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首程控股有限公司
SHOUCHENG HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 697)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

FINANCIAL HIGHLIGHTS

- The Group recorded revenue of HK\$922 million, representing an increase of 44% from the same period last year, the Group recorded gross profit of HK\$653 million, representing an increase of 86% from the same period last year.
- The Group recorded profit attributable to owners of the Company of HK\$602 million as compared to loss attributable to owners of the Company of HK\$1,395 million in the same period last year, due to the provision for impairment of HK\$1,776 million for the period in respect of an investment of the Company, Shougang Fushan Resources Group Limited (“**Shougang Resources**”), which took into account the market performance of Shougang Resources and the Group’s future plans.
- The basic earnings per share for the period was HK8.46 cents. The basic loss per share for the period of last year was HK\$19.23 cents.
- The diluted earnings per share for the period was HK8.46 cents. The diluted loss per share for the period of last year was HK\$19.23 cents.

The Board has declared an interim dividend in the total amount of HK\$300 million for the six months ended 30 June 2022 (2021: HK\$300 million).

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

INTERIM RESULTS

The board of directors (the “**Board**”) of Shoucheng Holdings Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2022. These interim results have been reviewed by the Company’s Audit Committee and its Auditor.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

		Six months ended 30 June	
		2022	2021
	<i>Note</i>	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue	3	922,380	638,721
Cost of sales		<u>(269,258)</u>	<u>(287,179)</u>
Gross profit		653,122	351,542
Other income, net		307,760	158,382
Other gains, net		31,242	28,057
Write-off of trade receivables		–	(59,972)
Administrative expenses		<u>(198,599)</u>	<u>(112,756)</u>
Operating profit		793,525	365,253
Finance costs		(55,517)	(37,726)
Provision for impairment of investment in an associate	6	–	(1,776,215)
Share of results of associates		(2,428)	17,316
Share of results of joint ventures		<u>(13,817)</u>	<u>101,939</u>
Profit/(loss) before income tax		721,763	(1,329,433)
Income tax expense	4	<u>(127,078)</u>	<u>(70,535)</u>
Profit/(loss) for the period		<u>594,685</u>	<u>(1,399,968)</u>
Profit/(loss) is attributable to:			
Owners of the Company		601,932	(1,394,710)
Non-controlling interests		<u>(7,247)</u>	<u>(5,258)</u>
		<u>594,685</u>	<u>(1,399,968)</u>

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

		Six months ended 30 June	
		2022	2021
	<i>Note</i>	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Other comprehensive income/(loss)			
Items that have been/may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation of foreign operations		(177,098)	14,790
Release of exchange reserve upon disposal of asset classified as held for sale	6	(42,618)	–
Share of exchange differences of associates and joint ventures arising on translation of foreign operations		<u>(42,167)</u>	<u>5,188</u>
Item that will not be reclassified to profit or loss:			
Fair value changes on financial assets at fair value through other comprehensive income (“FVOCI”)		764,753	(2,878)
Share of fair value changes on investment in equity instruments designated at FVOCI of an associate		<u>–</u>	<u>8,254</u>
Other comprehensive income for the period		<u>502,870</u>	<u>25,354</u>
Total comprehensive income/(loss) for the period		<u>1,097,555</u>	<u>(1,374,614)</u>
Total comprehensive income/(loss) attributable to:			
Owners of the Company		1,108,844	(1,367,203)
Non-controlling interests		<u>(11,289)</u>	<u>(7,411)</u>
		<u>1,097,555</u>	<u>(1,374,614)</u>
Earnings/(loss) per share for profit/(loss) attributable to owners of the Company:			
Basic earnings/(loss) per share (<i>HK cents</i>)	5	8.46	(19.23)
Diluted earnings/(loss) per share (<i>HK cents</i>)	5	<u>8.46</u>	<u>(19.23)</u>

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

		30 June 2022	31 December 2021
	<i>Note</i>	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		48,156	35,663
Right-of-use assets		2,115,440	2,204,768
Contract assets in respect of service concession arrangements		182,450	124,017
Investment properties		270,919	257,466
Investments in associates		179,113	173,538
Investments in joint ventures		802,732	854,694
Investments – non-current		4,002,702	1,075,915
Prepayments and deposits		224,913	132,994
Deferred income tax assets		4,573	3,304
Other non-current assets		469,207	413,607
		8,300,205	5,275,966
Total non-current assets			
Current assets			
Trade receivables	7	481,804	135,144
Prepayments, deposits and other receivables		457,964	262,947
Investments – current		1,311,168	1,523,213
Time deposits with maturity over three months		–	100,000
Bank balances and cash		4,228,657	2,573,462
		6,479,593	4,594,766
Asset classified as held for sale	6	–	3,511,510
		6,479,593	8,106,276
Total current assets			
		14,779,798	13,382,242
Total assets			

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
(CONTINUED)**

	<i>Note</i>	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
EQUITY			
Capital and reserves			
Share capital	9	12,546,847	12,546,847
Reserves		<u>(1,900,719)</u>	<u>(2,406,210)</u>
Capital and reserves attributable to owners of the Company			
Non-controlling interests		<u>100,450</u>	<u>10,140,637 87,770</u>
Total equity		<u>10,746,578</u>	<u>10,228,407</u>
LIABILITIES			
Non-current liabilities			
Borrowings – non-current		486,531	573,605
Lease liabilities – non-current		1,467,653	1,512,358
Deferred income tax liabilities		<u>106,556</u>	<u>59,796</u>
Total non-current liabilities		<u>2,060,740</u>	<u>2,145,759</u>
Current liabilities			
Trade payables	8	376,682	389,337
Other payables, provision and accrued liabilities		321,610	240,159
Dividend payable	10	499,945	–
Contract liabilities		20,981	23,822
Tax payable		80,443	98,446
Borrowings – current		579,508	179,037
Lease liabilities – current		<u>93,311</u>	<u>77,275</u>
Total current liabilities		<u>1,972,480</u>	<u>1,008,076</u>
Total liabilities		<u>4,033,220</u>	<u>3,153,835</u>
Total equity and liabilities		<u>14,779,798</u>	<u>13,382,242</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2022 has been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting”.

The condensed consolidated interim financial information does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2021 which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) and any public announcements made by the Company during the six months ended 30 June 2022.

The financial information relating to the year ended 31 December 2021 that is included in the condensed consolidated interim financial information for the six months ended 30 June 2022 as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance (Cap. 622 of the Laws of Hong Kong, “**Hong Kong Companies Ordinance**”) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2021 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622).

The Company’s auditor has reported on those financial statements. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance (Cap. 622).

2 ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES AND JUDGEMENTS

2.1 Accounting policies

Except as described below, the accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2021, as described in those annual financial statements.

(i) Taxes on income

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

2.1.1 New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period. The Group did not have to change its accounting policies and make retrospective adjustments as a result of adopting these standards.

2.1.2 Impact of new standards, interpretations and amendments issued but not yet applied by the Group

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

2.2 Accounting estimates and judgements

The preparation of condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing the condensed consolidated interim financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2021.

3 REVENUE AND SEGMENT INFORMATION

The principal business of the Group is infrastructure asset management. The principal business of the Company is investment holding. There were no significant changes in the Group's operations during the period. Revenue recognised during the period are as follows:

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue under HKFRS 15:		
Carpark income	170,779	208,392
Revenue from service concession agreement	65,745	34,190
Fund management services income	98,049	99,692
Excess return from investment funds	331,632	258,120
Others	–	9,347
	666,205	609,741
Revenue under other accounting standards:		
Leasing income	36,655	29,985
Investment gain/(loss) on financial assets at fair value through profit or loss	219,520	(1,005)
Total revenue	922,380	638,721
	666,205	609,741
Timing of revenue recognition		
– Overtime	666,205	609,741

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

The Group's operating and reportable segments under HKFRS 8 Operating Segment are as follows:

The Group provides infrastructure asset management services and aims to become “the pioneer of infrastructure real estate investment trusts (“REITs”) and the booster of infrastructure and real estate management efficiency in Mainland China”.

Parking business (“ Parking ”)	– Operation of car parking assets and asset management which are oriented towards parking
Infrastructure and real estate business (“ Infrastructure and real estate ”)	– Publicly offered infrastructure REITs and asset management which are oriented towards infrastructure and real estate

3 REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment revenue and results

The following is an analysis of the Group's revenue and results by operating and reportable segments.

For the six months ended 30 June 2022 (Unaudited)

	Infrastructure asset management business			Total HK\$'000
	Parking HK\$'000	Infrastructure and real estate HK\$'000	Others HK\$'000	
Revenue from external customers	480,332	442,048	–	922,380
Segment profit/(loss)	112,140	388,542	(7,413)	493,269
<i>Segment profit/(loss) includes:</i>				
Share of results of associates	(47)	(2,381)	–	(2,428)
Share of results of joint ventures	(13,817)	–	–	(13,817)
Administration expenses				(83,745)
Dividend income from Shougang Resources				276,549
Other income, net and other gains, net				23,624
Gain on disposal of asset classified as held for sale				16,699
Finance costs				(4,633)
Profit before income tax				<u>721,763</u>

For the six months ended 30 June 2021 (Unaudited)

	Infrastructure asset management business			Total HK\$'000
	Parking HK\$'000	Infrastructure and real estate HK\$'000	Others HK\$'000	
Revenue from external customers	272,567	356,807	9,347	638,721
Segment profit	32,088	280,151	219	312,458
<i>Segment profit includes:</i>				
Share of results of associates	–	4,906	–	4,906
Share of results of joint ventures	101,939	–	–	101,939
Administrative expense				(44,164)
Dividend income from Shougang Resources				131,762
Other income, net and other gains, net				34,316
Provision for impairment of investment in an associate				(1,776,215)
Share of results of an associate				12,410
Loss before income tax				<u>(1,329,433)</u>

4 INCOME TAX EXPENSE

Hong Kong profits tax

Hong Kong profits tax is calculated at 16.5% of the assessable profit for the six months ended 30 June 2022 and 2021.

China enterprise income tax

Under the Law of the People's Republic of China (the "PRC") on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the subsidiaries in Mainland China is mainly 25% for the six months ended 30 June 2022 and 2021.

5 EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

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

	Six months ended 30 June	
	2022	2021
	<i>HK cents</i>	<i>HK cents</i>
	(Unaudited)	(Unaudited)
Basic earnings/(loss) per share attributable to the owners of the Company	<u>8.46</u>	<u>(19.23)</u>

(b) Diluted earnings/(loss) per share

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

	Six months ended 30 June	
	2022	2021
	<i>HK cents</i>	<i>HK cents</i>
	(Unaudited)	(Unaudited)
Diluted earnings/(loss) per share attributable to the owners of the Company	<u>8.46</u>	<u>(19.23)</u>

5 EARNINGS/(LOSS) PER SHARE (CONTINUED)

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

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Basic earnings/(loss) per share		
Profit/(loss) attributable to the owners of the Company used in calculating basic earnings/(loss) per share	<u>601,932</u>	<u>(1,394,710)</u>
Diluted earnings/(loss) per share		
Profit/(loss) attributable to the owners of the Company used in calculating diluted earnings/(loss) per share	<u>601,932</u>	<u>(1,394,710)</u>

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

	Six months ended 30 June	
	2022	2021
	Number of share '000	Number of share '000
	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating basic and diluted earnings/(loss) per share	<u>7,112,514</u>	<u>7,251,786</u>

6 ASSET CLASSIFIED AS HELD FOR SALE

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

Completion of the Proposed Disposal was subject to and conditional upon the fulfillment of certain conditions precedent, including, amongst others, the waiver from King Rich’s and/or Shougang Holding’s obligation to make a mandatory general offer for Shougang Resources’ shares not already owned or agreed to be acquired by King Rich and its parties acting in concert (as defined in the Code on Takeovers and Mergers (“**Takeovers Code**”) issued by the Securities and Futures Commission of Hong Kong (“**SFC**”)) under Rule 26.1 of the Takeovers Code as a result of the transactions contemplated under the Sale and Purchase Agreement (“**Waiver**”) having been obtained from the SFC and remain valid and effective.

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

6 ASSET CLASSIFIED AS HELD FOR SALE (CONTINUED)

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

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

The equity interest in Shougang Resources classified as held for sale during the year was measured at the lower of the carrying amount or fair value less cost to sell at the time of the reclassification and re-measured at each period end. It was reclassified from investment in associate to asset classified as held for sale and measured at fair value less cost to sell on 15 January 2021. It was subsequently re-measured at its fair value less cost to sell as at 30 June 2021. The total impairment loss recognised during the six months ended 30 June 2021 was HK\$1,776,215,000. The fair value of the equity interest of Shougang Resources was determined with reference to the market price of Shougang Resources as at 15 January 2021 and 30 June 2021 respectively.

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

Disposal of asset classified as held for sale

	As at 27 January 2022 HK\$'000 (Unaudited)
Proceeds from disposal of 11.88% equity interests in Shougang Resources	1,440,000
Disposal of carrying amount of 28.98% equity interests in Shougang Resources	(3,511,510)
Recognition of financial assets at FVOCI of 17.10% equity interests in Shougang Resources	2,045,591
Release of exchange reserve	42,618
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Gain on disposal of asset classified as held for sale	16,699
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Security investment reserve of HK\$566,314,000 was released upon the disposal of Revised Sale Share.

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

On 30 June 2022, after considering the latest market condition and communication with regulatory bodies, the management assessed that there was no change to the overall plan of disposal of the remaining interests in Shougang Resources, but it is unlikely that the disposal will be completed within twelve months after 30 June 2022. Therefore, the balance of the remaining interests of Shougang Resources is presented as “Investments – non-current” within non-current assets of the condensed consolidated interim statement of financial position at 30 June 2022.

7 TRADE RECEIVABLES

	As at 30 June 2022 <i>HK\$'000</i> (Unaudited)	As at 31 December 2021 <i>HK\$'000</i> (Audited)
Trade receivables	483,383	136,795
Less: Provision for impairment on receivables	<u>(1,579)</u>	<u>(1,651)</u>
Trade receivables – net	<u>481,804</u>	<u>135,144</u>

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

	As at 30 June 2022 <i>HK\$'000</i> (Unaudited)	As at 31 December 2021 <i>HK\$'000</i> (Audited)
Within 60 days	329,888	32,898
61 – 90 days	13,252	9,405
91 – 180 days	46,759	22,416
Over 180 days	<u>91,905</u>	<u>70,425</u>
	<u>481,804</u>	<u>135,144</u>

8 TRADE PAYABLES

The following is an ageing analysis of trade payables presented based on the invoice date at the end of the reporting period:

	As at 30 June 2022 <i>HK\$'000</i> (Unaudited)	As at 31 December 2021 <i>HK\$'000</i> (Audited)
Within 90 days	94,088	89,633
91 – 180 days	90,892	64,845
181 – 365 days	114,542	82,096
Over 365 days	<u>77,160</u>	<u>152,763</u>
	<u>376,682</u>	<u>389,337</u>

9 SHARE CAPITAL

	Number of shares '000	Amount HK\$'000
Ordinary shares issued and fully paid:		
At 1 January 2021 (Audited)	7,081,017	12,127,547
Issue of new shares on 3 February 2021	210,000	426,300
Transaction costs attributable to issue of new shares	–	(7,000)
	<hr/>	<hr/>
At 31 December 2021(Audited)	7,291,017	12,546,847
Share repurchase (<i>Note</i>)	(8,470)	–
	<hr/>	<hr/>
At 30 June 2022 (Unaudited)	<u>7,282,547</u>	<u>12,546,847</u>

Note:

During the six months ended 30 June 2022, 8,470,000 ordinary shares of the Company were repurchased at a price ranging from HK\$1.17 to HK\$1.38 per share. The total amount paid for the repurchase was approximately HK\$11,050,000. All shares repurchased have been cancelled during the six months ended 30 June 2022.

10 DIVIDENDS

Dividends recognised during the half-year

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Final dividend	399,945	400,276
Special dividend	200,000	–
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In a board resolution dated 30 March 2022, the Board recommended a final dividend in the total amount of HK\$400 million for the year ended 31 December 2021 payable to shareholders whose names appear on the register of members of the Company at the close of business on 15 July 2022. The final dividend was approved at the annual general meeting held on 24 May 2022. The final dividend was recognised as liabilities at 30 June 2022 and was paid on 3 August 2022.

In a board resolution dated 15 February 2022, the Board declared a special dividend with total amount of HK\$200 million, comprising the first tranche of special dividend of HK\$100 million which was paid on 14 March 2022 to shareholders whose names appeared on the register of members of the Company on 3 March 2022 and the second tranche of special dividend of HK\$100 million which is payable on 31 October 2022 to the shareholders whose names appear on the register of members of the Company on 20 October 2022. The second tranche of special dividend was recognised as liabilities at 30 June 2022.

10 DIVIDENDS (CONTINUED)

Dividends not recognised at the end of the half-year

	Six months ended 30 June	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Declared and payable after interim period	300,041	299,662

The Board has declared an interim dividend in the total amount of HK\$300 million (equivalent of HK4.12 cents per share, based on the number of issued shares on 25 August 2022, i.e. 7,282,547,194 shares) for the six months ended 30 June 2022, which is payable to the shareholders whose names appear on the register of members of the Company at the close of business on 30 September 2022. The interim dividend has not been recognised as liabilities as at 30 June 2022.

11 TRANSACTIONS WITH NON-CONTROLLING INTERESTS

Transactions with or capital injections from non-controlling interests

- (a) During the six months ended 30 June 2022, the non-controlling interests of certain non-wholly owned subsidiaries and the Group completed several rounds of capital injections into these subsidiaries without changing the ownership of the Group and the non-controlling interests in these subsidiaries. As a result of the capital injections, the balance of non-controlling interests increased by HK\$23,969,000.
- (b) During the six months ended 30 June 2021, the Group has completed several transactions with non-controlling interests. The Group recognised a decrease in non-controlling interests of HK\$4,504,000 and a decrease in equity attributable to the owners of the Company of HK\$1,303,000.

INTERIM DIVIDEND

The Board has declared an interim dividend in the total amount of HK\$300 million (equivalent to HK4.12 cents per share) for the six months ended 30 June 2022 (six months ended 2021: HK\$300 million), which is payable to the shareholders whose names appear on the register of members of the Company at the close of business on Friday, 30 September 2022. In order to qualify for the interim dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Tengis Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Friday, 30 September 2022 for registration. The interim dividend is expected to be paid on Friday, 18 November 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

COMPANY OVERVIEW

The Group aims to become “the pioneer of infrastructure real estate investment trusts (“REITs”) and the booster of infrastructure and real estate management efficiency in Mainland China”, relying on continuous iterative upgrade of scenario innovation, technology empowerment and industry-finance integration capabilities, thereby revitalising assets for customers, improving asset efficiency, and providing leading infrastructure and real estate management services to society and driving the sustainable enhancement of asset performance.

In the first half of 2022, despite the intensified negative impact of COVID-19, the core businesses of the Group still demonstrated a strong momentum of development, with its business scale having expanded steadily, and profit ability continuing to increase.

The Group’s revenue scale of core businesses maintained rapid growth for the period and recorded revenue of HK\$922 million for the period, representing an increase of 44% compared to the six months ended 30 June 2021 (the “**same period last year**”). The Group recorded a profit attributable to owners of the Company of HK\$602 million for the six months ended 30 June 2022, resulting in a turnaround from loss to profit as compared to a loss attributable to owners of the Company of HK\$1,395 million to the same period last year.

The Group’s basic earnings per share and diluted earnings per share for the period were HK8.46 cents. The Group’s basic loss per share and diluted loss per share in the same period last year were HK19.23 cents.

Financial performance has significantly improved, which was resulted from the rapid growth of asset management scale, as well as the steady improvement of efficiency of asset operations. Meanwhile, investment return was further generated during the period and led to simultaneous growth of revenue and profit.

The increase in asset value and continuous generation of operating revenue brought about by the concept of “Precision Investment + Lean Operation” strongly supported continuous growth to the Group’s performance.

KEY PERFORMANCE INDICATORS REVIEW

	For the six months ended 30 June	
	2022 <i>HK\$ million</i>	2021 <i>HK\$ million</i>
Revenue	922	639
Adjusted EBITDA*	968	632
Operating profit	794	365
Profit/(loss) attributable to the owners of the Company	602	(1,395)

	For the six months ended 30 June	
	2022 <i>HK cents</i>	2021 <i>HK cents</i>
Basic earnings/(loss) per share	8.46	(19.23)
Diluted earnings/(loss) per share	8.46	(19.23)

	As at 30 June 2022 <i>HK\$ million</i>	As at 31 December 2021 <i>HK\$ million</i>
	Total assets	14,780
Net assets	10,747	10,228
Asset – Liability ratio	27.3%	23.6%
Debt equity ratio [△]	10.0%	7.4%

* *Adjusted EBITDA is defined as profit/(loss) before income tax plus non-controlling interest, finance costs, gain for disposal of Shougang Resources/(provision for impairment of Shougang Resources), depreciation and amortisation.*

[△] *Debt equity ratio = Total borrowings/Equity attributable to the owners of the Company*

FINANCIAL REVIEW

The six months ended 30 June 2022 compared to the six months ended 30 June 2021:

Revenue and Cost of Sales

With the rapid expansion of business scale, the Group recorded a significant increase in revenue.

The Group recorded revenue of HK\$922 million for the period, representing an increase of 44% compared to HK\$639 million for the same period last year. The Group recorded cost of sales of HK\$269 million for this period, representing a decrease of 6.3% compared to HK\$287 million for the same period last year. The gross profit ratio for the period was 70.8%, representing an increase of absolute value of 15.8% compared to 55.0% for the same period last year. On one hand, the increase in gross profit was a result of the Public Offering REITs investment projects in the infrastructure and real estate business contributing HK\$203 million in fair value gains and dividends in the first half of the year. At the same time, the realisation of excess return during the period led to a significant increase in revenue. On the other hand, the team focused on improving the internal operation and management system, further improving operating efficiency, which has resulted in significant cost reduction and increases in efficiency, and a gradual increase in the overall gross profit of the parking business.

Adjusted EBITDA

During the period, the EBITDA for continuing operations of the Group amounted to HK\$968 million, representing an increase of 53.2% as compared with HK\$632 million for the same period last year.

Finance costs

During the period, finance costs of the Group amounted to HK\$56 million, representing an increase of 47.2% compared to the same period last year.

Holding other business assets and the Disposal

Shougang Fushan Resources Group Limited (“Shougang Resources”)

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

The carrying amount of the investments in Shougang Resources was reclassified as assets held for sale in January 2021. In January 2022, due to the disposal of a part of the equity interests in Shougang Resources held by the Group, the accounting method was adjusted and it was reclassified as financial assets at fair value through other comprehensive income. During the period, the Group recognised a profit of HK\$17 million from the investment in Shougang Resources due to an adjustment in the accounting method, and received cash proceeds of HK\$1,440 million from the sale. There was a provision for impairment of the Group’s holding of shares in Shougang Resources having taken into account the market performance of Shougang Resources and the Group’s future plans in the same period of last year. The total amount of provision for impairment was approximately HK\$1,776 million.

The investment return derived from Shougang Resources for the period was HK\$277 million and increased by 92.4% compared to HK\$144 million of investment return derived from Shougang Resources in the same period last year.

Taxation

Provision for taxation amounting to approximately HK\$127 million was made for the period, while provision for taxation of approximately HK\$71 million was made for the same period last year.

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

REVIEW OF OPERATIONS

Summary of net profit/(loss) contribution to the Group by operation/entity:

Operation/Entity	For the six months ended 30 June 2022		For the six months ended 30 June 2021	
	Revenue <i>HK\$ million</i>	Profit/(loss) <i>HK\$ million</i>	Revenue <i>HK\$ million</i>	Profit/(loss) <i>HK\$ million</i>
Infrastructure asset management business				
1a. Parking business (before tax)	480	112	273	32
1b. Infrastructure and real estate business (before tax)	442	389	357	280
2. Other business (before tax)	–	(7)	9	–
Sub-total	<u>922</u>	<u>494</u>	<u>639</u>	<u>312</u>
3. Holding other business assets Shougang Resources	–	277	–	144
4. Others	–	(66)	–	(10)
5. Gain for disposal of Shougang Resources/ (provision for impairment of Shougang Resources)	–	17	–	(1,776)
Profit/(loss) before income tax	–	<u>722</u>	–	<u>(1,330)</u>
Taxes and others	–	(120)	–	(65)
Profit/(loss) attributable to owners of the Company	<u>–</u>	<u>602</u>	<u>–</u>	<u>(1,395)</u>

Parking business

In the first half of 2022, the tightening of traffic control measures in various places in Mainland China due to the outbreak of COVID-19 has brought enormous pressure to the entire parking business.

Facing this unfavorable challenge, the Group still demonstrated a strong momentum of development, with its business scale expanding steadily, and profitability increasing continuously. The first half of 2022 recorded a revenue of HK\$480 million, an increase of 76% compared with the same period last year; achieved a profit before tax of HK\$112 million, an increase of 250% compared with the same period last year.

The Group adheres to the belief of “key cities + core locations + quality assets”, operates parking assets with the idea of the whole industry chain, and strives to build a whole chain business ecology industry such as parking asset fundraising, parking facility design and construction, parking management system support, and parking asset operation and management. Fully relying on the Group’s industry advantages in operational innovation and technology empowerment, the Group will build a full-life-cycle parking management system. On one hand, the Group has deepened the layout of the four major regions in the Beijing-Tianjin-Hebei Region, the Southeast Region, the Chengyu Region and the Greater Bay Area. On the other hand, the Group stepped up efforts in the fields of transportation hubs and cloud hosting, and actively built a development that integrates precise investment and lean operation pattern.

In terms of regional development, the parking business in the four core regions of Beijing-Tianjin-Hebei Region, Southeast Region, Chengyu Region, Greater Bay Area Region and the airport line maintains a satisfying growth and commissioning speed, amongst which:

- The Beijing-Tianjin-Hebei Region is the core area of the Group’s parking business. During the period, BOT projects developed rapidly. The multi-channel construction of project expansion has achieved phased progress; in Tianjin, the Group seized the opportunity of city-level parking projects, and deepened the pipeline through urban development funds, regional partners, etc., allowing the project to progress steadily.
- The Southeast Region’s public-private partnership (“PPP”) projects were successively implemented during the period, and construction was completed and put into operation. The Parking Industry Cooperation Fund, which is established with the Nanjing Jianye District Government, also commenced its first project; in addition, the Group was also cooperated with the government to explore the optimization of static traffic in the old city of Nanjing. By creating a model of comprehensive static traffic solutions, the parking infrastructure and real estate construction business in the old city will be leveraged. In addition to cultivating the Nanjing market, the business expansion in other cities in the Southeast Region has also achieved great results during this period, such as the overall cooperation with Wuxi Xidong Business District* (無錫市錫東商務區), to provide the Wuxi East High-speed Railway Station project, industrial park project and municipal independent parking lot project with a package of operation, management, and intelligent improvement services for roadside parking spaces.
- The Chengyu Region’s Chengdu Gaoshengqiao Post Station project* (成都高升橋驛站項目) was put into operation in the first half of this year. This project is the single-dimensional parking building project with the highest level of intelligence, the largest parking density and the largest number of parking spaces in Chengdu, providing an effective solution to the difficult parking problem in Southwest China, where there are few parking spaces with too many motor vehicles. In addition to BOT-type product projects, asset-light contracting and operation business has also been launched one after another. The Group combines local cultural characteristics, and fully integrates the local dynamic cultural characteristics in the construction appearance and operation mode, and many parking lots have become regional landmarks.
- In regards to airport line, the Group continues to actively seek opportunities for expansion, and has successively established in-depth cooperative relations with 36 leading enterprises, covering airport groups, airlines and ecological enterprises around airport travel.

* For identification purpose only

The fund management company that focusing on investment in the parking business distributed an excess return of approximately HK\$199 million during the period. In the future, the Group's parking business will continue to focus on the entire industrial chain of parking asset management, to realise both the operating income and investment return.

In order to overcome the adverse impact of COVID-19, the Group leveraged the driving force of technological innovation, made intelligent and dynamic adjustments to operation strategies in light of project operation conditions, and enabled lean operations through technology to establish the differentiated advantages of cost reduction and improvement of efficiency improvement in parking asset operation management and establish a steady and sustainable development model.

In addition to bringing expansion and operational pressures, pandemic control also gave the Group a rare internal training period for its parking business. The improvement of scientific and technological capabilities and the polishing of scientific and technological products have not only brought about the improvement of internal efficiency, but also further expanded the sales market of scientific and technological products. The intelligent operation and management product of parking assets based on "SONIC"* (速驛客) has realized the business coverage of all types of projects in the parking industry. The "cyberspace smart management" service product for individual parking assets, the "group-based digital smart operation" service product for the large-scale parking asset matrix, and the "two smarts and one new (smart parking + smart travel + new energy travel)" service product portfolio for comprehensive digital management of urban smart travel were established. Especially in terms of serving the digital management of urban smart traffic, the first batch of public parking spaces of the City-Level Static Traffic Digital Comprehensive Management Project in Baiyin City, Gansu Province* (甘肅白銀城市級靜態交通數位綜合治理項目) has been transformed into smart parking and put into operation and management.

With the alleviation of the pandemic and recovery of the travel industry, the parking business will increase its efforts in market expansion. We will take the operation index system as the basis for project expansion, strictly abiding by the operation red line, increase efficiency by making use of cost reductions and income increase brought about by innovative operation, and offset the erosive impact of the pandemic on operations. At the same time, we will focus on the market-oriented development of technology operation products. On one hand, it enhances the commercialization degree and business contribution of technology products, on the other hand, it fully combines its own advantages in asset operation and management to empower the ecological construction of urban smart travel services and promote the development of smart ecology in the industry. Opportunities and challenges coexist, achievements and missions coexist, the Group will use all its effort to illuminate every journey.

* For identification purpose only

Infrastructure and real estate business

In the area of infrastructure and real estate business, the Group adopts the real estate financial model of “funds + bases + industries” to participate in the development, management, operation, and quit, to radiate industrial resources with fund investment and increase the value of the assets. As the 2022 Beijing-Zhangjiakou Winter Olympic Games held successfully, the Chang’an Mills project* (「六工匯項目」) on West Chang’an Street in Beijing ran by the Group has also officially opened for business in 2022. Furthermore, three large-scale projects will enter into construction phrase during 2022. Part of the strategic equity investments are going to enter into the exit period and bring a considerable excess return gradually. Benefit from the advance layout in the field of Public Offering REITs, with the advancement of the work on the pilot program of Public Offering REITs in Mainland China, the Group has established a first mover advantage in this field.

In the first half of 2022, benefitting from the funds under management that had successively started income distribution, the recorded revenue was HK\$442 million, representing an increase of 24% as compared to the same period last year. In the first half of 2022, the fund management scale continued to expand. At the same time, some of the funds which are currently under management have achieved considerable investment returns and contributed excess returns to the Group through income distribution or liquidation. In the first half of 2022, the Group recorded excess returns (before tax) of HK\$133 million. Following the withdrawal of the invested projects, considerable returns will be generated. In the first half of 2022, the recorded profit before tax was HK\$389 million, representing an increasing of 39% as compared to the same period last year.

In terms of business expansion and lean operation, the infrastructure and real estate business focused on building its abilities and refining its products, whilst upholding the “precise investment + lean operation” belief, and thereby realising the transformation from fund management to asset management.

The Shouao Industrial Park project* (首奧產業園區項目)– the Chang’an Mills project on West Chang’an Street in Beijing jointly launched by the Group and Tishman Speyer (a renowned real estate developer) has successfully opened and the customer flow performed well. The shopping center mainly focuses on “experience + exhibition hall + catering”, which has become a new landmark in Western Beijing.

The Group’s strategic equity investment business centered on the parking business adheres to the concept of “keep straight and be innovative, incubating with ecology”. On one hand, to be “innovative” outside the core business and earn profits for the Group through financial investments. On the other hand, to provide an ecological platform to promote innovation and incubation in core business industry, focus on strategic equity investment in specific industry to develop investment opportunities and to help the Group to develop the main business.

* For identification purpose only

The strategic equity investment business focuses on investing in high-quality companies in the fields of new materials, new energy and intelligent manufacturing, which enables the Group to accumulate fund management experience, and is conducive to introduce strategic resources from various partners, develop diversified parking business products, and promote synergistic development across the two principal business segments, in order to bring better investment returns to the Group and shareholders.

During the period, the Group continues to make strategic equity investment in key tracks and continued to empower the invested companies. New investment projects mainly involved in field such as automotive intelligent driving solutions and self-controllable CPU chips.

The launch of the pilot program of publicly-offered infrastructure REITs in PRC is once again a major innovation in asset securitization in PRC. The Group is ushering in the era of publicly-offered infrastructure REITs in Mainland China. Infrastructure assets with long-term stable cash flow are recognised as high-quality publicly-offered infrastructure REITs underlying assets, which are the characteristics of the Group's parking business and urban renewal assets. On 29 June 2021, the National Development and Reform Commission issued the "Notice on Further Effectively Completing the Work of the Pilot Program of Infrastructure Real Estate Investment Trust (REITs)", which further expanded the the pilot industry scope of publicly-offered infrastructure REITs and parking lot projects were included. In the future, the Group will take advantage of the pilot program of Public Offering REITs to seek new exit paths for self-owned high-quality infrastructure assets.

In the first and second batch of strategic placement of publicly-offered infrastructure REITs, the Group has achieved full coverage of high-quality asset REITs such as publicly-offered infrastructure REITs industrial parks, warehousing and logistics, and expressways, and established its leading position in the initial stage of the publicly-offered infrastructure REITs market as well as the official launch of China Life Fund* (國壽基金), which represents the successful establishment of the Pre-REITs investment platform. In the first half of 2022, the Group focused on the key areas of public REITs, assisted in the issuance of public REITs and the expansion of Pre-REITs projects in the fields of rail transit, photovoltaics, affordable housing, etc., and has been committed to build industry benchmarks and forming a highland for REITs industry development; focused on green funds and double-carbon industry investment and strategic placement investment of high-quality public REITs, further expanded the scope of strategic placement investment, and adhered to the business loop of "Pre-REITs investment + platform operation management + REITs issuance and quit + REITs strategic investment". In addition, by relying on the multi-channel resources of REITs, the existing resources in the system were integrated to revitalise the parking and stock assets to form business synergy and empowerment.

* *For identification purpose only*

PRINCIPAL RISKS AND UNCERTAINTIES

The Group focuses on becoming “the pioneer of infrastructure real estate investment trusts (“REITs”) and the booster of infrastructure and real estate asset management efficiency in the PRC”, focusing on providing leading infrastructure and real estate management services.

The Group formulates financial risk policies as directed by the Board, to manage financial risk, foreign currency risk, interest rate risk and trading counterparties’ credit risk. The Group also aims to ensure that adequate financial resources are available for business growth.

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

LIQUIDITY, FINANCIAL RESOURCES AND FINANCING ACTIVITIES

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

1. Bank Balances, Cash and Borrowings

The bank balances and cash, borrowings and debt equity ratio of the Group as at 30 June 2022 as compared to 31 December 2021 are summarised below:

	As at 30 June 2022 <i>HK\$ million</i>	As at 31 December 2021 <i>HK\$ million</i>
Bank balances and cash	<u>4,229</u>	<u>2,573</u>
Wealth management products and fixed income financial assets	<u>681</u>	<u>1,096</u>
Total borrowings	<u>1,066</u>	<u>753</u>
Equity attributable to the owners of the Company	<u>10,646</u>	<u>10,141</u>
Debt equity ratio	<u>10.0%</u>	<u>7.4%</u>

2. Financing Activities

As at 30 June 2022, the balance of the Group’s term loan financing from banks was HK\$1,066 million, which was mainly from the investment in the 25 years operation rights of the Beijing Daxing International Airport Parking Building* (北京大興國際機場停車樓) and Nanjing Jianye Shoucheng Smart City Development Fund project* (南京建邺首程智慧城市發展基金項目).

* For identification purpose only

USE OF PROCEEDS

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

As at 30 June 2022, the Group applied the proceeds of the Shougang Subscription and CB Subscription in the following manner:

Intended use of net proceeds	Amount of the net proceeds raised <i>HK\$ million</i>	Revised allocation of amount of unutilised net proceeds as at 1 January 2022 <i>HK\$ million</i>	Amount of utilised net proceeds for the six months ended 30 June 2022 <i>HK\$ million</i>	Amount of unutilised net proceeds as at 30 June 2022 <i>HK\$ million</i>	Expected timeline for the use of unutilised net proceeds [^]
Invest in the Group’s parking business, used for the Group’s existing capital injection commitment, rental deposit and the development of new car parking assets	754	87	87	–	Not applicable
Invest in the Group’s infrastructure and real estate business	314	–	–	–	Not applicable
General working capital	188	42	42	–	Not applicable
Total	<u>1,256</u>	<u>129</u>	<u>129</u>	<u>–</u>	

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

2. On 21 February 2020, the Company completed the allotment and issuance of 300,000,000 new ordinary shares (1,500,000,000 shares before the Share Consolidation) (“**FTLife Subscription**”) to FTLife Insurance Company Limited (“**FTLife Insurance**”) (an indirect wholly-owned subsidiary of NWS Holdings Limited) with net proceeds of approximately HK\$450 million. As at 30 June 2022, the Group applied the proceeds of the FTLife Subscription in the following manner:

Intended use of net proceeds	Amount of the net proceeds raised <i>HK\$ million</i>	Amount of unutilised net proceeds as at 1 January 2022 <i>HK\$ million</i>	Amount of utilised net proceeds for the six months ended 30 June 2022 <i>HK\$ million</i>	Amount of unutilised net proceeds as at 30 June 2022 <i>HK\$ million</i>	Expected timeline for the use of unutilised net proceeds [#]
Invest in the Group’s parking business, used for the Group’s existing capital injection commitment, rental deposit and the development of new car parking assets	270	270	233	37	By the end of 2023
Invest in the Group’s infrastructure and real estate business	112	15	15	–	Not applicable
General working capital	68	68	48	20	By the end of 2023
Total	450	353	296	57	

[#] *The Company intends to apply the remaining net proceeds in accordance with (i) the indicative timetable set forth above; and (ii) in the manner disclosed in the Company’s announcement on 14 February 2020.*

3. On 10 August 2020, the Company completed the subscription agreement (“**Poly Platinum Subscription**”) with Poly Platinum Enterprises Limited (“**Poly Platinum**”), pursuant to which the Company has conditionally agreed to issue, and Poly Platinum conditionally agreed to subscribe for the 1% convertible bonds, in the aggregate principal amount of HK\$300 million, with net proceeds of approximately HK\$295 million. As at 30 June 2022, the Group applied the proceeds of the Poly Platinum Subscription in the following manner:

Intended use of net proceeds	Amount of the net proceeds raised <i>HK\$ million</i>	Amount of unutilised net proceeds as at 1 January 2022 <i>HK\$ million</i>	Amount of utilised net proceeds for the six months ended 30 June 2022 <i>HK\$ million</i>	Amount of unutilised net proceeds as at 30 June 2022 <i>HK\$ million</i>	Expected timeline for the use of unutilised net proceeds [#]
Financing the expansion of the Group’s business in management and operation of car parking assets in Guangdong-Hong Kong-Macau Greater Bay Area and technology innovation of the Group	295	295	47	248	By the end of 2023
Total	295	295	47	248	

[#] *The Company intends to apply the remaining net proceeds in accordance with (i) the indicative timetable set forth above; and (ii) in the manner disclosed in the Company’s announcement dated 28 July 2020.*

4. On 27 January 2021, the Company entered into the placing agreement with Huatai Financial Holdings (Hong Kong) Limited and BOCI Asia Limited (as placing agents) to procure placees to purchase the total number of the placing shares, being 210,000,000 shares, at a placing price of HK\$2.03 per placing share. On 3 February 2021, the Company completed the placing and the subscription of 210,000,000 placing shares to not less than six placees (“**Placing and Subscription**”) with net proceeds of approximately HK\$419 million. As at 30 June 2022, the Group applied the proceeds of the Placing and Subscription in the following manner:

Intended use of net proceeds	Amount of the net proceeds raised <i>HK\$ million</i>	Amount of unutilised net proceeds as at 1 January 2022 <i>HK\$ million</i>	Amount of utilised net proceeds for the six months ended 30 June 2022 <i>HK\$ million</i>	Amount of unutilised net proceeds as at 30 June 2022 <i>HK\$ million</i>	Expected timeline for the use of unutilised net proceeds [#]
Invest in the Group’s parking business, used for the Group’s existing capital injection commitment, rental deposit and the development of new car parking assets	168	168	–	168	By the end of 2023
Invest in the Group’s infrastructure and real estate business	168	168	–	168	By the end of 2023
General working capital	83	83	–	83	By the end of 2023
Total	419	419	–	419	

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

MATERIAL ACQUISITIONS & DISPOSALS

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

EVENTS OCCURRING AFTER THE REPORTING PERIOD

There were no significant events occurring after the reporting period.

CAPITAL STRUCTURE

As at 30 June 2022, the issued share capital of the Company was HK\$12,546,847,000 (represented by 7,282,547,194 issued ordinary shares).

EMPLOYEES RELATIONSHIP

The Group had a total of 511 employees as at 30 June 2022. All subsidiaries of the Company promote equal employment opportunities. The Group strictly complies with regulations of state and local governments and adopts a fair, just, and open recruitment process in order to provide employees with an equal, diverse and discrimination-free working environment. In the process of recruitment, training and promotion, the Group provides equal treatment to all candidates to safeguard employees’ rights and interests.

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

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

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

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

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

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

PROSPECTS

Under the influence of the COVID-19 in the first half of 2022, the Group adhered to the development concept of “precise investment + lean operation”, and aimed to become “China’s REITs leader and infrastructure and real estate asset management efficiency enhancer” as the direction. The Group continues to focus on the field of infrastructure and real estate assets, and effectively revitalizes existing assets. The Group’s risk resistance ability was strengthened under the precipitation of previous management experience and ability, solid business foundation, the dividend policy of publicly-offered infrastructure REITs and continuous financial and resource support from shareholders, thus driving the sustainable growth of the Group under an unfavorable market. The Group has faith that the core businesses are going to have a more rapid development in the second half of 2022.

In the area of parking business, the Group upholds the principle of “key cities, core locations, quality parking spaces” and continues to deepen the layout of the four major regions: the Beijing-Tianjin-Hebei Region, the Southeast Region, the Chengyu Region and the Greater Bay Region, whilst also stepping up our efforts in the areas of transportation hubs and cloud hosting, always focusing on how to continuously improve the quality of our services, how to create high-flow business space, and how to explore the long-term value of our assets so as to accumulate long-term income whilst making continuous contributions to society.

The infrastructure real estate business focuses on capacity building and product polishing, and upholds the “fund + base + industry” cycle development model, which brings investment income to the Group through strategic investments.

The Group is based on REITs and focuses on awakening the vitality of infrastructure and real estate assets and improving asset operation efficiency. Given the advancement of the work on the pilot program of Public Offering REITs in Mainland China, the direction of national policy, the Group’s quality infrastructure assets reserve and mature operating experience in parking business and infrastructure and real estate business, the Group’s experience in fund management, the consistency between the regional layout of existing high-quality asset reserve with key focus areas of national policy, it is believed that there is a promising prospect in this industry.

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

During the six months ended 30 June 2022, the Company bought back a total of 8,470,000 shares on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) at an aggregate consideration (before expenses) of HK\$11,049,440. All such bought back shares were subsequently cancelled.

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

Month	Number of shares bought back	Price paid per share		Aggregate Consideration (before expenses) (HK\$)
		Highest (HK\$)	Lowest (HK\$)	
February 2022	5,900,000	1.38	1.32	7,953,380
April 2022	2,570,000	1.24	1.17	3,096,060
Total	8,470,000			11,049,440

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (whether on the Stock Exchange or otherwise) during the six months ended 30 June 2022.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) during the six months ended 30 June 2022.

In order to strengthen corporate governance and enhance the interaction between the Board and the management of the Company, the Executive Committee of the Company has been restructured into an Executive Management Committee with effect from 25 August 2022, with some of the Directors and core management of the Company serving as members. General powers of the Board (except those matters specifically reserved for the Board and Board committees) to manage and oversee the operations of the Group have been conferred on the Executive Management Committee.

The responsibilities of performing the corporate governance duties as set out in Code Provision A.2.1 of Appendix 14 of the Listing Rules have been assigned to the Nomination Committee of the Company. The revised terms of reference of the Nomination Committee will be posted on the websites of the Company and Hong Kong Exchanges and Clearing Limited accordingly.

APPRECIATION

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

By order of the Board
Shoucheng Holdings Limited
Zhao Tianyang
Chairman

Hong Kong, 25 August 2022

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