



(Stock Code: 1098)



Road King Infrastructure Limited

(incorporated in Bermuda with limited liability)

Interim Report

2011

Corporate Profile

Road King Infrastructure Limited (“Road King”) is a leading listed company in Hong Kong with its core business in the investment, development, operation and management of toll roads and property projects in the People’s Republic of China (the “PRC”). Road King has invested in a toll road portfolio of approximately HK\$4 billion, comprising 12 major toll road projects spanning approximately 732 kilometres in seven provinces of the PRC. Road King has developed over 30 property projects with an existing portfolio of approximately HK\$24 billion, comprising attributable land reserve of more than 4.87 million square metres (“sqm”) spanning across nine provinces and municipalities in the PRC.

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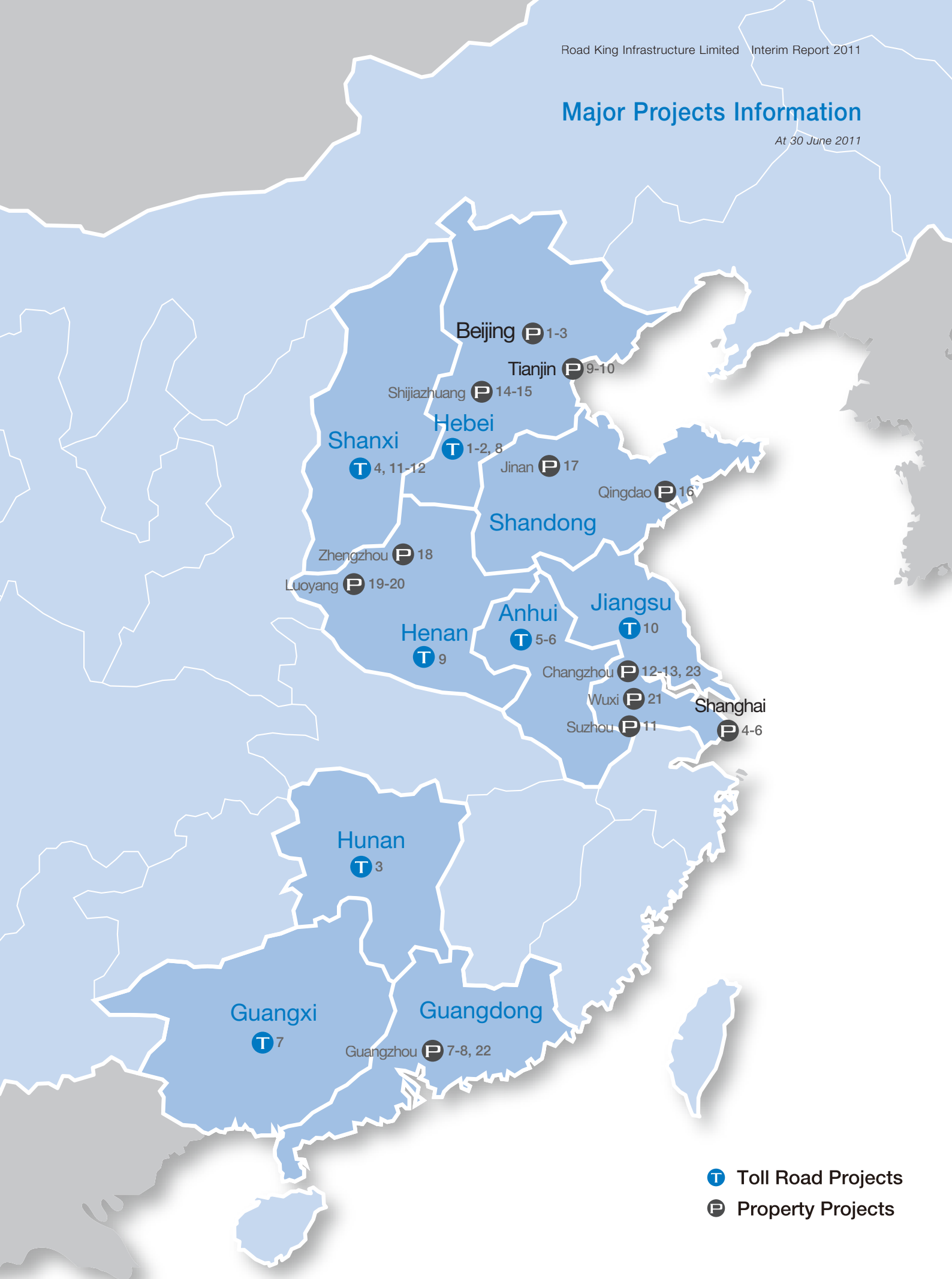
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Financial Highlights

(HK\$'million)	For the six months ended			For the year ended	
	2011	2010	2009	2010	2009
				31 December	
Group's share of toll revenue	440	388	579	803	1,083
Revenue from property development	2,884	2,060	2,464	4,942	4,600
Profit before taxation	670	655	382	1,605	1,045
Profit attributable to owners of the Company	363	265	255	625	728
Basic earnings per share (HK\$)	0.49	0.36	0.35	0.84	0.99
Net assets per share attributable to owners of the Company (HK\$)	14.5	13.4	13.2	13.9	13.3

Major Projects Information

At 30 June 2011



- T** Toll Road Projects
- P** Property Projects

Major Projects Information

At 30 June 2011

TOLL ROAD BUSINESS

Project		Location	Route	Project description	Length Kilometers	Equity interest %
Expressways						
T1	Baojin Expressway	Hebei Province	Baoding-Tianjin	- National Expressway G18 - 4-lane	105	40
T2	Tangjin Expressway	Hebei Province	Tangshan-Tianjin	- National Expressway G25 - 4/6-lane	58	45
T3	Changyi Expressway	Hunan Province	Changsha-Yiyang	- National Expressway G5513 - 4-lane	69	43
T4	Longcheng Expressway [®]	Shanxi Province	Yuci Longbai Village-Chengzhao, Qixian	- National Expressway - 6-lane	72	40
Highways						
T5	Hehuai Highway	Anhui Province	Hefei-Huainan	- National Highway 206 - Elite Class II Highway - 4-lane	90	60
T6	Heye Highway	Anhui Province	Hefei-Yeji	- National Highway 312 - Class I Highway - 4/6-lane	99	50
T7	Yulin Highway	Guangxi Zhuang Autonomous Region	Yulin Section	- National Highway 324 - Class I Highway - 4/6-lane	11	70
T8	Shijin Highway	Hebei Province	Shijiazhuang-Jinzhou	- National Highway 307 - Class I/II Highway - 2/4-lane	40	60
T9	Xunan Highway	Henan Province	Xuchang-Nanyang	- National Highway 311 and Provincial Highway 103 - Class I Highway - 4-lane	80	50
T10	Suzhou Shanghai Airport Highway	Jiangsu Province	Suzhou-Shanghai Hongqiao Airport (Suzhou Section)	- Provincial Highway 343 - Elite Class II Highway - 4-lane	53	50
T11	Yuci City Bypass	Shanxi Province	Yuci City Bypass	- National Highway 108 - Class I Highway - 4-lane	17	65
T12	Dongguan Highway	Shanxi Province	Yuci Dongchangshou-Qixian Dongguan	- National Highway 108 - Class I Highway - 4-lane	38	65

[®] Longcheng Expressway is currently under construction and will commence operation by the end of 2011 or early 2012.

Major Projects Information

At 30 June 2011

PROPERTY BUSINESS

Project	Location	Target completion	Stage of completion	Nature	Land area Thousand sqm	Attributable floor area Thousand sqm	Approximate
							attributable interest %

Properties for Sales

P1	Songs & Sea	Beijing	2012	F/S/C	Residential	309	102	94.74
P2	Jianguomen Project	Beijing	2013	M	Commercial	11	31	100.00
P3	RK World City	Beijing	2014	M	Residential	78	180	100.00
P4	Shine June Garden	Shanghai	2013	F/S/C	Residential	133	164	100.00
P5	The Riverside	Shanghai	2013	P/F/S/C	Residential	315	28	29.84
P6	Northern Suburb Manor	Shanghai	2014	M	Residential	133	73	55.00
P7	J.o.Y. Heights	Guangzhou	2014	P	Residential	130	259	100.00
P8	Liwan Project	Guangzhou	2013	M	Residential	35	105	100.00
P9	The Aurora City of Charm	Tianjin	2015	R/P/F/S/C	Residential	811	473	94.74
P10	Leader of Life	Tianjin	2015	P/S/C	Residential	327	184	94.74
P11	Phoenix City	Suzhou	2016	P/F/S/C	Residential	850	1,043	100.00
P12	Royal City	Changzhou	2015	P/F/S/C	Residential	487	564	100.00
P13	Vista Panorama	Changzhou	2013	F/S/C	Residential	127	135	100.00
P14	Blue County	Shijiazhuang	2011	S/C	Residential	91	56	94.74
P15	International City	Shijiazhuang	2013	P/F/S	Residential	80	201	100.00
P16	Unusual Landscape	Qingdao	2015	P/F/S/C	Residential	249	182	94.74
P17	Royal Panorama	Jinan	2014	P/F/S/C	Residential	177	244	94.74
P18	Central Special Zone	Zhengzhou	2014	P/F/S/C	Residential	219	187	94.74
P19	Sunco Town	Luoyang	2013	P/F/S/C	Residential	111	163	94.74
P20	World & City	Luoyang	2012	P/F/S/C	Residential	76	80	94.74
P21	The Providence	Wuxi	2015	M	Residential	88	194	100.00

Investment Properties

P3	RK World City	Beijing	2014	M	Commercial	30	70	100.00
P7	J.o.Y. Heights	Guangzhou	2014	P	Commercial	4	9	100.00
P9	The Aurora City of Charm	Tianjin	Not applicable	C	Commercial	9	5	94.74
P11	Phoenix City	Suzhou	Not applicable	C	Commercial	10	12	100.00
P22	Parkvista Phase II	Guangzhou	Not applicable	C	Commercial	1	5	100.00
P23	Grand Metropolis	Changzhou	2012	S/C	Commercial	67	121	100.00

Notes:

“M” denotes “Master planning”;
“R” denotes “Relocation”;
“P” denotes “Planning and design”;
“F” denotes “Foundation”;
“S” denotes “Elitestructure”; and
“C” denotes “Completed”.

Management Discussion and Analysis

BUSINESS REVIEW

The profit attributable to the owners of the Company for the six months ended 30 June 2011 was HK\$363 million, representing a surge of 37%, as compared with HK\$265 million of the corresponding period last year, and earnings per share was HK\$0.49 (2010: HK\$0.36).

In the first half of 2011, the PRC's economy kept on growing at a steady pace. According to the National Bureau of Statistics of the PRC, the Gross Domestic Product registered a year-on-year growth of approximately 9.6%. The acceleration of the pace of economic transition and structural change by the PRC government, the relocation of industries to the inland provinces, along with the increase in the disposable income of urban and rural residents have led to the growth of passenger and freight turnover of the Group's toll roads and expanded the clientele for the property development business.

The PRC government continues to enforce a series of austerity measures introduced last year as macroeconomic controlling policies with the prime priority to curb inflation. It also carries on launching new measures to control the property market, including the enforcement of the restrictions on house purchasing and home mortgage loan lending, and the increases in initial down payment ratio and interest rates. These policies posed serious impacts on the property market, leading to the decline in the transaction volume of housing in a number of major cities in the first half of the year. Nonetheless, the Group managed to maintain a stable sales income as a result of a diversified geographic and business portfolio.

TOLL ROAD BUSINESS

Traffic Volume and Toll Revenue

Project	Average Daily Traffic	Change	Toll Revenue	Change
	January to June 2011		January to June 2011	
	Vehicles	%	RMB'million	%
Expressways				
Baojin Expressway	40,000	7	343	4
Tangjin Expressway	41,000	37	321	37
Changyi Expressway	<u>35,000</u>	19	<u>191</u>	12
	116,000	20	855	16
Highways	<u>141,000</u>	5	<u>190</u>	3
	<u>257,000</u>	11	<u>1,045</u>	14

The Group's toll road business continued to be driven by the expressway projects in the first half of 2011. The average daily traffic and toll revenue were 257,000 vehicles and RMB1,045 million respectively, representing an increment of 11% and 14% over the corresponding period last year. In addition to the economic growth, the completion of repair and maintenance works of the highways connecting to Tangjin Expressway also contributed to the rebound of income derived from that toll road.

Management Discussion and Analysis

TOLL ROAD BUSINESS *(continued)*

Review of Expressway Projects

Baojin Expressway

Baojin Expressway is part of the National Truck Highway System (NTHS, 7918 Network) G18 Rongcheng–Wuhai Expressway. It serves as the main corridor connecting Shijiazhuang, the provincial city of Hebei Province and the Bohai region.

In the first half of 2011, Baojin Expressway continued to maintain a high level of toll revenue as that of last year. Although completion of a major repair program of the parallel National 112 Highway had caused diversion of vehicles (mainly small passenger cars) to local highways, the newly completed Binbao Expressway had made Baojin Expressway a more convenient route for long distance travelling freight trucks going to the north-eastern provinces which helped the annual toll revenue to grow 4% during the period.

In the coming years, the revenue growth will be more notable as Baojin Expressway will be benefited from its western extension connecting to Shanxi Province, as well as the strong economic growth in the Bohai region.

Tangjin Expressway

Tangjin Expressway is part of the NTHS G25 Changchun–Shenzhen Expressway connecting Tianjin, the north-eastern provinces, and the Central and Southern China. It also serves as the outer ring road of the east of Tangshan City.

Performance of the expressway recovered dramatically after completion of the major repair and maintenance program of the Beijing–Shenyang Expressway and Jintang Expressway (Tianjin portion) in the second half of 2010. Both traffic volume and toll revenue recorded an annual growth of 37% in the first half of this year. Benefited from the robust economic development in the Tangshan Port region, the Caofeidian Industrial Zone in particular, as well as being the most convenient route connecting the north-eastern provinces and the Central and Southern China, the project is expecting a promising future in the years to come.

Changyi Expressway

Changyi Expressway is part of the NTHS G5513 Changsha–Changde Expressway. It serves as the western entrance to Changsha, the provincial city of Hunan Province and an important gateway to Zhangjiajie, one of the national scenery spots in the PRC.

As a result of the completion of the road widening works in the 14 kilometres section connecting the expressway to the centre of Changsha City in the second half of last year, traffic volume and toll revenue of the expressway increased by 19% and 12% respectively in the first half of the year. Further surge in revenue is expected after the connection between Jishou in Hunan Province and Chongqing has commenced service.

Management Discussion and Analysis

TOLL ROAD BUSINESS *(continued)*

Overview of New Project

In April this year, the Group entered into a capital contribution agreement and a joint venture agreement with certain PRC partners for the joint construction, investment, operation and management of Longcheng Expressway project in Jinzhong City, Shanxi Province. Formal approvals from the relevant government authorities were obtained in June for the set up of the new joint venture company and the Group is now in the process of injecting capital thereto. Longcheng Expressway is a 71.6 kilometres six-lane expressway located at the southeast of Taiyuan City, Shanxi Province. It starts at Yuci Longbai Village which locates at the east of Taiyuan City and connects with Taijiu Expressway, and ends at Chengzhao in Qixian which connects with Dayun Expressway.

Upon completion, Longcheng Expressway will become the southeast section of the outer-ring road of the city centre of Taiyuan and Jinzhong, carrying the eastbound freight transport traffic from southern Shanxi Province and Shaanxi Province to the Bohai region. Currently, the construction of the project is over 50% completed. It is expected that the expressway will commence operation by the end of this year or early next year.

Disposal of Highway Project

During the reporting period, the Group maintained its strategies to optimise the portfolio of the toll road business. In June 2011, the Group, in catering for the development of the Taiyuan City, Shanxi Province, agreed to withdraw from the Taiyu Highway and obtained a compensation payment of RMB25 million. Such disposal is consistent with the Group's strategy and has minimal impacts on its overall financial results.

PROPERTY BUSINESS

Financial Review

	For the six months ended 30 June	
	2011 (Unaudited) HK\$'million	2010 (Unaudited) HK\$'million
Income	2,884	2,060
Profit after taxation	373	240

Revenue contributed by the delivery of properties for the period under review amounted to HK\$2,884 million (30 June 2010: HK\$2,060 million), representing a 40% growth over that of last year. The increase in completed properties and contracted sales caused the amount of delivered properties to raise from 202,000 sqm for the same period last year to 392,000 sqm for the current period. As a result, profit after taxation of the property development business increased notably by 55% to HK\$373 million (30 June 2010: HK\$240 million).

Management Discussion and Analysis

PROPERTY BUSINESS *(continued)*

Contracted Sales and Delivered Properties

Set out below is an analysis of the Group's contracted sales and delivered properties (excluding car parking spaces) by region for the first half of 2011:

Regions (Notes)	Contracted Sales		Properties Delivered	
	Amount RMB'million	GFA Sqm	Amount RMB'million	GFA Sqm
Northern China	717	75,000	124	18,000
Eastern China	1,356	123,000	1,864	271,000
Central China	300	30,000	353	73,000
Southern China	38	2,000	89	6,000
Total	2,411	230,000	2,430	368,000

Notes:

Northern China comprises Beijing, Tianjin, Hebei Province and Shandong Province.

Eastern China comprises Shanghai and Jiangsu Province.

Central China comprises Henan Province and Hubei Province.

Southern China represents Guangdong Province.

The average selling price of the Group's contracted sales for the first half of 2011 exceeded RMB10,000 per sqm, representing an increase of over 30% as compared with that of the corresponding period last year.

Landbank

The Group's landbank includes properties under planning and construction, properties held for sale and properties held for investment. As at 30 June 2011, the Group's landbank had an attributable GFA of over 4.87 million sqm and was mainly located in the following regions:

Provinces/Municipalities	Number of Projects Units	GFA Sqm
Beijing	3	383,000
Tianjin	2	662,000
Shanghai	3	265,000
Jiangsu Province	5	2,069,000
Hebei Province	2	257,000
Henan Province	3	430,000
Shandong Province	2	426,000
Guangdong Province	3	378,000

For the first half of 2011, there was GFA of 292,000 sqm of area commenced construction works while properties with GFA of 449,000 sqm were completed. It is expected that new construction area and completion area in the second half of 2011 are 1,294,000 sqm and 397,000 sqm respectively.

Management Discussion and Analysis

PROPERTY BUSINESS *(continued)*

Overview of Major Projects

Beijing – Songs & Sea

The contracted sales of Songs & Sea for the first half of 2011 was RMB212 million with an average selling price of approximately RMB17,800 per sqm. This represented an increment of 8% over that of the second half of 2010. In the first half of 2011, the value and GFA of properties delivered were RMB9 million and 600 sqm respectively. It is expected that a total area of 35,000 sqm will be delivered in the second half of 2011.

Tianjin – The Aurora City of Charm

In the first half of 2011, the contracted sales of the residential properties of The Aurora City of Charm was RMB44 million, with an average selling price of approximately RMB11,400 per sqm. It was broadly in line with that of the second half of 2010. A new residential phase of The Aurora City of Charm is scheduled for sales by the fourth quarter of 2011 and the delivery of this phase is expected to be after 2012.

“Joypark”, the commercial project of The Aurora City of Charm, commenced business in the first half of the year and has housed a number of renowned restaurants.

Shijiazhuang – International City

The contracted sales of International City for the first half of 2011 was RMB129 million. The average selling price was approximately RMB9,700 per sqm, representing a rise of 9% over that of the second half of 2010. A substantial part of the project with the total area of approximately 45,000 sqm will be delivered in the second half of the year.

Jinan – Royal Panorama

In the first half of 2011, the contracted sales of Royal Panorama was RMB147 million, with an average selling price of approximately RMB8,400 per sqm. This represented an increment of 5% over that of the second half of 2010. The majority of this year’s delivery, amounted to about 59,000 sqm, will take place in the second half of the year.

Shanghai – Shine June Garden

The contracted sales of Shine June Garden for the first half of 2011 amounted to RMB387 million, with an average selling price of approximately RMB23,600 per sqm and RMB15,600 per sqm for semi-detached villas and apartments respectively. The said average selling prices represented a rise of 14% and 22% for semi-detached villa and apartments over that of the second half of 2010 respectively. In the first half of 2011, the value and GFA of the delivered properties were RMB80 million and 3,700 sqm respectively. The Group expects to deliver a further 66,000 sqm in the second half of 2011.

Suzhou – Phoenix City

In the first half of 2011, the contracted sales of the “i-Zone” project was RMB391 million and its average selling price was RMB9,200 per sqm, representing an increment of 6% over that of the second half of 2010. The contracted sales of the “Forest & Valley Villa” project was RMB100 million and its average selling price was approximately RMB17,200 per sqm, representing an increase of 5% over that of the second half of 2010. It is anticipated that Phase 3 of “i-Zone” and Phase 2 of “Forest & Valley Villa” will be available for sale in the fourth and third quarter of 2011 respectively. During the period under review, the value and GFA of the delivered property of “i-Zone” were RMB728 million and 99,000 sqm respectively, while those for “Forest & Valley Villa” were RMB90 million and 5,500 sqm respectively. The Group expects to deliver a total area of 10,000 sqm for Phoenix City in the second half of 2011.

Management Discussion and Analysis

PROPERTY BUSINESS *(continued)*

Overview of Major Projects *(continued)*

Changzhou – Royal City

In the first half of 2011, the contracted sales of Royal City amounted to RMB311 million. The average selling prices for villas and apartments during the period under review were RMB16,600 and RMB8,400 respectively, representing a surge of 75% and 12% over that of the second half of 2010 respectively. It is anticipated that Phase 5 of the project will be available for sale in the third quarter of 2011. The value and GFA of the delivered property in the first half of 2011 were RMB90 million and 9,000 sqm respectively. It is expected that a further 46,000 sqm will be delivered in the second half of 2011.

Changzhou – Vista Panorama

In the first half of 2011, the contracted sales of Vista Panorama amounted to RMB137 million, with an average selling price of approximately RMB8,900 per sqm, representing a surge of 25% over that of the second half of 2010. During the period under review, the value and GFA of the delivered property were RMB872 million and 153,000 sqm respectively.

Zhengzhou – Central Special Zone

The contracted sales of Central Special Zone for the first half of the year was RMB151 million and the average selling price was approximately RMB9,100 per sqm for residential properties and RMB12,600 per sqm for office buildings. The average selling price of the residential properties represented a surge of 26% over that of the second half of 2010. In the first half of 2011, the value and GFA delivered amounted to RMB182 million and 31,500 sqm respectively. The Group expects to deliver a further 4,000 sqm in the second half of 2011.

Overview of New Projects

In respect of the Group's new projects, Huadu Project in Guangzhou, Lihu Project in Wuxi, Waigang Project in Shanghai and Changping Project in Beijing are respectively named as "J.o.Y. Heights", "The Providence", "Northern Suburb Manor" and "RK World City". The construction of the first phase of the aforesaid projects has or will be commenced in the second and third quarters of 2011.

During the period under review, the Group has fully settled the land premium of the above new projects.

Disputes in connection with Sunco Property Holdings Company Limited

The relevant claims have been transferred to the Tianjin Municipal Government for mediation and the negotiation process is underway. Further announcement will be made after a concrete arrangement has been reached.

Management Discussion and Analysis

FINANCIAL REVIEW

Unaudited Condensed Consolidated Income Statement

The table below extracted major items from the unaudited condensed consolidated income statement of the Group for each of the periods ended 30 June 2011 and 2010.

	For the six months ended 30 June	
	2011	2010
	HK\$'million	HK\$'million
Revenue	<u>2,884</u>	<u>2,060</u>
Gross profit	652	708
Interest and other income/expenses, net	259	72
Selling and operating expenses	(326)	(272)
Share of results of joint ventures	176	192
Finance costs	<u>(91)</u>	<u>(45)</u>
Profit before taxation	670	655
Income tax expenses	<u>(313)</u>	<u>(386)</u>
Profit after taxation	357	269
Minority Interests	<u>6</u>	<u>(4)</u>
Profit after taxation and minority interests	<u>363</u>	<u>265</u>

Revenue and Gross Profit

The details of the revenue and gross profit for the period under review have been included in the section headed "Financial Review" of "Property Business".

Interest and Other Income/Expenses, Net

The increment in net other income was mainly due to the recognition of exchange gains and increase in fair value gain on the investment properties during the period under review. The increment was partly offset by the impairment provision made for certain of the joint venture infrastructure projects.

Selling and Operating Expenses

The increase in the selling and operating expenses was mainly due to the increase in selling and marketing activities, the increase in legal and professional fees incurred for the financing activities and accelerated by the inflationary impact.

Share of Results of Joint Ventures

This represented mainly the share of results of the infrastructure joint ventures of the Group for the period under review.

Finance Costs

The increase in the finance costs was mainly due to higher interest expenses incurred after the issue of US\$350 million 9.5% fixed rate guaranteed senior notes due 2015 and RMB1,300 million 6.0% fixed rate guaranteed senior notes due 2014 in September 2010 and February 2011 respectively.

Management Discussion and Analysis

FINANCIAL REVIEW *(continued)*

Unaudited Condensed Consolidated Income Statement *(continued)*

Income Tax Expenses

Income tax expenses comprised mainly profit tax and land appreciation tax. The decrease of income tax expenses was mainly attributable to the lower margin generated by the properties delivered during the period under review.

Unaudited Condensed Consolidated Statement of Financial Position

The table below summarised the major items of the consolidated statement of financial position of the Group as at 30 June 2011 and 31 December 2010.

	At 30 June 2011 HK\$'million	At 31 December 2010 HK\$'million
Non-current assets		
– Interests in joint ventures	3,686	3,855
– Investments in investment properties	1,815	715
– Other non-current assets	404	177
	5,905	4,747
Current assets		
– Inventory of properties (including prepayment for land leases)	19,873	16,280
– Bank balances and cash (including pledged bank deposits)	3,615	5,420
– Other current assets	1,011	1,239
	24,499	22,939
Current Liabilities		
– Deposits from pre-sale of properties	(5,400)	(5,214)
– Bank and other borrowings – due within one year	(4,185)	(3,003)
– Other current liabilities	(3,465)	(3,095)
	(13,050)	(11,312)
Non-current liabilities	(6,357)	(5,970)
Total equity	10,997	10,404

Management Discussion and Analysis

FINANCIAL REVIEW *(continued)*

Unaudited Condensed Consolidated Statement of Financial Position *(continued)*

Interests in Joint Ventures

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

Investments in Investment Properties

This comprised carrying value of the investment properties, details of which are set out in notes 12 and 17 of the unaudited condensed consolidated financial statements. The increment was mainly due to the inclusion of the investment properties to be developed in Beijing as well as the development of existing investment properties in Changzhou.

Other Non-current Assets

The increase for the period under review was due to the deposit paid for the capital contribution in connection with the acquisition of 40% equity interest of Longcheng Expressway at a consideration of RMB400 million. The details of the said acquisition were stated under the Section "Overview of New Project" of "Toll Road Business".

Inventory of Properties (including Prepayment for Land Leases)

The increases of the balances were mainly due to the payment of the land premium of the new projects located in Beijing, Shanghai and Wuxi. The details of which were included in the Section headed "Overview of New Projects" of "Property Business".

Bank Balances and Cash (including Pledged Bank Deposits)

The decrease in balance was mainly due to the settlement of premium for several pieces of land acquired during the period and to a certain extent, set off by the issue of RMB1,300 million 6.0% fixed rate guaranteed senior notes due 2014 and the result of the conservative cash management policy in light of the unstable market sentiment.

Other Current Assets

The decrease of other current assets mainly represented the refund of deposits paid for tendering several pieces of land; but offset by the increase in prepaid business and other taxes.

Deposits for Pre-sale of Properties

At 30 June 2011, the total area pre-sold yet to be delivered was 560,000 sqm.

Bank and Other Borrowings – Due within One Year and Non-current Liabilities

They represented mainly the guaranteed senior notes that the Group issued in the past few years and the project development loans. The increase of the balance was mainly due to the issue of RMB1,300 million 6.0% fixed rate guaranteed senior notes in February 2011. Subsequent to the reporting period, the outstanding principal of the US\$200 million 6.25% fixed rate guaranteed notes due 2011 was redeemed on 15 July 2011. Details of the loan profile are set out in the paragraph headed "Debt and Gearing".

Management Discussion and Analysis

FINANCIAL REVIEW *(continued)*

Unaudited Condensed Consolidated Statement of Cashflow

The table below summarised the major items of the unaudited condensed consolidated statement of cashflow of the Group for each of the periods ended 30 June 2011 and 2010.

	For the six months ended 30 June	
	2011	2010
	HK\$'million	HK\$'million
Net cash (used in) from operating activities	(3,147)	193
Net cash from investing activities	190	190
Net cash from (used in) financing activities	1,021	(182)
Effect of changes in foreign exchange rates	162	7
Cash and cash equivalents at 1 January	5,230	2,887
Cash and cash equivalents at 30 June	3,456	3,095

Net Cash (used in) from Operating Activities

The significant decrease was mainly due to the settlements of the land premium for land parcels newly acquired in Beijing, Shanghai and Wuxi.

Net Cash from Investing Activities

The net cash from investing activities for the period under review represented mainly the cash distributed or dividends received from the joint venture infrastructure projects and offset by the deposits paid for the acquisition of Longcheng Expressway. The receipts of cash for last period were set off by the considerations paid for a property subsidiary in Shijiazhuang.

Net Cash from (used in) Financing Activities

The net increment for the period under review was mainly due to the issue of RMB1,300 million 6.0% fixed rate guaranteed senior notes due 2014.

Liquidity and Financial Resources

As at 30 June 2011, the equity attributable to the owners of the Company increased to HK\$10,739 million (31 December 2010: HK\$10,288 million). The increase was mainly attributable to the profit generated during the period. Net assets per share attributable to the owners of the Company increased to HK\$14.5 (31 December 2010: HK\$13.9).

As at 30 June 2011, the Group's total assets were HK\$30,404 million (31 December 2010: HK\$27,686 million) and bank balances and cash were HK\$3,456 million (31 December 2010: HK\$5,230 million), of which 62% was denominated in Renminbi and the remaining 38% was mainly denominated in US dollars or HK dollars.

Financing Activities

During the period under review, the Group had issued RMB1,300 million of 6.0% fixed rate guaranteed senior notes and drawn down several project loans in the PRC amounting to RMB752 million in aggregate. These new borrowings were offset by the repayment of certain bank loans in Hong Kong and the PRC.

Management Discussion and Analysis

FINANCIAL REVIEW *(continued)*

Debt and Gearing

As at 30 June 2011, the Group's total borrowings were HK\$9,944 million (31 December 2010: HK\$8,690 million). The maturity profile of the Group's total borrowings is set out as follows:

	30 June 2011	31 December 2010
	HK\$'million	HK\$'million
Repayable:		
Within one year	4,185	3,003
After one year but within two years	–	1,510
After two years but within five years	5,759	4,177
Total Borrowings	9,944	8,690

Due to the aforesaid financing activities, the gross gearing ratio, representing interest bearing borrowings to the equity attributable to the owners of the Company, increased from 84% at the end of 2010 to 93% at 30 June 2011. The net gearing ratio, representing the difference of Group's total interest bearing borrowings and the bank balances and cash (including pledged bank deposits) to the owners' equity of the Company, also increased from 32% at the end of 2010 to 59% as at 30 June 2011 as a result of the settlements of the land premium of the projects in Beijing, Shanghai and Wuxi. As soon as the repayment obligations are met in the second half of 2011 as scheduled, including the redemption of the outstanding 6.25% fixed rate guaranteed notes due in July 2011, the gearing ratios would be gradually reduced.

Other than the following notes, the Group's borrowings are mainly on a floating rate basis:

- (a) US\$200 million 6.25% fixed rate guaranteed notes due in 2011 (already redeemed on 15 July 2011);
- (b) US\$200 million 7.625% fixed rate senior notes due in 2014;
- (c) US\$350 million 9.5% fixed rate guaranteed senior notes due in 2015; and
- (d) RMB1,300 million 6.0% fixed rate guaranteed senior notes due in 2014.

Interest coverage for the reporting period was 10.2 times (30 June 2010: 18.9 times).

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 is made under collective but extensive considerations on liquidity risk, financing cost and exchange rate risk.

Charges on Assets

As at 30 June 2011, bank balances of HK\$159 million (31 December 2010: HK\$190 million) were pledged as security in favour of banks for certain 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\$1,433 million (31 December 2010: HK\$1,322 million) were pledged as securities for certain loan facilities.

Management Discussion and Analysis

FINANCIAL REVIEW *(continued)*

Exposure on Foreign Exchange Fluctuations and Interest Rates

The Group's borrowings are mainly denominated in US dollars but the cash flow is generated from projects whose earnings were denominated principally in Renminbi. As a result, the Group is exposed to foreign currency risk on the fluctuation of US dollars.

The Group's exposure to interest rate risk results from fluctuation in interest rates for its borrowings denominated in Renminbi and US dollars. The directors of the Company (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.

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

Contingent Liabilities

As at 30 June 2011, the Group had provided guarantees of HK\$5,109 million (31 December 2010: HK\$4,490 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 after the customers have pledged their property certificates as securities to the banks for the mortgage loans granted.

Employees

Excluding the staff of joint ventures, the Group had 1,679 employees as at 30 June 2011. Expenditure on staff (excluding Directors' emoluments and share based payment) amounted to HK\$150 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, no share option was granted.

PROSPECTS

Under the fierce austerity measures exerted by the PRC Government, the Group expects that the money supply in the PRC will continue to be tightened in the second half of the year. This will render the liquidity problems faced by various regions and enterprises becoming more acute, possibly creating favourable investment opportunities for the Group.

The Group will continue to dispose of certain Class I and Class II highways and increase the proportion of expressway assets in its portfolio to optimise and enhance the toll road business. The Group believes that new business opportunities will arise from time to time as the demand for capital is building up in the market.

The Group anticipates that the PRC government will continue to implement stringent austerity measures on the property industry in the second half of 2011. However, with the long established prudent investment strategy and cautious management approach, it is expected that these measures will not have a significant impact on the Group's operations. Furthermore, after years of experience and integration, the Group is confident that the contribution from the property business will continue to improve. Given the right situation, the Group will further acquire new pieces of land to replenish its landbank should there be appropriate opportunities which fit into the Group's cashflow, return target and development strategies.

Dividend

DIVIDEND

The Board has resolved to declare an interim dividend of HK\$0.22 (2010: HK\$0.20) per share for the six months ended 30 June 2011 to the shareholders of the Company whose names appear in the register of members of the Company on 2 September 2011, Friday.

It is expected that the payment of interim dividend will be made on or before 30 September 2011, Friday.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 1 September 2011, Thursday to 2 September 2011, 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 2011, Wednesday.

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 Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) throughout the six months ended 30 June 2011, 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 2011.

Disclosure of Interests

DIRECTORS' INTERESTS AND SHORT POSITIONS

As at 30 June 2011, 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	Notes	Number of shares held		Percentage of holding % (Note 4)
			Long position	Short position	
Zen Wei Pao, William	Personal	1	4,324,000	–	0.58
		2	6,400,000	–	0.86
Ko Yuk Bing	Personal	1 & 3	1,070,000	–	0.14
		2 & 3	8,900,000	–	1.20
Chan Kam Hung	Personal	1	1,000,000	–	0.13
		2	4,300,000	–	0.58
Fong Shiu Leung, Keter	Personal	1	700,000	–	0.09
		2	3,900,000	–	0.53
Zen Wei Peu, Derek	Personal	1	6,053,000	–	0.82
		2	3,150,000	–	0.42
Guo Limin	Personal	2	150,000	–	0.02
Xu Ruxin	Personal	2	150,000	–	0.02
Chow Shiu Kee, Stephen	Personal	1	461,000	–	0.06
		2	500,000	–	0.07
Lau Sai Yung	Personal	1	305,000	–	0.04
		2	500,000	–	0.07
Chow Ming Kuen, Joseph	Personal	2	150,000	–	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. 160,000 shares and 3,000,000 share options of the Company are held by Ms. Chuk Wing Suet, Josephine, the spouse of Mr. Ko Yuk Bing.
4. The percentage was calculated based on 741,934,566 shares of the Company in issue as at 30 June 2011.

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 28 to the consolidated financial statements in the Company's annual report for the year ended 31 December 2010.

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

Name	Notes	Number of share options					Balance at 30.06.2011
		Balance at 01.01.2011	Granted during the period	Exercised during the period	Lapsed during the period	Re-categorised during the period (Note 4)	
Directors							
Zen Wei Pao, William	1	2,500,000	–	–	–	–	2,500,000
	2	2,500,000	–	–	–	–	2,500,000
	3	1,400,000	–	–	–	–	1,400,000
Ko Yuk Bing	1	2,300,000	–	–	–	1,000,000	3,300,000
	2	2,300,000	–	–	–	1,200,000	3,500,000
	3	1,300,000	–	–	–	800,000	2,100,000
Chan Kam Hung	1	1,800,000	–	–	–	–	1,800,000
	2	1,600,000	–	–	–	–	1,600,000
	3	900,000	–	–	–	–	900,000
Fong Shiu Leung, Keter	1	1,400,000	–	–	–	–	1,400,000
	2	1,600,000	–	–	–	–	1,600,000
	3	900,000	–	–	–	–	900,000
Zen Wei Peu, Derek	1	800,000	–	–	–	–	800,000
	2	1,500,000	–	–	–	–	1,500,000
	3	850,000	–	–	–	–	850,000
Guo Limin	3	150,000	–	–	–	–	150,000
Xu Ruxin	3	150,000	–	–	–	–	150,000
Chow Shiu Kee, Stephen	1	250,000	–	–	–	–	250,000
	2	100,000	–	–	–	–	100,000
	3	150,000	–	–	–	–	150,000
Lau Sai Yung	1	250,000	–	–	–	–	250,000
	2	100,000	–	–	–	–	100,000
	3	150,000	–	–	–	–	150,000
Chow Ming Kuen, Joseph	3	150,000	–	–	–	–	150,000
Total		25,100,000	–	–	–	3,000,000	28,100,000

Disclosure of Interests

DIRECTORS' INTERESTS AND SHORT POSITIONS *(continued)*

(II) Underlying Shares – Share Options *(continued)*

Name	Notes	Number of share options					Balance at 30.06.2011
		Balance at 01.01.2011	Granted during the period	Exercised during the period	Lapsed during the period	Re-categorised during the period (Note 4)	
Others							
Employees	1	3,590,000	–	–	–	(1,000,000)	2,590,000
	2	6,380,000	–	–	(200,000)	(1,200,000)	4,980,000
	3	8,533,000	–	–	(560,000)	(800,000)	7,173,000
		18,503,000	–	–	(760,000)	(3,000,000)	14,743,000
Grand Total		43,603,000	–	–	(760,000)	–	42,843,000

Notes:

- 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.
- 1,000,000 share options at the exercise price of HK\$11.66, 1,200,000 share options at the exercise price of HK\$14.85 and 800,000 share options at the exercise price of HK\$6.79 held by Ms. Chuk Wing Suet, Josephine, the spouse of Mr. Ko Yuk Bing, was re-categorised from Section "Others" to Mr. Ko Yuk Bing under Section "Directors" in May 2011.

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 2011, the interests or short positions of every person, 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	–	38.59
Wai Kee (Zens) Holding Limited (Note 3)	Corporate	286,317,428	–	38.59
Groove Trading Limited (Note 4)	Personal/Beneficiary	65,918,000	–	8.88
Wai Kee China Investments (BVI) Company Limited (Note 4)	Corporate	217,399,428	–	29.30
Wai Kee China Investments Company Limited (Note 5)	Corporate	217,399,428	–	29.30
ZWP Investments Limited (Note 6)	Personal/Beneficiary	217,399,428	–	29.30
深業集團有限公司 (Shum Yip Holdings Company Limited) (Note 7)	Corporate	202,334,142	–	27.27
Shum Yip Holdings Company Limited (Note 8)	Corporate	202,334,142	–	27.27
Shenzhen Investment Limited (Note 9)	Corporate	202,334,142	–	27.27
Hover Limited (Note 10)	Personal/Beneficiary	202,334,142	–	27.27

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 (incorporated in Hong Kong).
8. Shum Yip Holdings Company Limited (incorporated in Hong Kong) is deemed to be interested in the shares of the Company through its 43.09% 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 741,934,566 shares of the Company in issue as at 30 June 2011.

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 Disclosures

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 2011.

Subsequent to the reporting period, Road King Infrastructure Finance (2004) Limited, a wholly-owned subsidiary of the Company, redeemed all the outstanding principal amount of its US\$200 million 6.25% fixed rate guaranteed notes due 2011 ("2004 Notes") on 15 July 2011 (being the maturity date of 2004 Notes) at the redemption price equal to 100% of the outstanding principal amount of 2004 Notes, which is US\$162,231,000 plus accrued interest of US\$5,069,718.75 (the "Redemption").

Following the completion of the Redemption, 2004 Notes were cancelled and delisted from the official list of the Singapore Exchange Securities Trading Limited ("SGX") by the SGX.

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) As at 30 June 2011, there were altogether 40 infrastructure joint ventures and one property development joint venture. All these companies were regarded as joint ventures irrespective of the Group's equity interests. The Group's investments were made 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 was in proportion to the respective interests in each joint venture.
- (b) During the period, the Group did not provide any guarantee in respect of the banking facilities utilised by the joint ventures.
- (c) The total amount of loans to the joint ventures were HK\$2,854 million which exceeds 8% of the Group's adjusted total assets of HK\$30,241 million (being the Group's total assets as at 30 June 2011 adjusted for the interim dividend declared for the six months ended 30 June 2011 by the Company) as at 30 June 2011. 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 unaudited condensed consolidated financial statements, the loans are also interest free and have no definite repayment terms.
- (d) The loans to the joint ventures were reflected in the unaudited condensed consolidated financial statements as part of the cost of investment and were funded by equities raised at the listing of the Company, bank and other borrowings, or internal resources of the Group.

2. Pursuant to Rule 13.18 of the Listing Rules:

Notes

The Company is obliged to make an offer to repurchase all US\$150 million floating rate senior notes due 2012, US\$200 million 7.625% fixed rate senior notes due 2014, RMB1,300 million 6.0% fixed rate guaranteed senior notes due 2014 and US\$350 million 9.5% fixed rate guaranteed senior notes due 2015 (the "Notes") then outstanding at a purchase price equal to 101% of the principal amount, plus unpaid interest accrued, 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.

Loan facility

On 4 July 2011, RKP Finance (2011) Limited ("RKP Finance"), a wholly-owned subsidiary of the Company, was granted a three-year term loan facility up to HK\$390 million (the "Loan Facility"). For so long as the Loan Facility is made available to RKP Finance, Wai Kee Holdings Limited is required to maintain as the single largest shareholder of the Company.

Other Disclosures

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 adjusted financial statements prepared under the accounting principles generally accepted in Hong Kong as at 30 June 2011, is as follows:

	At 30 June 2011 (Unaudited) HK\$'000
Statement of Financial Position	
Non-current assets	8,419,994
Current assets	2,087,316
Current liabilities	<u>(969,911)</u>
Net current assets	1,117,405
Non-current liabilities	<u>(693,662)</u>
Net assets	<u>8,843,737</u>

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

	% of interest held indirectly by the Company	Loan to joint venture HK\$'000
Infrastructure Joint Ventures		
Anhui Road Universe Hefei Highway Development Co., Ltd.	50%	124,677
Anhui Road Universe Hehuai Highway Dayang Section Development Company Limited	60%	80,118
Anhui Road Universe Hehuai Highway Yangjin Section Development Company Limited	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 Development Co., Ltd.	35%	43,253
Bengbu Road King Huaiyuan-Mengcheng 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

Other Disclosures

CONTINUING DISCLOSURE OF THE LISTING RULES *(continued)*(b) Details of the joint ventures are as follows: *(continued)*

	% of interest held indirectly by the Company	Loan to joint venture HK\$'000
Infrastructure Joint Ventures <i>(continued)</i>		
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 Company Limited	45%	182,778
Hebei Tangjin Expressway Company Limited	45%	159,225
Hebei Tangrun Expressway Company Limited	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%	71,116
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
Shanxi Lutong Dongguan Highway Company Limited	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
Property Development Joint Venture		
上海順馳方城置業有限公司*	31.50%	45,000
		<u>2,854,012</u>

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

Other Disclosures

CONTINUING DISCLOSURE OF THE LISTING RULES *(continued)*

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:

Name of Directors	Details of changes
Mr. Ko Yuk Bing	He married Ms. Chuk Wing Suet, Josephine, the Deputy Chief Operating Officer of the Company, in May 2011.
Mr. Guo Limin	His annual emolument was revised from HK\$200,000 to HK\$210,000 for the period from the following day of the annual general meeting this year (held on 25 May 2011) to the annual general meeting next year.
Mr. Xu Ruxin	He resigned as the President of Shum Yip Holdings Company Limited, an Executive Director and the President of Shenzhen Investment Limited (<i>HK stock code: 604</i>) on 21 June 2011. He also resigned as a Non-executive Director of Coastal Greenland Limited on 18 July 2011 (<i>HK stock code: 1124</i>). His annual emolument was revised from HK\$200,000 to HK\$210,000 for the period from the following day of the annual general meeting this year (held on 25 May 2011) to the annual general meeting next year.
Mr. Lam Wai Hon, Patrick	He resigned as a Director of Guangdong Baolihua New Energy Stock Co., Ltd. (<i>Shenzhen stock code: 000690</i>) on 1 April 2011. He was appointed as the Vice-Chairman and a Non-executive Director of Newton Resources Ltd (<i>HK stock code: 1231</i>) on 20 May 2011, the shares of which were listed on the Stock Exchange on 4 July 2011. His annual emolument was revised from HK\$200,000 to HK\$210,000 for the period from the following day of the annual general meeting this year (held on 25 May 2011) to the annual general meeting next year.
Mr. Lau Sai Yung	His annual emolument was revised from HK\$370,000 to HK\$397,000 for the period from the following day of the annual general meeting this year (held on 25 May 2011) to the annual general meeting next year.
Mr. Chow Shiu Kee, Stephen	His annual emolument was revised from HK\$365,000 to HK\$392,000 for the period from the following day of the annual general meeting this year (held on 25 May 2011) to the annual general meeting next year.
Dr. Chow Ming Kuen, Joseph	His annual emolument was revised from HK\$345,000 to HK\$370,000 for the period from the following day of the annual general meeting this year (held on 25 May 2011) to the annual general meeting next year.

Other Disclosures

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 unaudited condensed consolidated financial statements for the six months ended 30 June 2011, including the accounting principles and practices adopted by the Group, in conjunction with the Company's external auditor.

ACKNOWLEDGEMENT

The Board expresses its sincere gratitude to the business partners, customers and shareholders for their enduring support, and thank all staff for their dedication and hard work.

Corporate Information

EXECUTIVE DIRECTORS

Zen Wei Pao, William (*Chairman*)
Ko Yuk Bing (*Deputy Chairman, Managing Director and 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

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

PRINCIPAL BANKERS

The PRC
Agricultural Bank of China Limited
China Construction Bank Corporation
Industrial and Commercial Bank of China Limited

Hong Kong
CITIC Bank International Limited
Hang Seng Bank Limited
The Hongkong and Shanghai Banking Corporation 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

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Tower 6, The Gateway
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Hong Kong

WEBSITES

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

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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Condensed Consolidated Income Statement

For the six months ended 30 June 2011

	Notes	Six months ended 30 June	
		2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000
Revenue	3	2,884,167	2,059,624
Cost of sales		(2,232,631)	(1,351,911)
Gross profit		651,536	707,713
Interest income		16,391	14,687
Other income		11,638	25,923
Other gains and losses	5	231,890	31,692
Selling expenses		(89,085)	(68,810)
Operating expenses		(237,263)	(202,743)
Share of results of joint ventures	6	175,835	192,235
Finance costs	7	(90,816)	(45,614)
Profit before taxation	8	670,126	655,083
Income tax expenses	9	(313,109)	(385,632)
Profit for the period		357,017	269,451
Profit (loss) attributable to:			
Owners of the Company		363,313	265,465
Non-controlling interests		(6,296)	3,986
		357,017	269,451
Earnings per share	11		
– Basic		HK\$0.49	HK\$0.36
– Diluted		HK\$0.49	HK\$0.36

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2011

	Six months ended 30 June	
	2011	2010
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Profit for the period	357,017	269,451
Other comprehensive income		
Exchange difference arising on translation to presentation currency	<u>262,360</u>	<u>22,535</u>
Total comprehensive income for the period	<u>619,377</u>	<u>291,986</u>
Total comprehensive income (expense) attributable to:		
Owners of the Company	621,855	287,786
Non-controlling interests	<u>(2,478)</u>	<u>4,200</u>
	<u>619,377</u>	<u>291,986</u>

Condensed Consolidated Statement of Financial Position

At 30 June 2011

	Notes	30 June 2011 (Unaudited) HK\$'000	31 December 2010 (Audited) HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		61,262	60,043
Investment properties	12	1,196,810	715,386
Prepayment for land leases	17	618,642	–
Interests in joint ventures	13	3,686,334	3,855,047
Deposit paid for capital contribution to a joint venture	14	238,095	–
Deferred tax assets		13,753	6,500
Long-term receivables	15	90,375	110,634
		<u>5,905,271</u>	<u>4,747,610</u>
Current assets			
Inventory of properties	16	15,545,897	14,496,917
Prepayment for land leases	17	4,327,239	1,783,378
Loan to a joint venture	18	45,000	43,649
Loan to a related company		–	23,400
Debtors, deposits and prepayments	19	584,992	974,810
Prepaid income tax		380,484	196,694
Pledged bank deposits	20	158,838	189,546
Bank balances and cash		3,456,446	5,230,371
		<u>24,498,896</u>	<u>22,938,765</u>
Total assets		<u>30,404,167</u>	<u>27,686,375</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	21	74,193	74,193
Reserves		10,665,152	10,213,942
		<u>10,739,345</u>	<u>10,288,135</u>
Non-controlling interests		<u>257,583</u>	<u>115,663</u>
Total equity		<u>10,996,928</u>	<u>10,403,798</u>
Non-current liabilities			
Bank and other borrowings – due after one year	22	5,759,227	5,686,644
Loans from non-controlling interests of a subsidiary	23	231,429	–
Deferred tax liabilities		367,072	283,470
		<u>6,357,728</u>	<u>5,970,114</u>
Current liabilities			
Creditors and accrued charges	24	2,769,595	2,419,010
Deposits from pre-sale of properties		5,400,072	5,213,949
Income tax payable		695,162	676,081
Bank and other borrowings – due within one year	22	4,184,682	3,003,423
		<u>13,049,511</u>	<u>11,312,463</u>
Total equity and liabilities		<u>30,404,167</u>	<u>27,686,375</u>

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2011

	Attributable to owners of the Company									
	Share capital	Share premium	Foreign currency translation reserve	Special reserve	Share option reserve	Statutory reserve	Retained profits	Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 January 2010 (audited)	73,912	3,143,206	1,198,504	1,260,000	82,641	37,548	4,055,754	9,851,565	180,778	10,032,343
Profit for the period	-	-	-	-	-	-	265,465	265,465	3,986	269,451
Exchange difference 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	73,912	3,143,206	1,220,825	1,260,000	82,641	37,548	4,321,219	10,139,351	184,978	10,324,329
Issue of ordinary shares upon exercise of share options	100	5,700	-	-	-	-	-	5,800	-	5,800
Lapse 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)	74,012	3,149,140	1,246,678	1,260,000	99,422	45,063	4,070,696	9,945,011	94,773	10,039,784
Balance at 1 January 2011 (audited)	74,193	3,159,965	1,367,840	1,260,000	97,525	45,063	4,283,549	10,288,135	115,663	10,403,798
Profit (loss) for the period	-	-	-	-	-	-	363,313	363,313	(6,296)	357,017
Exchange difference arising on translation to presentation currency	-	-	258,542	-	-	-	-	258,542	3,818	262,360
Total comprehensive income (expense) for the period	-	-	258,542	-	-	-	363,313	621,855	(2,478)	619,377
Sub-total	74,193	3,159,965	1,626,382	1,260,000	97,525	45,063	4,646,862	10,909,990	113,185	11,023,175
Lapse of share options	-	-	-	-	(1,427)	-	1,427	-	-	-
Capital contributions from non-controlling interests of a subsidiary	-	-	-	-	-	-	-	-	144,398	144,398
Dividend	-	-	-	-	-	-	(170,645)	(170,645)	-	(170,645)
Balance at 30 June 2011 (unaudited)	74,193	3,159,965	1,626,382	1,260,000	96,098	45,063	4,477,644	10,739,345	257,583	10,996,928

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2011

	Six months ended 30 June	
	2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000
Net cash (used in) from operating activities:		
Prepayment for land leases	(3,977,899)	(829,545)
Decrease in inventory of properties	134,955	119,112
Increase in deposits from pre-sale of properties	24,738	1,212,912
Other operating cash flows	670,845	(309,924)
	<u>(3,147,361)</u>	<u>192,555</u>
Net cash from investing activities:		
Cash distributions/dividends received from joint ventures	388,756	364,623
Additions to investment properties	(71,465)	(31,010)
Net cash outflow from acquisition of subsidiaries	–	(212,952)
Deposit paid for capital contribution to a joint venture	(238,095)	–
Capital contribution to an infrastructure joint venture	(11,549)	–
Receipt of loan settlement from a related company	23,400	–
Receipt of deferred consideration on disposal of interest in a joint venture	27,713	–
Decrease in pledged bank deposits	36,575	63,479
Other investing cash flows	35,203	6,598
	<u>190,538</u>	<u>190,738</u>
Net cash from (used in) financing activities:		
New borrowings raised	2,522,619	816,260
Repayment of borrowings	(1,401,259)	(616,776)
Capital contributions from non-controlling interests of a subsidiary	144,398	–
Loans from non-controlling interests of a subsidiary	231,429	–
Issue of ordinary shares	–	5,800
Interest paid	(305,536)	(165,375)
Dividend paid	(170,645)	(222,035)
	<u>1,021,006</u>	<u>(182,126)</u>
Net (decrease) increase in cash and cash equivalents	(1,935,817)	201,167
Cash and cash equivalents at 1 January	5,230,371	2,887,090
Effect of changes in foreign exchange rate	161,892	6,562
Cash and cash equivalents at 30 June	<u>3,456,446</u>	<u>3,094,819</u>
Analysis of balances of cash and cash equivalents		
Bank balances and cash	<u>3,456,446</u>	<u>3,094,819</u>

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2011

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 on The Stock Exchange of Hong Kong Limited 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 and methods of computation 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 2010 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)	Improvements to HKFRSs 2010
HKAS 24 (Revised 2009)	Related Party Disclosures
HKAS 32 (Amendments)	Classification of Rights Issues
HK(IFRIC) – Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments

The application of the 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 and amendments that have been issued but are not yet effective.

HKFRS 1 (Amendments)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters ¹
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets ¹
HKFRS 9	Financial Instruments ⁴
HKFRS 10	Consolidated Financial Statements ⁴
HKFRS 11	Joint Arrangements ⁴
HKFRS 12	Disclosure of Interests in Other Entities ⁴
HKFRS 13	Fair Value Measurement ⁴
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income ³
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets ²
HKAS 19 (Revised 2011)	Employee Benefit ⁴
HKAS 27 (as revised in 2011)	Separate Financial Statements ⁴
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures ⁴

¹ Effective for annual periods beginning on or after 1 July 2011

² Effective for annual periods beginning on or after 1 January 2012

³ Effective for annual periods beginning on or after 1 July 2012

⁴ Effective for annual periods beginning on or after 1 January 2013

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2011

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

The amendments to HKAS 12 “Deferred Tax: Recovery of Underlying Assets” mainly deal with the measurement of deferred tax for investment properties that are measured using the fair value model in accordance with HKAS 40 “Investment Property”. Based on the amendments, for the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties measured using the fair value model, the carrying amounts of the investment properties are presumed to be recovered through sale, unless the presumption is rebutted in certain circumstances. The directors of the Company (the “Directors”) anticipate that the application of the amendments to HKAS 12 may have an impact on deferred tax recognised for investment properties that are measured using the fair value model. The Group is in the process of quantifying the potential financial impact on deferred tax recognised for investment properties that are measured using the fair value model.

HKFRS 11 replaces HKAS 31 “Interests in Joint Ventures”. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under HKFRS 11, there are two types of joint arrangements: joint ventures and joint operations. The classification in HKFRS 11 is based on parties’ rights and obligations under the arrangements. In contrast, under HKAS 31, there are three different types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. The Group is in the process of assessing the potential financial impact on the application of HKFRS 11.

The Directors anticipate that the application of the other new and revised standards and amendments will have no material impact on the results and the financial position of the Group.

3. REVENUE

	Six months ended 30 June	
	2011	2010
	HK\$’000	HK\$’000
Revenue of the Group		
Sale of completed properties held for sale	<u>2,884,167</u>	<u>2,059,624</u>
Group’s share of toll revenue of infrastructure joint ventures	<u>439,460</u>	<u>388,186</u>
Revenue of the Group and Group’s share of toll revenue of infrastructure joint ventures	<u>3,323,627</u>	<u>2,447,810</u>

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2011

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 and investment	–	development of properties for sale and for rental income and/or capital appreciation

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 2011			Six months ended 30 June 2010		
	Toll road HK\$'000	Property development and investment	Total HK\$'000	Toll road HK\$'000	Property development and investment	Total HK\$'000
		HK\$'000			HK\$'000	
Segment revenue	<u>–</u>	<u>2,884,167</u>	<u>2,884,167</u>	<u>–</u>	<u>2,059,624</u>	<u>2,059,624</u>
Segment profit	<u>29,083</u>	<u>373,017</u>	<u>402,100</u>	<u>91,792</u>	<u>240,463</u>	<u>332,255</u>
	At 30 June 2011			At 31 December 2010		
	Toll road HK\$'000	Property development and investment	Total HK\$'000	Toll road HK\$'000	Property development and investment	Total HK\$'000
		HK\$'000			HK\$'000	
Segment assets (including interests in joint ventures)	<u>3,880,022</u>	<u>23,431,891</u>	<u>27,311,913</u>	<u>3,992,321</u>	<u>18,816,164</u>	<u>22,808,485</u>

(a) *Measurement*

Segment profit represents profit earned by each segment, which includes share of results of joint ventures, impairment losses on interests in joint ventures, fair value gains on transfer of completed properties held for sale to investment properties, change in fair value of investment properties, depreciation of property, plant and equipment, relevant interest income and finance costs and income tax expenses attributable to the relevant segment but without allocation of headquarter income and expenses.

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

Segment assets include property, plant and equipment, investment properties, interests in joint ventures, deposit paid for capital contribution to a joint venture, long-term receivables, 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.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2011

4. SEGMENT INFORMATION (continued)

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

	Six months ended 30 June	
	2011 HK\$'000	2010 HK\$'000
Total segment profit	402,100	332,255
Unallocated items:		
Interest income	3,764	1,498
Corporate income	50,892	2,155
Corporate expenses	(13,390)	(25,381)
Finance costs	(86,349)	(41,076)
Consolidated profit for the period	357,017	269,451
	30 June	31 December
	2011	2010
	HK\$'000	HK\$'000
Total segment assets	27,311,913	22,808,485
Unallocated assets:		
Property, plant and equipment	702	789
Loan to a related company	–	23,400
Deposits and prepayments	1,474	3,067
Bank balances and cash	3,090,078	4,850,634
Consolidated total assets	30,404,167	27,686,375

5. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2011 HK\$'000	2010 HK\$'000
Impairment losses on interests in joint ventures	(60,000)	(51,020)
Gains (losses) on disposal of property, plant and equipment	216	(56)
Fair value gains on transfer of completed properties held for sale to investment properties	159,437	–
Change in fair value of investment properties	22,275	73,696
Net exchange gains	109,962	9,072
	231,890	31,692

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2011

6. SHARE OF RESULTS OF JOINT VENTURES

	Six months ended 30 June	
	2011	2010
	HK\$'000	HK\$'000
Share of profits of infrastructure joint ventures before amortisation and taxation	300,363	348,137
Less share of: Amortisation of toll road operation rights	(101,163)	(90,760)
Income tax	(54,550)	(61,668)
	144,650	195,709
Share of profit (loss) of other joint venture	31,185	(3,474)
	175,835	192,235

7. FINANCE COSTS

	Six months ended 30 June	
	2011	2010
	HK\$'000	HK\$'000
Interest on borrowings wholly repayable within five years	320,644	160,208
Other finance costs	27,651	14,276
	348,295	174,484
Less: Capitalised in properties under development for sale	(257,479)	(128,870)
	90,816	45,614

8. PROFIT BEFORE TAXATION

	Six months ended 30 June	
	2011	2010
	HK\$'000	HK\$'000
Profit before taxation has been arrived at after charging:		
Depreciation of property, plant and equipment	5,928	7,719
Less: Capitalised in properties under development for sale	(419)	(377)
	5,509	7,342
and after crediting:		
Bank interest income	14,192	8,620

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2011

9. INCOME TAX EXPENSES

	Six months ended 30 June	
	2011	2010
	HK\$'000	HK\$'000
Current tax:		
PRC enterprise income tax ("EIT")	106,030	193,473
PRC land appreciation tax ("LAT")	123,368	147,729
PRC withholding tax	<u>16,969</u>	<u>26,337</u>
	246,367	367,539
Deferred tax:		
Current period	<u>66,742</u>	<u>18,093</u>
	313,109	385,632

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

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

The provision of LAT is estimated according to the requirements set forth in the relevant tax laws and regulations of the People's Republic of China (the "PRC").

10. DIVIDEND PAID

	Six months ended 30 June	
	2011	2010
	HK\$'000	HK\$'000
2010 final dividend paid of HK\$0.23 (six months ended 30 June 2010: 2009 final dividend paid of HK\$0.30) per share	<u>170,645</u>	<u>222,035</u>

An interim dividend in respect of 2011 of HK\$0.22 (six months ended 30 June 2010: HK\$0.20) per share amounting to a total of approximately HK\$163 million (six months ended 30 June 2010: HK\$148 million) has been declared by the Board on 16 August 2011. 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 741,934,566 shares in issue as at 16 August 2011.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2011

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:

	Six months ended 30 June	
	2011	2010
	HK\$'000	HK\$'000
Earnings for the purposes of basic and diluted earnings per share attributable to the owners of the Company	<u>363,313</u>	<u>265,465</u>
	Number of shares '000	Number of shares '000
Weighted average number of ordinary shares for the purpose of basic earnings per share	741,935	739,647
Effect of dilutive potential ordinary shares:		
Share options	<u>9</u>	<u>76</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>741,944</u>	<u>739,723</u>

12. INVESTMENT PROPERTIES

	30 June 2011	31 December 2010
	HK\$'000	HK\$'000
Completed properties, at fair value		
At 1 January	310,024	171,233
Transfer from completed properties held for sale	203,292	24,804
Fair value gains on transfer of completed properties held for sale to investment properties	159,437	91,013
Change in fair value recognised in profit or loss	11,724	18,171
Exchange difference arising on translation to presentation currency	<u>12,245</u>	<u>4,803</u>
At 30 June/31 December	<u>696,722</u>	<u>310,024</u>
Properties under construction, at fair value		
At 1 January	405,362	84,204
Additions	71,465	155,599
Change in fair value recognised in profit or loss	10,551	161,578
Exchange difference arising on translation to presentation currency	<u>12,710</u>	<u>3,981</u>
At 30 June/31 December	<u>500,088</u>	<u>405,362</u>
Total	<u>1,196,810</u>	<u>715,386</u>

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2011

12. INVESTMENT PROPERTIES *(continued)*

The fair values of investment properties under construction and completed investment properties at the date of transfer, 30 June 2011 and 31 December 2010 were determined by reference to valuations carried out by an independent firm of professional valuers not connected with the Group who hold a recognised and relevant professional qualifications. The valuation report on these properties was signed by directors of the firm of professional valuers who is a member of The Hong Kong Institute of Surveyors. The fair values of the investment properties were determined by the valuers on the following basis:

- | | | |
|-------------------------------|---|---|
| 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, allowances for contingencies as well as developer's profit margin, which reflect the risks associated with the completion of the development of the properties and in achieving the anticipated income or capital appreciation on the date of valuation |

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 measured using the fair value model and are classified and accounted for as investment properties.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2011

13. INTERESTS IN JOINT VENTURES

	30 June 2011 HK\$'000	31 December 2010 HK\$'000
Interests in infrastructure joint ventures		
Cost of investments	4,612,137	4,602,426
Share of post-acquisition profits and other comprehensive income, net of dividends received	3,273,233	3,249,063
Return of cost of investments (note (a))	(3,865,810)	(3,691,024)
Impairment losses on cost of investments (note (b))	(382,341)	(322,341)
	<u>3,637,219</u>	<u>3,838,124</u>
Interests in other joint venture		
Cost of investment	16,123	16,123
Share of post-acquisition profit and other comprehensive income, net of dividend received	32,992	800
	<u>49,115</u>	<u>16,923</u>
	<u>3,686,334</u>	<u>3,855,047</u>

Notes:

- (a) The infrastructure joint ventures distribute the cash surplus to the Group and the other venturers 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 had recognised impairment losses of HK\$60,000,000 (six months ended 30 June 2010: HK\$51,020,000). The recoverable amounts of interests in infrastructure joint ventures are determined based on value-in-use calculations, which were determined by the present value of the estimated future returns on investments from the joint ventures.

14. DEPOSIT PAID FOR CAPITAL CONTRIBUTION TO A JOINT VENTURE

On 14 April 2011, the Group entered into capital contribution agreement with certain independent third parties pursuant to which the Group agreed to contribute RMB400 million (equivalent to HK\$476,190,000) in 晉中龍城高速公路有限責任公司 ("Longcheng Expressway"), a limited liability company established in the PRC, and as a result of such contribution, the Group will own 40% of the increased registered capital of Longcheng Expressway.

Longcheng Expressway will be principally engaged in the construction, operation and management of an expressway project in Shanxi, the PRC. The said expressway is under construction.

At 30 June 2011, the Group has paid a deposit of HK\$238,095,000 for the capital contribution to Longcheng Expressway and the Directors are of the opinion that the procedures for the capital contribution by all the venturers will be completed before 31 December 2011, upon the approval from the relevant government bodies.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2011

15. LONG-TERM RECEIVABLES

It represented the cash advance to Huge Rise Investments Limited and its subsidiaries ("Huge Rise Group"), the independent third parties of the Group. Based on the cash advance agreement dated 4 January 2010, the cash advance will be fully repaid before December 2014 and it is interest bearing at 1% per annum over 3 month HIBOR.

16. INVENTORY OF PROPERTIES

	30 June 2011 HK\$'000	31 December 2010 HK\$'000
Completed properties held for sale	1,259,849	1,449,819
Properties under development for sale (note)	14,286,048	13,047,098
	15,545,897	14,496,917

Note: Included in the amount are properties under development for sale of HK\$12,450,173,000 (31 December 2010: HK\$10,593,495,000) which are expected to be completed and delivered to the customers more than twelve months from the end of the reporting period.

17. PREPAYMENT FOR LAND LEASES

At 30 June 2011, included in non-current assets is a prepayment of HK\$618,642,000 (31 December 2010: nil) which was made for the acquisition of a piece of land in the PRC for investment purpose. Upon completion of the acquisition and delivery of relevant title document to the Group, the prepaid amount will be transferred to the account of "Investment properties".

At 30 June 2011, included in current assets is a total prepayment of HK\$4,327,239,000 (31 December 2010: HK\$1,783,378,000) which was made for the acquisition of certain pieces of land for property development for sale in the PRC. Upon completion of the acquisition and delivery of relevant land title document to the Group, which are expected to occur within the period of twelve months from the end of the reporting period, the prepaid amount will be transferred to the account of "Properties under development for sale".

18. LOAN TO A JOINT VENTURE

At 30 June 2011, the loan to a joint venture of HK\$45,000,000 (31 December 2010: HK\$43,649,000) 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 2010: 5.6%) per annum and repayable in September 2011.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2011

19. DEBTORS, DEPOSITS AND PREPAYMENTS

	30 June 2011 HK\$'000	31 December 2010 HK\$'000
Aged analysis of trade debtors, presented based on invoice date (note):		
Within 60 days	3,656	48,073
60 to 90 days	675	6,277
More than 90 days	8,451	11,778
	12,782	66,128
Deferred consideration on disposal of interest in a joint venture	–	27,713
Interest receivable	–	335
Refundable tender deposits for acquisition of land and toll road project	74,405	517,321
Prepayments of business tax and other taxes	259,336	210,969
Other receivables, deposits and prepayments	238,469	152,344
	584,992	974,810

Note: 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.

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
Authorised:		
Ordinary shares of HK\$0.1 each	20,000,000,000	2,000,000
7.5% convertible preference shares of HK\$0.1 each	518,380	52
Issued and fully paid:		
Ordinary shares		
At 1 January 2011 and 30 June 2011	741,934,566	74,193

The Company has a share option scheme for directors and eligible employees of the Group. At 30 June 2011, the number of outstanding share options are 42,843,000 (31 December 2010: 43,603,000).

During the current period, no share options are exercised and 760,000 share options are lapsed.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2011

22. BANK AND OTHER BORROWINGS

	30 June 2011 HK\$'000	31 December 2010 HK\$'000
2007 Senior notes (note (a))	2,708,213	2,673,040
2010 Senior notes (note (b))	2,686,401	2,652,917
2004 Guaranteed notes (note (c))	1,265,402	1,251,394
2011 Guaranteed senior notes (note (d))	1,529,454	–
Bank loans (note (e))	1,754,439	2,112,716
	9,943,909	8,690,067

The maturity of the above loans is as follows:

	30 June 2011 HK\$'000	31 December 2010 HK\$'000
Unsecured borrowings repayable*:		
Within one year	2,526,821	1,348,449
More than one year but not exceeding two years	–	1,245,255
More than two years but not exceeding five years	5,759,227	4,176,809
	8,286,048	6,770,513
Secured borrowings repayable*:		
Within one year	1,458,333	1,505,613
More than one year but not exceeding two years	–	264,580
	1,458,333	1,770,193
Carrying amount of unsecured bank loan that is repayable more than one year but not exceeding two years but contain a repayable on demand clause (shown under current liabilities)	199,528	149,361
Total borrowings	9,943,909	8,690,067
Less: Amounts classified as current liabilities	(4,184,682)	(3,003,423)
Amount due over one year shown and classified as non-current liabilities	5,759,227	5,686,644

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2011

22. BANK AND OTHER BORROWINGS (continued)

Notes:

- (a) The 2007 Senior notes are listed on the Singapore Exchange Securities Trading Limited ("SGX"). The notes with carrying amount of HK\$1,543,372,000 (31 December 2010: HK\$1,523,892,000) bear interest at a fixed rate of 7.625% per annum and will mature in May 2014. The notes with carrying amount of HK\$1,164,841,000 (31 December 2010: HK\$1,149,148,000) bear interest at a floating rate of three month LIBOR plus 2.25% per annum and will mature in May 2012.
- (b) The 2010 Senior notes are listed on the SGX and were issued in September 2010. The notes bear interest at a fixed rate of 9.5% per annum will mature in September 2015.
- (c) The 2004 Guaranteed notes, which were listed on the SGX, borne interest at a fixed rate of 6.25% per annum and matured in July 2011. The 2004 Guaranteed notes have been fully redeemed by the Group on the maturity date at the redemption price equal to 100% of the outstanding principal plus accrued interest on 15 July 2011. Subsequent to the redemption, the 2004 Guaranteed notes was delisted from the official list of the SGX.
- (d) The 2011 Guaranteed senior notes are denominated in Renminbi and are listed on the SGX and were issued in February 2011. The notes bear interest at a fixed rate of 6% per annum will mature in February 2014.
- (e) Bank loans with carrying amount of HK\$1,458,333,000 (31 December 2010: HK\$1,138,112,000) bear interest at a fixed rate of 5.13% to 6.14% (31 December 2010: 5.13% to 5.62%) per annum. Interest rates on the remaining bank loans, which carried at floating interest rates, ranged from 1.61% to 2.01% (31 December 2010: 1.35% to 1.85%) per annum.

23. LOANS FROM NON-CONTROLLING INTERESTS OF A SUBSIDIARY

The amounts are unsecured, interest bearing at prevailing market rate and the repayment will not be demanded within one year from the end of the reporting period.

24. CREDITORS AND ACCRUED CHARGES

	30 June 2011 HK\$'000	31 December 2010 HK\$'000
Aged analysis of creditors, presented based on invoice date:		
Within 60 days	15,556	47,916
60 to 90 days	25,819	2,045
More than 90 days	136,009	103,795
	177,384	153,756
Accrued construction costs	1,949,633	1,724,120
	2,127,017	1,877,876
Interest payable	160,234	132,229
Accrued taxes (other than EIT and LAT)	22,776	23,615
Other accrued charges	459,568	385,290
	2,769,595	2,419,010

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2011

25. CAPITAL COMMITMENTS

	30 June 2011 HK\$'000	31 December 2010 HK\$'000
Capital expenditure in respect of the development of investment properties contracted for but not provided in the consolidated financial statements	<u>98,186</u>	<u>146,207</u>
Capital expenditure in respect of the development of investment properties authorised but not contracted for	<u>295,346</u>	<u>316,536</u>

26. CONTINGENT LIABILITIES

At 30 June 2011, the Group provided guarantees of HK\$5,108,531,000 (31 December 2010: HK\$4,490,163,000) 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 guarantees on initial recognition was insignificant.

27. PLEDGE OF ASSETS

At 30 June 2011, other than the pledged bank deposits as disclosed in note 20, the Group's inventory of properties of HK\$1,432,500,000 (31 December 2010: HK\$1,321,777,000) was pledged to secure the banking facilities granted to the Group.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2011

28. RELATED PARTY TRANSACTIONS

Other than set out in notes 18 and 23 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	
		2011 HK\$'000	2010 HK\$'000
Property development joint venture	Interest income	1,250	1,869
Related companies (Note)	Interest income	—	1,196

Note: The related companies are former subsidiaries of the Company in which Wai Kee Holdings Limited has significant beneficial interest.

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	
	2011 HK\$'000	2010 HK\$'000
Short-term employment benefits	43,783	31,920
Post-employment benefits	2,076	1,611
Equity-settled share-based payments	—	14,156
	45,859	47,687

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

29. TOTAL ASSETS LESS CURRENT LIABILITIES/NET CURRENT ASSETS

The Group's total assets less current liabilities at 30 June 2011 amounted to HK\$17,354,656,000 (31 December 2010: HK\$16,373,912,000). The Group's net current assets at 30 June 2011 amounted to HK\$11,449,385,000 (31 December 2010: HK\$11,626,302,000).

Report on Review of Interim Financial Information

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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 A-1 to A-20, which comprises the condensed consolidated statement of financial position of Road King Infrastructure Limited and its subsidiaries as of 30 June 2011 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

16 August 2011