Significant accounting policies *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets and financial guarantee contracts subject to impairment assessment under HKFRS 9 (Continued)

(i) Significant increase in credit risk *(Continued)*

- an actual or expected significant deterioration in the operating results of the debtor;

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.2 Significant accounting policies *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets and financial guarantee contracts subject to impairment assessment under HKFRS 9 (Continued)

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;

(e) the disappearance of an active market for that financial asset because of financial difficulties;

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.2 Significant accounting policies *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets and financial guarantee contracts subject to impairment assessment under HKFRS 9 (Continued)

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. For a lease receivable, the cash flows used for determining the ECL is consistent with the cash flows used in measuring the lease receivable in accordance with HKFRS 16.

For a financial guarantee contract, the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, the ECL is the present value of the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

For ECL on financial guarantee contracts for which the effective interest rate cannot be determined, the Group will apply a discount rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows but only if, and to the extent that, the risks are taken into account by adjusting the discount rate instead of adjusting the cash shortfalls being discounted.

Lifetime ECL for certain trade debtors and loan receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward-looking macroeconomic information.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.2 Significant accounting policies *(Continued)*

Financial instruments *(Continued)*
Financial assets *(Continued)*
Impairment of financial assets and financial guarantee contracts subject to impairment assessment under HKFRS 9 (Continued)

(v) Measurement and recognition of ECL *(Continued)*
For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

For financial guarantee contracts, the loss allowances are recognised at the higher of the amount of the loss allowance determined in accordance with HKFRS 9, and the amount initially recognised less, where appropriate, cumulative amount of income recognised over the guarantee period.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade and other debtors, loan receivables and financial guarantee contracts, where the corresponding adjustment is recognised through a loss allowance account.

Derecognition of financial assets
The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.2 Significant accounting policies *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

A contract that contains an obligation for an entity to purchase its own equity instruments for cash or another financial asset gives rise to a financial liability for the present value of the redemption amount.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Perpetual instruments, which include no contractual obligation for the Group to deliver cash or other financial assets or the Group has the sole discretion to defer payment of distribution and redemption of principal amount indefinitely are classified as equity instruments.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration arising from acquisition of a joint venture, (ii) held for trading or (iii) it is designated as at FVTPL.

A financial liability is held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.2 Significant accounting policies *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity *(Continued)*

Financial liabilities at FVTPL (Continued)

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKFRS 9 permits the entire combined contract to be designated as at FVTPL.

For financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss.

Financial liabilities at amortised cost

Financial liabilities including creditors and accrued charges, bank and other borrowings, amounts due to joint ventures and associates, amounts due to non-controlling interests of subsidiaries and other financial liabilities are subsequently measured at amortised cost, using the effective interest method.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument. Financial guarantee contract liabilities are measured initially at their fair values. It is subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with HKFRS 9; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised over the guarantee period.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.2 Significant accounting policies *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity *(Continued)*

Changes in the basis for determining the contractual cash flows as a result of interest rate benchmark reform

For changes in the basis for determining the contractual cash flows of a financial asset or financial liability to which the amortised cost measurement applies as a result of interest rate benchmark reform, the Group applies the practical expedient to account for these changes by updating the effective interest rate, such change in effective interest rate normally has no significant effect on the carrying amount of the relevant financial asset or financial liability.

A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if and only if, both these conditions are met:

- the change is necessary as a direct consequence of interest rate benchmark reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis (ie the basis immediately preceding the change).

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Offsetting a financial asset and a financial liability

A financial asset and a financial liability are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Hedge accounting

The Group designates certain derivatives as hedging instruments for cash flow hedges.

At the inception of the hedging relationship the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

For the purpose of determining whether a forecast transaction (or a component thereof) is highly probable, the Group assumes that the interest rate benchmark on which the hedged cash flows (contractually or non-contractually specified) are based is not altered as a result of interest rate benchmark reform.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.2 Significant accounting policies *(Continued)*

Financial instruments *(Continued)*

Hedge accounting *(Continued)*

Assessment of hedging relationship and effectiveness

For hedge effectiveness assessment, the Group considers whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

Cash flow hedges

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion, if any, is recognised immediately in profit or loss.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. Furthermore, if the Group expects that some or all of the loss accumulated in the cash flow hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

Discontinuation of hedge accounting

The Group discontinues hedge accounting prospectively only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. Discontinuing hedge accounting can either affect a hedging relationship in its entirety or only a part of it (in which case hedge accounting continues for the remainder of the hedging relationship).

For cash flow hedge, any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transactions is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.2 Significant accounting policies *(Continued)*

Financial instruments *(Continued)*

Others

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend income from investments is recognised when the Group's right to receive payment has been established.

Employee benefits

Retirement benefit costs

Payments to the state-managed retirement benefit scheme operated by the government and the Mandatory Provident Fund Scheme are charged as an expense when employees have rendered service entitling them to the contributions.

Short-term and other long-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities' carrying amounts resulting from service cost, interest and remeasurements are recognised in profit or loss except to the extent that another HKFRS requires or permits their inclusion in the cost of an asset.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the Directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Amortisation of toll road operation rights

Amortisation of toll road operation rights of the Group's infrastructure joint ventures is calculated based on the traffic volume for a particular year to the projected total traffic volume throughout the operating years of the respective toll roads. Estimation of total traffic volume over the remaining concession period is reviewed at the end of each reporting period taking into consideration of the actual traffic volume in the recent periods, the current and future development of the transportation network and government policies related to the toll road operations, as well as forecasted economic growth in the region. The effects of changes in estimates are accounted for prospectively and reflected in the Group's share of results of infrastructure joint ventures should there be a material difference between the projected total traffic volume and the actual traffic volume. As at 31 December 2021, the carrying amount of interests in infrastructure joint ventures is HK$5,220,704,000 (2020: HK$4,412,430,000).

Net realisable values of inventory of properties

The assessment of the net realisable values of the properties under development for sale involves, inter-alia, considerable analysis of current market price of properties of a comparable standard and location, and construction costs to be incurred to complete the development based on existing asset structure and construction material price lists and the estimated costs necessary to make the sale. If the actual net realisable values of the underlying properties under development for sale are less than expected as a result of change in market condition and/or significant variation in the budgeted development cost, material provision for impairment losses may result. As at 31 December 2021, the carrying amount of properties under development for sale is HK$31,042,233,000 (2020: HK$37,356,425,000).

In addition, management exercises its judgment in making allowance for inventory of completed properties held for sale with reference to the existing market environment, the sales performance in previous years and estimated net realisable value of the properties, i.e. the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale. A specific allowance for completed properties held for sale is made if the estimated net realisable value of the properties is lower than its carrying amount. If the actual net realisable values of the completed properties held for sale are less than expected as a result of change in market condition, material provision for impairment losses may result. As at 31 December 2021, the carrying amount of the completed properties held for sale is HK$13,625,438,000 (2020: HK$10,508,549,000).

4. KEY SOURCES OF ESTIMATION UNCERTAINTY *(CONTINUED)*

Provision of ECL for loan receivables

Loan receivables are assessed for ECL individually. The provision rates are based on internal credit ratings with reference to the historical default rates taking into consideration reasonable, the fair value of the collateral pledged by the borrowers to the loan receivables, and supportable forward-looking information that is available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed, changes in the forward-looking information and changes in the fair value of the collateral held are considered.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's loan receivables are disclosed in note 42.

Fair value measurements and valuation processes

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. The Directors are responsible for determining the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The Directors work closely with the independent qualified professional valuers to establish the appropriate valuation techniques and inputs to the model. The Directors regularly assess the impact and the cause of fluctuations in the fair value of the assets and liabilities.

The Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of certain types of financial instruments and investment properties. Notes 42(c) and 17 provide detailed information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of various assets and liabilities.

5. REVENUE

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

Segment	2021 Property development and investment HK$'000	2021 Investment and asset management HK$'000	2021 Total HK$'000	2020 Property development and investment HK$'000	2020 Investment and asset management HK$'000	2020 Total HK$'000
Types of goods or services						
Property sales	23,687,815	66,880	23,754,695	23,147,870	131,278	23,279,148
Property management and service income	733,604	10,210	743,814	765,475	10,919	776,394
Total	24,421,419	77,090	24,498,509	23,913,345	142,197	24,055,542
Geographical market						
Mainland China	22,277,549	77,090	22,354,639	22,038,085	142,197	22,180,282
Hong Kong	2,143,870	–	2,143,870	1,875,260	–	1,875,260
Total	24,421,419	77,090	24,498,509	23,913,345	142,197	24,055,542
Timing of revenue recognition						
Goods recognised at a point in time	23,687,815	66,880	23,754,695	23,147,870	131,278	23,279,148
Services recognised over time	733,604	10,210	743,814	765,475	10,919	776,394
Total	24,421,419	77,090	24,498,509	23,913,345	142,197	24,055,542

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

Segment	2021 Property development and investment HK$'000	2021 Investment and asset management HK$'000	2021 Total HK$'000	2020 Property development and investment HK$'000	2020 Investment and asset management HK$'000	2020 Total HK$'000
Revenue from contracts with customers	24,421,419	77,090	24,498,509	23,913,345	142,197	24,055,542
Fund investment income (note)	–	27,043	27,043	–	46,641	46,641
Gross rental and other income from commercial properties	147,875	4,522	152,397	93,251	669	93,920
Other revenue	147,875	31,565	179,440	93,251	47,310	140,561
Total revenue of the Group (note 6)	24,569,294	108,655	24,677,949	24,006,596	189,507	24,196,103

Note: It mainly represents interest revenue on loan receivables calculated by using effective interest method.

5. REVENUE *(CONTINUED)*

(b) Total revenue of the Group

	2021 HK$'000	2020 HK$'000
Property sales and service income	**24,498,509**	24,055,542
Fund investment income	**27,043**	46,641
Gross rental and other income from commercial properties (note)	**152,397**	93,920
Total revenue of the Group	**24,677,949**	24,196,103
Group's share of revenue of property joint ventures and associates	**12,230,990**	6,284,503
Group's share of toll revenue of infrastructure joint ventures	**1,922,471**	1,302,544
Revenue of the Group and Group's share of revenue of joint ventures and associates	**38,831,410**	31,783,150

Note: The rental related outgoings were insignificant to the Group.

(c) Performance obligations for contracts with customers

Property sales

For contracts entered into with customers on sale of properties, the relevant properties specified in the contracts are based on customer's specifications with no alternative use. Taking into consideration of the relevant contract terms and the legal environment in Mainland China and Hong Kong, the Group concluded that the Group does not have an enforceable right to payment prior to transfer of the relevant properties to customers. Revenue from sales of residential properties is therefore recognised at a point in time when the completed property is transferred to customers, being at the point that the customer obtains the control of the completed property and the Group has present right to payment and collection of the consideration is probable.

The Group receives 30% to 100% of the contract value as deposits from customers when they sign the sale and purchase agreement while construction work of property is still ongoing. Certain customers who use mortgage loans provided by the banks and the remaining total contract value will be paid to the Group from the banks once the customers meet the requirements of the banks. Such advance payment schemes result in contract liabilities being recognised throughout the property construction period for the full amount of the contract price. The related financial guarantee contracts issued to banks in favour of customers in respect of the mortgage loans are not recognised separately as the fair value of the guarantees is immaterial.

5. REVENUE *(CONTINUED)*

(c) Performance obligations for contracts with customers *(Continued)*

Property sales *(Continued)*

The Group considers the advance payment schemes contain significant financing component and accordingly the amount of consideration is adjusted for the effects of the time value of money taking into consideration the credit characteristics of the Group. As this accrual increases the amount of the contract liability during the period of construction, it increases the amount of revenue recognised when control of the completed property is transferred to the customer. The Group has applied the practical expedient in HKFRS 15 and has not considered the financing component of contracts which are expected to be completed within one year from the date of payment made by customers.

The Group applies the practical expedient of expensing all incremental costs to obtain a contract if these costs would otherwise have been fully amortised to profit or loss within one year.

Property management and service income

It mainly consists of property management services where the Group acts as principal and is primary responsible for providing the property management services to the property owners. The Group bills a fixed rate for services provided on a monthly/regular basis and recognises as revenue in the amount to which the Group has a right to invoice and that corresponds directly with the value of performance completed. As the property owners simultaneously receives and consumes the benefit provided by the Group's performance as the Group performs, the Group recognises the fee received or receivable from property owners as its revenue over time and all related property management costs as its cost of services.

(d) Transaction price allocated to the remaining performance obligation for contracts with customers

Certain property sales contracts have an original expected duration of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

For property sales contracts with an original duration of over one year, the transaction price allocated to the remaining performance obligations from property sales (unsatisfied or partially unsatisfied) as at 31 December 2021 amounting to HK$5 billion (2020: HK$4.3 billion), including the amount received in advance in contract liabilities. Management expects that the amounts will be recognised beyond one year upon these property sales contracts were signed. The amounts disclosed above does not include unsatisfied performance obligation that were related to the Group's contracts with customers with an original duration of one year or less.

All property management and service income are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

5. REVENUE *(CONTINUED)*

(e) Leases

	2021 HK$'000	2020 HK$'000
Fixed lease payments	**138,800**	81,475
Variable lease payments that do not depend on an index or a rate	**13,597**	12,445
Total for the year	**152,397**	93,920

6. SEGMENT INFORMATION

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

Property development and investment	–	development of properties for sale and for rental income and/or potential capital appreciation
Toll road	–	development, operation and management of toll roads
Investment and asset management	–	property development and investment, integrated with property fund, cultural, tourist and commercial businesses

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

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

	2021				2020			
	Property development and investment HK$'000	Toll road HK$'000	Investment and asset management HK$'000	Total HK$'000	Property development and investment HK$'000	Toll road HK$'000	Investment and asset management HK$'000	Total HK$'000
Segment revenue	**24,569,294**	**–**	**108,655**	**24,677,949**	24,006,596	–	189,507	24,196,103
Segment profit (loss)	**2,279,396**	**579,376**	**(805,706)**	**2,053,066**	3,659,730	170,075	(974,741)	2,855,064
Segment assets (including interests in joint ventures and associates)	**90,026,698**	**6,547,594**	**10,613,053**	**107,187,345**	85,810,067	6,035,653	9,515,000	101,360,720
Segment liabilities	**(69,071,043)**	**(453,764)**	**(1,599,012)**	**(71,123,819)**	(65,638,092)	(318,436)	(1,999,178)	(67,955,706)

6. SEGMENT INFORMATION *(CONTINUED)*

(a) Measurement

The accounting policies of the operating and reportable segments are the same as the Group's accounting policies described in note 3.

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

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

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

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

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

6. SEGMENT INFORMATION *(CONTINUED)*

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

	2021 HK$'000	2020 HK$'000
Total segment profit	**2,053,066**	2,855,064
Unallocated items:		
Interest income	**1,658**	10,544
Corporate income	**21,418**	75,591
Corporate expenses	**(15,593)**	(26,502)
Finance costs	**(76,060)**	(131,101)
Consolidated profit for the year	**1,984,489**	2,783,596
Total segment assets	**107,187,345**	101,360,720
Unallocated assets:		
Property, plant and equipment	**–**	4
Right-of-use assets	**21,507**	27,118
Deposits and prepayments	**57,138**	24,975
Bank balances and cash	**969,741**	1,868,070
Consolidated total assets	**108,235,731**	103,280,887
Total segment liabilities	**(71,123,819)**	(67,955,706)
Unallocated liabilities:		
Accrued charges	**(11,023)**	(5,628)
Bank and other borrowings	**(1,277,521)**	(2,239,948)
Financial liabilities at FVTPL	**(2,043)**	(9,467)
Lease liabilities	**(22,945)**	(28,284)
Consolidated total liabilities	**(72,437,351)**	(70,239,033)

6. SEGMENT INFORMATION *(CONTINUED)*

(c) Other segment information

	2021					2020				
	Property development and investment HK$'000	Toll road HK$'000	Investment and asset management HK$'000	Unallocated HK$'000	Consolidated total HK$'000	Property development and investment HK$'000	Toll road HK$'000	Investment and asset management HK$'000	Unallocated HK$'000	Consolidated total HK$'000
Amounts included in the measure of segment profit (loss):										
Interest income	281,635	24,402	–	1,658	307,695	192,262	21,870	19,912	10,544	244,588
Net gains (losses) on disposals/written off of property, plant and equipment	586	–	1	–	587	148	–	(94,511)	–	(94,363)
Impairment loss on other receivables	–	–	–	–	–	–	–	(12,943)	–	(12,943)
Impairment loss on loan receivables	–	–	(136,256)	–	(136,256)	–	–	(104,027)	–	(104,027)
Impairment loss on long-term prepayments	–	–	–	–	–	–	–	(36,913)	–	(36,913)
Fair value gains (losses) on transfer of completed properties held for sale to investment properties	858	–	(1,295)	–	(437)	(931)	–	(6,162)	–	(7,093)
Change in fair value of investment properties	43,543	–	(86,309)	–	(42,766)	(65,719)	–	(119,556)	–	(185,275)
Depreciation of property, plant and equipment	(18,884)	(798)	(1,854)	(3)	(21,539)	(16,061)	(642)	(5,393)	(6)	(22,102)
Depreciation of right-of-use assets	(15,380)	(5,876)	(580)	(6,353)	(28,189)	(18,131)	(5,677)	(5,157)	(6,986)	(35,951)
Finance costs	(375,211)	(496)	(621,550)	(76,060)	(1,073,317)	(658,219)	(781)	(382,592)	(131,101)	(1,172,693)
Income tax (expenses) credit	(2,276,706)	(30,206)	17,175	–	(2,289,737)	(1,954,196)	(18,052)	22,342	–	(1,949,906)
Share of results of associates	8,675	–	123,040	–	131,715	103,904	–	(33,864)	–	70,040
Share of results of joint ventures	322,291	776,388	(5,644)	–	1,093,035	287,329	273,951	(94,694)	–	466,586
Amounts included in the measure of segment assets:										
Right-of-use assets	55,620	5,411	147	21,507	82,685	66,836	10,917	714	27,118	105,585
Interests in associates	538,344	–	1,068,549	–	1,606,893	513,439	–	919,936	–	1,433,375
Interests in joint ventures	11,818,961	5,220,704	2,281,136	–	19,320,801	7,297,695	4,412,430	2,132,962	–	13,843,087
Financial assets at FVTPL	–	–	899,080	–	899,080	–	–	328,751	–	328,751
Additions to non-current assets during the year	4,650,698	657,003	48,459	–	5,356,160	1,849,819	112,165	36,350	–	1,998,334

(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.

6. SEGMENT INFORMATION *(CONTINUED)*

(e) Information about geographical areas

All of the Group's revenue is attributable to customers in Mainland China and Hong Kong and over 85% of the Group's total non-current assets (excluding deferred tax assets and financial instruments) are located in Mainland China and the remaining non-current assets are substantially located in Hong Kong and Indonesia.

(f) Information about major customers

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

7. OTHER GAINS AND LOSSES

	2021 **HK$'000**	2020 HK$'000
Net exchange gains	**538,534**	979,067
Change in fair value of financial liabilities at FVTPL – relating to the foreign currency forward contracts	**(130,316)**	(229,585)
	408,218	749,482
Change in fair value of financial asset at FVTPL – relating to the investment in a listed entity (note 26)	**(41,468)**	(49,216)
Change in fair value of financial liabilities at FVTPL – relating to contingent consideration	**(110,371)**	–
Net gains on termination of hedging instruments (note 32)	**5,443**	–
Net gains (losses) on disposals/written off of property, plant and equipment	**587**	(94,363)
Impairment loss on other receivables (note 42(b)(ii))	**–**	(12,943)
Impairment loss on loan receivables (note 42(b)(ii))	**(136,256)**	(104,027)
Impairment loss on long-term prepayments	**–**	(36,913)
Fair value losses on transfer of completed properties held for sale to investment properties (note 17)	**(437)**	(7,093)
Change in fair value of investment properties (note 17)	**(42,766)**	(185,275)
	82,950	259,652

8. SHARE OF RESULTS OF JOINT VENTURES

	2021 HK$'000	2020 HK$'000
Share of profits of infrastructure joint ventures before amortisation and taxation	**1,329,652**	648,793
Less share of: Amortisation of toll road operation rights	**(308,647)**	(287,055)
Income tax expenses	**(244,617)**	(87,787)
	776,388	273,951
Share of profits of other joint ventures	**316,647**	192,635
	1,093,035	466,586

9. FINANCE COSTS

	2021 HK$'000	2020 HK$'000
Interest on borrowings	**2,337,550**	2,304,136
Interest on lease liabilities	**5,469**	7,343
Other interest and finance costs	**184,491**	238,587
	2,527,510	2,550,066
Less: Capitalised in properties under development for sale	**(1,454,193)**	(1,377,373)
	1,073,317	1,172,693

Borrowing costs on general borrowings capitalised during the year are calculated by applying a capitalisation rate of 5.57% (2020: 6.17%) per annum to expenditure on qualifying assets.

10. PROFIT BEFORE TAXATION

	2021 HK$'000	2020 HK$'000
Profit before taxation has been arrived at after charging:		
Depreciation of property, plant and equipment	**21,906**	22,322
Depreciation of right-of-use assets (note 16)	**28,189**	35,951
	50,095	58,273
Less: Capitalised in properties under development for sale	**(367)**	(220)
	49,728	58,053
Expenses relating to short-term leases with lease terms ending within 12 months (note 16)	**8,942**	9,458
Salaries and other benefits	**1,126,930**	1,039,084
Provident fund scheme contributions, net of forfeited contributions of HK$430,000 (2020: HK$303,000)	**170,481**	94,532
Less: Capitalised in properties under development for sale	**(168,208)**	(153,771)
Total staff costs (excluding Directors' emoluments)	**1,129,203**	979,845
Audit fee	**5,310**	4,980
Cost of inventory of properties recognised as an expense	**18,485,588**	17,232,473
and after crediting:		
Bank interest income	**147,172**	119,200

11. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

Directors' emoluments

	Notes	Directors' fees HK$'000	Salaries and allowances HK$'000	Performance related bonus HK$'000	Retirement scheme contributions HK$'000	2021 Total HK$'000
Executive Directors						
Zen Wei Peu, Derek	(b)	–	4,817	8,413	482	13,712
Ko Yuk Bing	(c)	–	9,023	18,831	525	28,379
Fong Shiu Leung, Keter	(d)	–	4,762	14,000	476	19,238
Non-executive Directors						
Mou Yong	(e)	139	–	–	–	139
Dong Fang		520	–	–	–	520
Cai Xun	(f)	224	–	–	–	224
Independent Non-executive Directors						
Lau Sai Yung		787	–	–	–	787
Tse Chee On, Raymond		776	–	–	–	776
Wong Wai Ho		753	–	–	–	753
		3,199	18,602	41,244	1,483	64,528

	Notes	Directors' fees HK$'000	Salaries and allowances HK$'000	Performance related bonus HK$'000	Retirement scheme contributions HK$'000	2020 Total HK$'000
Executive Directors						
Zen Wei Pao, William	(a)	–	10,486	10,642	698	21,826
Zen Wei Peu, Derek	(b)	–	4,817	2,294	–	7,111
Ko Yuk Bing	(c)	–	14,513	29,256	651	44,420
Fong Shiu Leung, Keter		–	4,376	15,225	438	20,039
Non-executive Directors						
Mou Yong		352	–	–	–	352
Dong Fang		352	–	–	–	352
Independent Non-executive Directors						
Lau Sai Yung		619	–	–	–	619
Tse Chee On, Raymond		608	–	–	–	608
Wong Wai Ho		585	–	–	–	585
		2,516	34,192	57,417	1,787	95,912

11. DIRECTORS' AND EMPLOYEES' EMOLUMENTS *(CONTINUED)*

Directors' emoluments *(Continued)*

Notes:

(a) Mr. Zen Wei Pao, William resigned as the Co-Chairman and an Executive Director of the Company with effect from 1 January 2021.

(b) Mr. Zen Wei Peu, Derek was the Co-Chairman of the Company during the year ended 31 December 2020. He was re-designated as the Chairman of the Company with effect from 1 January 2021.

(c) Mr. Ko Yuk Bing's emoluments disclosed above include those for services rendered by him as the Chief Executive Officer during the period from 1 January 2021 to 30 June 2021. He was retired as the Managing Director and Chief Executive Officer with effect from 1 July 2021 but remains as Deputy Chairman and an Executive Director of the Company.

(d) Mr. Fong Shiu Leung, Keter's emoluments disclosed above include those for services rendered by him as the Chief Executive Officer during the period from 1 July 2021 to 31 December 2021. He became Chief Executive Officer and ceased his roles as Deputy Chief Executive Officer, Finance Director and Company Secretary of the Company with effect from 1 July 2021.

(e) Mr. Mou Yong retired as a Non-executive Director of the Company with effect from the conclusion of the AGM held on 25 May 2021.

(f) Ms. Cai Xun was appointed as a Non-executive Director of the Company with effect from the conclusion of the AGM held on 25 May 2021.

Subsequent to the end of the reporting period, the change of the Directors of the Company are as follows:

– Mr. Ng Fun Hung, Thomas was appointed as an Executive Director of the Company with effect from 1 February 2022.

– Mr. Dong Fang resigned as a Non-executive Director of the Company and Mr. Xu Enli was appointed as a Non-executive Director of the Company with effect from 1 January 2022.

The performance related bonus is based on the individual performance of the Executive Directors.

The Executive Directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.

The Independent Non-executive Directors' emoluments shown above were for their services as Directors of the Company.

There was no arrangement under which a Director or the Chief Executive Officer waived or agreed to waive any remuneration during the years.

Details of the emoluments of the five highest paid individuals of the Group included 3 (2020: 3) individuals who are Executive Directors throughout the year and their emoluments are included above. For the remaining two (2020: two) highest paid individual as the staffs of the Group, the salaries and allowances, performance related bonus and retirement benefit contributions for the year ended 31 December 2021 were HK$5,776,000 (2020: HK$5,392,000), HK$16,793,000 (2020: HK$26,288,000) and HK$471,000 (2020: HK$399,000), respectively.

During the years ended 31 December 2021 and 2020, no emoluments was paid by the Group to any of the Directors or five highest paid individuals of the Group as an inducement to join or upon joining the Group or as compensation for loss of office.

12. INCOME TAX EXPENSES

	2021 HK$'000	2020 HK$'000
Current tax:		
Hong Kong profits tax	**76,697**	64,198
PRC enterprise income tax ("EIT")	**890,592**	1,182,533
PRC land appreciation tax ("LAT")	**1,078,983**	663,176
PRC withholding tax	**65,270**	40,232
	2,111,542	1,950,139
Deferred tax (note 31)	**178,195**	(233)
	2,289,737	1,949,906

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.

The income tax expenses for the year is reconciled to profit before taxation as follows:

	2021 HK$'000	2020 HK$'000
Profit before taxation	**4,274,226**	4,733,502
Tax at the applicable income tax rate of 25% (note)	**1,068,557**	1,183,376
LAT provision	**1,078,983**	663,176
Tax effect of LAT	**(269,746)**	(165,794)
Tax effect of expenses not deductible for tax purpose	**559,356**	480,203
Tax effect of income not taxable for tax purpose	**(135,033)**	(202,497)
Tax effect of share of results of associates	**(32,929)**	(17,510)
Tax effect of share of results of joint ventures	**(277,087)**	(118,972)
Tax effect of tax losses not recognised	**180,202**	77,447
Tax effect of utilisation of tax losses previously not recognised	**(18,508)**	(36,991)
Deferred tax on undistributed earnings of PRC subsidiaries and joint ventures	**101,274**	89,677
PRC withholding tax	**65,270**	40,232
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(37,352)**	(41,928)
Others	**6,750**	(513)
Income tax expenses for the year	**2,289,737**	1,949,906

Note: The domestic tax rate of major subsidiaries in the PRC is used for the reconciliation as it is where the operations of the Group are substantially based.

13. DIVIDENDS PAID

	2021 HK$'000	2020 HK$'000
2020 final dividend paid of HK$0.55 (2020: 2019 final dividend of HK$0.88) per share	**412,135**	659,416
2021 interim dividend paid of HK$0.15 (2020: 2020 interim dividend of HK$0.20) per share	**112,401**	149,867
	524,536	809,283

Subsequent to the end of the reporting period, a final dividend in respect of 2021 of HK$0.20 per share amounting to a total of approximately HK$150 million has been proposed by the Board on 22 March 2022. The amount has not been included as a liability in the consolidated financial statements as it was not declared before the end of the reporting period.

The amount of the proposed final dividend has been calculated on the basis of 749,336,566 shares in issue as at 22 March 2022.

14. EARNINGS PER SHARE

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

	2021 HK$'000	2020 HK$'000
Earnings for the purposes of basic earnings per share attributable to owners of the Company	**1,028,245**	1,722,848

	2021 Number of shares '000	2020 Number of shares '000
Weighted average number of ordinary shares for the purpose of basic earnings per share	**749,337**	749,337

No diluted earnings per share for the years of 2021 and 2020 were presented as there were no dilutive potential ordinary shares in issue for both years.

15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings HK$'000	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost					
At 1 January 2020	43,413	130,787	79,357	37,599	291,156
Additions	32	1,491	10,594	2,198	14,315
Acquisition of subsidiaries	–	–	22	–	22
Disposals/written off	–	(78,709)	(24,438)	(2,543)	(105,690)
Exchange adjustments	2,232	2,583	4,356	2,738	11,909
At 31 December 2020	45,677	56,152	69,891	39,992	211,712
Additions	**401**	**14,610**	**16,740**	**515**	**32,266**
Acquisition of subsidiaries	**–**	**–**	**85**	**280**	**365**
Disposals/written off	**–**	**–**	**(3,408)**	**(2,699)**	**(6,107)**
Exchange adjustments	**1,431**	**2,425**	**1,534**	**1,354**	**6,744**
At 31 December 2021	**47,509**	**73,187**	**84,842**	**39,442**	**244,980**
Depreciation					
At 1 January 2020	6,463	33,980	44,546	22,806	107,795
Charge for the year	760	7,732	8,710	5,120	22,322
Eliminated on disposals/ written off	–	(1,520)	(4,765)	(1,773)	(8,058)
Exchange adjustments	366	2,022	3,121	2,239	7,748
At 31 December 2020	7,589	42,214	51,612	28,392	129,807
Charge for the year	**548**	**9,416**	**6,962**	**4,980**	**21,906**
Eliminated on disposals/written off	**–**	**–**	**(2,255)**	**(2,339)**	**(4,594)**
Exchange adjustments	**249**	**1,481**	**1,798**	**1,080**	**4,608**
At 31 December 2021	**8,386**	**53,111**	**58,117**	**32,113**	**151,727**
Carrying values					
At 31 December 2021	**39,123**	**20,076**	**26,725**	**7,329**	**93,253**
At 31 December 2020	38,088	13,938	18,279	11,600	81,905

The above items of property, plant and equipment, after taking into account the residual values, are depreciated on a straight line basis at the following rates per annum:

Leasehold land and buildings	Over the term of the lease from 20 to 25 years
Leasehold improvements	Over the term of the lease or 5 years, whichever is shorter
Furniture, fixtures and equipment	10% – 25%
Motor vehicles	12.5% – 25%

The Group's leasehold land and buildings are situated in the PRC.

The allocation of leasehold land and buildings elements cannot be made reliably, and the leasehold interests in land are accounted for as property, plant and equipment.

16. RIGHT-OF-USE ASSETS

	2021 HK$'000	2020 HK$'000
Leased properties		
Carrying amount as at 31 December	**82,685**	105,585
Depreciation charge for the year (note 10)	**28,189**	35,951

	2021 HK$'000	2020 HK$'000
Expenses relating to short-term leases (note 10)	**8,942**	9,458
Cash outflow for lease liabilities	**32,066**	36,266
Total cash outflow for leases	**41,008**	45,724
Additions to right-of-use assets (excluding those included in investment properties and inventory of properties)	**–**	4,686

For both years, the Group leases office premises for its operations. Lease contracts are entered into for fixed terms of 6 months to 11 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

Restrictions or covenants on leases

As at 31 December 2021, lease liabilities of HK$92,080,000 (2020: HK$115,966,000) are recognised with related right-of-use assets of HK$82,685,000 (2020: HK$105,585,000). The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessors. Leased assets may not be used as security for borrowing purposes.

17. INVESTMENT PROPERTIES

The Group leases out various office and commercial units under operating leases with rentals payable monthly. The leases typically run for an initial period of 6 months to 20 years, and the extension of lease period is subject to negotiation between the lessees and the Group. Majority of the lease contracts contain market review clauses in the event the lessee exercises the option to extend. The leases of shopping mall contain variable lease payment that are based on percentage of sales and minimum annual lease payment that are fixed over the lease term.

The Group is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in the respective functional currencies of group entities. The lease contracts do not contain any residual value guarantees or provide any options to the lessee to purchase the property at the end of lease term.

	2021 **HK$'000**	2020 HK$'000
Completed properties, at fair value		
At 1 January	**4,046,258**	3,813,082
Addition during the year	**385**	869
Transfer from completed properties held for sale (note)	**132,818**	234,291
Change in fair value recognised in profit or loss	**(42,766)**	(185,275)
Exchange difference arising on translation to presentation currency	**126,319**	183,291
At 31 December	**4,263,014**	4,046,258

Note: The change in use of the properties were evidenced by the inception of lease contracts. The amounts included fair value losses of HK$437,000 (2020: HK$7,093,000) on transfer of completed properties held for sale to investment properties.

The investment properties are situated in the Mainland China. The leasehold interests in land held by the Group as right-of-use assets to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

The fair values of completed investment properties at the date of transfer, 31 December 2021 and 31 December 2020 were determined by reference to valuations carried out by an independent firm of professional valuers not connected to the Group, who had recognised qualifications and relevant experience. The valuation report on these properties was signed by directors of the firm of professional valuers who are members of The Hong Kong Institute of Surveyors.

The valuation of the investment properties is arrived at, using income capitalisation method, by capitalising the rental income derived from the existing tenancies with due provision for the reversionary income potential of the properties or, where appropriate, by using direct comparison method by making reference to comparable sales transactions as available in the relevant market. There has been no change from the valuation technique used in the prior year.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

The details of pledge of investment properties are disclosed in note 47.

17. INVESTMENT PROPERTIES *(CONTINUED)*

The following table gives information about how the fair values of the investment properties are determined (in particular, the valuation techniques and inputs used which involve certain assumptions of market conditions with consideration of the ongoing development of COVID-19), as well as the fair value hierarchy into which the fair value measurements are categorised (Levels 1, 2 and 3) based on the degree to which the inputs to the fair value measurements is observable.

Completed investment properties held by the Group	Fair value 31 December 2021 HK$'000	Fair value 31 December 2020 HK$'000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Sensitivity
Commercial properties and shopping malls	**4,263,014**	4,046,258	Level 3	Income capitalisation of the net income and made provisions for reversionary income potential	1. Term yield 2021: 4% – 6% (2020: 4% – 6%)	A significant increase in the term yield would result in a significant decrease in fair value, and vice versa
					2. Reversionary yield 2021: 4.5% – 7% (2020: 4.5% – 7%)	A significant increase in the reversionary yield would result in a significant decrease in fair value, and vice versa
					3. Market monthly rental rate (RMB/sqm) 2021: RMB110 – RMB335 (2020: RMB119 – RMB369)	A significant increase in the market monthly rental rate would result in significant increase in fair value, and vice versa

There are no transfers into or out of Level 3 in the years.

18. INTERESTS IN ASSOCIATES

	2021 HK$'000	2020 HK$'000
Cost of unlisted investments	**1,220,235**	1,249,504
Share of post-acquisition gains	**320,154**	166,970
Exchange adjustments	**66,504**	16,901
	1,606,893	1,433,375

Details of the Group's principal associates at 31 December 2021 and 31 December 2020 were as follows:

Name of entity	Place of incorporation/ registration	Proportion of equity interest of the Group		Proportion of voting right of the Group		Principal activity
		2021	2020	**2021**	2020	
鄭州華首宏田置業有限公司 ("鄭州華首")	PRC	**60%**	60%	**60%**	60%	Development and sale of properties
常州雅勁房地產開發有限公司 ("常州雅勁") (note 19(g))	PRC	**49%**	49%	**40%**	40%	Development and sale of properties

The Group can exercise significant influence over the operating and financing activities of the associates.

18. INTERESTS IN ASSOCIATES *(CONTINUED)*

Summarised financial information in respect of the Group's material associates are set out below. The summarised financial information below represents amounts shown in the associates' financial statements prepared in accordance with HKFRSs. The associates are accounted for using the equity method in these consolidated financial statements.

	鄭州華首	
	2021	2020
	HK$'000	HK$'000
Current assets	**4,522,205**	4,650,790
Non-current assets	**175**	2,601
Current liabilities	**(2,401,202)**	(2,685,787)
Non-current liabilities	**(343,367)**	(432,243)

	2021	2020
	HK$'000	HK$'000
Profit (loss) and total comprehensive income (expense) for the year	**191,130**	(8,865)
The above profit (loss) for the year includes the following:		
Depreciation and amortisation	**(237)**	(265)
Interest income	**1,747**	3,238
Income tax expenses	**(204,240)**	(9,312)

Reconciliation of the above summarised financial information to the carrying amount of interest in the material associate recognised in the consolidated financial statements:

	2021	2020
	HK$'000	HK$'000
Net assets of 鄭州華首	**1,777,811**	1,535,361
Proportion of the Group's ownership interest	**60%**	60%
Net assets shared by the Group	**1,066,687**	921,217

18. INTERESTS IN ASSOCIATES *(CONTINUED)*

	常州雅勁	
	2021	2020
	HK$'000	HK$'000
Current assets	**3,488,238**	3,805,897
Non-current assets	**26**	40,124
Current liabilities	**(2,389,604)**	(2,798,186)

	2021	2020
	HK$'000	HK$'000
Profit and total comprehensive income for the year	**17,704**	212,049
The above profit for the year includes the following:		
Depreciation and amortisation	**(7)**	(2)
Interest income	**3,256**	1,638
Income tax expenses	**(5,901)**	(67,497)

Reconciliation of the above summarised financial information to the carrying amount of interest in the material associate recognised in the consolidated financial statements:

	2021	2020
	HK$'000	HK$'000
Net assets of 常州雅勁	**1,098,660**	1,047,835
Proportion of the Group's ownership interest	**49%**	49%
Net assets shared by the Group	**538,343**	513,439

18. INTERESTS IN ASSOCIATES *(CONTINUED)*

Aggregate information of associates that are not individually material

	2021 HK$'000	2020 HK$'000
The Group's share of profit (loss) and total comprehensive income (expense) for the year	**8,362**	(28,545)

19. INTERESTS IN JOINT VENTURES

	2021 HK$'000	2020 HK$'000
Interests in infrastructure joint ventures		
Cost of investments	**6,190,695**	5,717,025
Return of cost of investments (note (a))	**(3,144,149)**	(3,046,435)
Share of post-acquisition profits, net of dividends received	**1,566,418**	1,178,291
Exchange adjustments	**607,740**	563,549
	5,220,704	4,412,430
Interests in property and other joint ventures		
Cost of investments	**13,300,568**	8,731,073
Share of post-acquisition profits, net of dividends received	**699,359**	803,840
Unrealised profits (note (b))	**(228,006)**	(215,682)
Exchange adjustments	**328,176**	111,426
	14,100,097	9,430,657
	19,320,801	13,843,087

19. INTERESTS IN JOINT VENTURES *(CONTINUED)*

Notes:

(a) Pursuant to the joint venture agreements, the infrastructure joint ventures distribute the cash surplus to the Group and other ventures based on the agreed net cash distribution. The actual amount of cash distribution varies from time to time and depends on the toll road performance, the amount of operating expenses and capital expenditure incurred by the joint ventures.

(b) The unrealised profits related to the Group's attributable interest income from amounts due from certain joint ventures. The related interest expenses were capitalised in inventory of properties of the joint ventures which have not been realised at 31 December 2021 and 2020.

(c) In March 2017, the Group entered into an undertaking agreement with an independent third party (the land provider) pursuant to which the Company undertakes for a prompt settlement of 50% of the outstanding debts incurred by a joint venture of the Group for a property development project in Hong Kong. The remaining 50% of the outstanding debts incurred by the joint venture is borne by the other joint venture partner. At 31 December 2021, the carrying amount of the liabilities of the joint venture undertaken by the Group was approximately HK$2,798,248,000 (2020: HK$2,777,504,000).

(d) In September 2019, the Group entered into conditional sale and purchase agreements with certain independent third parties to acquire 40% equity interest in PT Jasamarga Solo Ngawi ("SN JV") and PT Jasamarga Ngawi Kertosono Kediri ("NKK JV"), both are limited liability companies established in Indonesia. SN JV and NKK JV own concession rights of toll roads in Indonesia. The approval of the relevant activities of SN JV and NKK JV require unanimous consent of the three joint venture partners and SN JV and NKK JV are accounted for as joint ventures of the Group.

In January 2020, the Group entered into capital injection agreement with two other joint venture partners pursuant to which the joint venture partners agreed to make further capital contribution of SN JV in proportion equity interests of the joint venture partners. As at 31 December 2020, the further capital contribution of IDR194,828,832,000 (equivalent to HK$111,740,000) was fully paid by the Group. In December 2020, remaining consideration of the total consideration for the acquisition of equity interests and shareholders loans of SN JV and NKK JV amounting to IDR224,800,000,000 (equivalent to HK$122,147,000) was settled.

The acquisition of SN JV includes contingent consideration arrangement, which is measured at FVTPL. And the payment of such contingent consideration depends on the achievement of toll road tariff adjustment and receipt of cash compensation from the local government before the end of 2022.

At 31 December 2021, the fair value of the consideration payable was determined by the Directors based on probability of achieving tariff adjustment and receiving the cash compensation from the local government. A fair value loss of HK$110,371,000 was recognised to profit or loss during the year.

Details of the fair value measurement of the contingent consideration are set out in note 42(c)(i)(d).

(e) In March 2021, the Group entered into conditional sale and purchase agreements with certain independent third parties to acquire 45% equity interest in PT Jasamarga Kualanamu Tol ("MKTT JV"), a limited liability company established in Indonesia. MKTT JV owns concession rights of the toll road in Indonesia. The approval of the relevant activities of MKTT JV requires unanimous consent of the two joint venture partners and MKTT JV is accounted for as a joint venture of the Group.

The total consideration for the acquisition of equity interests of MKTT JV is IDR1,236,000,000,000 (equivalent to HK$656,330,000) in which IDR975,000,000,000 (equivalent to HK$517,736,000) has been paid by the Group before 30 June 2021 and the remaining consideration of IDR261,000,000,000 (equivalent to HK$139,759,000) will be settled at the earlier of the date on which MKTT JV achieves the agreed cumulative tariff adjustment or 30 June 2022.

(f) During the year ended 31 December 2021, other than notes (d) and (e), the Group paid cash consideration to independent third parties or/and provided capital contribution in cash to certain joint ventures amounting to HK$4,674,330,000 (2020: HK$2,530,830,000) in aggregate to obtain the joint control of investees which are mainly engaging in property development in the PRC.

(g) Prior to June 2020, 常州雅勁 was accounted for as a joint venture of the Group with 49% equity interests, as all relevant activities required unanimous consent of all shareholders. In June 2020, all shareholders of 常州雅勁 entered into a supplementary agreement pursuant to which, all of the relevant activities of 常州雅勁, required approval by simple majority of the board of directors. Since the Group has the power to nominate two out of five directors consisted of the board, the Group has significant influence on 常州雅勁. 常州雅勁 became an associate of the Group in June 2020 upon the effective date of the supplementary agreement.

19. INTERESTS IN JOINT VENTURES *(CONTINUED)*

Infrastructure joint ventures

All infrastructure joint ventures are established and operating in the PRC and Indonesia, details of the Company's principal infrastructure joint ventures at 31 December 2021 and 31 December 2020 are as follows:

Name of infrastructure joint venture	Registered capital/ paid-up capital	Proportion of registered capital held directly by the Group (note 1)	Principal activities
Hebei Baofa Expressway Co., Ltd.* 河北保發高速公路有限公司	RMB96,287,600	40%	Investment in and operation and management of Hebei Baojin Expressway (Bazhou Dong Section) in Hebei, the PRC
Hebei Baofeng Expressway Co., Ltd.* 河北保豐高速公路有限公司	RMB95,700,000	40%	Investment in and operation and management of Hebei Baojin Expressway (Rongcheng – Xiongxian West Section) in Hebei, the PRC
Hebei Baohui Expressway Co., Ltd.* 河北保惠高速公路有限公司	RMB96,007,600	40%	Investment in and operation and management of Hebei Baojin Expressway (Bazhou Zhong Section) in Hebei, the PRC
Hebei Baojie Expressway Co., Ltd.* 河北保捷高速公路有限公司	RMB97,262,000	40%	Investment in and operation and management of Hebei Baojin Expressway (Xiongxian – Bazhou Section) in Hebei, the PRC
Hebei Baojin Expressway Co., Ltd.* 河北保津高速公路有限公司	RMB96,843,600	40%	Investment in and operation and management of Hebei Baojin Expressway (Xushui – Rongcheng Section) in Hebei, the PRC
Hebei Baoli Expressway Co., Ltd.* 河北保利高速公路有限公司	RMB97,359,600	40%	Investment in and operation and management of Hebei Baojin Expressway (Xiongxian East Section) in Hebei, the PRC
Hebei Baoming Expressway Co., Ltd.* 河北保明高速公路有限公司	RMB90,030,400	40%	Investment in and operation and management of Hebei Baojin Expressway (Bazhou – Tianjinjie Section) in Hebei, the PRC
Hebei Baosheng Expressway Co., Ltd.* 河北保昇高速公路有限公司	RMB96,507,600	40%	Investment in and operation and management of Hebei Baojin Expressway (Xiongxian Section) in Hebei, the PRC

19. INTERESTS IN JOINT VENTURES *(CONTINUED)*

Infrastructure joint ventures *(Continued)*

Name of infrastructure joint venture	Registered capital/ paid-up capital	Proportion of registered capital held directly by the Group (note 1)	Principal activities
Hebei Baoyi Expressway Co., Ltd.* 河北保怡高速公路有限公司	RMB96,575,200	40%	Investment in and operation and management of Hebei Baojin Expressway (Rongcheng Section) in Hebei, the PRC
Hebei Baoyu Expressway Co., Ltd.* 河北保裕高速公路有限公司	RMB97,426,400	40%	Investment in and operation and management of Hebei Baojin Expressway (Bazhou West Section) in Hebei, the PRC
Hebei Tanghui Expressway Company Limited** 河北唐惠高速公路有限公司	RMB287,324,000	45%	Investment in and operation and management of Hebei Tangjin Expressway (Chenzhuang – Fengnan Section) in Hebei, the PRC
Hebei Tangjin Expressway Company Limited** 河北唐津高速公路有限公司	RMB250,300,000	45%	Investment in and operation and management of Hebei Tangjin Expressway (Fengnan – Jijinjie Section) in Hebei, the PRC
Hebei Tangrun Expressway Company Limited** 河北唐潤高速公路有限公司	RMB172,524,000	45%	Investment in and operation and management of Hebei Tangjin Expressway (Shuangmiao – Chenzhuang Section) in Hebei, the PRC
Hunan Changyi (Baining) Expressway Co., Ltd.*** 湖南長益(白寧)高速公路有限公司	RMB97,011,500	43.17%	Investment in and development, operation and management of Hunan Changsha – Yiyang Expressway (Baining Section) in Hunan, the PRC
Hunan Changyi (Cangyi) Expressway Co., Ltd.*** 湖南長益(滄益)高速公路有限公司	RMB98,985,400	43.17%	Investment in and development, operation and management of Hunan Changsha – Yiyang Expressway (Cangyi Section) in Hunan, the PRC
Hunan Changyi Expressway Co., Ltd.*** 湖南長益高速公路有限公司	RMB98,553,500	43.17%	Investment in and development, operation and management of Hunan Changsha – Yiyang Expressway (Changbai Section) in Hunan, the PRC
Hunan Changyi (Hengcang) Expressway Co., Ltd.*** 湖南長益(衡滄)高速公路有限公司	RMB101,695,200	43.17%	Investment in and development, operation and management of Hunan Changsha – Yiyang Expressway (Hengcang Section) in Hunan, the PRC

19. INTERESTS IN JOINT VENTURES *(CONTINUED)*

Infrastructure joint ventures *(Continued)*

Name of infrastructure joint venture	Registered capital/ paid-up capital	Proportion of registered capital held directly by the Group (note 1)	Principal activities
Hunan Changyi (Ningheng) Expressway Co., Ltd.*** 湖南長益(寧衡)高速公路有限公司	RMB98,458,100	43.17%	Investment in and development, operation and management of Hunan Changsha – Yiyang Expressway (Ningheng Section) in Hunan, the PRC
Hunan Changyi (Zijiang No. 2 Bridge) Expressway Co., Ltd.*** 湖南長益(資江二橋)高速公路有限公司	RMB78,328,300	43.17%	Investment in and development, operation and management of Hunan Changsha – Yiyang Expressway (Zijiang No. 2 Bridge) in Hunan, the PRC
Jinzhong Longcheng Expressway Co., Ltd. ("Jinzhong Longcheng Expressway JV") 晉中龍城高速公路有限責任公司	RMB1,497,000,000	45%	Investment in and development, operation and management of Longcheng Expressway in Shanxi, the PRC
Anhui Machao Expressway Co., Ltd. ("Anhui Machao Expressway JV") 安徽省馬巢高速公路有限公司	RMB575,000,000	49%	Investment in and development, operation and management of Machao Expressway in Anhui, the PRC
SN JV	IDR3,718,430,650,000	40%	Investment in and development, operation and management of Solo Ngawi Expressway in Indonesia
NKK JV	IDR1,664,540,240,000	40%	Investment in and development, operation and management of Ngawi Kertosono Kediri Expressway in Indonesia
MKTT JV@	IDR1,410,700,000,000	45%	Investment in and development, operation and management of Medan-Kualanamu-Tebing Tinggi Expressway in Indonesia

* These joint ventures are collectively known as Hebei Baojin Expressway JV.
** These joint ventures are collectively known as Hebei Tangjin Expressway JV.
*** These joint ventures are collectively known as Hunan Changsha Expressway JV.
@ This joint venture is acquired in 2021.

19. INTERESTS IN JOINT VENTURES *(CONTINUED)*

Infrastructure joint ventures *(Continued)*

Notes:

1. At 31 December 2021, the interests in joint ventures are held by RKE, which is 75% (2020: 75%) held by the Group.

2. Except for SN JV, NKK JV, MKTT JV, Jinzhong Longcheng Expressway JV and Anhui Machao Expressway JV, where the profit/cash sharing ratios are same as the proportion of the registered capital held by the Group over the duration of the joint ventures, the profit/cash sharing ratios in other infrastructure joint ventures differ from the proportion of the registered capital held by the Group over the duration of the joint ventures. During the early stage of the joint ventures, the Group is entitled to higher profit/cash sharing ratios than the proportion of registered capital held by the Group as contained in the relevant joint venture agreements. Thereafter, until such time as specified in the joint venture agreements, the other ventures of the joint ventures are entitled to profit/cash sharing ratios higher than their respective proportion of registered capital held by them as contained in the joint venture agreements. Thereafter, the profit/cash sharing ratios of the joint ventures may be the same as the proportion of their registered capital or in accordance with a predetermined ratio stipulated in the joint venture agreements. For the years ended 31 December 2021 and 2020, the profit/cash sharing ratio entitled by the Group for Hebei Baojin Expressway JV, Hunan Changsha Expressway JV and Hebei Tangjin Expressway JV were 40%, 50% and 45%, respectively.

The above table lists the infrastructure joint ventures of the Group which, in opinion of the Directors, principally affected the results of the year or form a substantial portion of the net assets of the Group. To give details of other joint ventures would, in the opinion of the Directors, result in particulars of excessive length.

19. INTERESTS IN JOINT VENTURES *(CONTINUED)*

Infrastructure joint ventures *(Continued)*

Summarised financial information of material infrastructure joint ventures

Summarised financial information in respect of the Group's material infrastructure joint ventures is set out below.

The summarised financial information below represents amounts shown in the infrastructure joint ventures' financial statements prepared in accordance with HKFRSs. The infrastructure joint ventures are accounted for using the equity method in these consolidated financial statements.

At 31 December 2021

	Hebei Baojin Expressway JV HK$'000	Hebei Tangjin Expressway JV HK$'000	Hunan Changsha Expressway JV HK$'000	Jinzhong Longcheng Expressway JV HK$'000	Anhui Machao Expressway JV HK$'000	SN JV HK$'000	NKK JV HK$'000	MKTT JV HK$'000	Total HK$'000
Non-current assets									
Property and equipment	57,974	59,098	48,540	82,653	92,242	417	21,036	992	362,952
Concession intangible assets	1,660,425	272,622	516,650	4,768,687	3,060,359	5,912,178	2,721,753	3,233,819	22,146,493
Other non-current assets	–	–	–	–	–	1,762	14,935	170	16,867
	1,718,399	331,720	565,190	4,851,340	3,152,601	5,914,357	2,757,724	3,234,981	22,526,312
Current assets									
Bank balances and cash	605,074	720,692	116,125	448,180	50,683	258,311	44,650	60,015	2,303,730
Restricted bank balance	–	–	–	–	–	183,413	69,818	7,085	260,316
Others	35,013	36,810	56,246	28,386	8,572	7,330	27,491	938	200,786
	640,087	757,502	172,371	476,566	59,255	449,054	141,959	68,038	2,764,832
Current liabilities									
Dividend payable	106,058	–	–	–	–	–	–	–	106,058
Bank borrowings	–	–	–	–	129,205	3,802	6,714	10,359	150,080
Loans from shareholders	–	–	–	–	–	–	5,631	–	5,631
Others	116,666	137,888	122,690	148,992	41,496	146,091	19,118	10,438	743,379
	222,724	137,888	122,690	148,992	170,701	149,893	31,463	20,797	1,005,148
Non-current liabilities									
Bank borrowings	–	–	–	2,686,747	1,337,301	3,778,617	1,666,296	1,350,452	10,819,413
Loans from shareholders	–	–	–	–	–	5,981	55,543	–	61,524
Receipt in advance	7,494	2,942	7,495	4,196	1,776	–	–	90	23,993
Deferred taxation	335,536	20,699	54,829	139,228	73,174	79,381	114,895	281,561	1,099,303
Others	–	–	–	–	–	102,490	35,684	155,523	293,697
	343,030	23,641	62,324	2,830,171	1,412,251	3,966,469	1,872,418	1,787,626	12,297,930
Net assets of joint ventures	1,792,732	927,693	552,547	2,348,743	1,628,904	2,247,049	995,802	1,494,596	11,988,066
Proportion of equity interests in joint ventures directly held by the Group	40%	45%	43.17%	45%	49%	40%	40%	45%	N/A
Net assets shared by the Group	717,093	417,462	238,535	1,056,934	798,163	898,820	398,321	672,568	5,197,896
Other adjustments (note)	54,293	(9,490)	(21,995)	–	–	–	–	–	22,808
Carrying amount of the Group's interests in joint ventures	771,386	407,972	216,540	1,056,934	798,163	898,820	398,321	672,568	5,220,704

Note: Other adjustments mainly represent the accumulated differences of the Group's share of the net assets of the individual joint ventures based on the profit/cash sharing ratio of joint ventures during their respective operating periods and the Group's equity interests in the joint ventures.

19. INTERESTS IN JOINT VENTURES *(CONTINUED)*

Infrastructure joint ventures *(Continued)*

Summarised financial information of material infrastructure joint ventures *(Continued)*

For the year ended 31 December 2021

	Hebei Baojin Expressway JV HK$'000	Hebei Tangjin Expressway JV HK$'000	Hunan Changsha Expressway JV HK$'000	Jinzhong Longcheng Expressway JV HK$'000	Anhui Machao Expressway JV HK$'000	SN JV HK$'000	NKK JV HK$'000	MKTT JV HK$'000	Total HK$'000
Toll revenue (net of sales related tax)	1,018,243	825,273	599,150	736,600	425,646	319,028	273,896	148,934	4,346,770
Construction revenue	–	–	–	–	–	22,760	–	–	22,760
Total revenue	1,018,243	825,273	599,150	736,600	425,646	341,788	273,896	148,934	4,369,530
Construction costs	–	–	–	–	–	(22,760)	–	–	(22,760)
Other income (expenses)	18,664	3,079	(18,783)	33,976	1,806	218,370	(27,278)	358	230,192
Toll operation expenses	(142,208)	(105,601)	(86,819)	(110,968)	(24,444)	(42,853)	(40,490)	(34,813)	(588,196)
Administrative expenses	(28,439)	(40,265)	(29,746)	(14,772)	(8,741)	(9,901)	(6,938)	(3,395)	(142,197)
Depreciation and amortisation charges	(127,237)	(245,416)	(169,028)	(123,253)	(71,609)	(33,696)	(18,618)	(21,063)	(809,920)
Finance costs (net)	6,263	332	146	(132,652)	(72,727)	(343,573)	(144,973)	(59,189)	(746,373)
Income tax expenses	(189,696)	(110,032)	(73,736)	(72,304)	(66,173)	(23,795)	(7,832)	(6,783)	(550,351)
Profit and total comprehensive income for the year	555,590	327,370	221,184	316,627	183,758	83,580	27,767	24,049	1,739,925
Cash distributions received from joint ventures during the year	193,342	151,779	209,332	–	49,429	–	–	–	603,882

19. INTERESTS IN JOINT VENTURES *(CONTINUED)*

Infrastructure joint ventures *(Continued)*

Summarised financial information of material infrastructure joint ventures *(Continued)*

At 31 December 2020

	Hebei Baojin Expressway JV HK$'000	Hebei Tangjin Expressway JV HK$'000	Hunan Changsha Expressway JV HK$'000	Jinzhong Longcheng Expressway JV HK$'000	Anhui Machao Expressway JV HK$'000	SN JV HK$'000	NKK JV HK$'000	Total HK$'000
Non-current assets								
Property and equipment	67,320	85,563	52,929	50,856	105,656	1,193	25,747	389,264
Concession intangible assets	1,709,932	457,307	655,362	4,733,885	3,025,176	6,009,448	2,776,618	19,367,728
Other non-current assets	–	–	–	–	–	5,554	15,848	21,402
	1,777,252	542,870	708,291	4,784,741	3,130,832	6,016,195	2,818,213	19,778,394
Current assets								
Bank balances and cash	547,363	477,620	106,337	161,259	25,013	62,824	111,557	1,491,973
Restricted bank balance	–	–	–	–	–	69,710	22,942	92,652
Others	63,606	65,991	73,970	85,776	5,452	113,680	91,802	500,277
	610,969	543,611	180,307	247,035	30,465	246,214	226,301	2,084,902
Current liabilities								
Bank borrowings	–	–	–	93,458	125,280	–	–	218,738
Loans from shareholders	–	–	–	–	–	232,391	52,156	284,547
Others	149,038	149,174	132,434	133,977	57,918	116,790	23,398	762,729
	149,038	149,174	132,434	227,435	183,198	349,181	75,554	1,266,014
Non-current liabilities								
Bank borrowings	–	–	–	2,698,598	1,421,963	3,501,617	1,800,354	9,422,532
Loans from shareholders	–	–	–	–	–	6,069	51,033	57,102
Receipt in advance	10,107	5,706	9,690	5,386	2,146	–	–	33,035
Deferred taxation	312,835	27,825	82,587	135,143	59,539	56,630	108,715	783,274
Others	–	–	–	–	–	152,794	26,303	179,097
	322,942	33,531	92,277	2,839,127	1,483,648	3,717,110	1,986,405	10,475,040
Net assets of joint ventures	1,916,241	903,776	663,887	1,965,214	1,494,451	2,196,118	982,555	10,122,242
Proportion of equity interests in joint ventures directly held by the Group	40%	45%	43.17%	45%	49%	40%	40%	N/A
Net assets shared by the Group	766,496	406,699	286,600	884,346	732,281	878,447	393,022	4,347,891
Other adjustments (note)	52,645	(8,516)	15,397	–	–	–	–	59,526
Carrying amount of the Group's interests in joint ventures	819,141	398,183	301,997	884,346	732,281	878,447	393,022	4,407,417

Note: Other adjustments mainly represent the accumulated differences of the Group's share of the net assets of the individual joint ventures based on the profit/cash sharing ratio of joint ventures during their respective operating periods and the Group's equity interests in the joint ventures.

19. INTERESTS IN JOINT VENTURES *(CONTINUED)*

Infrastructure joint ventures *(Continued)*

Summarised financial information of material infrastructure joint ventures *(Continued)*

For the year ended 31 December 2020

	Hebei Baojin Expressway JV HK$'000	Hebei Tangjin Expressway JV HK$'000	Hunan Changsha Expressway JV HK$'000	Jinzhong Longcheng Expressway JV HK$'000	Anhui Machao Expressway JV HK$'000	SN JV HK$'000	NKK JV HK$'000	Total HK$'000
Toll revenue (net of sales related tax)	788,272	552,876	485,335	431,031	246,150	237,918	215,072	2,956,654
Construction revenue	–	792	20,923	–	545	123,889	–	146,149
Total revenue	788,272	553,668	506,258	431,031	246,695	361,807	215,072	3,102,803
Construction costs	–	(792)	(20,923)	–	(545)	(123,889)	–	(146,149)
Other income (expenses)	7,740	2,581	10,250	(26,551)	7,790	(1,937)	(2,574)	(2,701)
Toll operation expenses	(145,007)	(104,631)	(129,696)	(90,445)	(19,933)	(47,474)	(36,262)	(573,448)
Administrative expenses	(32,613)	(40,891)	(36,090)	(13,938)	(8,943)	(11,695)	(7,549)	(151,719)
Depreciation and amortisation charges	(151,500)	(220,651)	(185,057)	(82,979)	(67,472)	(19,694)	(15,414)	(742,767)
Finance costs (net)	(1,040)	93	321	(139,797)	(75,272)	(312,031)	(163,654)	(691,380)
Income tax (expenses) credit	(119,012)	(47,931)	(36,266)	(2,864)	(23,623)	33,895	2,284	(193,517)
Profit (loss) and total comprehensive income (expense) for the year	346,840	141,446	108,797	74,457	58,697	(121,018)	(8,097)	601,122
Cash distributions received from joint ventures during the year	200,065	101,071	128,310	–	35,391	–	–	464,837

19. INTERESTS IN JOINT VENTURES *(CONTINUED)*

Property joint ventures

Particulars of the Group's interests in principal property joint ventures as at 31 December 2021 and 31 December 2020 are as follows:

Name of property joint ventures	Place of incorporation/ registration	Proportion of equity interest of the Group		Proportion of voting right of the Group		Principal activities
		2021	2020	**2021**	2020	
上海雋廷房地產開發有限公司 ("上海雋廷")	PRC	**33%**	–	**20%** (note)	–	Development and sale of properties
南京華勁房地產開發有限公司 ("南京華勁")	PRC	**49%**	49%	**40%** (note)	40%	Development and sale of properties
無錫雋泰房地產開發有限公司 ("無錫雋泰")	PRC	**60%**	60%	**60%** (note)	60%	Development and sale of properties
廣州雋宏房地產開發有限公司 ("廣州雋宏")	PRC	**51%**	51%	**50%**	50%	Development and sale of properties
礪勁地產(蘇州)有限公司 ("礪勁地產")	PRC	**45%**	–	**33%** (note)	–	Development and sale of properties
濟南雋茂置業有限公司 ("濟南雋茂")	PRC	**50%**	50%	**50%**	50%	Development and sale of properties
蘇州中交路勁地產有限公司 ("蘇州中交")	PRC	**49%**	49%	**50%**	50%	Development and sale of properties
蘇州勁商房地產開發有限公司 ("蘇州勁商")	PRC	**33%**	33%	**20%** (note)	20%	Development and sale of properties
蘇州勝悅房地產開發有限公司 ("蘇州勝悅")	PRC	**30%**	30%	**20%** (note)	20%	Development and sale of properties
Both Win Development Limited ("Both Win")	Hong Kong	**60%**	60%	**60%** (note)	60%	Investment holding

Note: Although the Group has either more than or less than 50% voting rights for the companies, the board resolutions need the unanimous consent of the directors appointed by each joint venture partner and these companies are accounted for as joint ventures of the Group.

The above table lists the property joint ventures of the Group which, in opinion of the Directors, principally affected the results of the year or form a substantial portion of the net assets of the Group. To give details of other joint ventures would, in the opinion of the Directors, result in particulars of excessive length.

19. INTERESTS IN JOINT VENTURES *(CONTINUED)*

Property joint ventures *(Continued)*

Summarised financial information of material property joint ventures

At 31 December 2021

	上海雋廷 HK$'000	南京華勁 HK$'000	礦勁地產 HK$'000	濟南雋茂 HK$'000	蘇州勁商 HK$'000	蘇州勝悅 HK$'000	Both Win HK$'000	Total HK$'000
Current assets	8,030,875	1,928,735	2,868,756	2,036,468	3,406,302	4,676,312	2,408,099	25,355,547
Non-current assets	955	102	1,101	440	587	–	14	3,199
Current liabilities	(4,179,272)	(377,862)	(216,666)	(511,212)	(447,968)	(2,006,926)	(1,356,624)	(9,096,530)
Non-current liabilities	–	(62,651)	–	(298,279)	–	(803)	–	(361,733)
The above amounts of assets and liabilities include the following:								
Cash and cash equivalents	39,232	207,303	134,264	64,232	173,335	269,789	141,008	1,029,163
Net assets of joint ventures	3,852,558	1,488,324	2,653,191	1,227,417	2,958,921	2,668,583	1,051,489	15,900,483
Proportion of the Group's Interests	33%	49%	45%	50%	33%	30%	60%	N/A
Carrying amount of the Group's interests in joint ventures	1,271,344	729,279	1,193,936	613,709	976,444	800,575	630,893	6,216,180

19. INTERESTS IN JOINT VENTURES *(CONTINUED)*

Property joint ventures *(Continued)*

Summarised financial information of material property joint ventures *(Continued)*

For the year ended 31 December 2021

	上海雋廷 HK$'000	南京華勁 HK$'000	礦勁地產 HK$'000	濟南雋茂 HK$'000	蘇州勁商 HK$'000	蘇州勝悅 HK$'000	Both Win HK$'000	Total HK$'000
Profit (loss) and total comprehensive income (expense) for the year	(2,817)	278,618	(1,362)	21,115	35,021	115,206	47,795	493,576
The above profit (loss) for the year includes the following: Depreciation and amortisation	–	(24)	(7)	(338)	(14)	–	(25)	(408)
Interest income	41	61,071	25	2,003	950	1,233	2,112	67,435
Income tax credit (expense)	939	(92,873)	454	(7,508)	(11,674)	(38,402)	(194,719)	(343,783)

At 31 December 2020

	南京華勁 HK$'000	無錫雋泰 HK$'000	廣州雋宏 HK$'000	濟南雋茂 HK$'000	蘇州中交 HK$'000	蘇州勁商 HK$'000	蘇州勝悅 HK$'000	Both Win HK$'000	Total HK$'000
Current assets	3,154,408	1,202,517	2,149,005	3,623,144	2,782,000	5,063,499	3,698,682	2,568,435	24,241,690
Non-current assets	125	814,965	229	279	1	583	900	48	817,130
Current liabilities	(1,402,015)	(972,166)	(516,166)	(1,927,310)	(1,748,843)	(2,229,565)	(550,819)	(1,596,056)	(10,942,940)
Non-current liabilities	(584,112)	(22,978)	–	(526,797)	–	–	(674,826)	–	(1,808,713)
The above amounts of assets and liabilities include the following: Cash and cash equivalents	736,189	119,101	295,348	120,272	265,091	305,415	184,389	311,395	2,337,200
Net assets of joint ventures	1,168,406	1,022,338	1,633,068	1,169,316	1,033,158	2,834,517	2,473,937	972,427	12,307,167
Proportion of the Group's interests	49%	60%	51%	50%	49%	33%	30%	60%	N/A
Carrying amount of the Group's interests in joint ventures	572,519	613,403	832,865	584,658	506,247	935,391	742,181	583,456	5,370,720

19. INTERESTS IN JOINT VENTURES *(CONTINUED)*

Property joint ventures *(Continued)*

Summarised financial information of material property joint ventures *(Continued)*

For the year ended 31 December 2020

	南京華勁 HK$'000	無錫雋泰 HK$'000	廣州雋宏 HK$'000	濟南雋茂 HK$'000	蘇州中交 HK$'000	蘇州勁商 HK$'000	蘇州勝悅 HK$'000	Both Win HK$'000	Total HK$'000
Profit (loss) and total comprehensive income (expense) for the year	176	146,571	240,738	12,690	46,681	84,003	(2,584)	(66,953)	461,322
The above profit (loss) for the year includes the following:									
Depreciation and amortisation	(8)	(224)	(183)	(310)	(6)	(13)	–	(36)	(780)
Interest income	19,740	3,116	1,019	2,933	3,015	2,304	228	1,479	33,834
Income tax credit (expense)	(60)	(62,792)	52,070	(4,230)	(15,442)	(28,001)	861	(138,573)	(196,167)

Aggregate information of joint ventures that are not individually material

	2021 HK$'000	2020 HK$'000
The Group's share of profit (loss) and total comprehensive income (expense) for the year	**102,445**	(31,163)

20. AMOUNTS DUE FROM JOINT VENTURES AND ASSOCIATES

	2021 HK$'000	2020 HK$'000
Current portion	**3,341,987**	3,939,385
Non-current portion	**11,628,741**	9,869,288
	14,970,728	13,808,673
Analysed into:		
Interest bearing at fixed interest rate ranging from 4.75% to 10% (2020: 4.75% to 12%) per annum	**8,846,177**	8,275,745
Interest bearing at variable interest rate at 30% over the lending rate (2020: 20% to 30% over the lending rate) set by the People's Bank of China ("PBOC") per annum	**138,104**	904,186
Interest-free	**5,986,447**	4,628,742
	14,970,728	13,808,673

The amounts due from joint ventures and associates are all unsecured and the Group expects to receive the current portion within twelve months from the end of the reporting period based on the development and pre-sales status of the property projects of property joint ventures and the performance of the infrastructure joint ventures.

No impairment loss has been recognised in the current and prior years. Details of impairment assessment for the years ended 31 December 2021 and 2020 are set out in note 42(b)(ii).

21. AMOUNTS DUE FROM NON-CONTROLLING INTERESTS OF SUBSIDIARIES

	2021 HK$'000	2020 HK$'000
Current portion	**2,122,295**	1,672,435
Non-current portion	**306,198**	–
	2,428,493	1,672,435
Analysed into:		
Interest bearing at fixed interest rate at 3.85% to 4.75% (2020: 4.75%) per annum	**445,663**	142,823
Interest-free	**1,982,830**	1,529,612
	2,428,493	1,672,435

The amounts due from non-controlling interests of subsidiaries are all unsecured and the Group expects to receive the current portion within twelve months from the end of the reporting period.

No impairment loss has been recognised in both years. Details of impairment assessment for the year ended 31 December 2021 are set out in note 42(b)(ii).

22. LOAN RECEIVABLES

	2021 HK$'000	2020 HK$'000
Fixed-rate loan receivables	**1,699,595**	1,220,135
Floating-rate loan receivables	**69,328**	–
Interest-free loan receivables	**1,023,307**	819,882
Total gross carrying amount of loan receivables	**2,792,230**	2,040,017
Less: Impairment loss on loan receivables (note 42(b)(ii))	**(250,602)**	(104,027)
Less: Amounts classified as current assets	**(558,008)**	(551,420)
Amounts due over one year shown and classified as non-current assets	**1,983,620**	1,384,570

The loan receivables are denominated in RMB. As at 31 December 2021, the carrying amount of loan receivables amounting to HK$2,111,639,000 (2020: HK$1,649,388,000) are substantially either secured by properties of the borrowers or the equity interests in property companies. The Group is not permitted to sell or re-pledge the collaterals in the absence of default by the borrower. There have not been any significant changes in the quality of the collateral held for the loan receivables.

The Group renegotiated with certain borrowers to extend the maturity date for certain loan balances during the year ended 31 December 2021. No gain or loss was recognised in profit or loss for these non-substantial modifications.

Details of impairment assessment for the years ended 31 December 2021 and 2020 are set out in note 42(b)(ii).

The exposure of the Group's loan receivables to interest rate risks and the contractual maturity dates are as follows:

	2021 HK$'000	2020 HK$'000
Within one year	**558,008**	551,420
In more than one year but not more than two years	**743,574**	380,665
In more than two years but not more than five years	**732,506**	949,396
More than five years	**507,540**	54,509
	2,541,628	1,935,990

22. LOAN RECEIVABLES *(CONTINUED)*

The range of interest rates on the Group's loan receivables are as follows:

	2021	2020
Fixed-rate loan receivables	**2.88% – 24%**	7% – 24%
Floating-rate loan receivables	**3.25% – 6.37%**	–

23. INVENTORY OF PROPERTIES

	2021 **HK$'000**	2020 HK$'000
Completed properties held for sale	**13,625,438**	10,508,549
Properties under development for sale (note)	**31,042,233**	37,356,425
	44,667,671	47,864,974

The carrying amounts of leasehold lands are measured at cost less any accumulated depreciation and any impairment losses. The residual values are determined as the estimated disposal value of the leasehold land component. No depreciation charge is made on the leasehold lands taking into account the estimated residual values as at 31 December 2021 and 31 December 2020. Analysis of leasehold lands is as follows:

	2021 **HK$'000**	2020 HK$'000
Leasehold Lands		
Carrying amount as at 31 December	**21,369,328**	26,723,477
Total cash outflow for the year	**(4,273,287)**	(9,361,384)
Additions for the year	**3,795,275**	11,614,501

Note: Included in the amounts are properties under development for sale of HK$14,498,761,000 (2020: HK$19,624,121,000) which are expected to be completed and available for sale to the customers more than twelve months from the end of the reporting period.

24. PREPAYMENT FOR LAND LEASES

As at 31 December 2021, an amount of HK$478,012,000 (2020: nil) was prepaid in accordance with the sale and purchase agreements entered into with the local government for acquisition of one piece of land in the PRC for the purpose of property development for sale. Upon the delivery of relevant land title document to the Group, the prepaid amount was subsequently reclassified to "properties under development for sale" under "inventory of properties" in 2022.

25. DEBTORS, DEPOSITS AND PREPAYMENTS

	2021 **HK$'000**	2020 HK$'000
Aged analysis of trade debtors, presented based on invoice dates (note (a)):		
Within 60 days	**197,835**	242,940
61 to 90 days	**2,175**	10,733
More than 90 days	**39,954**	36,258
Trade debtors from contracts with customers derived from goods and services	**239,964**	289,931
Prepayment for land development cost (note (b))	**602,410**	584,112
Deposits paid for acquisition of inventory of properties (note (c))	**616,629**	644,930
Prepayment of value added tax and other taxes	**344,893**	215,037
Other receivables, deposits and prepayments	**595,032**	700,887
Total gross carrying amounts of debtors, deposits and prepayments	**2,398,928**	2,434,897
Less: Impairment loss on other receivables (note 42(b)(ii))	**–**	(12,943)
	2,398,928	2,421,954

25. DEBTORS, DEPOSITS AND PREPAYMENTS *(CONTINUED)*

Notes:

(a) The debtors are mainly arisen from sale of properties. Consideration in respect of properties sold is paid in accordance with the terms of the related sale and purchase agreements, normally within 60 to 90 days from the agreements. For most of the Group's property projects, consideration will be fully received prior to the delivery of the properties to the property purchasers. As at 1 January 2020, trade receivables from contracts with customers amounted to HK$88,698,000.

(b) In January 2016, the Group entered into an agreement with certain independent third parties who own certain pieces of industrial land in Jinan, the PRC (the "Contracting Parties") pursuant to which the Group will pay not more than RMB500,000,000 to the Contracting Parties to settle the debts of Contracting Parties and for the severance payments and labour compensation of the Contracting Parties such that the land can be cleared up and its use can be changed from industrial to residential purpose and put into public auction. At 31 December 2021, prepayment of land development cost of HK$602,410,000 (2020: HK$584,112,000) has been fully paid in prior years. According to the agreement, if the Group cannot obtain the land through the public auction, the entire amount will be refunded in full along with a daily interest of 0.03% to be received as necessary. During the year ended 31 December 2021, the Group has been actively negotiating with the local government which supports to expedite the whole land development progress with the approval from relevant local authorities and put the land into public auction in due course.

(c) The amount represents refundable deposits paid for acquisition of property development projects in the Mainland China, which will be fully refunded if the Group cannot acquire the land/property projects successfully.

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. Details of impairment assessment of trade and other receivables for the years ended 31 December 2021 and 2020 are set out in note 42(b)(ii).

26. FINANCIAL ASSETS/LIABILITIES AT FVTPL

	2021 HK$'000	2020 HK$'000
Financial assets at FVTPL:		
Investment in a listed entity (note (b))	**6,024**	46,729
Investment in an unlisted entity (note (b))	**893,056**	282,022
	899,080	328,751
Analysed for reporting purposes as:		
Non-current assets	**899,080**	328,751
	899,080	328,751
Financial liabilities at FVTPL:		
Foreign currency forward contracts (note (a))	**40,834**	94,669
Contingent consideration (note 19(d))	**103,882**	105,412
Participation rights designated as at FVTPL (note (c))	**111,793**	–
	256,509	200,081
Analysed for reporting purposes as:		
Current liabilities	**144,716**	182,672
Non-current liabilities	**111,793**	17,409
	256,509	200,081

26. FINANCIAL ASSETS/LIABILITIES AT FVTPL *(CONTINUED)*

Notes:

(a) The Group has 2 (2020: 7) RMB/US$ net-settled structured foreign currency forward contracts with a bank in Hong Kong in order to manage the Group's currency risk.

The foreign currency forward contracts with gross liabilities amount of HK$40,834,000 (2020: HK$94,669,000) are covered by the International Swaps and Derivatives Association Master Agreements ("ISDA Agreements") signed with one bank. These derivative instruments are not offset in the consolidated statement of financial position as the ISDA Agreements are in place with a right of set off only in the event of default, insolvency or bankruptcy so that the Group currently has no legally enforceable right to set off the recognised amounts.

The Group is required to transact with the bank at the end of the contract period for designated notional amount under the respective contracts. If the spot rate for conversion of US$ for RMB as prevailing in the international foreign exchange market ("Spot Rate") on fixing date is (1) at or above the capped strike rate, the Group will buy US$ notional amount at the varied strike rate, which is the Spot Rate on fixing date minus the spread between the capped strike rate and the strike rate; (2) below the capped strike rate, the Group will buy the US$ notional amount at the strike rate; (3) below the capped strike rate and at or above the floor strike rate, the Group will buy US$ notional amount at the strike rate, and; (4) at or below the floor strike rate, the Group will buy US$ notional amount at the varied strike rate, which is the Spot Rate on fixing date plus the spread between the floor strike rate and the strike rate.

Number of contracts outstanding at 31 December							
2021	2020	**Notional amount**	**Contract date**	**Strike rate**	**Floor strike rate**	**Capped strike rate**	**Fixing date** (note 1)
–	1	US$100,000,000	January 2019	6.828	6.650	7.200	April 2021
2	2	US$150,000,000	January 2019	6.874	6.650	7.200	January 2022
–	4	US$500,000,000	July 2018	6.770 – 6.782	6.500	7.200	September 2021
2	7						

Note 1: The contract maturity date is approximate to the fixing date.

Foreign currency forward contracts are measured at fair value at the end of the reporting period. During the year ended 31 December 2021, fair value losses amounting to HK$130,316,000 (2020: HK$229,585,000) were recognised in profit or loss.

(b) In May 2018, the Group made an investment of RMB190,000,000 (equivalent to HK$217,143,000) in a subsidiary of an unlisted entity ("Entity A") independent of the Group engaging in providing co-working space in the PRC. In November 2020, Entity A was successfully listed on the Nasdaq Capital Market. The number of ordinary shares held by the Group at 31 December 2021 are 948,850. During the year ended 31 December 2021, fair value loss amounting to HK$41,468,000 (2020: HK$49,216,000) was recognised in profit or loss.

In December 2018 and January 2021, the Group acquired 250,251,751 and 498,000,000 trust units respectively, which represent a non-controlling interest in a unit trust (the "Entity B") with its underlying investment in a tourism related property development project in Yunnan, the PRC at a cash consideration of RMB260,000,000 (equivalent to HK$297,143,000) and RMB499,826,000 (equivalent to HK$602,198,000). The trust units held by the Group at 31 December 2021 are 699,400,000 (2020: 201,400,000). The subject asset of the underlying project is a bare land in Yunnan, pending for development plan and seeking approval from the local government.

26. FINANCIAL ASSETS/LIABILITIES AT FVTPL *(CONTINUED)*

Notes: *(Continued)*

(c) In November 2021, the Group and a subsidiary of a major shareholder of the Company (the "Investor") entered into a participation agreement (the "Participation Agreement") whereby RK Properties Holdings Limited ("RKP"), a wholly-owned subsidiary of the Company agreed to grant participation rights (the "Participation Rights") to the Investor which would allow the Investor to enjoy a pro rata portion of 32.5% of the economic interest attributable to RKP's 70% interest (or 22.75% attributable interest) in a property development project (the "Project") held through a project company (the "Project Co") in the PRC. The Project Co, a non-wholly-owned subsidiary of the Company was incorporated in October 2021 with registered capital of RMB400,000,000 and total land cost of RMB793,500,000 to engage principally in the development of a parcel of land and the sales of units constructed on the land located in Guangzhou, the PRC. According to the Cooperation Agreement (the "Cooperation Agreement"), the Project Co is owned as to 70% and 30%, respectively by the Group and an independent third party. The total cash consideration to be paid by the Investor is RMB180,521,000 (equivalent to HK$217,495,000) ("Consideration"), of which deposit of USD14,425,000 (equivalent to HK$111,793,000) was received during the year. The remaining balance of RMB87,733,000 (equivalent to HK$105,702,000) will be paid by reference to the Group's next phase of investment payments to the Project Co.

Based on the Participation Agreement, the Investor has the right to surrender its rights to RKP at any time from and after 95% of the total saleable area of the Project has been sold and delivered or the third anniversary of the date on which RKP receives from the Investor the Consideration, whichever is the earlier. In granting the Participation Rights, the Group shall redeem the participation right equal to the relevant pro rata portion (i.e. the attributable economic interests of 22.75% of distribution or proceeds less any tax deductions and/or withholdings required by law which will receive from the Project Co). Should the surrender value exceed a particular value, approval from the shareholders of the Company is required. The Group designated the Participation Rights as a financial liability measured at fair value.

Details of the fair value measurement of the derivative contracts and investments are set out in note 42(c)(i).

27. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

Pledged bank deposits of HK$113,395,000 (2020: HK$114,799,000) in total are pledged as securities in favour of banks for mortgage facilities granted to the buyers of properties developed by the Group and bank borrowings granted to the Group.

Included in bank balances and cash, bank balances amounting to HK$1,167,159,000 (2020: HK$1,872,911,000) were restricted to be used for the development of certain property projects. These bank balances comprised the proceeds received from pre-sale of properties of certain property projects deposited into designated bank accounts of the Group according to the relevant regulations in the Mainland China and Hong Kong.

Bank balances carried interest at market rates which range from 0.01% to 2.8% (2020: 0.01% to 3.23%) per annum.

The Group's pledged bank deposits and bank balances and cash that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	2021 **HK$'000**	2020 HK$'000
United States dollars	**1,616,437**	1,135,987
Hong Kong dollars	**780,570**	539,044

28. SHARE CAPITAL

	2021 Number of shares	2020 Number of shares	**2021 HK$'000**	2020 HK$'000
Authorised:				
Ordinary shares of HK$0.1 each	**20,000,000,000**	20,000,000,000	**2,000,000**	2,000,000
7.5% convertible preference shares of HK$0.1 each	**518,380**	518,380	**52**	52
Issued and fully paid:				
Ordinary shares				
At 1 January and 31 December	**749,336,566**	749,336,566	**74,934**	74,934

No new share and no convertible preference shares are issued in both years.

29. SHARE OPTION SCHEME

The Company adopted a share option scheme (the "Scheme") on 8 May 2013. The purpose of the Scheme is to provide participants with the opportunity to acquire proprietary interests in the Company and to encourage participants to work towards enhancing the value of the Company and the shares for the benefit of the Company and the shareholders as a whole.

The participants of the Scheme include any Executive or Non-executive Directors of the Group, any executives, officers, consultants or full-time employees of the Group.

The total number of shares which may be issued upon exercise of all options to be granted under the Scheme and any other share option schemes of the Company and/or any subsidiary shall not in aggregate exceed 10% (the "10% Limit") in nominal amount of the aggregate of the shares in issue on the adoption date. Options lapsed or cancelled in accordance with the terms of the Scheme and such other share option schemes of the Company and/or any subsidiary shall not be counted for the purpose of calculating the 10% Limit. The 10% Limit may be refreshed with the approval of the shareholders of the Company. The limit on the total number of the shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme, together with all outstanding options granted and yet to be exercised under any other share option schemes of the Company and/or any subsidiary, must not exceed 30% of the number of issued shares from time to time.

The total number of shares issued and to be issued upon exercise of all options granted and to be granted to each participant under the Scheme and any other share option schemes of the Company and/or any subsidiary (including exercised, cancelled and outstanding options) in any 12-month period must not exceed 1% of the number of shares in issue as at the proposed grant date unless the same is approved by the shareholders.

The option exercisable period commences on the commencement date (the date upon which the options are granted and accepted) of such options and ends on the fifth anniversary of the commencement date. Each participant must pay HK$1 as consideration for the grant of options not later than 30 days after the grant date.

The exercise price shall be determined by the Board of Directors, being not less than the highest of (a) the closing price of the shares as stated in the Stock Exchange's daily quotations sheets on the grant date; (b) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the grant date; and (c) the nominal value of the shares.

The Scheme shall be valid and effective for a period of 10 years commencing on the adoption date, i.e. 8 May 2013.

The Group has no outstanding share option as at 31 December 2021 and 31 December 2020.

30. BANK AND OTHER BORROWINGS

	Notes	2021 HK$'000	2020 HK$'000
2016 September guaranteed senior notes	(a)	–	3,925,807
2019 January guaranteed senior notes	(b)	–	1,694,885
2019 February guaranteed senior notes	(c)	**3,159,813**	3,183,424
2019 September guaranteed senior notes	(d)	**3,751,627**	3,741,610
2020 March guaranteed senior notes	(e)	**2,355,248**	2,351,439
2020 September guaranteed senior notes	(f)	**3,231,843**	3,219,701
2021 January guaranteed senior notes	(g)	**3,927,175**	–
2021 July guaranteed senior notes	(h)	**3,913,938**	–
2019 Domestic bonds	(i)	**1,069,106**	1,766,036
Bank loans	(j)	**15,960,639**	18,020,992
Other loans	(k)	**956,795**	152,297
		38,326,184	38,056,191
Secured		**10,085,078**	12,326,892
Unsecured		**28,241,106**	25,729,299
		38,326,184	38,056,191

The maturity of the above loans is as follows:

	2021 HK$'000	2020 HK$'000
Senior notes and domestic bonds repayable*:		
Within one year	**1,518,804**	5,933,301
More than one year but not exceeding two years	**3,059,112**	1,725,154
More than two years but not exceeding five years	**16,830,834**	12,224,447
	21,408,750	19,882,902
Bank borrowings repayable*:		
Within one year	**5,636,529**	6,722,920
Repayable on demand (Within one year)	**100,145**	–
Repayable on demand (More than one year but not exceeding two years)	**500,000**	–
Repayable on demand (More than two years but not exceeding five years)	–	616,250
More than one year but not exceeding two years	**5,394,087**	7,337,569
More than two years but not exceeding five years	**3,426,080**	2,394,977
More than five years	**903,798**	949,276
	15,960,639	18,020,992
Other loans repayable*:		
Within one year	**47,760**	152,297
Repayable on demand (More than one year but not exceeding two years)	**120,482**	–
More than one year but not exceeding two years	**40,964**	–
More than two years but not exceeding five years	**747,589**	–
	956,795	152,297
Total borrowings	**38,326,184**	38,056,191
Less: Amounts classified as current liabilities	**(7,923,720)**	(13,424,768)
Amounts due over one year shown and classified as non-current liabilities	**30,402,464**	24,631,423

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

30. BANK AND OTHER BORROWINGS *(CONTINUED)*

Notes:

(a) The 2016 September guaranteed senior notes with an outstanding principal amount of US$500,000,000 as at 31 December 2020 are listed on the Stock Exchange and were issued in September 2016. The notes, bearing interest at a fixed rate of 4.7% per annum, matured in September 2021. The notes has been redeemed in September 2021 and subsequently delisted from Stock Exchange with effect on 6 September 2021.

(b) The 2019 January guaranteed senior notes with an outstanding principal amount of US$215,615,000 as at 31 December 2020 are listed on the Singapore Stock Exchange Securities Trading Limited ("Singapore Exchange") and were issued in January 2019. The notes, bearing interest at a fixed rate of 7.75% per annum, matured in 2021. The notes has been redeemed in February 2021 and subsequently delisted from Singapore Exchange with effect on 22 February 2021.

(c) The 2019 February guaranteed senior notes with an outstanding principal amount of US$396,000,000 (2020: US$400,000,000) are listed on the Singapore Exchange and were issued in February 2019. The notes, bearing interest at a fixed rate of 7.875% per annum, will mature in February 2023. Subsequent to the reporting period, US$16,000,000 of the notes has been redeemed.

The Group may at any time prior to 1 February 2021 redeem the senior notes, in whole and not in part, at a redemption price equal to 100% of their principal amount plus the applicable premium and accrued and unpaid interest to the redemption date. At any time and from time to time on or after 1 February 2021, the Group may redeem the senior notes, in whole or in part at a redemption price equal to 103.9375% of the principal amount for the period beginning on 1 February 2021 to 31 January 2022 or 101.9688% of the principal amount for the period from 1 February 2022 and thereafter and plus accrued and unpaid interest to the redemption date. In addition, at any time and time to time prior to 1 February 2021, the Group may redeem the senior notes using proceeds from certain equity offerings at a redemption price of 107.875% of the principal amount plus accrued and unpaid interest to the redemption date provided that at least 65% of the aggregate principal amount of the senior notes originally issued remain outstanding after each such redemption. The Group will be obliged to make an offer to repurchase all the senior notes then outstanding at a purchase price equal to 101% of the principal amount, plus accrued and unpaid interest to the date of repurchase upon the occurrence of a change of control event (including (1) the permitted holders are collectively the beneficial owners of less than 30% of the total voting power of the voting stock of the Company; (2) any person or group is or becomes the beneficial owner of total voting power of the voting stock of the Company greater than such total voting power held beneficially by the permitted holders; or (3) individuals who on the original issue date constitute the board of directors cease for any reason to constitute a majority of the members of the board of directors of the Company) and a rating decline. Details are set out in the offering memorandum.

In the opinion of the Directors, the fair value of the early redemption option is insignificant at initial recognition and the end of the reporting period.

(d) The 2019 September guaranteed senior notes with an outstanding principal amount of US$480,000,000 (2020: US$480,000,000) are listed on the Singapore Exchange and were issued in September 2019. The notes, bearing interest at a fixed rate of 6.7% per annum, will mature in September 2024.

The Group may at any time prior to 30 September 2022 redeem the senior notes, in whole and not in part, at a redemption price equal to 100% of their principal amount plus accrued and unpaid interest to the redemption date. At any time on or after 30 September 2022, the Group may redeem the senior notes, in whole or in part, at a redemption price equal to 103.350% of the principal amount for the period beginning on 30 September 2022 to 29 September 2023 or 101.675% of the principal amount for the period from 30 September 2023 and thereafter and plus accrued and unpaid interest to the redemption date. In addition, at any time prior to 30 September 2022, the Group may redeem the senior notes using proceeds from certain equity offerings at a redemption price of 106.7% of the principal amount plus accrued and unpaid interest to the redemption date provided that at least 65% of aggregate principal amount of the senior notes originally issued remain outstanding after each such redemption. The Group will be obliged to make an offer to repurchase all the senior notes then outstanding at a purchase price equal to 101% of the principal amount, plus accrued and unpaid interest to the date of repurchase upon the occurrence of a change of control event (including (1) the permitted holders are collectively the beneficial owners of less than 30% of the total voting power of the voting stock of the Company; (2) any person or group is or becomes the beneficial owner of total voting power of the voting stock of the Company greater than such total voting power held beneficially by the permitted holders; or (3) individuals who on the original issue date constitute the board of directors cease for any reason to constitute a majority of the members of the board of directors of the Company) and a rating decline. Details are set out in the offering memorandum.

In the opinion of the Directors, the fair value of the early redemption option is insignificant at initial recognition and the end of the reporting period.

30. BANK AND OTHER BORROWINGS *(CONTINUED)*

Notes: *(Continued)*

(e) The 2020 March guaranteed senior notes with an outstanding principal amount of US$300,000,000 (2020: US$300,000,000) are listed on the Singapore Exchange and were issued in March 2020. The notes, bearing interest at a fixed rate of 5.9% per annum, will mature in March 2025.

The Group may at any time prior to 5 March 2023 redeem the senior notes, in whole and not in part, at a redemption price equal to 100% of their principal amount plus accrued and unpaid interest to the redemption date. At any time on or after 5 March 2023, the Group may redeem the senior notes, in whole or in part, at a redemption price equal to 102.95% of the principal amount for the period beginning on 5 March 2023 to 4 March 2024 or 101.475% of the principal amount for the period from 5 March 2024 and thereafter and plus accrued and unpaid interest to the redemption date. In addition, at any time prior to 5 March 2023, the Group may redeem the senior notes using proceeds from certain equity offerings at a redemption price of 105.9% of the principal amount plus accrued and unpaid interest to the redemption date provided that at least 65% of aggregate principal amount of the senior notes originally issued remain outstanding after each such redemption. The Group will be obliged to make an offer to repurchase all the senior notes then outstanding at a purchase price equal to 101% of the principal amount, plus accrued and unpaid interest to the date of repurchase upon the occurrence of a change of control event (including (1) the permitted holders are collectively the beneficial owners of less than 30% of the total voting power of the voting stock of the Company; (2) any person or group is or becomes the beneficial owner of total voting power of the voting stock of the Company greater than such total voting power held beneficially by the permitted holders; or (3) individuals who on the original issue date constitute the board of directors cease for any reason to constitute a majority of the members of the board of directors of the Company) and a rating decline. Details are set out in the offering memorandum.

In the opinion of the Directors, the fair value of the early redemption option is insignificant at initial recognition and the end of the reporting period.

(f) The 2020 September guaranteed senior notes with an outstanding principal amount of US$415,588,000 (2020: US$415,588,000) are listed on the Singapore Exchange and were issued in September 2020. The notes, bearing interest at a fixed rate of 6% per annum, will mature in September 2025.

The Group may at any time prior to 4 September 2023, redeem the senior notes, in whole and not in part, at a redemption price equal to 100% of their principal amount plus accrued and unpaid interest to the redemption date. At any time on or after 4 September 2023, the Group may redeem the senior notes, in whole or in part, at a redemption price equal to 103.0% of the principal amount for the period beginning on 4 September 2023 to 3 September 2024 or 101.5% of the principal amount for the period from 4 September 2024 to 3 June 2025 or 100% of the principal amount for the period from 4 June 2025 and thereafter and plus accrued and unpaid interest to the redemption date. In addition, at any time prior to 4 September 2023, the Group may redeem the senior notes using proceeds from certain equity offerings at a redemption price of 106% of the principal amount plus accrued and unpaid interest to the redemption date provided that at least 65% of aggregate principal amount of the senior notes originally issued remain outstanding after each such redemption. The Group will be obliged to make an offer to repurchase all the senior notes then outstanding at a purchase price equal to 101% of the principal amount, plus accrued and unpaid interest to the date of repurchase upon the occurrence of a of a change of control event (including (1) the permitted holders are collectively the beneficial owners of less than 30% of the total voting power of the voting stock of the Company; (2) any person or group is or becomes the beneficial owner of total voting power of the voting stock of the Company greater than such total voting power held beneficially by the permitted holders; or (3) individuals who on the original issue date constitute the board of directors cease for any reason to constitute a majority of the members of the board of directors of the Company) and a rating decline. Details are set out in the offering memorandum.

In the opinion of the Directors, the fair value of the early redemption option is insignificant at initial recognition and the end of the reporting period.

30. BANK AND OTHER BORROWINGS *(CONTINUED)*

Notes: *(Continued)*

(g) The 2021 January guaranteed senior notes with an outstanding principal amount of US$500,000,000 are listed on the Singapore Exchange and were issued in January 2021. The notes, bearing interest at a fixed rate of 5.2% per annum, will mature in January 2026.

The Group may at any time prior to 12 January 2024 redeem the senior notes, in whole and not in part, at a redemption price equal to 100% of their principal amount plus accrued and unpaid interest to the redemption date. At any time on or after 12 January 2024, the Group may redeem the senior notes, in whole or in part, at a redemption price equal to 102.6% of the principal amount for the period beginning on 12 January 2024 to 11 January 2025 or 101.3% of the principal amount for the period from 12 January 2025 to 11 October 2025 or 100.0% on or after 12 October 2025 and plus accrued and unpaid interest to the redemption date. In addition, at any time prior to 12 January 2024, the Group may redeem the senior notes using proceeds from certain equity offerings at a redemption price of 105.2% of the principal amount plus accrued and unpaid interest to the redemption date provided that at least 65% of aggregate principal amount of the senior notes originally issued remain outstanding after each such redemption. The Group will be obliged to make an offer to repurchase all the senior notes then outstanding at a purchase price equal to 101% of the principal amount, plus accrued and unpaid interest to the date of repurchase upon the occurrence of a change of control event (including (1) the permitted holders are collectively the beneficial owners of less than 30% of the total voting power of the voting stock of the Company; (2) any person or group is or becomes the beneficial owner of total voting power of the voting stock of the Company greater than such total voting power held beneficially by the permitted holders; or (3) individuals who on the original issue date constitute the board of directors cease for any reason to constitute a majority of the members of the board of directors of the Company) and a rating decline. Details are set out in the offering memorandum.

In the opinion of the Directors, the fair value of the early redemption option is insignificant at initial recognition and the end of the reporting period.

(h) The 2021 July guaranteed senior notes with an outstanding principal amount of US$500,000,000 are listed on the Singapore Exchange and were issued in July 2021. The notes, bearing interest at a fixed rate of 5.125% per annum, will mature in July 2026.

The Group may at any time prior to 26 July 2024 redeem the senior notes, in whole and not in part, at a redemption price equal to 100% of their principal amount plus accrued and unpaid interest to the redemption date. At any time on or after 26 July 2024, the Group may redeem the senior notes, in whole or in part, at a redemption price equal to 102.5625% of the principal amount for the period beginning on 26 July 2024 to 25 July 2025 or 101.28125% of the principal amount for the period from 26 July 2025 to 25 April 2026 or 100% on or after 26 April 2026 and plus accrued and unpaid interest to the redemption date. In addition, at any time prior to 26 July 2024, the Group may redeem the senior notes using proceeds from certain equity offerings at a redemption price of 105.125% of the principal amount plus accrued and unpaid interest to the redemption date provided that at least 65% of aggregate principal amount of the senior notes originally issued remain outstanding after each such redemption. The Group will be obliged to make an offer to repurchase all the senior notes then outstanding at a purchase price equal to 101% of the principal amount, plus accrued and unpaid interest to the date of repurchase upon the occurrence of a change of control event (including (1) the permitted holders are collectively the beneficial owners of less than 30% of the total voting power of the voting stock of the Company; (2) any person or group is or becomes the beneficial owner of total voting power of the voting stock of the Company greater than such total voting power held beneficially by the permitted holders; or (3) individuals who on the original issue date constitute the board of directors cease for any reason to constitute a majority of the members of the board of directors of the Company) and a rating decline. Details are set out in the offering memorandum.

In the opinion of the Directors, the fair value of the early redemption option is insignificant at initial recognition and the end of the reporting period.

(i) The Group issued 2019 Domestic bonds with an outstanding principal amount of RMB1,500,000,000 in September 2019. The bonds are listed on the Shanghai Stock Exchange, bearing interest at a fixed rate of 7% per annum and have a term of three years with the Group's option to adjust the coupon rate after the end of the second year of issuance and the investors' entitlement to require the Group to redeem the bonds at the principal amount. The Group redeemed the 2019 Domestic bonds with a principal amount of RMB631,450,000 in September 2021. As at 31 December 2021, the 2019 Domestic bonds with remaining principal amount of RMB868,550,000, bearing an adjusted fixed interest rate of 6.5% will mature in September 2022.

30. BANK AND OTHER BORROWINGS *(CONTINUED)*

Notes: *(Continued)*

(j) Bank loans with carrying amount of HK$10,079,462,000 (2020: HK$12,282,602,000) bear a floating interest rate based on PBOC or Loan Prime Rate ("LPR") plus a specified margin, ranging from 3.8% to 7.13% (2020: 4.15% to 7.13%) per annum. Bank loans with carrying amount of HK$213,977,000 (2020: HK$531,776,000) bear interest at a fixed rate of 4.89% – 5.23% (2020: 4.99% – 5.22%) per annum. Interest rates on the remaining bank loans, which carry at floating interest rates based on either HIBOR or LIBOR plus a specified margin, ranging from 2.11% to 3.23% (2020: 1.46% to 5.68%) per annum.

(k) At 31 December 2021, other loans with a carrying amount of HK$956,795,000 (2020: HK$152,297,000) bear interest at a fixed rate ranging from 5.5% to 9.8% (2020: 18%) per annum and mainly include commercial mortgage-backed securities and amounts borrowed from certain trust companies.

(l) The Group classified the senior notes with an aggregate carrying amount of HK$20,340 million (2020: HK$12,496 million) as non-current liabilities as at 31 December 2021. The senior notes have been classified as non-current liabilities on the basis that the management of the Group considered the Group has the unconditional right to defer settlement for at least twelve months after the reporting period as the events which will cause the Group's obligation to redeem had not been triggered as at 31 December 2021 and 2020.

The effective interest rate of the Group's fixed rate borrowings and variable rate borrowings ranged from 4.89% to 9.8% (2020: 4.7% to 18%) per annum and 2.11% to 7.13% (2020: 1.46% to 7.13%) per annum, respectively.

In respect of bank loans with the aggregate carrying amount of HK$15,960,639,000 as at 31 December 2021 (2020: HK$18,020,992,000), the Group is required to comply with the financial covenants throughout the continuance of the relevant loans and/or as long as the loans are outstanding.

The Group has complied with these covenants throughout the reporting period.

Details on the fair value disclosures of the guaranteed senior notes and domestic bonds are set out in note 42(c)(iii).

The Group's borrowings that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	2021 **HK$'000**	2020 HK$'000
United States dollars	**23,090,704**	19,752,062
Hong Kong dollars	**2,916,140**	3,006,693

31. DEFERRED TAXATION

The following are the major deferred tax liabilities (assets) recognised and movements thereon during the current and prior years:

	Tax losses HK$'000	Unrealised profits in interests in joint ventures HK$'000	Undistributed earnings of subsidiaries and joint ventures in the PRC HK$'000	Change in fair value of investment properties HK$'000	Interest capitalised on properties under development HK$'000	Total HK$'000
At 31 December 2020	(117,781)	(15,724)	680,675	299,874	78,203	925,247
(Credit) charge for the year	(35,849)	(20,892)	89,677	(47,264)	14,095	(233)
Acquisition of subsidiaries (note 44)	(14,036)	–	–	–	–	(14,036)
Exchange adjustments	(8,921)	(1,736)	38,969	13,316	5,055	46,683
At 1 January 2021	(176,587)	(38,352)	809,321	265,926	97,353	957,661
Charge (credit) for the year	**55,856**	**(28,238)**	**101,274**	**(9,474)**	**58,777**	**178,195**
Acquisition of subsidiaries (note 44)	**(2,578)**	**–**	**–**	**–**	**–**	**(2,578)**
Exchange adjustments	**(4,727)**	**(1,678)**	**27,061**	**8,170**	**4,346**	**33,172**
At 31 December 2021	**(128,036)**	**(68,268)**	**937,656**	**264,622**	**160,476**	**1,166,450**

Note: Deferred tax has been provided for (i) tax losses; (ii) unrealised profit in interests in joint ventures; (iii) undistributed earnings of subsidiaries and joint ventures in the PRC; (iv) change in fair value of investment properties and (v) temporary differences between the carrying amount and the tax base of properties under development for sale, arising from the capitalisation of certain interest expenses in properties under development for sale at consolidation level.

31. DEFERRED TAXATION *(CONTINUED)*

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2021 **HK$'000**	2020 HK$'000
Deferred tax assets	**(196,304)**	(214,939)
Deferred tax liabilities	**1,362,754**	1,172,600
	1,166,450	957,661

At 31 December 2021, the Group has estimated unused tax losses of HK$1,835,614,000 (2020: HK$1,383,040,000) available to offset against future profits. A deferred tax asset has been recognised in respect of HK$512,144,000 (2020: HK$706,348,000) of such losses. No deferred tax asset has been recognised in respect of the remaining losses of HK$1,323,470,000 (2020: HK$676,692,000) due to the unpredictability of future taxable profit streams. Included in unrecognised tax losses are losses of HK$1,323,470,000 (2020: HK$676,692,000) that will expire within five years in PRC from the end of the reporting period. As at 31 December 2021 and 2020, no remaining tax losses will be carried forward indefinitely due to all tax losses has been used in respect of profits earned by a Hong Kong subsidiary in the year.

Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards. Deferred tax has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to HK$5,783,133,000 (2020: HK$5,607,477,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

32. DERIVATIVE FINANCIAL INSTRUMENTS

	2021 HK$'000	2020 HK$'000
Derivative financial liabilities (under hedge accounting)		
Cash flow hedges		
– Interest rate swaps	–	53,111

During the year ended 31 December 2020, the Group entered into certain interest rate swaps designated as effective hedging instruments in order to minimise its exposures to forecast cash flow interest rate risk on its USD borrowings.

The terms of the interest rate swaps have been negotiated to match the terms of the respective designated hedging items and the Directors consider that the interest rate swaps are effective hedging instruments. The major terms of these swaps as at 31 December 2020 are as follows:

Notional amounts	US$300,000,000
Maturity date	18 November 2024
Pay fixed rate range	1.6% – 1.75%
Receive floating rate	USD 3-month LIBOR

In February and March 2021, interest rate swaps were terminated because the hedged forecast cash flows were no longer highly probable. As a result, the amounts upon termination of HK$53,111,000 were immediately reclassified from the cash flow hedge reserve to profit or loss as a reclassification adjustment, resulting in a net gain of HK$5,443,000.

33. CREDITORS AND ACCRUED CHARGES

	2021 HK$'000	2020 HK$'000
Aged analysis of creditors presented based on invoice date:		
Trade payables		
Within 60 days	**845,617**	1,057,611
61 to 90 days	**47,661**	22,670
More than 90 days	**1,570,151**	1,080,965
	2,463,429	2,161,246
Bills payables		
Within 60 days	**38,730**	9,461
61 to 90 days	**15,720**	11,682
More than 90 days	**44,568**	139
	99,018	21,282
Accrued construction costs	**5,241,400**	5,672,305
	7,803,847	7,854,833
Accrued taxes (other than EIT and LAT)	**670,313**	796,862
Consideration payable for the acquisition of joint ventures	**489,046**	238,087
Dividends payable to non-controlling interests of subsidiaries	**–**	152,570
Other payables	**1,740,114**	1,642,974
	10,703,320	10,685,326

34. AMOUNTS DUE TO JOINT VENTURES AND ASSOCIATES

At the end of reporting period, except for the amount due to joint ventures of HK$1,514,528,000 (2020: HK$486,565,000) which is interest-bearing, all remaining amounts are unsecured and interest-free. Amount due to a joint venture of HK$386,081,000 (2020: nil) is due beyond one year from the end of reporting date and bears interest at 4.75% per annum, all the remaining balances are either repayable on demand or due within one year from the end of reporting date.

35. AMOUNTS DUE TO NON-CONTROLLING INTERESTS OF SUBSIDIARIES

As at 31 December 2021, amounts due to non-controlling interest of subsidiaries are interest-free, unsecured and either repayable on demand or due within one year.

As at 31 December 2020, except for amounts of HK$1,156,083,000 due to non-controlling interests of subsidiaries which were interest-free, unsecured and either repayable on demand or due within one year, the remaining balances were interest bearing.

36. CONTRACT LIABILITIES

	2021 HK$'000	2020 HK$'000
Sale of properties	**8,406,644**	7,819,246

As at 1 January 2020, the contract liabilities amounted to HK$8,481,912,000. The contract liabilities of the Group are all expected to be settled within the Group's normal operating cycle and thus are classified as current liabilities.

The revenue recognised in the current year that was included in the contract liability balance at prior year end was HK$7,452,063,000 (2020: HK$8,425,618,000). No revenue is recognised in the current year which was related to the performance obligations satisfied in prior period.

Typical payment terms in respect of sale of properties, which impact on the amount of contract liabilities recognised are as follows:

The Group receives 30% to 100% of the contract value from customers when they sign the sale and purchase agreements while construction work of properties is still ongoing. For the customers who applied mortgage loans provided by the banks, the remaining consideration will be paid to the Group from the banks once the mortgage loan application has been completed and release of fund has been approved. Such advance payment schemes result in contract liabilities being recognised through the property construction period until the customer obtains control of the completed property.

37. LEASE LIABILITIES

	2021 HK$'000	2020 HK$'000
The maturity of the lease liabilities payable is as follows:		
Within one year	**24,417**	26,357
More than one year but not exceeding two years	**16,254**	23,117
More than two years but not exceeding five years	**33,255**	48,882
More than five years	**18,154**	17,610
	92,080	115,966
Less: Amount due for settlement within 12 months shown under current liabilities	**(24,417)**	(26,357)
Amount due for settlement after 12 months shown under non-current liabilities	**67,663**	89,609

37. LEASE LIABILITIES *(CONTINUED)*

Lease obligations that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	2021 **HK$'000**	2020 HK$'000
Hong Kong dollars	**35,742**	38,507

38. OTHER FINANCIAL LIABILITIES

According to an investment agreement and shareholders' agreement ("Agreements") dated 4 July 2019 entered by an independent investor (the "Investor") and the Group, the Investor has acquired 26.32% shareholding in Best Key Ventures Limited ("Best Key"), a wholly-owned subsidiary of the Company and the total cash consideration paid by the Investor is US$50,000,000 (equivalent to HK$390,000,000). The transaction was completed in July 2019.

As the Agreements contain an obligation for the Group to purchase its own equity instruments for cash, the Group recognised a financial liability for the present value of the expected redemption amount using an effective interest rate of 12% per annum which amounted to US$50,000,000 (equivalent to HK$390,000,000) at initial recognition. The financial liability is subsequently measured at amortised cost. During the year ended 31 December 2021, the Group has fully repaid to the Investor amounting to US$57,873,843 (equivalent to HK$448,522,000).

The movement of the other financial liabilities at amortised cost is as follows:

	2021 **HK$'000**	2020 HK$'000
Carrying amount at 1 January	**448,522**	408,958
Interest charge	**–**	40,392
Repayment	**(448,522)**	–
Exchange adjustment	**–**	(828)
Carrying amount at 31 December	**–**	448,522

39. PERPETUAL CAPITAL SECURITIES

	Notes	2021 HK$'000	2020 HK$'000
2017 February perpetual capital securities	(a)	**2,348,473**	2,348,515
2017 June perpetual capital securities	(a)	**2,285,789**	2,283,261
2019 November perpetual capital securities	(b)	**2,320,034**	2,320,661
		6,954,296	6,952,437

Notes:

(a) In February 2017 and June 2017, two wholly-owned subsidiaries of the Company issued US$300 million 7.95% senior guaranteed perpetual capital securities ("2017 February perpetual capital securities") and US$300 million 7% senior guaranteed perpetual capital securities ("2017 June perpetual capital securities") respectively at issue price of 100% of the principal amounts. Both capital securities were then listed on the Singapore Exchange and guaranteed by the Company for the due payment. Distributions are paid semi-annually in arrears and can be deferred at the discretion of the issuers. The perpetual capital securities have no fixed maturity and are redeemable at the issuers' option at their principal amounts together with any accrued, unpaid or deferred distributions. While any distributions are unpaid or deferred, the Company cannot declare or, pay dividends or make distributions or similar periodic payments in respect of, or repurchase, redeem or otherwise acquire any securities of lower or equal rank, which includes the ordinary shares of the Company.

(b) In November 2019, a wholly-owned subsidiary of the Company issued US$300 million 7.75% senior guaranteed fixed spread perpetual capital securities ("2019 November perpetual capital securities") at issue price of 100% of the principal amounts. The distribution rate is subject to reset at the reset date falling immediately after the first call date and each day falling every five calendar years after the first call date. The reset distribution rate is equal to the sum of 6.003% and the Treasury Rate as defined in the terms and conditions of the perpetual securities. The capital securities were then listed on the Singapore Exchange and guaranteed by the Company for the due payment. Distributions are paid semi-annually in arrears and can be deferred at the discretion of the issuers. The perpetual capital securities have no fixed maturity and are redeemable at the issuers' option at their principal amounts together with any accrued, unpaid or deferred distributions. While any distributions are unpaid or deferred, the Company cannot declare or, pay dividends or make distributions or similar periodic payments in respect of, or repurchase, redeem or otherwise acquire any securities of lower or equal rank, which includes the ordinary shares of the Company.

Additional information for the perpetual capital securities is as follows:

List of perpetual capital securities	**Listing date**	**First call date***
2017 February perpetual capital securities	20 February 2017	17 February 2022
2017 June perpetual capital securities	27 June 2017	23 June 2022
2019 November perpetual capital securities	19 November 2019	18 November 2024

* The issuer may redeem the perpetual capital securities on or after the first call date. In the opinion of the Directors, the fair value of call options is insignificant as at 31 December 2021 and 2020.

40. RETIREMENT BENEFIT PLANS

For the operations in Hong Kong, the Group operates a Mandatory Provident Fund Scheme (the "MPF Scheme") for all qualifying employees including Directors in Hong Kong. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of the independent trustee. Both the Group and the employees contribute a fixed percent to the MPF Scheme based on their monthly salary in accordance with government regulations. The MPF Scheme contributions represent contributions payable to the fund by the Group at rates specified in the rules of the MPF Scheme. Where there are employees who leave the MPF Scheme prior to vesting fully in the contributions, the amount of the forfeited contributions will be refunded to the Group. There were no forfeited contributions available to be refunded at the end of the reporting period.

For the operations in the PRC, the employees of the Group's subsidiaries in the PRC are members of a state-managed retirement benefit scheme operated by the government. The subsidiaries are required to contribute a fixed percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement scheme is to make the specified contributions.

41. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debts and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of debts, which include bank and other borrowings and lease liabilities disclosed in notes 30 and 37, and equity comprising issued capital and reserves, perpetual capital securities and non-controlling interests of subsidiaries.

The management of the Group reviews the capital structure periodically. As part of this review, the management of the Group assesses the annual budget which incorporates the planned construction projects and takes into account of the provision of funding. Based on the proposed annual budget, the management of the Group considers the cost of capital and the risks associated with the capital. The management of the Group also balances its overall capital structure through the payment of dividends, the issue of new share as well as new debts or the redemption of existing debts.

The management of the Group monitors the utilisation of bank and other borrowings and ensures full compliance with loan covenants during the year and at the end of the reporting period.

42. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2021 HK$'000	2020 HK$'000
Financial assets		
Financial assets at amortised cost	**34,618,124**	33,642,063
Financial assets at FVTPL	**899,080**	328,751
Financial liabilities		
Financial liabilities at amortised cost	**56,364,395**	55,046,335
Financial liabilities at FVTPL	**256,509**	200,081
Derivative financial instruments	**–**	53,111

(b) Financial risk management objectives and policies

The management of the Group has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

There has been no material change to the Group's exposure to market risks or the manner in which it manages and measures these risks.

42. FINANCIAL INSTRUMENTS *(CONTINUED)*

(b) Financial risk management objectives and policies *(Continued)*

(i) Market risk

The Group's activities expose primarily to the financial risks of changes in foreign exchange rate and interest rates. In addition, the Group is exposed to price risk through its investment in financial assets and financial liabilities measured at FVTPL, which are further disclosed in note (c) Fair value of financial instruments.

Foreign currency risk management

Certain transactions of the Group are denominated in foreign currencies which are different from the functional currency of the respective group entities and therefore the Group is exposed to foreign currency risk. The Group entered into a number of structured foreign currency forward contracts with banks to manage the Group's currency risk and the details were set out in note 26. The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the end of the reporting period are as follows:

	Assets		Liabilities	
	2021	2020	**2021**	2020
	HK$'000	HK$'000	**HK$'000**	HK$'000
United States dollars	**1,616,437**	1,135,987	**23,114,691**	20,206,285
Hong Kong dollars	**787,513**	601,415	**3,004,908**	3,137,663

Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a 5% increase and decrease in the RMB against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rate. A positive number below indicates an increase in profit where RMB strengthens against the relevant currencies. For a 5% weakening of RMB against the relevant currencies, there would be an equal and opposite impact on the profit, and the amounts below would be negative.

	Profit or loss	
	2021	2020
	HK$'000	HK$'000
United States dollars	**1,074,913**	953,515
Hong Kong dollars	**110,870**	126,812

Interest rate risk management

The Group is exposed to cash flow interest rate risk due to the fluctuation of HIBOR, LIBOR, PBOC and LPR prescribed interest rates on bank balances, pledged bank deposits, amounts due from (to) joint ventures, loan receivables and bank and other borrowings.

The Group's fair value interest rate risk relates primarily to loan receivables, amounts due from (to) joint ventures, amounts due from (to) non-controlling interests of subsidiaries, lease liabilities, and fixed-rate bank and other borrowings which carry interest at fixed interest rates.

42. FINANCIAL INSTRUMENTS *(CONTINUED)*

(b) Financial risk management objectives and policies *(Continued)*

(i) Market risk *(Continued)*

Interest rate risk management *(Continued)*

The Group manages its interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook. The management will review the proportion of borrowings in fixed and floating rates and ensure they are within reasonable range.

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates ("IBORs") with alternative nearly risk-free rates. Details of the impacts on the Group's risk management strategy arising from the interest rate benchmark reform and the progress towards implementation of alternative benchmark interest rates are set out under "interest rate benchmark reform" in this note.

Total interest revenue/income and expenses from financial assets and financial liabilities that are measured at amortised cost is as follows:

Interest rate sensitivity

	2021 HK$'000	2020 HK$'000
Financial assets at amortised cost		
– Interest revenue from fund investment business	**21,374**	19,788
– Interest income from bank deposits and amounts due from joint ventures and non-controlling interests of subsidiaries and others	**307,695**	244,588
Revenue/interest income under effective interest method	**329,069**	264,376
Financial liabilities at amortised cost		
– Interest expense on financial liabilities not measured at FVTPL	**1,046,817**	1,129,464

The sensitivity analyses below have been determined based on the exposure to interest rates at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 50 basis point (2020: 50 basis point) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

The Group's bank balances and pledged bank deposits are excluded from sensitivity analysis as the Directors consider the exposure of cash flow interest rate risk arising from variable-rate bank balances and pledged bank deposits is insignificant.

If the interest rate had been 50 basis point (2020: 50 basis point) higher/lower and all other variables were held constant. the Group's profit for the year ended 31 December 2021 would decrease/increase by HK$33,375,000 (2020: HK$40,104,000) after capitalisation of additional finance costs of HK$45,218,000 (2020: HK$47,104,000) in properties under development for sale.

42. FINANCIAL INSTRUMENTS *(CONTINUED)*

(b) Financial risk management objectives and policies *(Continued)*

(ii) Credit risk and impairment management

The Group's maximum exposure to credit risk which will cause a financial loss to the Group is arising from the financial guarantees provided by the Group and the financial assets as disclosed in the consolidated statements of financial position. Other than the collateral to cover the credit risks of the loan receivables and financial guarantee contracts as detailed in notes 22 and 46, the Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

In order to minimise the credit risk, the management of the Group has policies in place for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model on financial assets at amortised cost individually or collectively, where appropriate. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

Trade debtors arising from contracts with customers

The Group has no concentration of credit risk for the trade debtors as no single trade debtor is accounted for 5% of the total trade debtor balances of the Group at the end of the reporting period.

In addition, the Group performs impairment assessment under ECL model on trade debtor balances on a collective basis. For the years ended 31 December 2021 and 2020, the Group assessed the ECL for trade debtors were insignificant and thus no loss allowance was recognised.

Loan receivables

The Group has designated team to assess the credit quality of the borrowers before an advance is made. The Group would generally require the borrowers to provide collaterals for the loans with material balances i.e. the properties owned by the borrowers or equity interests in the property companies. The Group also closely monitor the repayment status of the loan receivables and the status and conditions of the collaterals and request for credit enhancements if necessary. The Directors estimate the loss rates of loan receivables based on historical credit loss experience of the borrowers as well as the fair value of the collateral pledged by the borrowers to the loan receivables. Based on assessment under ECL model by the Directors, the ECL on loan receivables for the year ended 31 December 2021 was HK$136,256,000 (2020: HK$104,027,000) due to high default risks of some borrowers. The Group has concentration of credit risks in loan receivables as 64% (2020: 66%) of the loan receivables was due from the three largest borrowers.

Amounts due from joint ventures and associates

The joint ventures and associates of the Group mainly engage in toll road operation and property development business in the PRC, Hong Kong and Indonesia. The Group regularly monitors the business performance, financial position and repayment status of the joint ventures and associates. The Group's credit risks in these balances are mitigated through the value of the assets held by these entities and the power to jointly control or has significant influence over the relevant activities of the investees. The Directors believe that there are no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12m ECL. For the years ended 31 December 2021 and 2020, the Group assessed the ECL for amounts due from joint ventures and associates were insignificant and thus no loss allowance was recognised in both years. The Group has concentration of credit risks in amounts due from joint ventures and associates as 32% (2020: 39%) of the balances was due from the three largest borrowers within the property development and investment business.

42. FINANCIAL INSTRUMENTS *(CONTINUED)*

(b) Financial risk management objectives and policies *(Continued)*

(ii) Credit risk and impairment management *(Continued)*

Amounts due from non-controlling interests of subsidiaries

The non-controlling interests of subsidiaries of the Group mainly engage in property development business in the PRC. The Group regularly monitors the business performance, financial position and repayment status of the non-controlling interests of subsidiaries. The Group's credit risks in these balances are mitigated through the value of the assets held by these entities. The Directors believe that there are no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12m ECL. For the year ended 31 December 2021, the Group assessed the ECL for amounts due from non-controlling interests of subsidiaries were insignificant and thus no loss allowance was recognised in current year. The Group has concentration of credit risks in amounts due from non-controlling interests of subsidiaries as 75% (2020: 100%) of the balances was due from the three largest borrowers within the property development and investment business.

Other receivables

For other receivables and deposits, the Directors make periodic individual assessment on the recoverability of other receivables and deposits based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. Based on assessment under ECL model by the Directors, the ECL on credit-impaired other receivables for the year ended 31 December 2021 was nil (2020: HK$12,943,000).

Pledged bank deposits and bank balances

The Group's credit risk on pledged bank deposits and balances is limited because the counterparties are banks with high credit ratings and good reputation established in the PRC and Hong Kong. The Group assessed 12m ECL for pledged bank deposits and bank balances by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external credit rating agencies. Based on the average loss rates, the 12m ECL on pledged bank deposits and bank balances for the years ended 31 December 2021 and 2020 is considered to be insignificant and no loss allowance was recognised.

Financial guarantee contracts

For the financial guarantee contracts provided by the Group to banks in connection with the customers' borrowing of mortgage loans to finance their purchase of properties, the Group measured the loss allowance on financial guarantee contracts by reference to the historical default rate of the purchasers, the loss on default based on the current property value and the pre-sale deposits already received and the forward-looking information. The Directors considered that the loss allowances on financial guarantee contracts at 31 December 2021 and 2020 were insignificant to the Group. For properties which have been pre-sold, or for the completed properties that sold but the building ownership certificate not yet issued, the Group typically provides guarantees to banks in connection with the customers' borrowing of mortgage loans to finance their purchase of the properties for an amount up to 70% of the total purchase price of the property. If a purchaser defaults on the payment of its mortgage during the term of guarantee, the bank holding the mortgage may demand the Group to repay the outstanding amount of the loan and any accrued interest thereon. Under such circumstances, the Group is able to retain the customer's sales deposit and sell the property to recover any amounts paid by the Group to the bank. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

42. FINANCIAL INSTRUMENTS *(CONTINUED)*

(b) Financial risk management objectives and policies *(Continued)*

(ii) Credit risk and impairment management *(Continued)*

The tables below detail the credit risk exposures of the Group's financial assets and financial guarantee contracts, which are subject to ECL assessment:

	Notes	External credit rating	Internal credit rating	12-month or lifetime ECL	Gross carrying amount		ECL	
					2021 HK$'000	2020 HK$'000	**2021 HK$'000**	2020 HK$'000
Financial assets at amortised costs								
Amounts due from joint ventures and associates	20	N/A	(note 1)	12m ECL	**14,970,728**	13,808,673	**–**	–
Amounts due from non-controlling interests of subsidiaries	21	N/A	(note 1)	12m ECL	**2,428,493**	1,672,435	**–**	–
Loan receivables	22	N/A	(note 1)	12m ECL	**550,143**	546,280	**–**	–
				Lifetime ECL (not credit-impaired)	**2,242,087**	1,493,737	**250,602**	104,027
					2,792,230	2,040,017	**250,602**	104,027
Other debtors	25	N/A	(note 1)	12m ECL	**1,724,342**	1,777,209	**–**	12,943
Trade debtors	25	N/A	(note 2)	Lifetime ECL (not credit-impaired)	**239,964**	289,931	**–**	–
Pledged bank deposits	27	Ranged from A+ to BBB-	N/A	12m ECL	**113,395**	114,799	**–**	–
Bank balances	27	Ranged from A+ to BBB-	N/A	12m ECL	**12,598,364**	14,054,070	**–**	–
Financial guarantee contracts	46	N/A	(note 3)	12m ECL	**15,293,916**	14,837,664	**–**	–

42. FINANCIAL INSTRUMENTS *(CONTINUED)*

(b) Financial risk management objectives and policies *(Continued)*

(ii) Credit risk and impairment management *(Continued)*

Notes:

1. For the purposes of internal credit risk management, the Group uses the financial performance of the joint ventures and associates including their profitability and net asset position to assess whether credit risk on amounts due from joint ventures and associates has been increased significantly since initial recognition. The Group assess whether credit risk on loans receivables has been increased significantly since initial recognition based on the settlement status of the loans principal and interest and whether the loan period has been extended during the year. For the amounts due from non-controlling interests of subsidiaries, the Group considered there is no significant increase in credit risk since initial recognition. For other debtors, the Group assess whether credit risk on other debtors has been increased significantly since initial recognition based on the past due records during the year.

2. For trade debtors, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. The Group uses provision matrix to calculate ECL for the trade debtors. The provision matrix is based on the Group's historical default rates taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort.

3. For financial guarantee contracts, the gross carrying amount represents the maximum amount the Group has guaranteed under the respective contracts.

The following tables show reconciliation of loss allowances that have been recognised for other debtors and loan receivables.

Other debtors

	12m ECL HK$'000	**Lifetime ECL (not credit-impaired)** HK$'000	**Lifetime ECL (credit-impaired)** HK$'000	**Total** HK$'000
At 1 January 2020	–	–	–	–
Changes due to financial instruments				
– Impairment loss recognised	12,943	–	–	12,943
At 31 December 2020	12,943	–	–	12,943
Changes due to financial instruments				
– Transfer to credit-impaired	**(12,943)**	**–**	**12,943**	**–**
– Write-offs	**–**	**–**	**(12,943)**	**(12,943)**
At 31 December 2021	**–**	**–**	**–**	**–**

During the year ended 31 December 2021, changes in the loss allowance for other debtors of HK$12,943,000 with high default risks were transferred to lifetime ECL (credit-impaired) and were written off accordingly.

42. FINANCIAL INSTRUMENTS *(CONTINUED)*

(b) Financial risk management objectives and policies *(Continued)*

(ii) Credit risk and impairment management *(Continued)*

Loan receivables

	12m ECL	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	Total
	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2020	–	–	40,417	40,417
Changes due to financial instruments				
– Impairment loss recognised	–	104,027	–	104,027
– Write-offs	–	–	(40,417)	(40,417)
At 31 December 2020	–	104,027	–	104,027
Changes due to financial instruments				
– Impairment loss recognised	**–**	**136,256**	**–**	**136,256**
Exchange adjustments	**–**	**10,319**	**–**	**10,319**
At 31 December 2021	**–**	**250,602**	**–**	**250,602**

During the year ended 31 December 2021, changes in the loss allowance for loan receivables of HK$136,256,000 were mainly due to remeasurement of ECL.

42. FINANCIAL INSTRUMENTS *(CONTINUED)*

(b) Financial risk management objectives and policies *(Continued)*

(iii) Liquidity risk management

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management of the Group monitors the utilisation of bank and other borrowings and ensures compliance with loan covenants.

Ultimate responsibility for liquidity risk management rests with the management of the Group who has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate working capital and available banking facilities and continuously monitors the forecast and actual cash flows.

Liquidity and interest risk tables

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period.

	Weighted average effective interest rate %	On demand or less than 6 months HK$'000	6 – 12 months HK$'000	1 – 2 years HK$'000	2 – 5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
2021								
Creditors and accrued charges	–	10,703,320	–	–	–	–	10,703,320	10,703,320
Amounts due to joint ventures and associates	0.81	5,044,494	9,169	404,420	–	–	5,458,083	5,396,249
Bank and other borrowings								
– fixed rate	6.07	1,038,700	1,706,011	4,379,592	19,560,791	–	26,685,094	22,579,523
– variable rate	4.11	4,356,289	2,306,063	6,077,864	3,576,736	1,129,237	17,446,189	15,746,661
Amounts due to non-controlling interests of subsidiaries	–	1,938,642	–	–	–	–	1,938,642	1,938,642
Lease liabilities	5.33	14,881	13,707	19,398	38,322	19,763	106,071	92,080
Financial liabilities at FVTPL	–	40,834	103,882	–	111,793	–	256,509	256,509
Financial guarantee contracts	–	15,293,916	–	–	–	–	15,293,916	–
		38,431,076	4,138,832	10,881,274	23,287,642	1,149,000	77,887,824	56,712,984

42. FINANCIAL INSTRUMENTS *(CONTINUED)*

(b) Financial risk management objectives and policies *(Continued)*

(iii) Liquidity risk management *(Continued)*

Liquidity and interest risk tables *(Continued)*

	Weighted average effective interest rate %	On demand or less than 6 months HK$'000	6 – 12 months HK$'000	1 – 2 years HK$'000	2 – 5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
2020								
Creditors and accrued charges	–	10,685,326	–	–	–	–	10,685,326	10,685,326
Amounts due to joint ventures and associates	0.51	4,443,168	–	–	–	–	4,443,168	4,431,961
Bank and other borrowings								
– fixed rate	5.82	2,457,817	4,923,012	2,657,901	13,634,862	–	23,673,592	20,566,975
– variable rate	5.01	4,238,806	3,153,414	8,138,291	2,787,773	1,213,618	19,531,902	17,489,216
Amounts due to non-controlling interests of subsidiaries	1.63	487,548	949,306	–	–	–	1,436,854	1,424,335
Lease liabilities	5.32	16,150	16,003	27,901	53,279	24,951	138,284	115,966
Financial liabilities at FVTPL	–	15,422	167,250	17,409	–	–	200,081	200,081
Other financial liabilities	12	448,522	–	–	–	–	448,522	448,522
Financial guarantee contracts	–	14,837,664	–	–	–	–	14,837,664	–
		37,630,423	9,208,985	10,841,502	16,475,914	1,238,569	75,395,393	55,362,382
Derivative-net settlement								
– Interest rate swaps	–	–	–	–	53,111	–	53,111	53,111
		37,630,423	9,208,985	10,841,502	16,529,025	1,238,569	75,448,504	55,415,493

Bank loan with a repayment on demand clause is included in the "on demand or less than 6 months" time band in the above maturity analysis. The table below summarises the maturity analysis of bank loans with a repayment on demand clause based on agreed scheduled repayments set out in the loan agreements. The amounts include principal and interest payments computed using contractual rates. Taking into account the Group's financial position, the Directors did not believe that it is probable that the banks would exercise their discretionary rights to demand immediate repayment. The Directors believe that these bank loans would be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

	Less than 6 months HK$'000	**6 – 12 months** HK$'000	**1 – 2 years** HK$'000	**Total undiscounted cash flows** HK$'000	**Carrying amount** HK$'000
At 31 December 2021	**728,698**	**–**	**–**	**728,698**	**720,627**
At 31 December 2020	631,900	–	–	631,900	616,250

42. FINANCIAL INSTRUMENTS *(CONTINUED)*

(b) Financial risk management objectives and policies *(Continued)*

(iii) Liquidity risk management *(Continued)*

Liquidity and interest risk tables *(Continued)*

The amounts included above for financial guarantee contracts are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on the expectations at the end of the reporting period, the management considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

The amounts included above for variable interest rate instruments for non-derivative financial liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

(iv) Interest rate benchmark reform

As listed in note 30, several of the Group's LIBOR/HIBOR bank loans will or may be subject to the interest rate benchmark reform. The Group is closely monitoring the market and managing the transition to new benchmark interest rates, including announcements made by the relevant IBOR regulators.

LIBOR

The Financial Conduct Authority has confirmed all LIBOR settings will either cease to be provided by any administrator or no longer be representative:

- immediately after 31 December 2021, in the case of all sterling, euro, Swiss franc and Japanese yen settings, and the 1-week and 2-month US dollar settings; and

- immediately after 30 June 2023, in the case of the remaining US dollar settings.

HIBOR

While the Hong Kong Dollar Overnight Index Average ("HONIA") has been identified as an alternative to HIBOR, there is no plan to discontinue HIBOR. The multi-rate approach has been adopted in Hong Kong, whereby HIBOR and HONIA will co-exist.

42. FINANCIAL INSTRUMENTS *(CONTINUED)*

(b) Financial risk management objectives and policies *(Continued)*

(iv) Interest rate benchmark reform *(Continued)*

Risks arising from the interest rate benchmark reform

The following are the key risks for the Group arising from the transition:

Interest rate related risks

There are fundamental differences between IBORs and the various alternative benchmark rates. IBORs are forward-looking term rates published for a period (e.g. 3 months) at the beginning of that period and include an inter-bank credit spread, whereas alternative benchmark rates are typically risk-free overnight rates published at the end of the overnight period with no embedded credit spread. These differences will result in additional uncertainty regarding floating rate interest payments.

Liquidity risk

The additional uncertainty on various alternative rates which are typically published on overnight basis will require additional liquidity management. The Group's liquidity risk management policy has been updated to ensure sufficient liquid resources to accommodate unexpected increases in overnight rates.

Litigation risk

If no agreement is reached to implement the interest rate benchmark reform on contracts which have not been transitioned to the relevant alternative benchmark rates (e.g. arising from differing interpretation of existing fallback terms), there is a risk of prolonged disputes with counterparties which could give rise to additional legal and other costs. The Group is working closely with all counterparties to avoid this from occurring.

42. FINANCIAL INSTRUMENTS *(CONTINUED)*

(b) Financial risk management objectives and policies *(Continued)*

(iv) Interest rate benchmark reform *(Continued)*

Risks arising from the interest rate benchmark reform *(Continued)*

Progress towards implementation of alternative benchmark interest rates

The Group is planning to transition the majority of its remaining IBOR-linked contracts through introduction of, or amendments to, fallback clauses into the contracts which will change the basis for determining the interest cash flows from LIBOR to Secured Overnight Financing Rate ("SOFR") at an agreed point in time.

The following table shows the total amounts of outstanding contracts and the progress in completing the transition to alternative benchmark rates as at 31 December 2021. The amounts of financial liabilities are shown at their carrying amounts.

Financial instruments prior to transition	Maturing in	Carrying amounts/ notional amounts HK$'000	Hedge accounting	Transition progress for financial instruments
Non-derivative financial liabilities				
Bank loans linked to USD LIBOR	2024	**2,751,060**	N/A	Will transition to SOFR
Bank loans linked to HKD HIBOR	2022 – 2024	**2,916,140**	N/A	HIBOR will continue till maturity

42. FINANCIAL INSTRUMENTS *(CONTINUED)*

(c) Fair value of financial instruments

Fair value measurements

(i) Financial assets and financial liabilities measured at fair value on a recurring basis

Some of the Group's financial instruments are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Fair value hierarchy as at 31 December 2021

	Notes	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Financial assets					
Investment in a listed entity	(a)	**6,024**	**–**	**–**	**6,024**
Investment in an unlisted entity	(b)	**–**	**–**	**893,056**	**893,056**
		6,024	**–**	**893,056**	**899,080**
Financial liabilities					
Foreign currency forward contracts	(c)	**–**	**40,834**	**–**	**40,834**
Contingent consideration	(d)	**–**	**–**	**103,882**	**103,882**
Participation rights designated as at FVTPL	(f)	**–**	**–**	**111,793**	**111,793**
		–	**40,834**	**215,675**	**256,509**

Fair value hierarchy as at 31 December 2020

	Notes	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Financial assets					
Investment in a listed entity	(a)	46,729	–	–	46,729
Investment in an unlisted entity	(b)	–	–	282,022	282,022
		46,729	–	282,022	328,751
Financial liabilities					
Foreign currency forward contracts	(c)	–	94,669	–	94,669
Contingent consideration	(d)	–	–	105,412	105,412
Interest rate swaps	(e)	–	53,111	–	53,111
		–	147,780	105,412	253,192

42. FINANCIAL INSTRUMENTS *(CONTINUED)*

(c) Fair value of financial instruments *(Continued)*

Fair value measurements *(Continued)*

(i) Financial assets and financial liabilities measured at fair value on a recurring basis *(Continued)*

(a) The Group owns 948,850 ordinary shares in Entity A mainly engaging in providing co-working space in the PRC. Entity A is listed on the Nasdaq Capital Market, with its shares traded in an active market. Therefore, the fair value of the investment is determined based on a published price quotation available on the Nasdaq Capital Market and was classified as Level 1 of the fair value hierarchy.

(b) It represents investment in an unlisted equity investment trust with the underlying investment in a tourism related property development project in Yunnan. Currently, the property project only has a land pending for development and seeking approval from the local government. It is grouped under Level 3 fair value measurement and its fair value is determined by an independent professional valuer based the market comparison approach of the land value. A significant increase in market value of the land would result in a significant increase in fair value of the unlisted equity investment trust, and vice versa.

(c) The foreign currency forward contracts are grouped into Level 2 fair value measurement and the fair value is determined based on valuation provided by the counterparty financial institutions, which is measured using discounted cash flow analysis based on, inter alia, the contracted exchange rate and the forward exchange rate. The derivative contracts require net settlement on a contract by contract basis.

(d) The contingent consideration is grouped into level 3 fair value measurement and the fair value is determined by the Directors based on probability of the adjustment to the toll road tariff chargeable under the Concession Agreement. A significant increase in toll tariff adjustment would result in a significant increase in the fair value, and vice versa.

(e) The interest rate swaps are grouped into Level 2 fair value measurement and the fair value is determined based on valuation provided by the counterparty financial institutions, which is measured using discounted cash flow analysis based on, inter alia, the contracted interest rates.

(f) The participation rights is grouped into level 3 fair value measurement and the fair value is determined based on valuation provided by an independent professional valuer which is measured using discount cash flow analysis based on surrender price, distribution, discount rate. A significant increase in surrender value would result in a significant increase in fair value of the participation rights, and vice versa.

During the years ended 31 December 2021 and 2020, there were no transfers between Level 1 and Level 2.

42. FINANCIAL INSTRUMENTS *(CONTINUED)*

(c) Fair value of financial instruments *(Continued)*

Fair value measurements *(Continued)*

(ii) Reconciliation of Level 3 fair value measurements

	Investment in an unlisted entity HK$'000	Investment in a listed entity HK$'000	Total HK$'000
Financial assets at FVTPL			
At 1 January 2020	268,234	93,333	361,567
Change in fair value recognised in profit or loss (note 7)	–	(49,216)	(49,216)
Transfer out of level 3 to level 1 (note 42(c)(i))	–	(46,729)	(46,729)
Exchange difference arising on translation to presentation currency	13,788	2,612	16,400
At 31 December 2020	282,022	–	282,022
Additions (note 26(b))	**602,198**	**–**	**602,198**
Exchange difference arising on translation to presentation currency	**8,836**	**–**	**8,836**
At 31 December 2021	**893,056**	**–**	**893,056**

	Contingent consideration HK$'000	Participation rights designated as at FVTPL HK$'000	Total HK$'000
Financial liabilities at FVTPL			
At 1 January 2020 and 31 December 2020	105,412	–	105,412
Change in fair value recognised in profit or loss (note 7)	**110,371**	**–**	**110,371**
Issued participation rights (note 26(c))	**–**	**111,793**	**111,793**
Settlement (included in creditors and accrued charges (note 33))	**(109,340)**	**–**	**(109,340)**
Exchange difference arising on translation to presentation currency	**(2,561)**	**–**	**(2,561)**
At 31 December 2021	**103,882**	**111,793**	**215,675**

42. FINANCIAL INSTRUMENTS *(CONTINUED)*

(c) Fair value of financial instruments *(Continued)*

Fair value measurements *(Continued)*

(iii) Financial assets and financial liabilities not measured at fair value on a recurring basis (but fair value disclosures are required)

The Directors consider that the carrying amounts of the Group's financial assets and financial liabilities carried at amortised cost in the consolidated financial statements approximate their fair values as at 31 December 2021 and 31 December 2020, which are determined in accordance with generally accepted pricing models based on discounted cash flow, except for the following financial liabilities, for which their carrying amounts and fair values (based on the quoted ask price) are disclosed below:

	31 December 2021		31 December 2020	
	Carrying amount HK$'000	**Fair value HK$'000**	Carrying amount HK$'000	Fair value HK$'000
2016 September guaranteed senior notes	**–**	**–**	3,925,807	3,881,626
2019 January guaranteed senior notes	**–**	**–**	1,694,885	1,696,483
2019 February guaranteed senior notes	**3,159,813**	**3,084,345**	3,183,424	3,245,886
2019 September guaranteed senior notes	**3,751,627**	**3,645,600**	3,741,610	3,926,311
2020 March guaranteed senior notes	**2,355,248**	**2,255,250**	2,351,439	2,379,033
2020 September guaranteed senior notes	**3,231,843**	**3,116,131**	3,219,701	3,301,714
2021 January guaranteed senior notes	**3,927,175**	**3,642,500**	–	–
2021 July guaranteed senior notes	**3,913,938**	**3,603,750**	–	–
2019 Domestic bonds	**1,069,106**	**918,299**	1,766,036	1,800,456

43. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or the future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Balance at 1.1.2021 HK$'000	Dividend distribution declared HK$'000	Financing cash flows HK$'000 (note)	Financing cost incurred during the year HK$'000	Acquisition of subsidiaries HK$'000	Additions to right-of-use assets HK$'000	Termination of lease contract HK$'000	Reallocation of account HK$'000	Exchange adjustment HK$'000	Balance at 31.12.2021 HK$'000
Bank and other borrowings (note 30)	38,056,191	–	(2,410,702)	2,436,548	–	–	–	(183,960)	428,107	38,326,184
Amounts due to non-controlling interests of subsidiaries (note 35)	1,424,335	–	501,763	–	–	–	–	(31,542)	44,086	1,938,642
Amounts due to joint ventures and associates (note 34)	4,431,961	–	332,596	64,462	(93,976)	–	–	521,286	139,920	5,396,249
Lease liabilities (note 37)	115,966	–	(32,066)	5,469	–	–	–	–	2,711	92,080
Participation rights designated as at FVTPL (note 26)	–	–	111,793	–	–	–	–	–	–	111,793
Other financial liabilities (note 38)	448,522	–	(448,522)	–	–	–	–	–	–	–
Dividend distribution payable (note 33)	152,570	524,536	(681,885)	–	–	–	–	–	4,779	–
	44,629,545	524,536	(2,627,023)	2,506,479	(93,976)	–	–	305,784	619,603	45,864,948

	Balance at 1.1.2020 HK$'000	Dividend distribution declared HK$'000	Financing cash flows HK$'000 (note)	Financing cost incurred during the year HK$'000	Acquisition of subsidiaries HK$'000	Additions to right-of-use assets HK$'000	Termination of lease contract HK$'000	Reallocation of account HK$'000	Exchange adjustment HK$'000	Balance at 31.12.2020 HK$'000
Bank and other borrowings (note 30)	30,141,295	–	5,060,925	2,331,225	–	–	–	(81,034)	603,780	38,056,191
Amounts due to non-controlling interests of subsidiaries (note 35)	2,763,049	–	(1,696,992)	135,220	–	–	–	81,034	142,024	1,424,335
Amounts due to joint ventures and associates (note 34)	2,897,818	–	1,328,085	–	(866,056)	–	–	975,772	96,342	4,431,961
Lease liabilities (note 37)	168,653	–	(36,266)	7,343	–	4,686	(32,630)	–	4,180	115,966
Other financial liabilities (note 38)	408,958	–	–	40,392	–	–	–	–	(828)	448,522
Dividend distribution payable (note 33)	225,000	809,283	(893,278)	–	–	–	–	–	11,565	152,570
	36,604,773	809,283	3,762,474	2,514,180	(866,056)	4,686	(32,630)	975,772	857,063	44,629,545

Note: The cash flows from bank and other borrowings, amounts due to non-controlling interests of subsidiaries, amounts due to joint ventures and associates, lease liabilities, participation rights designated as at FVTPL, other financial liabilities and dividend distribution payable make up the net amount of additions and repayment from those related liabilities in the consolidated statement of cash flows.

44. ACQUISITION OF SUBSIDIARIES

For the year ended 31 December 2021

In January 2021, the Group entered into a sale and purchase agreement to acquire the remaining 40% equity interest in 溧陽宏景房地產開發有限公司 ("溧陽宏景") from the PRC joint venture partner at a cash consideration of RMB120,000,000 (equivalent to HK$144,578,000). 溧陽宏景 was a 60% joint venture of the Group engaging in the property development in Changzhou, the PRC. Upon completion of the acquisition, it becomes the wholly-owned subsidiary of the Company. The transaction was accounted for as acquisition of assets.

In January 2021, the Group entered into a sale and purchase agreement to acquire the remaining 49% equity interest in 鄭州路極旅遊小鎮開發有限公司 ("鄭州路極") from the PRC joint venture partner at cash considerations of RMB5,635,000 (equivalent to HK$6,789,000). 鄭州路極 was a 51% joint venture of the Group engaging in the property development in Zhengzhou, the PRC. Upon completion of the acquisition, it becomes the wholly-owned subsidiary of the Company. The transaction was accounted for as acquisition of assets.

In July 2021, the Group entered into a sale and purchase agreement to acquire the entire equity interest in Deltum Company Limited ("Deltum"), which owns a property development project in Hong Kong, at total considerations of HK$70,000,000 (including a cash consideration of HK$35,303,000 and the debt assignment of HK$34,697,000). The consideration was fully paid and control over Deltum has been obtained by the Group. Upon completion of the acquisition, it becomes the wholly-owned subsidiary of the Company. The transaction was accounted for as acquisition of assets.

The aggregate net assets of the subsidiaries at the date of acquisitions were as follows:

	2021 **HK$'000**
Property, plant and equipment	**365**
Deferred tax assets	**2,578**
Inventory of properties	**947,734**
Debtors, deposits and prepayments	**107,052**
Amounts due from the Group	**93,976**
Prepaid income tax	**17,237**
Bank balances and cash	**173,842**
Creditors and accrued charges	**(182,117)**
Amount due to the Group	**(716,237)**
Contract liabilities	**(27,504)**
	416,926
Satisfied by:	
Cash considerations paid	**186,670**
Interests in joint ventures disposed of	**230,256**
	416,926
Net cash outflow arising on acquisitions:	
Cash considerations paid	**(186,670)**
Bank balances and cash acquired	**173,842**
	(12,828)

44. ACQUISITION OF SUBSIDIARIES *(CONTINUED)*

For the year ended 31 December 2020

常州勁雅房地產開發有限公司 ("常州勁雅") was accounted for as a 51%-interest joint venture of the Group. In June 2020, all shareholders of 常州勁雅 entered into a supplementary agreement. By execution of the supplementary agreement, all of the relevant activities of 常州勁雅, including all the strategic financial and operating decisions required approval by simple majority of the board of directors, of which three directors and two directors are nominated by the Group and the other shareholder, respectively. Since the Group obtained effective control of voting power to govern the relevant activities of 常州勁雅, 常州勁雅 became a subsidiary of the Group in June 2020 upon the effective date of the supplementary agreement. The transaction was accounted for as acquisition of assets.

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

	2020 HK$'000
Property, plant and equipment	22
Deferred tax assets	14,036
Inventory of properties	2,300,438
Debtors, deposits and prepayments	994,576
Amounts due from the Group	866,056
Prepaid income tax	103,242
Bank balances and cash	59,112
Creditors and accrued charges	(299,855)
Contract liabilities	(3,268,225)
	769,402
Non-controlling interest of the subsidiary	(380,356)
	389,046
Satisfied by:	
Cash consideration paid	–
Interest in joint venture disposed of	389,046
	389,046
Net cash inflow arising on acquisition:	
Cash consideration paid	–
Bank balances and cash acquired	59,112
	59,112

45. OPERATING LEASES

As lessor

The maturity of the minimum lease payments receivable on leases is as follows:

	2021 HK$'000	2020 HK$'000
Within one year	**143,304**	123,411
In the second year	**119,726**	103,417
In the third year	**109,241**	89,231
In the fourth year	**90,216**	84,466
In the fifth year	**79,516**	69,661
After five years	**459,903**	474,390
	1,001,906	944,576

46. FINANCIAL GUARANTEE CONTRACTS

At 31 December 2021, the Group provided guarantees of HK$8,398,006,000 (2020: HK$8,879,572,000) to banks in favour of its customers in respect of the mortgage loans provided by the banks to such customers for the purchase of the Group's developed properties. These guarantees provided by the Group to the banks will be released upon receiving the building ownership certificate of the respective properties by the banks from the customers as a pledge for security to the mortgage loans granted. The Directors consider that the fair value of such guarantees on initial recognition was insignificant.

At 31 December 2021, the Group provided guarantees of HK$4,097,662,000 (2020: HK$3,180,588,000) to banks in connection with the banking facilities granted to joint ventures. The Directors consider that the fair value of such guarantees on initial recognition was insignificant as the joint ventures have strong net asset position and the default risk is low.

The details of undertakings of a property joint venture provided by the Group are disclosed in note 19(c).

47. PLEDGE OF ASSETS

At the end of the reporting period, other than the pledged bank deposits as disclosed in note 27, the Group's inventory of properties of HK$8,650,396,000 (2020: HK$11,369,056,000) and investment properties of HK$1,590,427,000 (2020: HK$910,164,000) were pledged to banks to secure the banking and other facilities granted to the Group.

48. CAPITAL COMMITMENTS

	2021 HK$'000	2020 HK$'000
Capital injection into property joint ventures contracted for but not provided in the consolidated financial statements	**59,181**	361,332

49. RELATED PARTY TRANSACTIONS

Other than set out in notes 20, 21, 26, 33, 34, 35 and 46, the Group had transactions with the following related parties during the year:

Related parties	Nature	2021 HK$'000	2020 HK$'000
Infrastructure joint ventures	Interest income	**11,552**	5,476
Property and other joint ventures	Interest income	**118,058**	104,630
Non-controlling interests of subsidiaries	Interest income	**13,380**	15,282
Property joint ventures	Interest expense	**64,462**	–
Property joint ventures	Management fee income	**28,113**	10,123
A subsidiary of a major shareholder of the Company	Construction costs incurred	**–**	317,173
A subsidiary of a major shareholder of the Company	Construction costs payable	**33,708**	99,999

During the year ended 31 December 2020, a subsidiary of a major shareholder of the Company provided construction services to the property projects of a subsidiary of the Group amounting to HK$317,173,000. The construction services provided by the subsidiary of the major shareholder of the Company in prior years constituted connected party transactions as defined under the Listing Rules.

During the year ended 31 December 2021, a subsidiary of a major shareholder of the Company share a pro rata portion of 32.5% (or 22.75% attributable interest) of the economic interest attributable to wholly-owned subsidiary of the Company's 70% interest in a property development project in the PRC. Such sharing of pro rata portion shall not exceed a particular value with exceed subject to the approval from the shareholders of the company. The details of the related party transaction are disclosed in note 26(c).

During the year ended 31 December 2021, the Group has transferred the title of one piece (2020: two pieces) of land included in prepayment for land lease of the Group at their carrying amounts of HK$1,271,236,000 (2020: HK$945,093,000) to joint ventures of the Group. As the transfer period is short, the carrying amount approximates its fair value. No gain or loss are resulted from such transfers. The said amounts will be settled by the joint ventures after the pre-sale of properties commences.

Compensation of key management personnel

The remuneration of Directors and other members of key management during the year was as follows:

	2021 HK$'000	2020 HK$'000
Short-term employment benefits	**190,232**	235,525
Post-employment benefits	**6,080**	5,370
	196,312	240,895

The remuneration of Directors and key executives is determined with reference to the performance of individuals and market trends.

50. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period includes:

	2021 HK$'000	2020 HK$'000
ASSETS		
Non-current asset		
Unlisted investments in subsidiaries	**18,577,675**	16,315,339
Current assets		
Deposits and prepayments	**256**	205
Bank balances and cash	**1,907,973**	174,743
	1,908,229	174,948
Total assets	**20,485,904**	16,490,287
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital (note 28)	**74,934**	74,934
Reserves (note)	**7,303,200**	6,223,010
	7,378,134	6,297,944
Current liabilities		
Creditors and accrued charges	**3,211**	2,879
Amounts due to subsidiaries	**13,004,414**	10,073,214
Bank borrowings	**100,145**	116,250
	13,107,770	10,192,343
Total equity and liabilities	**20,485,904**	16,490,287

50. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(CONTINUED)*

Note:

	Share premium HK$'000	Foreign currency translation reserve HK$'000	Special reserve HK$'000	Retained profits HK$'000	Total HK$'000
Balance at 1 January 2020	3,224,794	481,422	1,260,000	1,683,006	6,649,222
Profit for the year	–	–	–	78,224	78,224
Exchange differences arising on translation to presentation currency	–	304,847	–	–	304,847
Total comprehensive income for the year	–	304,847	–	78,224	383,071
Sub-total	3,224,794	786,269	1,260,000	1,761,230	7,032,293
Dividends	–	–	–	(809,283)	(809,283)
Balance at 31 December 2020	3,224,794	786,269	1,260,000	951,947	6,223,010
Profit for the year	**–**	**–**	**–**	**1,367,887**	**1,367,887**
Exchange differences arising on translation to presentation currency	**–**	**236,839**	**–**	**–**	**236,839**
Total comprehensive income for the year	**–**	**236,839**	**–**	**1,367,887**	**1,604,726**
Sub-total	**3,224,794**	**1,023,108**	**1,260,000**	**2,319,834**	**7,827,736**
Dividends	**–**	**–**	**–**	**(524,536)**	**(524,536)**
Balance at 31 December 2021	**3,224,794**	**1,023,108**	**1,260,000**	**1,795,298**	**7,303,200**

51. PRINCIPAL SUBSIDIARIES

Details of the Company's principal subsidiaries at 31 December 2021 and 31 December 2020 are as follows, all of these are limited liability companies:

Name of subsidiary	Place of incorporation/ registration	Place of operation	Issued and fully paid ordinary share capital/paid registered capital	Proportion of amount paid/ nominal value of issued ordinary share capital/registered capital held by the Company		Principal activity
				Directly %	Indirectly %	
Incorporated in the British Virgin Islands ("BVI")/Hong Kong/Bermuda						
Intersafe Investments Limited	BVI	Hong Kong	US$16,000,000	–	75	Investment holding
Kings Key Limited	Hong Kong	Hong Kong	HK$1	–	75	Investment holding
Kings Ring Limited	Hong Kong	Hong Kong	HK$1	–	75	Investment holding
Ontex Investments Limited	BVI	Hong Kong	US$1	–	75	Investment holding
Power Truth Development Limited	Hong Kong	Hong Kong	HK$1	–	100	Development and sale of properties
RKE	Bermuda	Hong Kong	HK$66,666,667	–	75	Investment holding
RK Investment and Asset Management Group Limited	Hong Kong	Hong Kong	HK$1	–	100	Investment holding
RKI Overseas Finance 2017 (A) Limited	BVI	#	US$1	100	–	Provision of financial services
RK Properties Holdings Limited	BVI	Hong Kong	US$1	–	100	Investment holding
RK Properties Management Limited	Hong Kong	Hong Kong	HK$1	–	100	Provision of management services
RK Properties (Overseas) Limited	BVI	#	US$1	–	100	Investment holding
RKP Overseas Finance 2016 (A) Limited	BVI	#	US$1	100	–	Provision of financial services
RKPF Overseas 2019 (A) Limited	BVI	#	US$1	–	100	Provision of financial services
RKPF Overseas 2019 (C) Limited	BVI	#	US$1	–	100	Provision of financial services
RKPF Overseas 2019 (D) Limited	BVI	#	US$1	–	100	Provision of financial services
RKPF Overseas 2019 (E) Limited	BVI	#	US$1	–	100	Provision of financial services
RKPF Overseas 2020 (A) Limited	BVI	#	US$1	–	100	Provision of financial services

51. PRINCIPAL SUBSIDIARIES *(CONTINUED)*

Name of subsidiary	Place of incorporation/ registration	Place of operation	Issued and fully paid ordinary share capital/paid registered capital	Proportion of amount paid/ nominal value of issued ordinary share capital/registered capital held by the Company Directly %	Indirectly %	Principal activity
***Incorporated in the British Virgin Islands ("BVI")/Hong Kong/Bermuda** (Continued)*						
Road Base Investments Limited	BVI	Hong Kong	US$1	–	75	Investment holding
Road Bond Investments Limited	BVI	Hong Kong	US$1	–	75	Investment holding
Road Crown Investments Limited	BVI	Hong Kong	US$1	–	75	Investment holding
Road Express Investments Limited	BVI	Hong Kong	US$1	–	75	Investment holding
Road Famous Investments Limited	BVI	Hong Kong	US$1	–	75	Investment holding
Road Glorious Investments Limited	BVI	Hong Kong	US$1	–	75	Investment holding
Road Grand Investments Limited	BVI	Hong Kong	US$1	–	75	Investment holding
Road King (China) Infrastructure Limited	BVI	Hong Kong	HK$2,000,000,000	–	75	Investment holding
Road King Infrastructure Management Limited	Hong Kong	Hong Kong	HK$2	–	100	Provision of management services
Road Link Investments Limited	BVI	Hong Kong	US$1	–	75	Investment holding
Road Rise Investments Limited	BVI	Hong Kong	US$1	–	75	Investment holding
Sunco Property Holdings Company Limited	BVI	Hong Kong	US$250	–	94.74	Investment holding
Registered as wholly foreign owned enterprises in the PRC						
Changzhou Great Gallop Properties Developments Ltd.	PRC	PRC	US$153,245,300	–	100	Development and sale of properties
Changzhou Great Superior Properties Developments Ltd.	PRC	PRC	RMB612,220,000	–	100	Development and sale of properties
天津啟威企業管理有限公司 (formerly known as Tianjin Kingsvalue Real Estate Investment Management Limited)	PRC	PRC	RMB678,500,000	–	94.74	Investment holding
Tianjin Sunco Binhai Land Co., Ltd.	PRC	PRC	RMB600,000,000	–	94.74	Investment holding
天津順祥企業管理有限公司 (formerly known as Tianjin Sunco Binhai Real Estate Investment Management Limited)	PRC	PRC	RMB760,000,000	–	94.74	Investment holding
Registered as sino-foreign equity joint venture enterprises in the PRC						
常州宏智房地產開發有限公司	PRC	PRC	RMB500,000,000	–	100	Development and sale of properties
蘇州雋御地產有限公司	PRC	PRC	RMB1,008,600,000	–	100	Development and sale of properties

51. PRINCIPAL SUBSIDIARIES *(CONTINUED)*

Name of subsidiary	Place of incorporation/ registration	Place of operation	Issued and fully paid ordinary share capital/paid registered capital	Proportion of amount paid/ nominal value of issued ordinary share capital/registered capital held by the Company Directly %	Indirectly %	Principal activity
Registered as limited liability companies in the PRC						
上海雋崎置業有限公司	PRC	PRC	US$407,586,804.58	–	93.75	Development and sale of properties
大廠回族自治縣中基首業房地產開發有限公司	PRC	PRC	RMB320,000,000	–	100	Development and sale of properties
天津順馳新地置業有限公司	PRC	PRC	RMB1,000,000,000	–	94.74	Development and sale of properties
天津雋德房地產開發有限公司	PRC	PRC	RMB100,000,000	–	100	Development and sale of properties
北京路勁雋御房地產開發有限 公司	PRC	PRC	RMB4,385,300,000	–	100	Development and sale of properties
北京雋成房地產開發有限公司	PRC	PRC	RMB50,000,000	–	100	Development and sale of properties
北京雋興房地產開發有限公司	PRC	PRC	RMB50,000,000	–	100	Development and sale of properties
杭州雋龍置業有限公司	PRC	PRC	RMB200,000,000	–	100	Development and sale of properties
洛陽路勁宏駿房地產開發有限 公司	PRC	PRC	RMB30,000,000	–	100	Development and sale of properties
常州宏卓房地產開發有限公司	PRC	PRC	RMB900,000,000	–	100	Development and sale of properties
常州宏喆房地產開發有限公司	PRC	PRC	RMB220,000,000	–	100	Development and sale of properties
寧波甬鴻置業有限公司	PRC	PRC	RMB710,000,000	–	100	Development and sale of properties

51. PRINCIPAL SUBSIDIARIES *(CONTINUED)*

Name of subsidiary	Place of incorporation/ registration	Place of operation	Issued and fully paid ordinary share capital/paid registered capital	Proportion of amount paid/ nominal value of issued ordinary share capital/registered capital held by the Company Directly %	Indirectly %	Principal activity
Registered as limited liability companies in the PRC *(Continued)*						
廣州雋新房地產開發有限公司@	PRC	PRC	RMB400,000,000	–	70	Development and sale of properties
鎮江路勁大港房地產開發有限公司	PRC	PRC	RMB680,470,000	–	100	Development and sale of properties
蘇州雋宏房地產開發有限公司	PRC	PRC	RMB50,000,000	–	100	Development and sale of properties

The subsidiaries of the Company are either investment holding or provision of financial services companies only and do not have any operations.

@ Incorporated in 2021

The above table lists the subsidiaries of the Company which, in the opinion of the Directors, principally affect the results of the year or constituted a substantial portion of the net asset of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

The table below shows details of non-wholly-owned subsidiary of the Group that has material non-controlling interest:

Name of subsidiary	Place of incorporation/ registration	Proportion of ownership interests and voting rights held by non-controlling interest		Profit allocated to non-controlling interest		Accumulated non-controlling interest	
		2021	2020	**2021 HK$'000**	2020 HK$'000	**2021 HK$'000**	2020 HK$'000
RKE	Bermuda	**25%**	25%	**143,220**	41,800	**1,526,403**	1,430,922

51. PRINCIPAL SUBSIDIARIES *(CONTINUED)*

At 31 December 2021

	2021 HK$'000	2020 HK$'000
Current assets	**1,319,677**	1,610,484
Non-current assets	**5,227,569**	4,419,879
Current liabilities	**405,733**	270,565
Non-current liabilities	**35,903**	36,109
Equity attributable to owners of the Company	**4,579,207**	4,292,767
Non-controlling interest of RKE	**1,526,403**	1,430,922

For the year ended 31 December 2021

	2021 HK$'000	2020 HK$'000
Income	**810,656**	304,802
Expenses	**(237,776)**	(137,602)
Profit attributable to owners of the Company	**429,660**	125,400
Profit attributable to the non-controlling interest of RKE	**143,220**	41,800
Profit for the year	**572,880**	167,200
Other comprehensive income attributable to owners of the Company	**90,782**	142,847
Other comprehensive income attributable to non-controlling interest of RKE	**30,260**	47,615
Other comprehensive income for the year	**121,042**	190,462
Total comprehensive income attributable to owners of the Company	**520,442**	268,247
Total comprehensive income attributable to non-controlling interest of RKE	**173,480**	89,415
Total comprehensive income for the year	**693,922**	357,662

51. PRINCIPAL SUBSIDIARIES *(CONTINUED)*

For the year ended 31 December 2021

	2021 **HK$'000**	2020 HK$'000
Net cash outflow from operating activities	**(96,317)**	(94,259)
Net cash inflow from investing activities	**207,015**	189,342
Net cash outflow from financing activities	**(419,287)**	(106,379)
Net cash outflow	**(308,589)**	(11,296)
Dividends paid to non-controlling interest of RKE	**(178,000)**	(25,000)

None of the subsidiaries had any debt securities at the end of the year except for the following:

	2021 **HK$'000**	2020 HK$'000
RKI Overseas Finance 2016 (B) Limited	**–**	3,925,807
RKPF Overseas 2019 (B) Limited	**–**	1,694,885
RKPF Overseas 2019 (A) Limited	**12,498,531**	12,496,174
RKPF Overseas 2020 (A) Limited	**7,841,113**	–
北京路勁雋御房地產開發有限公司	**1,069,106**	1,766,036
	21,408,750	19,882,902

52. TOTAL ASSETS LESS CURRENT LIABILITIES/NET CURRENT ASSETS

The Group's total assets less current liabilities at 31 December 2021 amounted to HK$68,129,135,000 (2020: HK$59,006,006,000). The Group's net current assets at 31 December 2021 amounted to HK$27,748,546,000 (2020: HK$27,698,248,000).

Financial Summary

RESULTS

	For the year ended 31 December				
	2021 HK$'000	2020 HK$'000	2019 HK$'000	2018 HK$'000	2017 HK$'000
Revenue	**24,677,949**	24,196,103	21,494,796	22,365,223	14,755,770
Profit before taxation	**4,274,226**	4,733,502	6,759,947	9,497,056	5,441,388
Income tax expenses	**(2,289,737)**	(1,949,906)	(3,083,321)	(5,798,453)	(2,965,394)
Profit for the year	**1,984,489**	2,783,596	3,676,626	3,698,603	2,475,994
Attributable to:					
Owners of the Company	**1,028,245**	1,722,848	3,028,005	2,988,242	1,943,703
Owners of perpetual capital securities	**527,775**	527,775	371,395	349,830	246,621
Non-controlling interests of subsidiaries	**428,469**	532,973	277,226	360,531	285,670
	1,984,489	2,783,596	3,676,626	3,698,603	2,475,994

ASSETS AND LIABILITIES

	As at 31 December				
	2021 HK$'000	2020 HK$'000	2019 HK$'000 (Restated)	2018 HK$'000	2017 HK$'000
Total assets	**108,235,731**	103,280,887	90,788,039	78,951,703	69,735,458
Total liabilities	**(72,437,351)**	(70,239,033)	(62,224,022)	(54,184,261)	(48,121,032)
	35,798,380	33,041,854	28,564,017	24,767,442	21,614,426
Attributable to:					
Owners of the Company	**22,337,418**	20,927,845	18,866,049	17,398,063	15,635,078
Owners of perpetual capital securities	**6,954,296**	6,952,437	6,961,919	4,632,638	4,633,096
Non-controlling interests of subsidiaries	**6,506,666**	5,161,572	2,736,049	2,736,741	1,346,252
	35,798,380	33,041,854	28,564,017	24,767,442	21,614,426

Road King Infrastructure Limited