

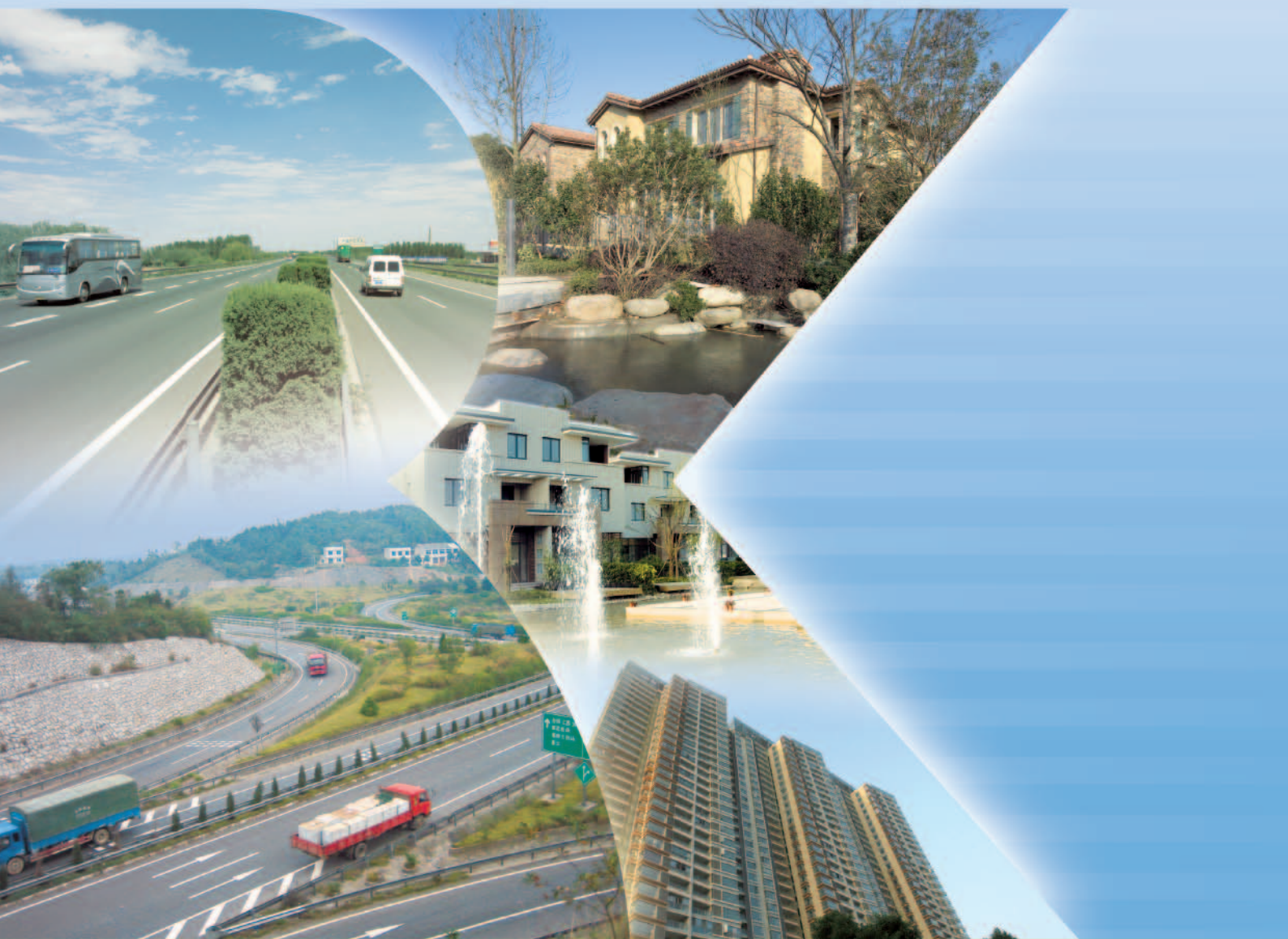


# Road King Infrastructure Limited

*(incorporated in Bermuda with limited liability)*

(Stock Code: 1098)

□ Interim Report 2010 □





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# Management Discussion and Analysis

## BUSINESS REVIEW

The Group's financial position was consolidated in the first quarter of 2010 as a result of the Group's rigorous operating and financial management strategies, and the improvement of the transaction volume in the property market in the PRC. As at 30 June 2010, the Group had bank balances and cash of HK\$3,095 million (31 December 2009: HK\$2,887 million).

The profit attributable to owners of the Company for the six months ended 30 June 2010 was HK\$265 million (2009: HK\$255 million) and the earnings per share was HK\$0.36 (2009: HK\$0.35).

The Board has resolved to declare an interim dividend of HK\$0.20 per share.

## TOLL ROAD BUSINESS

For the six months ended 30 June 2010, total traffic volume and toll revenue of toll road projects were 43 million vehicles and RMB934 million (equivalent to approximately HK\$1,059 million) respectively, whereas total traffic volume and toll revenue of toll road projects during the corresponding period in 2009 were 54 million vehicles and RMB1,167 million (equivalent to approximately HK\$1,313 million) respectively. Cash contribution from the Group's toll road business amounted to HK\$343 million (2009: HK\$444 million). The decrease in total traffic volume, toll revenue and cash contribution was mainly caused by the disposal of the Jihe Expressway (Eastern Section) in the second half of 2009. The stimulus policies imposed by the PRC government to revive the automobile industry and the recovery of economy led the traffic volume of the Group's remaining toll road projects to improve by 13% in the first half of the year, despite the effect of the disposal of the Jihe Expressway (Eastern Section).

## PROPERTY BUSINESS

As discussed in the Group's 2009 annual report, the Group remains cautiously optimistic on the mainland property market in 2010 as new control policies were implemented by the PRC government. On 17 April 2010, the PRC government imposed the most severe real estate control policy in history which closely monitored and restricted property speculation activities in the mainland market. As a result of the lower expectation of increment in property price and a growing "wait-and-see" sentiment adopted by customers, the demand and transaction volume in certain areas dropped significantly.

The Group had taken actions such as speeding up property sales and shortening receivable turnover in the first quarter. These actions helped the Group successfully achieve a growth in cash receipt from sales in the first half of 2010 even though the transaction volume dropped drastically in the second quarter. For the six months ended 30 June 2010, cash receipt generated from sales amounted to RMB2,953 million (excluding the joint venture project in Shanghai), representing an increment of 23% over the same period last year. Contracted sales of the Group in the first half of 2010 was RMB2,504 million or 325,000 sq. m. in gross floor area ("GFA") (excluding car park spaces) and the average selling price has since 2009 surged from approximately RMB6,800 per sq. m. to approximately RMB7,700 per sq. m. Set out below is an analysis of the Group's contracted sales by region for the first half of 2010:

Location	Contracted Sales RMB'million	GFA Contracted sq. m.
Northern China	830	87,000
Eastern China	1,033	133,000
Central China	534	100,000
Southern China	107	5,000

# Management Discussion and Analysis

## BUSINESS REVIEW *(Continued)*

### PROPERTY BUSINESS *(Continued)*

For the six months ended 30 June 2010, revenue and GFA delivered were RMB1,876 million and 198,000 sq. m. (excluding car park spaces) respectively. Set out below is an analysis of the Group's delivered properties by region:

Location	Sales Recognised RMB'million	GFA Delivered sq. m.
Northern China	302	25,000
Eastern China	881	107,000
Central China	201	38,000
Southern China	492	28,000

### DISPUTES IN CONNECTION WITH SUNCO PROPERTY

#### *Litigation in Hong Kong*

The litigation proceedings against the former shareholders of Sunco Real Estate Investment Limited by the Group are still in progress. The Group will continue to pursue its claims in a manner that is in the interests of the Company and its shareholders as a whole.

## FINANCIAL REVIEW

### CONDENSED CONSOLIDATED INCOME STATEMENT

The table below extracted major items from the condensed consolidated income statement of the Group for each of the periods ended 30 June 2010 and 2009.

	For the six months ended 30 June	
	2010 (Unaudited) HK\$'million	2009 (Unaudited) HK\$'million
Revenue	<u>2,060</u>	<u>2,464</u>
Gross profit	708	247
Gross profit ratio	34%	10%
Interest and other income/expenses, net	72	135
Selling and operating expenses	(272)	(217)
Share of results of joint ventures	192	270
Finance costs	(45)	(53)
Profit before taxation	<u>655</u>	382
Income tax expenses	(386)	(114)
Profit after taxation	269	268
Non-controlling interests	(4)	(13)
Profit attributable to owners of the Company	<u>265</u>	<u>255</u>



# Management Discussion and Analysis

## FINANCIAL REVIEW *(Continued)*

### REVENUE

Revenue decreased from HK\$2,464 million for the six months ended 30 June 2009 to HK\$2,060 million for the corresponding period this year. This was due to the time lag between pre-sale and actual delivery. A significant portion of the properties presold in 2009 and early 2010 are scheduled to be delivered in the second half of 2010.

### GROSS PROFIT RATIO

The selling prices and gross profit ratio of the properties delivered during the reporting period have improved as a result of the recovery of the PRC property market since the second half of 2009. The low gross profit margin in the first half of 2009 was mainly due to the disappointing market sentiment in 2008 and the adoption of price cutting measure to accelerate the sale of slow moving stock developed prior to the acquisition of Sunco Property.

### INTEREST AND OTHER INCOME/EXPENSES, NET

The drop was mainly due to the provision of impairment losses for certain toll road projects amounted to HK\$51.02 million. The balance also included the recognition of exchange gain and the increase in fair value of the investment properties.

### SELLING AND OPERATING EXPENSES

The increase in the selling and operating expenses was mainly due to the increase in selling and marketing activities as well as the increase in legal and professional fees incurred for financing activities.

### SHARE OF RESULTS OF JOINT VENTURES

The drop in share of results of joint ventures for the six months ended 30 June 2010 was mainly due to the fact that no contribution had been generated from Jihe Expressway (Eastern Section) further since its disposal in the second half of 2009.

### INCOME TAX EXPENSES

Income tax expenses mainly comprised profit tax and land appreciation tax. The increase in income tax expenses was mainly attributable to the increase in the delivery of higher margin properties and the improvement in the overall profit margin.

# Management Discussion and Analysis

## FINANCIAL REVIEW *(Continued)*

### CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The table below summarised the major items of the condensed consolidated statement of financial position of the Group as at 30 June 2010 and 31 December 2009.

	<b>30 June 2010 (Unaudited) HK\$'million</b>	31 December 2009 (Audited) HK\$'million
Non-current assets		
– Interests in joint ventures	<b>4,135</b>	4,358
– Other non-current assets	<b>790</b>	985
	<b>4,925</b>	5,343
Current assets		
– Inventory of properties (including prepayment for land leases)	<b>14,704</b>	13,175
– Bank balances and cash (including pledged bank deposits)	<b>3,238</b>	3,094
– Other current assets	<b>817</b>	611
	<b>18,759</b>	16,880
Current liabilities		
– Deposits from pre-sale of properties	<b>(4,124)</b>	(2,904)
– Bank and other borrowings – due within one year	<b>(1,387)</b>	(1,201)
– Other current liabilities	<b>(2,735)</b>	(2,732)
	<b>(8,246)</b>	(6,837)
Non-current liabilities	<b>(5,398)</b>	(5,354)
Total equity	<b>10,040</b>	10,032

### INTERESTS IN JOINT VENTURES

Interests in joint ventures mainly represented our interests in the joint ventures relating to the toll road business.

### OTHER NON-CURRENT ASSETS

Other non-current assets mainly comprised the long term receivables and carrying value of the investment properties. Details of which are set out in notes 15 and 12 of the condensed consolidated financial statements respectively. The decrease in other non-current assets was mainly due to the settlement of certain long term receivables during the reporting period.

# Management Discussion and Analysis

## FINANCIAL REVIEW *(Continued)*

### INVENTORY OF PROPERTIES (INCLUDING PREPAYMENT FOR LAND LEASES)

The increase in the amount was mainly due to the settlement of the outstanding land premium for a piece of land located at Huadu District of Guangzhou as well as the acquisition of a property development project, namely "International City", which is located in Shijiazhuang. Details of the acquisition of International City were discussed in our announcement dated 28 June 2010. It is expected that the inventory of properties would decrease upon the delivery of aforesaid properties in the second half of 2010.

### BANK BALANCES AND CASH (INCLUDING PLEDGED BANK DEPOSITS)

The increase in the amount was mainly due to the rigorous cash management policy in light of the uncertain market sentiment.

### OTHER CURRENT ASSETS

The increase in other current assets was mainly attributable to the deposits paid to tender several pieces of land as well as the increase in prepaid business taxes. The increase in prepaid business tax was in line with the increase in pre-sale deposits. Details of which are set out in note 19 of the condensed consolidated financial statements.

### DEPOSITS FOR PRE-SALE OF PROPERTIES

The surge of deposits for pre-sale of properties as at 30 June 2010 was caused by pre-sold properties exceeding delivered properties as a result of the recovery of PRC property market in 2009. As at 30 June 2010, the total area pre-sold yet to be delivered was 605,000 sq. m., representing a substantial increase from 460,000 sq. m. at the end of 2009.

### LIQUIDITY AND FINANCIAL RESOURCES

The Group's total assets and owners' equity were HK\$23,684 million and HK\$9,945 million, respectively, as at 30 June 2010. Net asset value per share attributable to owners of the Company increased to HK\$13.4 (31 December 2009: HK\$13.3).

As at 30 June 2010, the Group's bank balances and cash were HK\$3,095 million (31 December 2009: HK\$2,887 million), of which 82% was denominated in Renminbi and the remaining 18% was denominated in US dollars or Hong Kong dollars.

### FINANCING ACTIVITIES

The Group had drawn down several project loans in the PRC amounting to RMB461 million in aggregate and repaid project loans amounting to RMB354 million in aggregate during the reporting period. In addition, the Group had drawn down and repaid borrowings in Hong Kong amounting to HK\$293 million and HK\$215 million in aggregate, respectively.



# Management Discussion and Analysis

## FINANCIAL REVIEW *(Continued)*

### DEBT AND GEARING

The gearing ratio, representing the interest bearing bank borrowings to the owners' equity of the Group increased slightly from 65% as at 31 December 2009 to 67% as at 30 June 2010. The net gearing ratio, representing the difference of the Group's total bank borrowings and the bank balances and cash (including pledged bank deposits) to the owners' equity, remained at 34% as at 30 June 2010. Interest coverage was 18.9 times as at 30 June 2010.

As at 30 June 2010, the Group's total borrowings were HK\$6,614 million (31 December 2009: HK\$6,401 million). The maturity profile of the Group's total borrowings is set out as follows:

	<b>30 June 2010 (Unaudited) HK\$'million</b>	31 December 2009 (Audited) HK\$'million
Repayable:		
Within one year	<b>1,387</b>	1,201
After one year but within two years	<b>3,431</b>	2,081
After two years but within five years	<b>1,796</b>	3,119
Total Borrowings	<b><u>6,614</u></b>	<u>6,401</u>

Other than the US\$200 million 6.25% fixed rate guaranteed notes due in 2011 and the US\$200 million 7.625% fixed rate senior notes due in 2014, the Group's borrowings were mainly on a floating rate basis.

### FINANCING AND TREASURY POLICIES

The Group continues to adopt prudent financing and treasury policies. The entire Group's financing and treasury activities are centrally managed and controlled. Implementation of the Group's related policies are made under collective but extensive considerations on liquidity risk, interest rate risk and exchange rate risk.

### CHARGES ON ASSETS

As at 30 June 2010, bank balances of HK\$144 million (31 December 2009: HK\$207 million) were pledged as securities in favour of banks for mortgage facilities granted to customers of the Group's property projects and short-term credit facilities granted to the Group. In addition to these charged bank deposits, properties valued at HK\$2,169 million (31 December 2009: HK\$3,745 million) and the shares of certain subsidiaries were pledged as securities for certain loan facilities.

### EXPOSURE ON FOREIGN EXCHANGE FLUCTUATIONS

The Group's borrowings are mainly denominated in US dollars but its cash flow is generated from projects whose earnings were denominated principally in Renminbi. As a result, the appreciation of Renminbi contributed to the Group's results for the six months ended 30 June 2010. Save for the aforesaid, the Group has no significant exposure to foreign exchange fluctuation and no hedging has been arranged on the abovementioned exposure.

# Management Discussion and Analysis

## FINANCIAL REVIEW *(Continued)*

### EXPOSURE ON INTEREST RATES

The interest rates of both Renminbi and US dollars have remained at a relative stable level since the outbreak of financial tsunami in 2008. The one-year interest rate for the Renminbi borrowings remained at 531 basis points as at 30 June 2010 while the London Interbank Offered Rate for US dollars raised slightly from 98 basis points at the end of 2009 to 117 basis points at the end of the reporting period.

The Group's borrowings are mainly denominated in Renminbi and US dollars. The Directors consider that the monetary policies implemented by the PRC and the US governments will continue to have a major impact on the Group's results and operations. No hedging has been arranged on the abovementioned exposure.

### CONTINGENT LIABILITIES

As at 30 June 2010, the Group provided guarantees of HK\$3,959 million (31 December 2009: HK\$3,433 million) to banks in favour of its customers in respect of the mortgage loans provided by the banks to such customers for purchase of the Group's properties. The guarantees would be released when the customers pledge their property certificates as securities to the banks for the mortgage loans granted.

### EMPLOYEES

Excluding the staff of joint ventures, the Group had 1,467 employees as at 30 June 2010. Expenditure on staff (excluding Directors' emoluments and share based payment) amounted to HK\$122 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 a share option scheme. During the reporting period, 15,110,000 share options were granted to the Directors and employees under the Company's share option scheme adopted in May 2003.

## PROSPECTS

Due to global economic uncertainties, the Group believes that the stimulation of domestic consumption remains the key macroeconomic policy in China in the second half of the year. It is expected that these consumption-focused controls will continue to benefit industries such as automobile and infrastructure. The performance of toll road business of the Group will continue to improve. The Group will also continue to divest its portfolio of Class I/II highways and improve values of existing toll roads. The Group is currently carrying out feasibility studies for the acquisition of two expressway projects.

With the continuous development of urbanisation and growth of disposable income in the PRC, demand for residential properties will inevitably increase. The Group is confident and optimistic about the mainland real estate market. The Group strongly believes that undue increase in property price will have a negative impact on the long-term development of the Group and the property market as a whole. Whilst the recent control policies affect the Group's selling activities to a certain extent, we believe that, in the long run, healthy development of the mainland property market will definitely benefit such long-term property developer like ourselves. We are confident that the Group will be able to identify more development opportunities which fit our vision, target return, cash flow and capital requirements in the second half of 2010, further reinforcing the Group's position in the property market.

# Condensed Consolidated Financial Statements

## CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2010

	NOTES	Six months ended 30 June	
		2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000
Revenue	3	2,059,624	2,464,196
Cost of sales		(1,351,911)	(2,217,081)
Gross profit		707,713	247,115
Interest income		14,687	9,928
Other income		25,923	31,157
Other gains and losses	5	31,692	93,592
Selling expenses		(68,810)	(46,302)
Operating expenses		(202,743)	(170,288)
Share of results of joint ventures	6	192,235	270,088
Finance costs	7	(45,614)	(53,336)
<b>Profit before taxation</b>	8	<b>655,083</b>	381,954
Income tax expenses	9	(385,632)	(113,640)
<b>Profit for the period</b>		<b>269,451</b>	268,314
<b>Profit attributable to:</b>			
Owners of the Company		265,465	255,091
Non-controlling interests		3,986	13,223
		<b>269,451</b>	268,314
<b>Earnings per share</b>	11		
– Basic		<b>HK\$0.36</b>	HK\$0.35
– Diluted		<b>HK\$0.36</b>	HK\$0.35

## Condensed Consolidated Financial Statements

### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2010

	Six months ended 30 June	
	2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000
<b>Profit for the period</b>	<b>269,451</b>	268,314
<b>Other comprehensive income</b>		
Exchange difference arising on translation to presentation currency	<u>22,535</u>	<u>87,003</u>
<b>Total comprehensive income for the period</b>	<b><u>291,986</u></b>	<b><u>355,317</u></b>
<b>Total comprehensive income attributable to:</b>		
Owners of the Company	<u>287,786</u>	<u>340,500</u>
Non-controlling interests	<u>4,200</u>	<u>14,817</u>
	<b><u>291,986</u></b>	<b><u>355,317</u></b>

# Condensed Consolidated Financial Statements

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2010

	NOTES	30 June 2010 (Unaudited) HK\$'000	31 December 2009 (Audited) HK\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		32,231	19,352
Investment properties	12	360,891	255,437
Interests in joint ventures	13	4,135,321	4,357,996
Loans to related companies	14	48,200	48,200
Deferred tax assets		30,405	31,506
Long-term receivables	15	317,815	542,603
Prepayment for acquisition of additional interest in a subsidiary		–	88,310
		<b>4,924,863</b>	<b>5,343,404</b>
<b>Current assets</b>			
Inventory of properties	16	13,651,539	12,953,468
Prepayment for land leases	17	1,052,385	222,334
Loan to a joint venture	18	64,432	64,286
Loans to related companies	14	–	3,300
Debtors, deposits and prepayments	19	535,736	330,951
Prepaid income tax		216,440	211,203
Pledged bank deposits	20	143,543	206,553
Bank balances and cash		3,094,819	2,887,090
		<b>18,758,894</b>	<b>16,879,185</b>
<b>Total assets</b>		<b>23,683,757</b>	<b>22,222,589</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	21	74,012	73,912
Reserves		9,870,999	9,777,653
		<b>9,945,011</b>	<b>9,851,565</b>
<b>Non-controlling interests</b>		<b>94,773</b>	<b>180,778</b>
<b>Total equity</b>		<b>10,039,784</b>	<b>10,032,343</b>
<b>Non-current liabilities</b>			
Bank and other borrowings – due after one year	22	5,226,363	5,199,953
Deferred tax liabilities		171,132	153,886
		<b>5,397,495</b>	<b>5,353,839</b>
<b>Current liabilities</b>			
Creditors and accrued charges	23	2,324,655	2,438,815
Deposits from pre-sale of properties		4,123,584	2,904,072
Income tax payable		410,876	292,195
Bank and other borrowings – due within one year	22	1,387,363	1,201,325
		<b>8,246,478</b>	<b>6,836,407</b>
<b>Total equity and liabilities</b>		<b>23,683,757</b>	<b>22,222,589</b>

# Condensed Consolidated Financial Statements

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2010

	Attributable to owners of the Company									
	Share capital HK\$'000	Share premium HK\$'000	Foreign currency translation reserve HK\$'000	Special reserve HK\$'000	Share option reserve HK\$'000	Statutory reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
Balance at 1 January 2009 (audited)	73,893	3,142,142	1,279,924	1,260,000	85,791	32,945	3,494,766	9,369,461	164,141	9,533,602
Profit for the period	-	-	-	-	-	-	255,091	255,091	13,223	268,314
Exchange differences arising on translation to presentation currency	-	-	85,409	-	-	-	-	85,409	1,594	87,003
Total comprehensive income for the period	-	-	85,409	-	-	-	255,091	340,500	14,817	355,317
Sub-total	73,893	3,142,142	1,365,333	1,260,000	85,791	32,945	3,749,857	9,709,961	178,958	9,888,919
Released upon disposal of interest in a joint venture	-	-	(17,972)	-	-	-	17,972	-	-	-
Lapse or cancellation of share options	-	-	-	-	(2,498)	-	2,498	-	-	-
Dividend	-	-	-	-	-	-	(147,785)	(147,785)	-	(147,785)
Balance at 30 June 2009 (unaudited)	73,893	3,142,142	1,347,361	1,260,000	83,293	32,945	3,622,542	9,562,176	178,958	9,741,134
Balance at 1 January 2010 (audited)	<b>73,912</b>	<b>3,143,206</b>	<b>1,198,504</b>	<b>1,260,000</b>	<b>82,641</b>	<b>37,548</b>	<b>4,055,754</b>	<b>9,851,565</b>	<b>180,778</b>	<b>10,032,343</b>
Profit for the period	-	-	-	-	-	-	265,465	265,465	3,986	269,451
Exchange differences arising on translation to presentation currency	-	-	22,321	-	-	-	-	22,321	214	22,535
Total comprehensive income for the period	-	-	22,321	-	-	-	265,465	287,786	4,200	291,986
Sub-total	<b>73,912</b>	<b>3,143,206</b>	<b>1,220,825</b>	<b>1,260,000</b>	<b>82,641</b>	<b>37,548</b>	<b>4,321,219</b>	<b>10,139,351</b>	<b>184,978</b>	<b>10,324,329</b>
Issue of ordinary shares upon exercise of share options	100	5,700	-	-	-	-	-	5,800	-	5,800
Lapse or cancellation of share options	-	-	-	-	(2,985)	-	2,985	-	-	-
Transfer upon exercise of share options	-	234	-	-	(234)	-	-	-	-	-
Recognition of equity-settled share based payments	-	-	-	-	20,000	-	-	20,000	-	20,000
Released upon strike-off of subsidiaries of the Company	-	-	25,853	-	-	-	(25,853)	-	-	-
Acquisition of additional interest in a subsidiary	-	-	-	-	-	-	1,895	1,895	(90,205)	(88,310)
Appropriation	-	-	-	-	-	7,515	(7,515)	-	-	-
Dividend	-	-	-	-	-	-	(222,035)	(222,035)	-	(222,035)
Balance at 30 June 2010 (unaudited)	<b>74,012</b>	<b>3,149,140</b>	<b>1,246,678</b>	<b>1,260,000</b>	<b>99,422</b>	<b>45,063</b>	<b>4,070,696</b>	<b>9,945,011</b>	<b>94,773</b>	<b>10,039,784</b>



# Condensed Consolidated Financial Statements

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2010

	NOTE	Six months ended 30 June	
		2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000
<b>Net cash from operating activities:</b>			
Increase in prepayment for land leases		(829,545)	–
Decrease in inventory of properties		119,112	1,400,954
Increase in deposits from pre-sale of properties		1,212,912	132,067
Other operating cash flows		(309,924)	80,434
		<u>192,555</u>	<u>1,613,455</u>
<b>Net cash from (used in) investing activities:</b>			
Cash distributions/dividends received from joint ventures		364,623	444,228
Proceeds on disposal of an interest in a joint venture		–	52,053
Advances to investees		–	(446,086)
Additions to investment properties		(31,010)	(7,965)
Net cash outflow from acquisition of subsidiaries	24	(212,952)	–
Decrease (increase) in pledged bank deposits		63,479	(112,315)
Other investing cash flows		6,598	34,112
		<u>190,738</u>	<u>(35,973)</u>
<b>Net cash (used in) from financing activities:</b>			
New borrowings raised		816,260	1,038,549
Repayment of borrowings		(616,776)	(609,768)
Issue of ordinary shares		5,800	–
Interest paid		(165,375)	(186,328)
Dividend paid		(222,035)	(147,785)
		<u>(182,126)</u>	<u>94,668</u>
<b>Net increase in cash and cash equivalents</b>		<b>201,167</b>	<b>1,672,150</b>
<b>Cash and cash equivalents at 1 January</b>		<b>2,887,090</b>	<b>796,098</b>
Effect of foreign exchange rate changes		6,562	6,364
<b>Cash and cash equivalents at 30 June</b>		<b><u>3,094,819</u></b>	<b><u>2,474,612</u></b>
<b>Analysis of balances of cash and cash equivalents</b>			
Bank balances and cash		<u>3,094,819</u>	<u>2,474,612</u>

# Condensed Consolidated Financial Statements

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2010

### 1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and with the Hong Kong Accounting Standard (the "HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

### 2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2009 except as described below.

In the current interim period, the Group has applied, for the first time, the following new and revised HKAS(s), Hong Kong Financial Reporting Standards ("HKFRS(s)"), amendments and interpretations ("HK(IFRIC) Int") (hereinafter collectively referred to as the "new and revised HKFRSs") issued by the HKICPA:

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs 2008
HKFRSs (Amendments)	Improvements to HKFRSs 2009
HKAS 27 (Revised 2008)	Consolidated and Separate Financial Statements
HKAS 39 (Amendment)	Eligible Hedged Items
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (Revised 2008)	Business Combinations
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners

#### *HKAS 27 (Revised 2008) "Consolidated and Separate Financial Statements"*

The application of HKAS 27 (Revised 2008) has resulted in a change in the Group's accounting policies regarding increases or decreases in ownership interests in subsidiaries of the Group.

In prior years, in the absence of specific requirements in HKFRSs, increases in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised where appropriate; for decreases in interests in existing subsidiaries that did not involve a loss of control, the difference between the consideration received and the carrying amount of the share of net assets disposed of, was recognised in profit or loss. Under HKAS 27 (Revised 2008), all such increases or decreases are dealt with in equity, with no impact on goodwill or profit or loss.

When control of a subsidiary is lost as a result of a transaction, event or other circumstances, the revised standard requires that the Group derecognises all assets, liabilities and non-controlling interests at their carrying amount. Any retained interest in the former subsidiary is recognised at its fair value at the date the control is lost. A gain or loss on loss of control is recognised in profit or loss as the difference between the proceeds, if any, and these adjustments.

# Condensed Consolidated Financial Statements

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the six months ended 30 June 2010

### 2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

*HKAS 27 (Revised 2008) "Consolidated and Separate Financial Statements" (Continued)*

In January 2010, the Group has completed the acquisition of 5.28% additional equity interest in Sunco Property Holdings Company Limited ("Sunco Property"), a subsidiary of the Company engaged in investment holding, from Wai Kee Holdings Limited ("Wai Kee") which has significant beneficial interest in the Company, at a cash consideration of HK\$88,310,000, which has been prepaid before 31 December 2009 and recognised as prepayment for acquisition of additional interest in a subsidiary under non-current assets as at 31 December 2009. After the acquisition, the Company's interest in Sunco Property has been increased from 89.46% to 94.74%. The difference between the purchase consideration and the decrease in the carrying value of non-controlling interests of Sunco Property of HK\$1,895,000 has been recognised directly in equity (including in retained profits).

The application of other new and revised HKFRSs has had no material effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs 2010 <sup>1</sup>
HKAS 24 (Revised)	Related Party Disclosures <sup>4</sup>
HKAS 32 (Amendment)	Classification of Rights Issues <sup>2</sup>
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters <sup>3</sup>
HKFRS 9	Financial Instruments <sup>5</sup>
HK(IFRIC) – Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement <sup>4</sup>
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate.

<sup>2</sup> Effective for annual periods beginning on or after 1 February 2010.

<sup>3</sup> Effective for annual periods beginning on or after 1 July 2010.

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2011.

<sup>5</sup> Effective for annual periods beginning on or after 1 January 2013.

# Condensed Consolidated Financial Statements

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the six months ended 30 June 2010

### 2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

HKFRS 9 “Financial Instruments” introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The standard requires all recognised financial assets that are within the scope of HKAS 39 “Financial Instruments: Recognition and Measurement” to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group’s financial assets.

The directors of the Company (the “Directors”) anticipate that the application of the other new or revised standards, amendments or interpretations will not have material impact on the results and the financial position of the Group.

### 3. REVENUE

	<b>Six months ended 30 June</b>	
	<b>2010</b>	2009
	<b>HK\$'000</b>	HK\$'000
<b>Revenue of the Group</b>		
Sale of completed properties held for sale	<u>2,059,624</u>	<u>2,464,196</u>
<b>Group’s share of toll revenue of infrastructure joint ventures</b>	<u>388,186</u>	<u>578,537</u>
<b>Revenue of the Group and Group’s share of toll revenue of infrastructure joint ventures</b>	<u>2,447,810</u>	<u>3,042,733</u>

# Condensed Consolidated Financial Statements

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2010

### 4. SEGMENT INFORMATION

The Group's operating segments, based on the information reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of performance are as follows:

Toll road	–	development, operation and management of toll roads through the infrastructure joint ventures
Property development	–	development and sale of properties

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

	Six months ended 30 June 2010			Six months ended 30 June 2009		
	Toll road HK\$'000	Property development HK\$'000	Total HK\$'000	Toll road HK\$'000	Property development HK\$'000	Total HK\$'000
Segment revenue	<u>–</u>	<u>2,059,624</u>	<u>2,059,624</u>	<u>–</u>	<u>2,464,196</u>	<u>2,464,196</u>
Segment profit	<u>91,792</u>	<u>240,463</u>	<u>332,255</u>	<u>235,177</u>	<u>60,671</u>	<u>295,848</u>
	At 30 June 2010			At 31 December 2009		
	Toll road HK\$'000	Property development HK\$'000	Total HK\$'000	Toll road HK\$'000	Property development HK\$'000	Total HK\$'000
Segment assets (including interests in joint ventures)	<u>4,150,884</u>	<u>16,729,828</u>	<u>20,880,712</u>	<u>4,376,361</u>	<u>15,305,633</u>	<u>19,681,994</u>

#### (a) Measurement

Segment profit represents profit earned by each segment, which includes share of results of joint ventures, gain on disposal of interest in a joint venture, impairment losses on interests in joint ventures, change in fair value of investment properties, relevant interest income and finance costs and income tax expenses attributable to the relevant segment but without allocation of headquarter income and expenses.

Segment assets include property, plant and equipment, investment properties, interests in joint ventures, long-term receivables, prepayment for acquisition of additional interest in a subsidiary, inventory of properties, prepayment for land leases, loan to a joint venture, debtors, deposits and prepayments, prepaid income tax, pledged bank deposits, bank balances and cash and deferred tax assets which are directly attributable to the relevant operating segment.

# Condensed Consolidated Financial Statements

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the six months ended 30 June 2010

### 4. SEGMENT INFORMATION *(Continued)*

#### (b) Reconciliation of total segment profit and total segment assets

	Six months ended 30 June	
	2010 HK\$'000	2009 HK\$'000
<b>Total segment profit</b>	<b>332,255</b>	295,848
Unallocated items:		
Interest income	<b>1,498</b>	1,453
Corporate income	<b>2,155</b>	23,313
Corporate expenses	<b>(25,381)</b>	(6,519)
Finance costs	<b>(41,076)</b>	(45,781)
<b>Consolidated profit for the period</b>	<b>269,451</b>	268,314
	<b>30 June</b>	31 December
	<b>2010</b>	2009
	<b>HK\$'000</b>	HK\$'000
<b>Total segment assets</b>	<b>20,880,712</b>	19,681,994
Unallocated assets:		
Property, plant and equipment	<b>425</b>	600
Loans to related companies	<b>48,200</b>	51,500
Deposits and prepayments	<b>3,816</b>	4,453
Bank balances and cash	<b>2,750,604</b>	2,484,042
<b>Consolidated total assets</b>	<b>23,683,757</b>	22,222,589



# Condensed Consolidated Financial Statements

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2010

### 5. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2010	2009
	HK\$'000	HK\$'000
Gains on disposal of interest in a joint venture	–	15,183
Losses on disposal of property, plant and equipment	(56)	(298)
Impairment losses on interests in joint ventures	(51,020)	–
Increase in fair value of investment properties	73,696	17,998
Net exchange gains	9,072	60,709
	<u>31,692</u>	<u>93,592</u>

### 6. SHARE OF RESULTS OF JOINT VENTURES

	Six months ended 30 June	
	2010	2009
	HK\$'000	HK\$'000
Share of profits of infrastructure joint ventures		
before amortisation and taxation	348,137	411,539
Less share of: Amortisation of toll road operation rights	(90,760)	(90,907)
Current tax	(63,668)	(47,179)
Deferred tax	2,000	(8,900)
	<u>195,709</u>	<u>264,553</u>
Share of (loss) profit of other joint venture	(3,474)	5,535
	<u>192,235</u>	<u>270,088</u>

The current tax amount represents the Group's share of enterprise income tax attributable to the infrastructure joint ventures registered in the People's Republic of China (the "PRC").

Deferred tax has been provided for temporary differences between the carrying amount of toll road operation rights and the corresponding tax base used in the computation of taxable profits for the PRC infrastructure joint ventures. For the infrastructure joint ventures that enjoyed preferential rate of 15% or lower up to 31 December 2007, based on a grandfathering provision, the tax rate increases progressively to 25% over five years from 1 January 2008 onwards.

## Condensed Consolidated Financial Statements

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the six months ended 30 June 2010

#### 7. FINANCE COSTS

	Six months ended 30 June	
	2010	2009
	HK\$'000	HK\$'000
Interest on borrowings wholly repayable within five years	160,208	181,774
Other finance costs	14,276	20,307
	<u>174,484</u>	<u>202,081</u>
Less: Capitalised in properties under development for sale	(128,870)	(148,745)
	<u>45,614</u>	<u>53,336</u>

#### 8. PROFIT BEFORE TAXATION

	Six months ended 30 June	
	2010	2009
	HK\$'000	HK\$'000
Profit before taxation has been arrived at after charging:		
Depreciation of property, plant and equipment	7,719	16,249
Less: Capitalised in properties under development for sale	(377)	(773)
	<u>7,342</u>	<u>15,476</u>
and after crediting:		
Bank interest income	8,620	4,413
	<u>8,620</u>	<u>4,413</u>

# Condensed Consolidated Financial Statements

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2010

### 9. INCOME TAX EXPENSES

	Six months ended 30 June	
	2010	2009
	HK\$'000	HK\$'000
Current tax:		
PRC enterprise income tax ("EIT")	193,473	63,053
PRC land appreciation tax ("LAT")	147,729	41,533
PRC withholding tax	26,337	11,356
	<u>367,539</u>	<u>115,942</u>
Deferred tax:		
Current period	18,093	(2,302)
	<u>385,632</u>	<u>113,640</u>

No provision for Hong Kong profits tax has been made as there was no assessable profit derived from Hong Kong.

The EIT of subsidiaries is calculated at a statutory tax rate of 25%.

The provision of LAT is estimated according to the requirements set forth in the relevant PRC tax laws and regulations.

### 10. DIVIDEND PAID

	Six months ended 30 June	
	2010	2009
	HK\$'000	HK\$'000
2009 final dividend paid of HK\$0.30 (six months ended 30 June 2009:		
2008 final dividend paid of HK\$0.20) per share	<u>222,035</u>	<u>147,785</u>

An interim dividend in respect of 2010 of HK\$0.20 (six months ended 30 June 2009: HK\$0.20) per share amounting to a total of HK\$148,000,000 (six months ended 30 June 2009: HK\$148,000,000) has been declared by the Board on 12 August 2010. This interim dividend has not been included as a liability in these condensed consolidated financial statements as it was declared after the end of the reporting period.

The amount of the interim dividend has been calculated on the basis of 740,116,566 shares in issue as at 12 August 2010.

## Condensed Consolidated Financial Statements

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2010

#### 11. EARNINGS PER SHARE

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

	<b>Six months ended 30 June</b>	
	<b>2010</b>	2009
	<b>HK\$'000</b>	HK\$'000
Earnings for the purposes of basic and diluted earnings per share attributable to the owners of the Company	<b>265,465</b>	255,091
	<b>Six months ended 30 June</b>	
	<b>2010</b>	2009
	<b>'000</b>	'000
Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>739,647</b>	738,927
Effect of dilutive potential ordinary shares:		
Share options	<b>76</b>	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<b>739,723</b>	738,927

The share options outstanding during the period ended 30 June 2009 had an anti-dilutive effect on the basic earnings per share because the exercise prices of the share options were higher than the average market prices of the shares of the Company in prior period.

# Condensed Consolidated Financial Statements

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2010

### 12. INVESTMENT PROPERTIES

	2010 HK\$'000	2009 HK\$'000
<b>Completed properties, at fair value</b>		
At 1 January	171,233	143,851
Change in fair value recognised in condensed consolidated income statement	6,772	25,989
Exchange difference arising on translation to presentation currency	404	1,393
	<hr/>	<hr/>
At 30 June/31 December	178,409	171,233
	<hr/>	<hr/>
<b>Properties under construction, at fair value</b>		
At 1 January	84,204	–
Reclassified from properties under development for investment properties previously grouped under property, plant and equipment and prepaid lease payments for land	–	51,806
Additions	31,010	17,189
Change in fair value recognised in condensed consolidated income statement	66,924	14,689
Exchange difference arising on translation to presentation currency	344	520
	<hr/>	<hr/>
At 30 June/31 December	182,482	84,204
	<hr/>	<hr/>
<b>Total</b>	<b>360,891</b>	<b>255,437</b>

## Condensed Consolidated Financial Statements

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the six months ended 30 June 2010

#### 12. INVESTMENT PROPERTIES *(Continued)*

The fair values of investment properties under construction and completed investment properties at 30 June 2010 and 31 December 2009 were determined by reference to valuations carried out by an independent firm of professional valuers not connected with the Group. The fair values of the investment properties were determined by the valuers on the following basis:

Vacant portion of investment properties	–	by reference to market evidence of transaction prices for similar properties in the similar location
Occupied completed properties	–	by reference to capitalised income to be derived from the existing tenancies and the reversionary income potential of the properties or, where appropriate, by reference to market evidence of transaction prices for similar properties in the same locations and conditions
Properties under construction	–	by reference to the current or recent prices of investment properties and estimated costs to completion based on construction budget, past experience, committed contracts as well as allowances for contingencies

The investment properties are situated in the PRC under medium term leases. All of the Group's leasehold interests in land held under operating leases to earn rentals or for capital appreciation purposes are classified as investment properties and are accounted for using the fair value model.



# Condensed Consolidated Financial Statements

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2010

### 13. INTERESTS IN JOINT VENTURES

	<b>30 June 2010 HK\$'000</b>	31 December 2009 HK\$'000
Interests in infrastructure joint ventures		
Cost of investments	<b>4,604,529</b>	4,606,618
Share of post-acquisition undistributed profits and other comprehensive income, net of dividends received	<b>3,098,747</b>	3,428,703
Return of cost of investments (note (a))	<b>(3,384,136)</b>	(3,569,371)
Impairment losses on cost of investments (note (b))	<b>(209,020)</b>	(158,000)
	<b>4,110,120</b>	4,307,950
Interest in other joint venture		
Cost of investment	<b>16,123</b>	16,123
Share of post-acquisition profit and other comprehensive income, net of dividend received	<b>9,078</b>	33,923
	<b>25,201</b>	50,046
	<b>4,135,321</b>	4,357,996

Notes:

- (a) The infrastructure joint ventures distribute the cash surplus to the Group on a regular basis including a return of total investment costs to the Group. The amount of cash distribution varies from time to time and depends on the toll road performance, the amount of operating expenses and capital expenditure incurred by the joint ventures.
- (b) During the current period, the Group conducted a review on the performance of the toll road infrastructure projects and has recognised impairment losses of HK\$51,020,000 (six months ended 30 June 2009: nil) on the interests in certain infrastructure joint ventures. The recoverable amounts of interests in infrastructure joint ventures are determined based on value-in-use calculations, which were estimated by the present value of the estimated future returns on investments from the joint ventures.

### 14. LOANS TO RELATED COMPANIES

The loans to related companies of HK\$48,200,000 (31 December 2009: HK\$51,500,000) represented the cash advances to former subsidiaries in which one of its shareholders is Wai Kee. The amount of HK\$3,300,000, which was included in current assets of the Group at 31 December 2009, has been repaid during the current period. The loans to related companies are unsecured, interest bearing at London Interbank Offered Rate ("LIBOR") or Hong Kong Interbank Offered Rate ("HIBOR") plus 1.75% per annum up to February 2010 and at a fixed rate of 6.25% per annum for the period from March 2010 to August 2012.

## Condensed Consolidated Financial Statements

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the six months ended 30 June 2010

#### 15. LONG-TERM RECEIVABLES

	<b>30 June 2010 HK\$'000</b>	31 December 2009 HK\$'000
Minimum income undertakings (note (a))	<b>2,280</b>	4,995
Deferred consideration on disposal of interest in a joint venture (note (b))	–	27,211
Amount due from Huge Rise Investments Limited and its subsidiaries (“Huge Rise Group”) (note (c))	<b>315,535</b>	510,397
	<b>317,815</b>	542,603

Notes:

- (a) Included in long-term receivables and debtors of the Group aged more than 90 days as disclosed in note 19 are the amounts of HK\$2,280,000 (31 December 2009: HK\$4,995,000) and HK\$5,455,000 (31 December 2009: HK\$8,163,000), respectively representing minimum income undertakings due from the PRC joint venture partners. Minimum income undertakings have been recognised in accordance with the terms set out in the relevant joint venture agreements and are settled according to the schedules agreed with the relevant PRC joint venture partners. The revised repayment schedule of minimum income undertakings was agreed with the PRC joint venture partners in 2007 and the amounts will be fully repaid in December 2011.
- (b) It represented the deferred consideration which arose from disposal of an infrastructure joint venture to a PRC joint venture partner in March 2009 which will be fully repaid in 2011. The consideration due within one year of HK\$27,273,000 (31 December 2009: HK\$27,211,000) has been included in other receivables of the Group (see note 19).
- (c) The balance represented the cash advance to Huge Rise Group, the independent third party of the Group. According to the revised cash advance agreement dated 4 January 2010, the outstanding amount will be fully repaid by December 2014 and is interest bearing at 1% per annum over three month HIBOR. Subsequent to 30 June 2010, Huge Rise Group repaid an amount of HK\$150,000,000.

# Condensed Consolidated Financial Statements

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2010

### 16. INVENTORY OF PROPERTIES

	<b>30 June 2010 HK\$'000</b>	31 December 2009 HK\$'000
Completed properties held for sale	<b>1,445,731</b>	2,433,293
Properties under development for sale (note)	<b>12,205,808</b>	10,520,175
	<b><u>13,651,539</u></b>	<u>12,953,468</u>

Note: Included in the amount are properties under development for sale of HK\$2,620,195,000 (31 December 2009: HK\$1,664,383,000) which are expected to be completed and delivered to the customers within twelve months from the end of the reporting period.

### 17. PREPAYMENT FOR LAND LEASES

As at 30 June 2010, a total prepayment of HK\$1,052,385,000 (31 December 2009: HK\$222,334,000) was made for the acquisition of certain pieces of land in the PRC. Upon completion of the acquisition and delivery of relevant land title document to the Group, the prepaid amount will be transferred to the account of "Properties under development for sale".

### 18. LOAN TO A JOINT VENTURE

At 30 June 2010, the loan to a joint venture of HK\$64,432,000 (31 December 2009: HK\$64,286,000) represented a loan to 上海順馳方城置業有限公司, which was unsecured, carried interest at a fixed rate of 5.6% (31 December 2009: 5.6%) per annum and recoverable in September 2010.

# Condensed Consolidated Financial Statements

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2010

### 19. DEBTORS, DEPOSITS AND PREPAYMENTS

	<b>30 June 2010 HK\$'000</b>	31 December 2009 HK\$'000
Aged analysis of debtors, presented based on invoice date (note (a)):		
Within 60 days	<b>16,505</b>	11,227
60 to 90 days	<b>179</b>	6,267
More than 90 days	<b>15,626</b>	14,263
	<b>32,310</b>	31,757
Deferred consideration on disposal of interest in a joint venture (note 15(b))	<b>27,273</b>	27,211
Interest receivable	<b>1,614</b>	1,439
Prepayments of business tax and other taxes	<b>196,770</b>	115,904
Other receivables, deposits and prepayments (note (b))	<b>277,769</b>	154,640
	<b>535,736</b>	330,951

Notes:

- (a) Other than the minimum income undertakings as mentioned in note 15(a), the debtors are mainly arisen from sale of properties. Considerations in respect of properties sold are received in accordance with terms of the related sales and purchase agreements, normally within 60 days from the agreements. Considerations under pre-sale contracts will be fully received prior to the delivery of the properties to the purchasers.
- (b) At 30 June 2010, included in other receivables, deposits and prepayments is an amount of HK\$160,341,000 (31 December 2009: HK\$31,746,000) representing the tender deposits paid to the local government or its agents in several provinces for the tender of several pieces of land through public auctions. The tender deposits will be refunded if the Group fails to acquire the pieces of land during the tender. The public auction of these tender deposits paid will be taking place within one year from the end of the reporting period and the amounts are classified as short-term deposits.

In November 2007, the Group entered into a cooperative agreement ("Cooperative Agreement") for carrying out development on several pieces of land in Jinan province. In 2009, the Group entered into a settlement agreement dated 28 April 2009 to terminate the Cooperative Agreement. The prepayment made by the Group under the Cooperative Agreement would be refunded together with a fixed return of HK\$36,281,000 by installment. As at 30 June 2010, the outstanding balance was HK\$13,182,000 (31 December 2009: HK\$51,700,000) and such balance will be fully settled within 2010.

# Condensed Consolidated Financial Statements

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2010

### 20. PLEDGED BANK DEPOSITS

The pledged bank deposits were pledged as securities in favour of banks for mortgage facilities granted to the buyers of the Group and short-term facilities granted to the Group.

### 21. SHARE CAPITAL

	Number of shares	HK\$'000
<b>Authorised:</b>		
Ordinary shares of HK\$0.1 each	<u>20,000,000,000</u>	<u>2,000,000</u>
7.5% convertible preference shares of HK\$0.1 each	<u>518,380</u>	<u>52</u>
<b>Issued and fully paid:</b>		
Ordinary shares		
At 1 January 2010	739,116,566	73,912
Issue of shares upon exercise of share options	<u>1,000,000</u>	<u>100</u>
At 30 June 2010	<u>740,116,566</u>	<u>74,012</u>

The Company has a share option scheme for the directors and eligible employees of the Group. At 30 June 2010, the number of outstanding share options are 46,120,000 (31 December 2009: 33,185,000).

As a result of the exercise of the Company's share options at an exercise price of HK\$5.80 during the current period, 1,000,000 ordinary shares were issued by the Company giving a total cash consideration of HK\$5,800,000.

During the period, 15,110,000 share options were granted to the directors and employees of the Group and the share options are fully vested at the date of grant. The estimated fair value of the options granted during the period of HK\$20,000,000 was recognised in the condensed consolidated income statement. The fair value was calculated using the Hull White Trinomial pricing model. During the period, 1,175,000 share options were lapsed.

### 22. BANK AND OTHER BORROWINGS

	30 June 2010 HK\$'000	31 December 2009 HK\$'000
Senior notes (note (a))	2,698,373	2,692,473
Guaranteed notes (note (b))	1,522,218	1,522,085
Bank loans (note (c))	<u>2,393,135</u>	<u>2,186,720</u>
	<u>6,613,726</u>	<u>6,401,278</u>

## Condensed Consolidated Financial Statements

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2010

#### 22. BANK AND OTHER BORROWINGS (Continued)

The maturity of the above loans is as follows:

	<b>30 June 2010 HK\$'000</b>	31 December 2009 HK\$'000
Unsecured borrowings repayable:		
Within one year	<b>200,059</b>	113,379
More than one year but not exceeding two years	<b>2,777,655</b>	1,522,085
More than two years but not exceeding five years	<b>1,738,531</b>	2,791,501
	<b>4,716,245</b>	4,426,965
Secured borrowings repayable:		
Within one year	<b>1,187,304</b>	1,087,946
More than one year but not exceeding two years	<b>653,359</b>	559,119
More than two years but not exceeding five years	<b>56,818</b>	327,248
	<b>1,897,481</b>	1,974,313
Total borrowings	<b>6,613,726</b>	6,401,278
Less: Amount due within one year shown under current liabilities	<b>(1,387,363)</b>	(1,201,325)
Amount due over one year shown under non-current liabilities	<b>5,226,363</b>	5,199,953

Notes:

- (a) The senior notes are listed on the Stock Exchange of Singapore. The notes include carrying amount of HK\$1,538,884,000 (31 December 2009: HK\$1,536,047,000), which bear interest at a fixed rate of 7.625% per annum and will mature in May 2014. The senior notes with carrying amount of HK\$1,159,489,000 (31 December 2009: HK\$1,156,426,000), which bear interest at a floating rate of three month LIBOR plus 2.25% per annum and will mature in May 2012. The fair value of the senior notes based on the quoted asked price at 30 June 2010 was HK\$2,544,750,000 (31 December 2009: HK\$2,466,750,000).
- (b) The guaranteed notes, which are listed on the Stock Exchange of Singapore, bear interest at a fixed rate of 6.25% per annum and will mature in July 2011. The fair value of the guaranteed notes based on the quoted asked price at 30 June 2010 was HK\$1,528,605,000 (31 December 2009: HK\$1,482,975,000).
- (c) Bank loans with carrying amount of HK\$1,149,739,000 (31 December 2009: HK\$1,025,582,000) bear interest at a fixed rate of 4.86% to 5.94% (31 December 2009: 4.86% to 7.08%) per annum. Interest rates on the remaining bank loans, which carried at floating interest rates, ranged from 1.35% to 2.06% (31 December 2009: 1.39% to 1.87%) per annum.

# Condensed Consolidated Financial Statements

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2010

### 23. CREDITORS AND ACCRUED CHARGES

	<b>30 June 2010 HK\$'000</b>	31 December 2009 HK\$'000
Aged analysis of creditors, presented based on invoice date:		
Within 60 days	<b>111,714</b>	9,299
60 to 90 days	<b>27,363</b>	11,339
More than 90 days	<b>79,138</b>	99,722
	<b>218,215</b>	120,360
Accrued construction costs	<b>1,482,120</b>	1,872,993
	<b>1,700,335</b>	1,993,353
Interest payable	<b>65,239</b>	66,385
Accrued taxes (other than EIT and LAT)	<b>19,210</b>	15,595
Deferred consideration (note 24)	<b>213,490</b>	–
Other accrued charges	<b>326,381</b>	363,482
	<b>2,324,655</b>	2,438,815

### 24. ACQUISITION OF SUBSIDIARIES

On 28 June 2010, the Group acquired and assumed the following assets and liabilities through acquisition of the entire equity interest in Superb Sky Limited from Huge Rise Group at a cash consideration of HK\$505,000,000. The subsidiaries of Superb Sky Limited mainly hold a property development project in Shijiazhuang, PRC. It was accounted for as purchase of assets.

# Condensed Consolidated Financial Statements

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2010

### 24. ACQUISITION OF SUBSIDIARIES (Continued)

The net assets acquired in the transaction are as follows:

	HK\$'000
Property, plant and equipment	389
Completed properties held for sale	3,000
Properties under development for sale	658,208
Debtors, deposits and prepayments	3,411
Prepaid income tax	1,111
Bank balances and cash	78,558
Creditors and accrued charges	(52,572)
Amount due to the Group	(187,105)
	<u>505,000</u>
Satisfied by:	
Cash consideration paid	291,510
Deferred consideration due within one year (note)	213,490
	<u>505,000</u>
Net cash outflow arising on acquisition:	
Cash consideration paid	291,510
Bank balances and cash acquired	(78,558)
	<u>212,952</u>

Note:

The deferred consideration is non-interest bearing and the amount will be fully settled within 2010. Subsequent to 30 June 2010, deferred consideration of HK\$150,000,000 has been settled by the Group.

### 25. CAPITAL COMMITMENTS

At 30 June 2010, the further construction costs to be incurred by the Group for the completion of the development of the investment properties under construction in Changzhou were HK\$532,944,000 (31 December 2009: HK\$562,675,000).

### 26. CONTINGENT LIABILITIES

At 30 June 2010, the Group provided guarantees of HK\$3,958,887,000 (31 December 2009: HK\$3,433,161,000) to banks in favour of its customers in respect of the mortgage loans provided by the banks to such customers for purchase of the Group's developed properties. These guarantees provided by the Group to the banks would be released upon receiving the building ownership certificate of the respective property by the banks from the customers as a pledge for security to the mortgage loan granted. The Directors considered that the fair value of such guarantee on initial recognition was insignificant.



# Condensed Consolidated Financial Statements

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2010

### 27. LITIGATION

The Group and Huge Rise filed a writ of summons against Sunco China Holdings Limited and Sunco Management Holdings Limited (both of which are beneficially owned by Mr. Sun Hong Bin ("Mr. Sun")) and Mr. Sun (collectively referred to as the "Defendants") in October 2007, to claim for the loss and damage related to the payment of certain construction costs, tax expenses and penalty in relation to violation of certain development regulations in the PRC, which were undisclosed by Mr. Sun in connection with the acquisition of certain companies, including the Tianjin Companies, from the Defendants. These undisclosed liabilities have been recognised and recorded by the Group after the date of acquisition.

The litigation proceedings against the Defendants by the Group are still in progress. The Group will continue to pursue its claims in a manner that is in the interests of the Company and its shareholders as a whole.

### 28. PLEDGE OF ASSETS

At 30 June 2010, other than the pledged bank deposits as disclosed in note 20, the Group's inventory of properties of HK\$2,168,600,000 (31 December 2009: HK\$3,744,759,000) and the shares of certain of the Company's subsidiaries were pledged to secure the banking facilities granted to the Group.

### 29. RELATED PARTY TRANSACTIONS

Other than set out in notes 14 and 18 to the condensed consolidated financial statements, the Group had significant transactions with the following related parties during the period, details of which are as follows:

Related parties	Nature	Six months ended 30 June	
		2010 HK\$'000	2009 HK\$'000
Property development joint venture (note 18)	Interest income	1,869	4,516
Related companies (note 14)	Interest income	1,196	999
		<u>3,065</u>	<u>5,515</u>

#### Compensation of key management personnel

The remuneration of Directors and other members of key management during the period was as follows:

	Six months ended 30 June	
	2010 HK\$'000	2009 HK\$'000
Short-term employment benefits	31,920	32,444
Post-employment benefits	1,611	1,428
Share-based payments	14,156	–
	<u>47,687</u>	<u>33,872</u>

The remuneration of Directors and key executives is determined by the performance of individuals and market trends.

### 30. TOTAL ASSETS LESS CURRENT LIABILITIES/NET CURRENT ASSETS

The Group's total assets less current liabilities at 30 June 2010 amounted to HK\$15,437,279,000 (31 December 2009: HK\$15,386,182,000). The Group's net current assets at 30 June 2010 amounted to HK\$10,512,416,000 (31 December 2009: HK\$10,042,778,000).

# Report on Review of Interim Financial Information

**Deloitte.**  
**德勤**

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Hong Kong

## TO THE BOARD OF DIRECTORS OF ROAD KING INFRASTRUCTURE LIMITED

(incorporated in Bermuda with limited liability)

### INTRODUCTION

We have reviewed the interim financial information set out on pages 9 to 33, which comprises the condensed consolidated statement of financial position of Road King Infrastructure Limited and its subsidiaries as of 30 June 2010 and the related condensed consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended and certain explanatory notes. The Main Board Listing Rules governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and the Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### SCOPE OF REVIEW

We conducted our review in accordance with the Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

### CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

#### **Deloitte Touche Tohmatsu**

*Certified Public Accountants*

Hong Kong

12 August 2010

## Dividend



### **DIVIDEND**

The Board has resolved to declare an interim dividend of HK\$0.20 (2009: HK\$0.20) per share for the six months ended 30 June 2010 to the shareholders of the Company whose names appear in the register of members of the Company on 3 September 2010, Friday.

It is expected that the payment of interim dividend will be made on or before 15 September 2010, Wednesday.

### **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from 1 September 2010, Wednesday to 3 September 2010, Friday, both days inclusive, during which period no transfer of shares will be registered for the purpose of determining entitlement to the interim dividend.

In order to qualify for the interim dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar in Hong Kong, Tricor Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:00 p.m. on 31 August 2010, Tuesday.

## Corporate Governance

### CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions set out in the Code on Corporate Governance Practices (the “Code”) contained in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2010, except for the deviation from code provision A.4.1 of the Code in respect of the service term of Non-executive Directors.

Code provision A.4.1 stipulates that Non-executive Directors should be appointed for a specific term, subject to re-election. None of the Non-executive Directors and Independent Non-executive Directors is appointed for a specific term. However, in accordance with Bye-law 87 of the Company’s Bye-laws, at each annual general meeting, one-third of the Directors for the time being (or if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation. The Company considers that this is no less exacting than those provided in the Code.

### MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 of the Listing Rules as its own code. All Directors have confirmed, following specific enquiry, that they have complied with the Model Code throughout the six months ended 30 June 2010.

## Disclosure of Interests

### DIRECTORS' INTERESTS AND SHORT POSITIONS

As at 30 June 2010, the interests and short positions of the Directors in the shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

#### (I) SHARES

Name of Director	Capacity/ Nature of interest	Number of shares held		Percentage of holding (%) (Note 3)
		Long position	Short position	
Zen Wei Pao, William	Personal	5,824,000 (Note 1)	–	0.79
		6,400,000 (Note 2)	–	0.86
Ko Yuk Bing	Personal	410,000 (Note 1)	–	0.06
		6,400,000 (Note 2)	–	0.86
Chan Kam Hung	Personal	1,000,000 (Note 1)	–	0.14
		4,300,000 (Note 2)	–	0.58
Fong Shiu Leung, Keter	Personal	380,000 (Note 1)	–	0.05
		4,600,000 (Note 2)	–	0.62
Zen Wei Peu, Derek	Personal	6,053,000 (Note 1)	–	0.82
		3,150,000 (Note 2)	–	0.43
Guo Limin	Personal	150,000 (Note 2)	–	0.02
Xu Ruxin	Personal	150,000 (Note 2)	–	0.02
Chow Shiu Kee, Stephen	Personal	321,000 (Note 1)	–	0.04
		750,000 (Note 2)	–	0.10
Lau Sai Yung	Personal	55,000 (Note 1)	–	0.01
		750,000 (Note 2)	–	0.10
Chow Ming Kuen, Joseph	Personal	150,000 (Note 2)	–	0.02

Notes:

1. Long position in the shares of the Company (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds).
2. Long position in the underlying shares of the Company pursuant to unlisted equity derivatives (including physically settled, cash settled and other equity derivatives). Share options granted to the Directors are included in this category, the particulars of which are set out in (II) below.
3. The percentage was calculated based on 740,116,566 shares of the Company in issue as at 30 June 2010.

## Disclosure of Interests

### DIRECTORS' INTERESTS AND SHORT POSITIONS (Continued)

#### (II) UNDERLYING SHARES – SHARE OPTIONS

The share option scheme was adopted by the Company on 12 May 2003. Particulars of the share option scheme are set out in note 30 to the consolidated financial statements in the Company's annual report for the year ended 31 December 2009.

A summary of movement during the period under the share option scheme was as follows:

Name	Issue	Number of share options				Balance at 30.06.2010	Weighted average closing price HK\$ (Note 5)
		Balance at 01.01.2010	Granted during the period	Exercised during the period	Lapsed during the period		
<b>Directors</b>							
Zen Wei Pao, William	Note 1	1,000,000	–	(1,000,000)	–	–	6.31
	Note 2	2,500,000	–	–	–	2,500,000	–
	Note 3	2,500,000	–	–	–	2,500,000	–
	Note 4	–	1,400,000	–	–	1,400,000	–
Ko Yuk Bing	Note 1	500,000	–	–	–	500,000	–
	Note 2	2,300,000	–	–	–	2,300,000	–
	Note 3	2,300,000	–	–	–	2,300,000	–
	Note 4	–	1,300,000	–	–	1,300,000	–
Chan Kam Hung	Note 2	1,800,000	–	–	–	1,800,000	–
	Note 3	1,600,000	–	–	–	1,600,000	–
	Note 4	–	900,000	–	–	900,000	–
Fong Shiu Leung, Keter	Note 1	700,000	–	–	–	700,000	–
	Note 2	1,400,000	–	–	–	1,400,000	–
	Note 3	1,600,000	–	–	–	1,600,000	–
	Note 4	–	900,000	–	–	900,000	–
Zen Wei Peu, Derek	Note 2	800,000	–	–	–	800,000	–
	Note 3	1,500,000	–	–	–	1,500,000	–
	Note 4	–	850,000	–	–	850,000	–
Guo Limin	Note 4	–	150,000	–	–	150,000	–
Xu Ruxin	Note 4	–	150,000	–	–	150,000	–
Hu Aimin*	Note 2	250,000	–	–	(250,000)	–	–
	Note 3	250,000	–	–	(250,000)	–	–
Zhang Yijun*	Note 2	250,000	–	–	(250,000)	–	–
	Note 3	250,000	–	–	(250,000)	–	–
Chow Shiu Kee, Stephen	Note 1	250,000	–	–	–	250,000	–
	Note 2	250,000	–	–	–	250,000	–
	Note 3	100,000	–	–	–	100,000	–
	Note 4	–	150,000	–	–	150,000	–
Lau Sai Yung	Note 1	250,000	–	–	–	250,000	–
	Note 2	250,000	–	–	–	250,000	–
	Note 3	100,000	–	–	–	100,000	–
	Note 4	–	150,000	–	–	150,000	–
Chow Ming Kuen, Joseph	Note 4	–	150,000	–	–	150,000	–
Total		22,700,000	6,100,000	(1,000,000)	(1,000,000)	26,800,000	

## Disclosure of Interests

### DIRECTORS' INTERESTS AND SHORT POSITIONS (Continued)

#### (II) UNDERLYING SHARES – SHARE OPTIONS (Continued)

Name	Issue	Number of share options				Balance at 30.06.2010	Weighted average closing price HK\$ (Note 5)
		Balance at 01.01.2010	Granted during the period	Exercised during the period	Lapsed during the period		
<b>Others</b>							
Employees	Note 1	100,000	–	–	–	100,000	–
	Note 2	3,675,000	–	–	(40,000)	3,635,000	–
	Note 3	6,710,000	–	–	(90,000)	6,620,000	–
	Note 4	–	9,010,000	–	(45,000)	8,965,000	–
Total		10,485,000	9,010,000	–	(175,000)	19,320,000	
<b>Grand Total</b>		<b>33,185,000</b>	<b>15,110,000</b>	<b>(1,000,000)</b>	<b>(1,175,000)</b>	<b>46,120,000</b>	

Notes:

- The share options under this issue were granted on 14 December 2005 with an exercisable period from 14 December 2005 to 13 December 2010 and an exercise price of HK\$5.80.
  - The share options under this issue were granted on 20 December 2006 with an exercisable period from 20 December 2006 to 19 December 2011 and an exercise price of HK\$11.66.
  - The share options under this issue were granted on 6 November 2007 with an exercisable period from 6 November 2007 to 5 November 2012 and an exercise price of HK\$14.85.
  - The share options under this issue were granted on 9 April 2010 with an exercisable period from 9 April 2010 to 8 April 2015 and an exercise price of HK\$6.79.
  - This represents the weighted average closing price of the shares of the Company immediately before the date on which the share options were exercised.
- \* Messrs. Hu Aimin and Zhang Yijun resigned as Non-executive Directors of the Company on 13 October 2009 and 11 December 2009 respectively. The Board approved to extend the exercisable period of their share options for six months from the date of their resignation. The extensions of the exercisable periods to Messrs. Hu Aimin and Zhang Yijun were expired on 12 April 2010 and 10 June 2010 respectively.

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

Save as disclosed herein, none of the Directors or their spouses or children under 18 years of age was granted or had exercised any rights to subscribe for any securities of the Company or any of its associated corporation.

## Disclosure of Interests

### SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 30 June 2010, the interests or short positions of every persons, other than a Director, in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

Name of shareholder	Capacity/ Nature of interest	Number of shares held		Percentage of holding (%) (Note 11)
		Long position (Note 1)	Short position	
Wai Kee Holdings Limited (Note 2)	Corporate	286,317,428	–	38.69
Wai Kee (Zens) Holding Limited (Note 3)	Corporate	286,317,428	–	38.69
Groove Trading Limited (Note 4)	Personal/Beneficiary	65,918,000	–	8.90
Wai Kee China Investments (BVI) Company Limited (Note 4)	Corporate	217,399,428	–	29.37
Wai Kee China Investments Company Limited (Note 5)	Corporate	217,399,428	–	29.37
ZWP Investments Limited (Note 6)	Personal/Beneficiary	217,399,428	–	29.37
深業集團有限公司 (Shum Yip Holdings Company Limited) (Note 7)	Corporate	202,334,142	–	27.34
Shum Yip Holdings Company Limited (Note 8)	Corporate	202,334,142	–	27.34
Shenzhen Investment Limited (Note 9)	Corporate	202,334,142	–	27.34
Hover Limited (Note 10)	Personal/Beneficiary	202,334,142	–	27.34



## Disclosure of Interests

### SUBSTANTIAL SHAREHOLDERS' INTERESTS *(Continued)*

Notes:

1. Long position in the shares of the Company (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds).
2. Wai Kee Holdings Limited is deemed to be interested in the shares of the Company through its interests in (i) its wholly-owned subsidiaries, namely Wai Kee (Zens) Holding Limited, Groove Trading Limited, Wai Kee China Investments (BVI) Company Limited, Wai Kee China Investments Company Limited, ZWP Investments Limited and Top Horizon Holdings Limited; and (ii) its subsidiaries, namely Build King Holdings Limited, Top Tactic Holdings Limited, Amazing Reward Group Limited, Leader Construction Company Limited and Leader Civil Engineering Corporation Limited, which beneficially held 3,000,000 shares of the Company.
3. Wai Kee (Zens) Holding Limited is a direct wholly-owned subsidiary of Wai Kee Holdings Limited.
4. Groove Trading Limited and Wai Kee China Investments (BVI) Company Limited are direct wholly-owned subsidiaries of Wai Kee (Zens) Holding Limited.
5. Wai Kee China Investments Company Limited is a direct wholly-owned subsidiary of Wai Kee China Investments (BVI) Company Limited.
6. ZWP Investments Limited is a direct wholly-owned subsidiary of Wai Kee China Investments Company Limited.
7. 深業集團有限公司 (Shum Yip Holdings Company Limited) (incorporated in the PRC) is deemed to be interested in the shares of the Company through its 100% interest in Shum Yip Holdings Company Limited.
8. Shum Yip Holdings Company Limited (incorporated in Hong Kong) is deemed to be interested in the shares of the Company through its 43.19% interest in Shenzhen Investment Limited.
9. Shenzhen Investment Limited is deemed to be interested in the shares of the Company through its interests in its wholly-owned subsidiary, namely Hover Limited.
10. Hover Limited is a direct wholly-owned subsidiary of Shenzhen Investment Limited.
11. The percentage was calculated based on 740,116,566 shares of the Company in issue as at 30 June 2010.

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

## Other Information

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2010.

### CONTINUING DISCLOSURE OF THE LISTING RULES

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

1. Pursuant to rule 13.16 of the Listing Rules:
  - (a) There are altogether 39 infrastructure joint ventures and one property development joint venture. All these are regarded as joint ventures irrespective of whether the Group's interests exceed 50% or not. The Group's investments are in the form of both registered capital and loans. The size of loans made by the Group and by the other joint venture partner(s) to each joint venture is in proportion to the respective interests in each joint venture.
  - (b) During the period, the Group has not provided guarantees in respect of the bank facilities utilised by the joint ventures.
  - (c) The total amount of loans to the joint ventures were HK\$2,862 million which exceeds 8% of the Group's adjusted total assets of HK\$23,536 million (being the Group's total assets as at 30 June 2010 adjusted for the dividend declared for the six months ended 30 June 2010 by the Company) as at 30 June 2010. The loans are part of the investments and unsecured. Except for the loan to 上海順馳方城置業有限公司, details of which are disclosed in note 18 to the condensed consolidated financial statements, the loans are also interest free and have no definite repayment terms.
  - (d) The loans to the joint ventures are reflected in the accounts as part of the cost of investment and were funded by equities raised at the listing of the Company, borrowings or internal resources of the Group.

2. Pursuant to rule 13.18 of the Listing Rules:

The Company is obliged to make an offer to repurchase all US\$150 million floating rate senior notes due 2012 and US\$200 million fixed rate senior notes due 2014 (the "Notes") then outstanding at a purchase price equal to 101% of the principal amount, plus accrued and unpaid interest, if any, up to (but not including) the date of repurchase in the occurrence of a change of control triggering event and a decline in the rating of the Notes.

## Other Information

### CONTINUING DISCLOSURE OF THE LISTING RULES *(Continued)*

3. Pursuant to rule 13.22 of the Listing Rules:

- (a) A summary of aggregate financial information of the joint ventures, based on the financial statements prepared under the accounting principles generally accepted in Hong Kong as at 30 June 2010, is as follows:

	30 June 2010 (Unaudited) HK\$'000
<b>Statement of Financial Position</b>	
Property, plant and equipment	8,880,597
Current assets	1,591,549
Current liabilities	(1,337,996)
Net current assets	253,553
Amounts due to joint venture partners	(256,264)
Net assets	8,877,886

## Other Information

### CONTINUING DISCLOSURE OF THE LISTING RULES (Continued)

(b) Details of the joint ventures are as follows:

	% of interest held indirectly by the Company	Loan to joint venture HK\$'000
<b>Infrastructure Joint Ventures</b>		
Anhui Road Universe Hefei Highway Development Co., Ltd.	50%	124,677
Anhui Road Universe Hehuai Highway Dayang Section Development Co., Ltd.	60%	80,118
Anhui Road Universe Hehuai Highway Yangjin Section Development Co., Ltd.	60%	71,707
Anhui Road Universe Liuan Highway Development Co., Ltd.	50%	64,705
Bengbu Road King Chaoyanglu Huaihe Highway Bridge Development Co., Ltd.	35%	34,514
Bengbu Road King Huaihe Bridge Highway Development Co., Ltd.	35%	43,253
Bengbu Road King Huaimeng Highway Development Co., Ltd.	35%	31,686
Guangxi Lutong Highway Development Co., Ltd.	70%	81,800
Handan Rongguang Highway Development Co., Ltd.	70%	79,223
Handan Xinguang Highway Development Co., Ltd.	70%	80,474
Hebei Baofa Expressway Co., Ltd.	40%	54,064
Hebei Baofeng Expressway Co., Ltd.	40%	54,111
Hebei Baohui Expressway Co., Ltd.	40%	53,907
Hebei Baojie Expressway Co., Ltd.	40%	54,994
Hebei Baojin Expressway Co., Ltd.	40%	54,377
Hebei Baoli Expressway Co., Ltd.	40%	55,049
Hebei Baoming Expressway Co., Ltd.	40%	50,550
Hebei Baosheng Expressway Co., Ltd.	40%	54,187
Hebei Baoyi Expressway Co., Ltd.	40%	54,445
Hebei Baoyu Expressway Co., Ltd.	40%	54,703
Hebei Tanghui Expressway Co., Ltd.	45%	182,778
Hebei Tangjin Expressway Co., Ltd.	45%	159,225
Hebei Tangrun Expressway Co., Ltd.	45%	109,749
Hunan Changyi (Baining) Expressway Co., Ltd.	43.17%	58,635
Hunan Changyi (Cangyi) Expressway Co., Ltd.	43.17%	59,832
Hunan Changyi Expressway Co., Ltd.	43.17%	59,567
Hunan Changyi (Hengchang) Expressway Co., Ltd.	43.17%	61,465
Hunan Changyi (Ningheng) Expressway Co., Ltd.	43.17%	59,510
Hunan Changyi (Zijiang No. 2 Bridge) Expressway Co., Ltd.	43.17%	47,346
Liuan Road Universe Liuye Highway Development Co., Ltd.	50%	68,487
Liuan Road Universe Pihe Bridge Development Co., Ltd.	50%	63,286
Pingdingshan Road King Xuchang-Nanyang Highway (Xiangcheng Section) Development Co., Ltd.	50%	68,352
Pingdingshan Road King Xuchang-Nanyang Highway (Yexian Section) Development Co., Ltd.	50%	59,025

## Other Information

### CONTINUING DISCLOSURE OF THE LISTING RULES *(Continued)*

(b) Details of the joint ventures are as follows: *(Continued)*

	<b>% of interest held indirectly by the Company</b>	<b>Loan to joint venture HK\$'000</b>
<b>Infrastructure Joint Ventures</b>		
Shanxi Lutong Dongguan Highway Co., Ltd.	65%	99,693
Shanxi Lutong Taiyu Highway Co., Ltd.	65%	75,938
Shanxi Lutong Yuci Highway Co., Ltd.	65%	60,460
Shijiazhuang Luhui Road & Bridge Development Co., Ltd.	60%	96,657
Shijiazhuang Luxin Road & Bridge Development Co., Ltd.	60%	54,040
Suzhou Road King Shanghai-Suzhou Airport Road Development Co., Ltd.	50%	120,874
<b>Property Development Joint Venture</b>		
上海順馳方城置業有限公司*	31.50%	64,432
		<u>2,861,895</u>

\* At the date of this Report, the joint venture is held by a 94.74% owned subsidiary of the Company.

4. Pursuant to rule 13.51B(1) of the Listing Rules:

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

<b>Name of Directors</b>	<b>Details of change</b>
Mr. Zen Wei Pao, William	The annual basic salary has been revised from HK\$4,750,000 to HK\$5,500,000 with effect from 1 January 2010.
Mr. Ko Yuk Bing	The annual basic salary has been revised from HK\$3,822,720 to HK\$4,750,000 with effect from 1 May 2010.
Mr. Chan Kam Hung	The annual basic salary has been revised from HK\$2,440,680 to HK\$3,200,000 with effect from 1 May 2010.
Mr. Fong Shiu Leung, Keter	The annual basic salary has been revised from HK\$1,931,040 to HK\$2,500,000 with effect from 1 May 2010.

## Other Information

### CONTINUING DISCLOSURE OF THE LISTING RULES *(Continued)*

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

### REVIEW OF ACCOUNTS

The Audit Committee has reviewed the condensed consolidated financial statements for the six months ended 30 June 2010, including the accounting principles and practices adopted by the Group, in conjunction with the Company's external auditor.

### ACKNOWLEDGEMENT

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

By order of the Board

**Ko Yuk Bing**

*Deputy Chairman, Managing Director &*

*Chief Executive Officer*

Hong Kong, 12 August 2010

## Corporate Information

### EXECUTIVE DIRECTORS

Zen Wei Pao, William (*Chairman*)  
Ko Yuk Bing (*Deputy Chairman, Managing Director & Chief Executive Officer*)  
Chan Kam Hung (*Chief Operating Officer*)  
Fong Shiu Leung, Keter (*Finance Director*)  
Zen Wei Peu, Derek

### NON-EXECUTIVE DIRECTORS

Guo Limin  
Xu Ruxin  
Lam Wai Hon, Patrick

### INDEPENDENT NON-EXECUTIVE DIRECTORS

Chow Shiu Kee, Stephen  
Lau Sai Yung  
Chow Ming Kuen, Joseph

### AUDIT COMMITTEE

Lau Sai Yung (*Chairman*)  
Chow Shiu Kee, Stephen  
Chow Ming Kuen, Joseph

### REMUNERATION COMMITTEE

Chow Shiu Kee, Stephen (*Chairman*)  
Zen Wei Pao, William  
Lau Sai Yung  
Chow Ming Kuen, Joseph

### MANAGEMENT COMMITTEE

Ko Yuk Bing (*Convenor*)  
Chan Kam Hung  
Fong Shiu Leung, Keter  
Chuk Wing Suet, Josephine  
Yu Kam Fat, James

### COMPANY SECRETARY

Fong Shiu Leung, Keter

### AUDITOR

Deloitte Touche Tohmatsu

### SOLICITORS

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

### PRINCIPAL BANKERS

Agricultural Bank of China Limited  
Industrial and Commercial Bank of China Limited  
CITIC Bank International Limited  
China Construction Bank Corporation  
Hang Seng Bank Limited

### PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Fulcrum Group (Bermuda) Limited  
Rosebank Centre  
11 Bermudiana Road  
Pembroke, HM 08, Bermuda

### HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Secretaries Limited  
26th Floor, Tesbury Centre  
28 Queen's Road East  
Hong Kong

## Corporate Information

### REGISTERED OFFICE

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

### PRINCIPAL PLACE OF BUSINESS

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

### WEBSITE

<http://www.roadking.com.hk>

### SHARE LISTING

The Company's shares are listed on the main board of  
The Stock Exchange of Hong Kong Limited

### STOCK CODES

The Stock Exchange of Hong Kong Limited – 1098  
Reuters – 1098.HK  
Bloomberg – 1098HK

### INVESTOR RELATIONS

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