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ROAD KING INFRASTRUCTURE LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 1098)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

HIGHLIGHTS	Six months ended 30 June	
	2024	2023
Property sales (including joint venture and associate projects)	RMB7,304 million	RMB15,687 million
Property delivery (including joint venture and associate projects)	RMB22,135 million	RMB18,644 million
Toll revenue from expressway projects	HK\$1,594 million	HK\$2,256 million
Loss attributable to owners of the Company	HK\$1,027 million	HK\$1,220 million
	30 June	31 December
	2024	2023
Total assets	HK\$64,806 million	HK\$73,146 million
Bank balances and cash	HK\$6,716 million	HK\$5,480 million
Equity attributable to owners of the Company	HK\$14,234 million	HK\$15,696 million
Net assets per share attributable to owners of the Company	HK\$19.00	HK\$20.95
Net gearing ratio	54%	63%

RESULTS

The Board of Directors (the “Board”) of Road King Infrastructure Limited (the “Company”) announces the unaudited condensed consolidated statement of profit or loss and unaudited condensed consolidated statement of profit or loss and other comprehensive income of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2024, together with the comparative figures for the corresponding period in 2023 and the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2024 together with audited comparative figures as at 31 December 2023, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2024

	NOTES	Six months ended 30 June	
		2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Revenue	3	3,468,218	6,276,976
Cost of sales		<u>(3,831,805)</u>	<u>(5,582,880)</u>
Gross (loss) profit		(363,587)	694,096
Interest income		27,249	167,021
Other income		86,113	101,548
Other gains and losses	5	(1,105,037)	(1,066,367)
Selling expenses		(144,156)	(293,828)
Administrative expenses		(340,998)	(401,171)
Gain on disposal of subsidiaries	6	1,862,976	–
Share of results of associates		(5,463)	7,740
Share of results of joint ventures	7	454,309	724,360
Finance costs	8	<u>(434,072)</u>	<u>(582,235)</u>
Profit (loss) before taxation	9	37,334	(648,836)
Income tax expenses	10	<u>(430,842)</u>	<u>(232,532)</u>
Loss for the period		<u><u>(393,508)</u></u>	<u><u>(881,368)</u></u>
(Loss) profit attributable to:			
Owners of the Company		(1,026,865)	(1,220,253)
Owners of perpetual capital securities		267,363	265,929
Other non-controlling interests of subsidiaries	6	<u>365,994</u>	<u>72,956</u>
		<u><u>(393,508)</u></u>	<u><u>(881,368)</u></u>
Loss per share	12		
– Basic		<u><u>(HK\$1.37)</u></u>	<u><u>(HK\$1.63)</u></u>
– Diluted		<u><u>N/A</u></u>	<u><u>N/A</u></u>

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

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Loss for the period	<u>(393,508)</u>	<u>(881,368)</u>
Other comprehensive (expense) income		
<i>Items that may be subsequently reclassified to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	(187,062)	225,108
Share of other comprehensive income of joint ventures	1,312	4,329
<i>Item that will not be subsequently reclassified to profit or loss:</i>		
Exchange differences arising on translation to presentation currency	<u>(353,424)</u>	<u>(421,683)</u>
Other comprehensive expense for the period	<u>(539,174)</u>	<u>(192,246)</u>
Total comprehensive expense for the period	<u>(932,682)</u>	<u>(1,073,614)</u>
Total comprehensive (expense) income for the period attributable to:		
Owners of the Company	(1,462,090)	(1,390,142)
Owners of perpetual capital securities	267,363	265,929
Other non-controlling interests of subsidiaries	<u>262,045</u>	<u>50,599</u>
	<u>(932,682)</u>	<u>(1,073,614)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2024

	30 June 2024	31 December 2023
	(Unaudited)	(Audited)
<i>NOTE</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
ASSETS		
Non-current assets		
Property, plant and equipment	51,675	47,966
Right-of-use assets	18,416	25,801
Investment properties	5,271,851	5,244,882
Interests in associates	1,005,704	1,025,706
Interests in joint ventures	13,492,251	14,732,503
Deferred tax assets	85,261	134,245
Amounts due from joint ventures and associates	3,458,872	3,944,670
Loan receivables	729,168	1,842,842
Financial assets at fair value through profit or loss (“FVTPL”)	<u>563,038</u>	<u>579,707</u>
	<u>24,676,236</u>	<u>27,578,322</u>
Current assets		
Inventory of properties	26,196,902	29,426,286
Amounts due from joint ventures and associates	1,593,979	1,788,591
Amounts due from other non-controlling interests of subsidiaries	1,457,007	1,615,514
Loan receivables	80,360	79,289
Debtors, deposits and prepayments	13 2,468,486	2,637,368
Prepaid income tax	1,553,894	1,531,029
Pledged bank deposits	63,152	79,672
Bank balances and cash	<u>6,715,992</u>	<u>5,480,197</u>
	40,129,772	42,637,946
Assets classified as held for sale	<u>–</u>	<u>2,930,045</u>
Total assets	<u><u>64,806,008</u></u>	<u><u>73,146,313</u></u>

	30 June	31 December
	2024	2023
	(Unaudited)	(Audited)
<i>NOTE</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	74,934	74,934
Reserves	14,158,632	15,620,722
	14,233,566	15,695,656
Owners of perpetual capital securities	6,957,527	6,963,623
Other non-controlling interests of subsidiaries	3,460,162	4,538,385
Total equity	24,651,255	27,197,664
Non-current liabilities		
Bank and other borrowings	11,547,670	12,753,149
Deferred tax liabilities	958,549	1,044,221
Financial liabilities at FVTPL	–	734,734
Lease liabilities	8,966	14,558
	12,515,185	14,546,662
Current liabilities		
Creditors and accrued charges	14 4,719,446	5,926,025
Amounts due to joint ventures and associates	5,459,013	6,250,067
Amounts due to other non-controlling interests of subsidiaries	1,097,619	1,452,807
Contract liabilities	3,137,115	3,317,085
Lease liabilities	11,877	14,227
Income tax payable	3,798,358	4,358,738
Bank and other borrowings	8,463,384	9,864,857
Financial liabilities at FVTPL	952,756	199,719
	27,639,568	31,383,525
Liabilities associated with assets classified as held for sale	–	18,462
Total equity and liabilities	64,806,008	73,146,313

Notes:

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (“HKAS 34”) “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed 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.

Other than additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2024 are the same as those presented in the Group’s annual consolidated financial statements for the year ended 31 December 2023.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on 1 January 2024 for the preparation of the Group’s condensed consolidated financial statements:

Amendment to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The directors of the Company (the “Directors”) anticipate that the application of the amendments to HKFRSs in the current interim period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3. REVENUE

(a) Revenue from contracts with customers

By segment	Six months ended 30 June 2024			Six months ended 30 June 2023		
	Property development and investment <i>HK\$'000</i>	Investment and asset management <i>HK\$'000</i>	Total <i>HK\$'000</i>	Property development and investment <i>HK\$'000</i>	Investment and asset management <i>HK\$'000</i>	Total <i>HK\$'000</i>
Types of goods or services						
Property sales	2,929,707	3,103	2,932,810	5,696,463	27,035	5,723,498
Property management and service income	405,076	2,780	407,856	451,157	1,902	453,059
Total	3,334,783	5,883	3,340,666	6,147,620	28,937	6,176,557
Geographical market						
Mainland China	3,293,329	5,883	3,299,212	6,101,961	28,937	6,130,898
Hong Kong	41,454	–	41,454	45,659	–	45,659
Total	3,334,783	5,883	3,340,666	6,147,620	28,937	6,176,557
Timing of revenue recognition						
Goods recognised at a point in time	2,929,707	3,103	2,932,810	5,696,463	27,035	5,723,498
Services recognised over time	405,076	2,780	407,856	451,157	1,902	453,059
Total	3,334,783	5,883	3,340,666	6,147,620	28,937	6,176,557

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

By segment	Six months ended 30 June 2024			Six months ended 30 June 2023		
	Property development and investment <i>HK\$'000</i>	Investment and asset management <i>HK\$'000</i>	Total <i>HK\$'000</i>	Property development and investment <i>HK\$'000</i>	Investment and asset management <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue from contracts with customers (note 3(a))	3,334,783	5,883	3,340,666	6,147,620	28,937	6,176,557
Rental income from commercial properties and other revenue	122,057	5,495	127,552	95,801	4,618	100,419
Total revenue of the Group (note 4)	3,456,840	11,378	3,468,218	6,243,421	33,555	6,276,976

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

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Property sales and service income	3,340,666	6,176,557
Rental income from commercial properties and other revenue	127,552	100,419
Total revenue of the Group	<u>3,468,218</u>	<u>6,276,976</u>
Group's share of revenue of property joint ventures and associates	<u>7,001,562</u>	<u>7,631,095</u>
Group's share of toll revenue of infrastructure joint ventures	<u>671,222</u>	<u>961,179</u>
Revenue of the Group and Group's share of revenue of the joint ventures and associates	<u>11,141,002</u>	<u>14,869,250</u>

4. SEGMENT INFORMATION

The Group determines its operating segments based on internal reporting about components that are regularly reviewed by the chief operating decision makers (the "CODM"). Information reported to the Group's CODM, who mainly are the executive directors of the Company, for the purposes of resource allocation and assessment of performance is mainly focused on the different management teams of the related business operations (including interests in joint ventures and associates) stated as below:

Property development and investment	– development of properties for sale and for rental income and/or potential capital appreciation
Toll road	– development, operation and management of toll roads
Investment and asset management	– property development and investment, integrated with property fund, cultural, tourist and commercial businesses

The following is an analysis of the Group's revenue, (loss) profit, assets and liabilities by operating and reportable segments for the periods under review:

	Six months ended 30 June 2024				Six months ended 30 June 2023			
	Property development and investment	Toll road	Investment and asset management	Total	Property development and investment	Toll road	Investment and asset management	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue	<u>3,456,840</u>	<u>-</u>	<u>11,378</u>	<u>3,468,218</u>	<u>6,243,421</u>	<u>-</u>	<u>33,555</u>	<u>6,276,976</u>
Segment (loss) profit	<u>(936,873)</u>	<u>1,689,555</u>	<u>(1,104,818)</u>	<u>(352,136)</u>	<u>(430,433)</u>	<u>253,390</u>	<u>(639,950)</u>	<u>(816,993)</u>
	At 30 June 2024				At 31 December 2023			
	Property development and investment	Toll road	Investment and asset management	Total	Property development and investment	Toll road	Investment and asset management	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets (including interests in joint ventures and associates)	<u>52,585,467</u>	<u>4,515,221</u>	<u>7,081,422</u>	<u>64,182,110</u>	<u>56,532,993</u>	<u>7,853,630</u>	<u>8,281,972</u>	<u>72,668,595</u>
Segment liabilities	<u>(38,438,820)</u>	<u>(131,960)</u>	<u>(816,388)</u>	<u>(39,387,168)</u>	<u>(43,298,320)</u>	<u>(942,238)</u>	<u>(871,494)</u>	<u>(45,112,052)</u>

(a) Measurement

Segment (loss) profit represents profit or loss generated from each segment, which includes share of results of associates, share of results of joint ventures, other gains and losses, gain on disposal of subsidiaries, depreciation of property, plant and equipment, depreciation of right-of-use assets, relevant interest income, finance costs and income tax expenses attributable to the relevant segment but without allocation of corporate income and expenses. This is the measurement basis reported to the CODM for the purposes of resource allocation and performance assessment.

Segment revenue comprises revenue from external customers. There was no inter-segment revenue.

Segment assets represent assets held by each segment without allocation of corporate assets which are mainly right-of-use assets, deposits and prepayment, and bank balances and cash.

Segment liabilities represent liabilities held by each segment without allocation of corporate liabilities which are mainly accrued charges, bank and other borrowings and lease liabilities.

(b) Reconciliation of total segment loss, total segment assets and total segment liabilities

	Six months ended 30 June	
	2024 HK\$'000	2023 HK\$'000
Total segment loss	(352,136)	(816,993)
Unallocated items:		
Interest income	3,017	3,323
Corporate expenses	(18,453)	(32,244)
Finance costs	(25,936)	(35,454)
Consolidated loss for the period	(393,508)	(881,368)
	30 June 2024 HK\$'000	31 December 2023 HK\$'000
Total segment assets	64,182,110	72,668,595
Unallocated assets:		
Right-of-use assets	6,698	9,210
Deposits and prepayments	72,820	66,632
Bank balances and cash	544,380	401,876
Consolidated total assets	64,806,008	73,146,313
Total segment liabilities	(39,387,168)	(45,112,052)
Unallocated liabilities:		
Accrued charges	(25,477)	(16,093)
Bank and other borrowings	(734,596)	(810,294)
Lease liabilities	(7,512)	(10,210)
Consolidated total liabilities	(40,154,753)	(45,948,649)

5. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2024 HK\$'000	2023 HK\$'000
Net exchange losses	(299,338)	(504,136)
Change in fair value of financial asset at FVTPL		
– relating to the investment in an unlisted entity	(8,518)	–
Change in fair value of financial liabilities at FVTPL		
– relating to participation rights	4,182	(8,024)
– relating to sale loan with redemption right	(36,333)	5,855
Gains on buyback of senior notes	344,175	–
Net (loss) gain on disposals/written off of		
property, plant and equipment	(2,219)	380
Impairment loss on loan receivables	(639,984)	(250,855)
Impairment loss on amounts due from joint ventures	(176,489)	(250,855)
Fair value losses on transfer of completed properties		
held for sale to investment properties	(5,665)	(136,711)
Change in fair value of investment properties	(284,848)	77,979
	(1,105,037)	(1,066,367)

6. GAIN ON DISPOSAL OF SUBSIDIARIES

On 17 November 2023, the Group entered into a sale and purchase agreement to dispose of its interest in Road King (China) Infrastructure Limited (the “Disposal”) (Road King (China) Infrastructure Limited together with its subsidiaries collectively referred to the “Disposal Group”) to an independent third party at the consideration of RMB4,411.8 million (equivalent to HK\$4,902 million). The Disposal was completed and the consideration was also fully received during the period.

The aggregate net assets of the Disposal Group at the date of completion of the Disposal were as follow:

	<i>HK\$'000</i>
Cash consideration	<u>4,902,000</u>
Analysis of assets and liabilities over which control was lost:	
Interests in joint ventures	2,983,989
Amount due from a joint venture	79,991
Bank balances and cash	11
Amounts due to group companies	(40,821)
Deferred tax liabilities	<u>(24,966)</u>
Net assets disposed of	<u>2,998,204</u>
Gain on disposal of:	
Cash consideration	4,902,000
Direct transaction costs and expenses	(40,820)
Net assets disposal of	<u>(2,998,204)</u>
Gain on disposal of before taxation	1,862,976
Income tax expenses	<u>(372,511)</u>
Gain on disposal of, net of related income tax	<u>1,490,465</u>
– attributable to owners of the Company	<u>1,117,849</u>
– attributable to other non-controlling interests of subsidiaries	<u>372,616</u>

During the period, the surge of profit attributable to other non-controlling interests of subsidiaries was mainly due to the inclusion of approximately HK\$372,616,000 of the net gain after tax on the above-mentioned Disposal.

7. SHARE OF RESULTS OF JOINT VENTURES

	Six months ended 30 June	
	2024 HK\$'000	2023 HK\$'000
Share of profits of infrastructure joint ventures before amortisation and taxation	420,165	623,368
Less share of:		
Amortisation of toll road operation rights	(75,560)	(134,265)
Income tax credit (expenses)	13,097	(121,572)
	<u>357,702</u>	<u>367,531</u>
Share of profits of property and other joint ventures	96,607	356,829
	<u>454,309</u>	<u>724,360</u>

8. FINANCE COSTS

	Six months ended 30 June	
	2024 HK\$'000	2023 HK\$'000
Interest on borrowings	657,473	941,600
Interest on lease liabilities	617	1,066
Other interest and finance costs	66,237	65,900
	<u>724,327</u>	<u>1,008,566</u>
Less: Capitalised in properties under development for sale	(290,255)	(426,331)
	<u>434,072</u>	<u>582,235</u>

9. PROFIT (LOSS) BEFORE TAXATION

	Six months ended 30 June	
	2024 HK\$'000	2023 HK\$'000
Profit (loss) before taxation has been arrived at after charging:		
Depreciation of right-of-use assets	7,101	10,452
Depreciation of property, plant and equipment	5,836	10,602
	<u>12,937</u>	<u>21,054</u>
Less: Capitalised in properties under development for sale	(136)	(143)
	<u>12,801</u>	<u>20,911</u>
Cost of inventories recognised as an expense (including write-down of inventories amounting to HK\$110,865,000 (six months ended 30 June 2023:HK\$136,830,000))	3,390,921	5,161,455
and after crediting:		
Bank interest income	19,969	39,263
	<u>19,969</u>	<u>39,263</u>

10. INCOME TAX EXPENSES

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Current tax:		
Hong Kong profits tax	1,468	–
PRC enterprise income tax (“EIT”)	409,665	117,190
PRC land appreciation tax (“LAT”)	49,240	92,942
Withholding tax	64,685	54,065
	<u>525,058</u>	<u>264,197</u>
Deferred tax	(94,216)	(31,665)
	<u>430,842</u>	<u>232,532</u>

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits derived from Hong Kong.

EIT has been provided at the appropriate tax rates prevailing in the countries in which the Group operates on the estimated assessable profits for the year. These rates range from 10% to 25%. EIT for the six months ended 30 June 2024 included the income tax of HK\$372,511,000 on the disposal of four expressway projects in Mainland China. Further details could be referred to note 6.

The provision of LAT is estimated according to the requirements set forth in the relevant the People’s Republic of China (“PRC”) tax laws and regulations, which is charged at progressive rates ranging from 30% to 60% of the appreciation value, with certain allowable deductions.

11. DIVIDEND PAID

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
No 2023 final dividend paid (six months ended 30 June 2023: No 2022 final dividend paid)	–	–
	<u>–</u>	<u>–</u>

The board of Directors has resolved not to declare the payment of any interim dividends for the six months ended 30 June 2024 and 2023.

12. LOSS PER SHARE

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

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Loss for the purposes of basic loss per share attributable to owners of the Company	<u>(1,026,865)</u>	<u>(1,220,253)</u>
	Number of shares '000	Number of shares '000
Weighted average number of ordinary shares for the purpose of basic loss per share	<u>749,337</u>	<u>749,337</u>

No diluted loss per share for the six months ended 30 June 2024 and 2023 were presented as there were no dilutive potential ordinary shares in issue for both interim periods.

13. DEBTORS, DEPOSITS AND PREPAYMENTS

	30 June	31 December
	2024	2023
	HK\$'000	HK\$'000
Aged analysis of trade debtors, presented based on invoice dates (<i>note</i>):		
Within 60 days	121,545	109,545
61 to 90 days	4,679	1,261
More than 90 days	<u>26,138</u>	<u>106,812</u>
Trade debtors from contracts with customers derived from goods and services	152,362	217,618
Prepayment for land development cost	547,645	555,556
Deposits paid for acquisition of inventory of properties	401,305	518,119
Prepayment of value added tax and other taxes	582,809	528,926
Consideration receivable	24,644	25,000
Other receivables, deposits and prepayments	<u>759,721</u>	<u>792,149</u>
	<u>2,468,486</u>	<u>2,637,368</u>

Note:

The debtors are mainly arisen from sale of properties. Consideration in respect of properties sold is paid in accordance with the terms of the related sale and purchase agreements, normally within 60 to 90 days from the agreements. For most of the Group's property projects, consideration will be fully received prior to the delivery of the properties to the property purchasers.

14. CREDITORS AND ACCRUED CHARGES

	30 June 2024 HK\$'000	31 December 2023 HK\$'000
Aged analysis of creditors presented based on invoice date:		
Trade payables		
Within 60 days	302,731	355,202
61 to 90 days	19,732	6,146
More than 90 days	934,378	988,938
	1,256,841	1,350,286
Accrued construction costs	1,925,424	2,918,137
Accrued taxes (other than EIT and LAT)	196,147	246,839
Consideration payable from acquisition of joint ventures	218,134	221,285
Dividends payable to other non-controlling interests of subsidiaries	38,657	–
Construction related deposits	241,110	265,626
Other payables	843,133	923,852
	4,719,446	5,926,025

15. TOTAL ASSETS LESS CURRENT LIABILITIES/NET CURRENT ASSETS

The Group's total assets less current liabilities at 30 June 2024 amounted to HK\$37,166,440,000 (31 December 2023: HK\$41,744,326,000). The Group's net current assets at 30 June 2024 amounted to HK\$12,490,204,000 (31 December 2023: HK\$14,166,004,000).

DIVIDEND

The Board has resolved not to declare the payment of any interim dividend for the six months ended 30 June 2024.

BUSINESS REVIEW

Results for the first half of 2024

Property sales of the Group (including joint venture and associate projects) for the first half of 2024 were RMB7,304 million equivalent, representing a decrease of approximately 53% compared to the corresponding period of last year. Toll revenue of the expressway projects was HK\$1,594 million equivalent, representing a decrease of approximately 29% compared to the corresponding period of last year, mainly due to the exclusion of related performance after the completion of the disposal of four expressways in Mainland China in April 2024. For the first half of 2024, the Group recorded a loss attributable to shareholders of HK\$1,027 million, with a loss per share of HK\$1.37. The Group's bank balances and cash were HK\$6,716 million and net assets per share was HK\$19.00.

Business Overview

In the first half of 2024, the real estate market in Mainland China remained sluggish and the downward pressure on the real estate sector remained significant. As a pillar industry in Mainland China, the stability of the real estate sector plays a significant role in the economic growth. Therefore, in the first half of this year, the government continuously introduced favourable policies, such as the "17 May" new policies on the real estate sector, through measures like lowering down payments, reducing interest rates, scrapping of commercial loan's interest rate floor, and destocking, in hopes of boosting market confidence and sending out signals of stabilizing the market. However, due to the fact that the expectations on the increase of personal income and decline in housing prices have not been improving significantly, the market response was not positive. The recovery momentum of the real estate market still weak, and the effectiveness and the sustainability of the favourable policies were limited. Similarly, scrapping of all property cooling measures by Hong Kong government in February this year helped releasing short-term purchasing power. However, high interest rates and the overall market downturn exerted pressure on the real estate market. The confidence and expectation of homebuyers still needed more favourable policies and time to justify a recovery, and enterprises continued to face severe challenges in sales.

Affected by the ongoing downturn in the real estate market and sluggish sales, the Group only achieved total property sales (including joint venture and associate projects) of RMB7,304 million for the first half of 2024. The property sales comprised contracted sales of RMB6,712 million and outstanding subscribed sales of RMB592 million. The Yangtze River Delta Region and Guangdong-Hong Kong-Macao Greater Bay Area are the major sales regions with an average selling price of RMB19,000 per sqm, of which the average selling price of Hong Kong projects was HK\$230,000 per sqm, and the average selling price of Mainland China projects was RMB14,400 per sqm.

In the first half of 2024, the real estate market in Hong Kong was sluggish, and property sales were unsatisfactory. In the first quarter, sales of Southland rebounded due to the scrapping of property cooling measures. However, in the second quarter, sales of Southland plummeted sharply due to the throat-cutting promotion of competitive projects. In the first half of 2024, the total sales of the three projects in Hong Kong amounted to HK\$1,950 million. Mori obtained the certificate of compliance in July this year and is scheduled for delivery in the third quarter.

In the first half of 2024, the Group's total property delivery in Mainland China and Hong Kong (including joint venture and associate projects) amounted to approximately RMB22,135 million, 8,400 units with an area of approximately 770,000 sqm were delivered. The property delivery increased during the period, mainly due to the bulk delivery of Bright Mansion in Shanghai amounting to RMB9,540 million. Due to the continuous downturn in the real estate market, the prices of properties delivered by the Group further declined, resulting in a gross loss of approximately HK\$364 million for the period, with a gross loss margin of approximately 10%.

In the first half of 2024, affected by the downturn in the real estate market, tight liquidity of enterprises and other factors, real estate enterprises remained cautious in land acquisitions, and the land transaction volume shrank significantly. State-owned enterprises remained the major participants in land acquisitions. The Group temporarily halted participation in land auctions to reserve funds for loan repayment, and therefore did not acquire new project or land parcel during the period. As at 30 June 2024, the Group had a total land reserve of approximately 2,950,000 sqm, of which 640,000 sqm were pre-sold but yet to be delivered.

In the first half of 2024, the overall average daily traffic volume and toll revenue of the Group's expressway projects were 296,500 vehicles and HK\$1,594 million respectively, representing a decrease of 19% and 29% respectively compared to the corresponding period of last year.

The overall average daily traffic volume and toll revenue of the Group's expressway projects in Indonesia were 89,900 vehicles and HK\$919 million respectively, representing a decrease of 2% and an increase of 16% respectively compared to the corresponding period of last year. The significant increase in toll revenue was mainly because all expressway projects in Indonesia obtained approvals for the increase in toll rates in the second half of 2023, in particular, the approvals for the increase of approximately 25% and 29% in the special toll rates for SN and SB expressway projects, respectively. Another two projects also obtained approvals for the increase in regular toll rates by approximately 8%.

The overall average daily traffic volume and toll revenue of the Group's expressway projects in Mainland China were 206,600 vehicles and HK\$675 million respectively, representing a decrease of 24% and 54% respectively compared to the corresponding period of last year. This was mainly due to the expiration of the Group's toll concession right of the Tangjin Expressway on 19 April 2023 and the completion of the disposal of the Group's entire equity interests in the toll road business in Mainland China to Cornerstone Holdings Limited on 22 April 2024, resulting in a significant decline in revenue contribution from the toll road business in Mainland China compared to the corresponding period of last year. However, the Group recognised a net gain after tax of HK\$1,490 million (with the Group's share being approximately HK\$1,118 million) from the disposal of its interests in the toll road business in Mainland China, which had a positive impact on the Group's profit and cash flow in 2024.

In the first half of 2024, the Group's share of results of joint ventures of expressway projects in Indonesia was HK\$224 million, representing an increase of HK\$145 million compared to the corresponding period of last year. This was mainly due to the increased toll rates of expressway projects in Indonesia and the application of new tax regulations which extended the amortization period for taxation purposes and recognised one-off accumulated unused tax losses available to offset against future profits as deferred tax assets. The profit of the Group's toll road segment (including the aforementioned disposal gain and net of head office expenses and taxation) was HK\$1,690 million. After excluding the one-off disposal gain and related taxation, the profit of the Group's toll road segment was HK\$200 million, representing a decrease of HK\$53 million compared to the corresponding period of last year. The decrease was mainly due to the reduction in profit scale of remaining business after the disposal of all equity interests in the expressway business in Mainland China.

After restructuring and rectification, the business scale of the remaining original investment and asset management businesses, which mainly comprised property fund investment as well as cultural and tourist businesses, has been significantly reduced, with non-core businesses closed and non-core assets sold. Going forward, the Group will continue to review the operation of its remaining businesses and take appropriate action in due course.

FINANCIAL REVIEW

Liquidity and Financial Resources

As at 30 June 2024, the equity attributable to owners of the Company was HK\$14,234 million (31 December 2023: HK\$15,696 million). Net assets per share attributable to owners of the Company was HK\$19.00 (31 December 2023: HK\$20.95).

As at 30 June 2024, the Group's total assets were HK\$64,806 million (31 December 2023: HK\$73,146 million) and bank balances and cash were HK\$6,716 million (31 December 2023: HK\$5,480 million), of which 94% was denominated in Renminbi and the remaining 6% was mainly denominated in US dollars or HK dollars.

As at 30 June 2024, the net gearing ratio and the net capitalisation ratio of the Group were 54% and 35% respectively. Net gearing ratio represents the difference between the Group's total interest-bearing borrowings (excluding amounts due to joint ventures and associates) 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.

Bank and other borrowings mainly represented offshore guaranteed senior notes, syndicated bank loans and project development loans of the Group. The decrease in total loans was mainly due to the continuous downturn in the property financing market and the fact that credit refinancing has not yet resumed.

Certain of the Group's borrowings bore fixed interest rates per annum, including guaranteed senior notes with an outstanding principal amount of US\$1,658 million with interest rates ranging from 5.125% to 6.7% per annum.

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

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

In the first half of 2024, the Mainland Government continuously introduced favourable policies, including the "17 May" new policies on the real estate sector, targeting to boost market confidence and send out signals of stabilizing the market. However, the market response was not positive, and both homebuyers and major banks remained cautious. Most real estate enterprises still faced operational difficulties and liquidity crises.

In view of the uncertain market conditions this year, the Group proactively implemented and completed its offshore debt management work (the "Debt Management Work") in the third quarter of 2024, including the early partial repayment of the principals totalling HK\$2,560 million (including US\$322 million and HK\$54 million), and the extension of maturity dates of guaranteed senior notes and syndicated bank loans. Therefore, the repayment plans for most of the Group's offshore debts have been properly managed.

The extension of final maturity dates of the guaranteed senior notes and syndicated bank loans by 3.5 years and 2 years respectively, not only avoiding the immediate default risk of the Group but also providing a breathing room for the Group to focus on developing its core business, as well as preserving and realising the best value of its high-quality assets. This aims to achieve a sustainable capital structure, paving a way for business recovery and normalization. This also facilitates the Group to re-establish investor relationship since its public debt capital market transaction in 2021.

The Debt Management Work also included the deferral of the reset date for the Group's distribution rate on the perpetual capital securities by 3.5 years to avoid the surge of cash distributions. For details, please refer to the announcements issued by the Company from June to August.

For the benefit of the stakeholders to have a better understanding of the results of the Debt Management Work, the Group hereby provides, for information purposes only, the following extract of pro forma financial information assuming the Debt Management Work had been completed on 30 June 2024:

Changes in the maturity of the Group's loans are as follows:-

	30 June 2024			
	Based on the unaudited interim consolidated financial statements HK\$'million	Proportion %	On a pro forma basis (Note) HK\$'million	Proportion %
Repayable within the following periods:				
Within one year or on demand	8,463	42%	3,005	17%
After one year but within two years	5,538	28%	664	4%
After two years but within five years	4,656	23%	6,310	36%
More than five years	1,354	7%	7,472	43%
Total borrowings	20,011	100%	17,451	100%

Note: Assuming the Debt Management Work had been completed on 30 June 2024.

Going forward, the Group continues to adopt prudent financing and treasury policies, closely monitor cash flow and market changes in order to properly manage its liquidity and liabilities.

Charges on Assets

As at 30 June 2024, bank balances of HK\$63 million (31 December 2023: HK\$80 million) were pledged as securities in favour of banks for certain mortgage facilities granted to customers of the Group's property projects and banking credit facilities granted to the Group. In addition to these pledged bank deposits, properties with a carrying value of HK\$10,595 million (31 December 2023: HK\$7,955 million) were pledged as securities for certain loan facilities.

As at 30 June 2024, the Group's borrowings with outstanding principal amount of HK\$814 million (31 December 2023: HK\$2,223 million) were secured by the pledges of the equity shares of certain subsidiaries or/and joint ventures of the Company.

Exposure on Foreign Exchange Fluctuations and Interest Rates

The Group's borrowings are mainly denominated in Renminbi and US dollar, while 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 the first half of 2024, Renminbi continued to depreciate and the Group recorded net exchange losses of approximately HK\$299 million.

The Group's exposure to interest rate risks is mainly from the 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 30 June 2024, the Group had provided guarantees of HK\$3,608 million (31 December 2023: HK\$3,726 million) to banks in respect of the mortgage loans of the purchasers of the Group's properties. The guarantees will be released after the purchasers have pledged their property ownership certificates as securities to the banks for the mortgage loans granted.

As at 30 June 2024, the Group had also provided guarantees of HK\$2,551 million (31 December 2023: HK\$2,382 million) for banking facilities granted to the joint ventures of the Group.

Employees

The Group had 3,573 employees as at 30 June 2024. Expenditure on staff (including expenditure on staff assigned to or participating in joint ventures and associates, but excluding Directors' emoluments) amounted to HK\$413 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 period under review, no share option was granted.

WORK PLAN

Looking forward to the second half of the year, the real estate market in Mainland China is expected to remain sluggish, and obvious differentiation among cities will continue. In light of this, more powerful supportive policies will be needed to curb the downward trend in the market in the second half of the year. The Central Government and local governments are expected to continue to introduce more measures to “stabilize the market” and “destock”, promote supporting policies for the construction of “high-quality houses”, and promote the “trade in old for new” model. In terms of finance, the financing environment for enterprises will be improved continuously in order to meet reasonable needs of enterprises. However, the effectiveness and sustainability of the relevant policies remain to be observed. At the same time, affected by the market downturn, the land transaction volume in the first half of the year hit a new low in recent years. The differentiation between first-tier and second-tier cities as well as third-tier and fourth-tier cities will become increasingly evident in the second half of the year. It is expected that a full market recovery will still take some time, and the market outlook for the second half of the year is challenging. Considering the risks of the Group’s capital and market uncertainty, the Group will be more prudent in its land acquisition decisions.

As mentioned above, the economic development in Mainland China is facing challenges, with insufficient domestic demand and operational difficulties faced by enterprises. Coupled with the complex and severe international economic and political environment, the impact on the economy of Mainland China will sustain in the short term. The outlook for the real estate market is expected to remain severe in the short term, but it is generally believed that the real estate industry in Mainland China still plays an important role in supporting economic growth. The Group stays cautious in regard to the outlook of property business development in Mainland China.

Throughout the years, the Group’s property business has been operated under a well-established model, a well-functioned management system, a seasoned and dedicated operation team and a sound market position. In the second half of the year, the property management and operation team of the Group will continue its pragmatic approach and strive to ensure property delivery and strictly control its cash flow.

For its toll road business, the Group will focus on optimising the operation of expressway projects in Indonesia to reduce costs, increase efficiency, and improve returns. The Group will actively follow the economic development policies of the Asia-Pacific region. Meanwhile, the Group will continue to identify and calibrate the toll road project portfolio to optimise the Group’s toll road business.

REPURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE GROUP

During the period, the Group redeemed the following guaranteed senior notes issued by RKPF Overseas 2019 (A) Limited and RKPF Overseas 2020 (A) Limited:

RKPF Overseas 2019 (A) Limited

- (a) an aggregate principal amount of US\$21,500,000 of US\$480 million 6.7% guaranteed senior notes due 2024 (maturity date extended to March 2028, the “March 2028 Notes”), subsequent to which the outstanding principal amount of the March 2028 Notes was US\$301,231,000;
- (b) an aggregate principal amount of US\$2,345,000 of US\$300 million 5.9% guaranteed senior notes due 2025 (maturity date extended to September 2028, the “September 2028 Notes”), subsequent to which the outstanding principal amount of the September 2028 Notes was US\$194,621,000; and
- (c) an aggregate principal amount of US\$19,954,000 of US\$415.6 million 6% guaranteed senior notes due 2025 (maturity date extended to March 2029, the “March 2029 Notes”), subsequent to which the outstanding principal amount of the March 2029 Notes was US\$186,385,000.

RKPF Overseas 2020 (A) Limited

- (a) an aggregate principal amount of US\$12,000,000 of US\$500 million 5.2% guaranteed senior notes due 2026 (maturity date extended to July 2029, the “July 2029 Notes”), subsequent to which the outstanding principal amount of the July 2029 Notes was US\$488,000,000; and
- (b) an aggregate principal amount of US\$12,000,000 of US\$500 million 5.125% guaranteed senior notes due 2026 (maturity date extended to January 2030, the “January 2030 Notes”), subsequent to which the outstanding principal amount of the January 2030 Notes was US\$488,000,000.

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 six months ended 30 June 2024.

Pursuant to the meetings of the holders of each of the March 2028 Notes, September 2028 Notes, March 2029 Notes, July 2029 Notes and January 2030 Notes (collectively, the “Dated Notes”) held on 3 July 2024 and par call redemption notices for the Dated Notes issued on 18 July 2024, the Group has redeemed a total principal amount of approximately US\$257,560,000 Dated Notes subsequent to 30 June 2024.

Details of movements are set out below:

	Principal amount of the March 2028 Notes US\$	Principal amount of the September 2028 Notes US\$	Principal amount of the March 2029 Notes US\$	Principal amount of the July 2029 Notes US\$	Principal amount of the January 2030 Notes US\$
At 30 June 2024	301,231,000	194,621,000	186,385,000	488,000,000	488,000,000
Tender offers	(10,980,000)	(11,460,000)	(10,160,000)	(12,250,000)	(4,745,000)
Early repayment	(65,306,475)	(18,316,100)	(17,622,500)	(38,060,000)	(38,660,400)
Par call redemption	(18,000,000)	(3,000,000)	(3,000,000)	(3,000,000)	(3,000,000)
Outstanding principal amount	<u>206,944,525</u>	<u>161,844,900</u>	<u>155,602,500</u>	<u>434,690,000</u>	<u>441,594,600</u>

For details, please refer to the announcements issued by the Company and/or RKPF Overseas 2019 (A) Limited and RKPF Overseas 2020 (A) Limited from June to August.

REVIEW OF INTERIM RESULTS

The Audit Committee of the Company has reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2024, including the accounting principles and practices adopted by the Group, in conjunction with the Company's external auditor.

CORPORATE GOVERNANCE CODE

The Company has complied with all applicable code provisions set out in the Corporate Governance Code contained in Appendix C1 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited throughout the six months ended 30 June 2024.

PUBLICATION OF THE INTERIM RESULTS AND INTERIM REPORT

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

ACKNOWLEDGEMENT

On behalf of the Board, we would like to express our sincere gratitude to the business partners, customers and shareholders for their enduring support, and thank all staff for their dedication and hard work.

By Order of the Board
Road King Infrastructure Limited
Zen Wei Peu, Derek
Chairman

Hong Kong, 22 August 2024

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