



Road King Infrastructure Limited

(incorporated in Bermuda with limited liability)

(Stock Code:1098)



2012
Interim Report



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Corporate Profile

ROAD KING INFRASTRUCTURE LIMITED (“Road King”)

is a leading toll road investor and operator and a prominent property developer in the People’s Republic of China (the “PRC”). Road King has invested in a toll road portfolio of approximately HK\$4.3 billion, comprising 12 toll road projects spanning approximately 732 kilometres (“km”) in seven provinces of the PRC. Road King has also developed over 30 property projects with an existing asset portfolio of approximately HK\$27.4 billion, comprising attributable land reserve of over 4.40 million square metres (“sqm”) spanning across nine provinces and municipalities in the PRC.

13 August 2012

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Financial Highlights

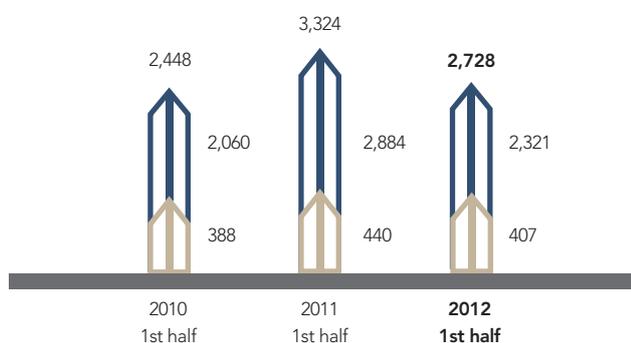
(HK\$'million)	For the six months ended			For the year ended	
	2012	2011	2010	2011	2010
		(restated)*	(restated)*	(restated)*	(restated)*
Cash received from toll road	256	389	343	658	751
Proceeds received from property development	5,549	3,117	3,356	6,817	7,475
Group's share of toll revenue	407	440	388	844	803
Revenue from property development	2,321	2,884	2,060	6,833	4,942
Profit before taxation	572	670	655	1,860	1,605
Profit attributable to owners of the Company	228	316	265	735	581
Basic earnings per share (HK\$)	0.31	0.43	0.36	0.99	0.78
Total assets	34,758	30,404	23,684	31,732	27,686
Net assets per share attributable to owners of the Company (HK\$)	15.2	14.4	13.4	14.9	13.8

* Certain comparative figures have been restated to reflect the effect, if any, of adoption of the amendments to HKAS 12. Details of which could be referred to note 2 to the financial statements.

Revenue from property development and Group's share of toll revenue

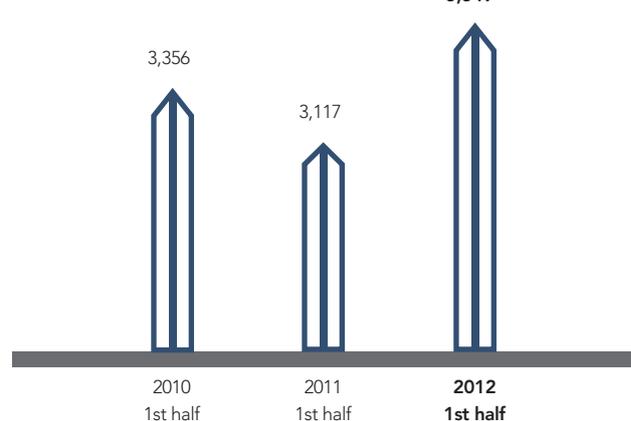
(HK\$'million)

Property
Toll Road

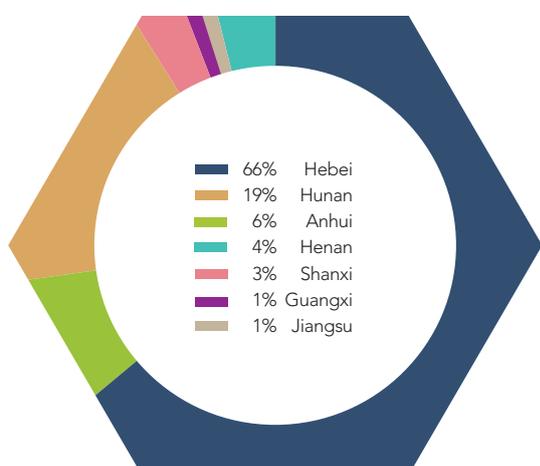


Proceeds received from property development

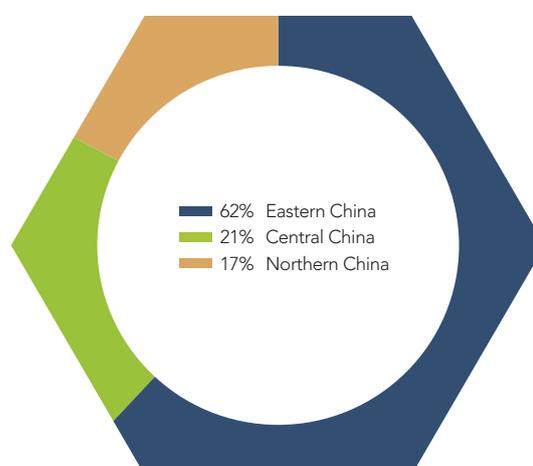
(HK\$'million)



Revenue contribution of toll road projects in first half of 2012 by location



Revenue contribution of property projects in first half of 2012 by location



Major Projects Information



Major Projects Information

Toll Road Business

As at 30 June 2012

Expressways

	T1 Baojin Expressway					
	Location	Hebei Province	Length	105 km	Equity interest	40%
	Route	National Expressway G18 Baoding-Tianjin ~ 4-lane		Road Rise Investments Limited		
	T2 Tangjin Expressway					
	Location	Hebei Province	Length	58 km	Equity interest	45%
	Route	National Expressway G25 Tangshan-Tianjin ~ 4/6-lane		Ontex Investments Limited Road Base Investments Limited Road Bond Investments Limited		
	T3 Changyi Expressway					
	Location	Hunan Province	Length	69 km	Equity interest	43%
	Route	National Expressway G5513 Changsha-Yiyang ~ 4-lane		Road Crown Investments Limited Road Express Investments Limited Road Famous Investments Limited Road Glorious Investments Limited Road Grand Investments Limited Road Link Investments Limited		
	T4 Longcheng Expressway*					
	Location	Shanxi Province	Length	72 km	Equity interest	45%
	Route	Provincial Expressway S60 Yuci Longbai Village-Chengzhao, Qixian ~ 6-lane		Intersafe Investments Limited		

* Longcheng Expressway commenced operation in mid July 2012.

Highways

	T5 Shijin Highway					
	Location	Hebei Province	Length	40 km	Equity interest	60%
	Route	National Highway 307 Shijiazhuang-Jinzhou ~ Class I/II Highway ~ 2/4-lane		Road Fly Investments Limited Road Sincere Investments Limited		
	T6 Dongguan Highway					
	Location	Shanxi Province	Length	38 km	Equity interest	65%
	Route	National Highway 108 Yuci Dongchangshou- Qixian Dongguan ~ Class I Highway ~ 4-lane		Pondtai Investments Limited		

Major Projects Information

Toll Road Business

As at 30 June 2012

Highways

	T7 Yuci City Bypass					
	Location	Shanxi Province	Length	17 km	Equity interest	65%
	Route	National Highway 108 Yuci City Bypass ~ Class I Highway ~ 4-lane		Road Gain Investments Limited		
	T8 Xunan Highway					
	Location	Henan Province	Length	80 km	Equity interest	50%
	Route	National Highway 311 and Provincial Highway 103 Xuchang-Nanyang ~ Class I Highway ~ 4-lane		Lackson Investments Limited Longdistance Investments Limited		
	T9 Hehuai Highway					
	Location	Anhui Province	Length	90 km	Equity interest	60%
	Route	National Highway 206 Hefei-Huainan ~ Super Class II Highway ~ 4-lane		Road Keen Investments Limited Road Success Investments Limited		
	T10 Heye Highway					
	Location	Anhui Province	Length	99 km	Equity interest	50%
	Route	National Highway 312 Hefei-Yeji ~ Class I Highway ~ 4/6-lane		Road Giant Investments Limited Road Mass Investments Limited Road Team Investments Limited Road Union Investments Limited		
	T11 Suzhou Shanghai Airport Highway					
	Location	Jiangsu Province	Length	53 km	Equity interest	50%
	Route	Provincial Highway 343 Suzhou-Shanghai Hongqiao Airport (Suzhou Section) ~ Super Class II Highway ~ 4-lane		Anwell Investment Limited		
	T12 Yulin Highway					
	Location	Guangxi Zhuang Autonomous Region	Length	11 km	Equity interest	70%
	Route	National Highway 324 Yulin Section ~ Class I Highway ~ 4/6-lane		Tonston Investments Limited		

Major Projects Information

Property Business

As at 30 June 2012

Beijing

S	P1	Songs & Sea				
	Attributable floor area (sqm)	69,000	Nature	Residential	Stage of completion (note)	S/C
	Approximate attributable interest	94.74%	Target completion	2012	Land area (sqm)	309,000
	Beijing Sunco Land Daxing Real Estate Development Co., Ltd.					
S	P2	Jianguomen Project				
	Attributable floor area (sqm)	31,000	Nature	Commercial	Stage of completion (note)	M
	Approximate attributable interest	100.00%	Target completion	2013	Land area (sqm)	11,000
	Beijing Wuyuetian Properties Development Co., Ltd.					
S	P3	RK World City				
	Attributable floor area (sqm)	247,000	Nature	Residential and Commercial	Stage of completion (note)	P/F
	Approximate attributable interest	100.00%	Target completion	2014	Land area (sqm)	108,000
	Beijing RK Junyu Properties Developments Ltd.					

Tianjin

S	P4	Sunny Town				
	Attributable floor area (sqm)	507,000	Nature	Residential	Stage of completion (note)	P/F/S/C
	Approximate attributable interest	94.74%	Target completion	2015	Land area (sqm)	811,000
	Tianjin Sunco Xindi Property Co., Ltd.					
I	P4	Joy Park				
	Attributable floor area (sqm)	11,000	Nature	Commercial	Stage of completion (note)	C
	Approximate attributable interest	94.74%	Target completion	Not applicable	Land area (sqm)	9,000
	Tianjin Sunco Xindi Property Co., Ltd.					
S	P5	Leader of Life				
	Attributable floor area (sqm)	175,000	Nature	Residential	Stage of completion (note)	F/S/C
	Approximate attributable interest	94.74%	Target completion	2015	Land area (sqm)	327,000
	Tianjin Sunco Rongxin Land Co., Ltd.					

Major Projects Information

Property Business

As at 30 June 2012

Shijiazhuang, Hebei

S	P6	Blue County				
	Attributable floor area (sqm)	4,000	Nature	Residential	Stage of completion (note)	C
	Approximate attributable interest	94.74%	Target completion	2012	Land area (sqm)	91,000
Hebei Sunco Property Development Co., Ltd.						

S	P7	International City				
	Attributable floor area (sqm)	153,000	Nature	Residential	Stage of completion (note)	F/S/C
	Approximate attributable interest	100.00%	Target completion	2013	Land area (sqm)	80,000
Hebei RK Properties Developments Ltd.						

Jinan, Shandong

S	P8	Royal Panorama				
	Attributable floor area (sqm)	195,000	Nature	Residential	Stage of completion (note)	F/S/C
	Approximate attributable interest	94.74%	Target completion	2014	Land area (sqm)	177,000
Jinan Shuncheng Real Estate Development Co., Ltd.						

Qingdao, Shandong

S	P9	Unusual Landscape				
	Attributable floor area (sqm)	153,000	Nature	Residential	Stage of completion (note)	F/S/C
	Approximate attributable interest	94.74%	Target completion	2015	Land area (sqm)	249,000
Shandong Sunco Rongsheng Land Co., Ltd.						

Major Projects Information

Property Business

As at 30 June 2012

Zhengzhou, Henan

S	P10	Central Special Zone				
	Attributable floor area (sqm)	157,000	Nature	Residential and Commercial	Stage of completion (note)	S/C
	Approximate attributable interest	94.74%	Target completion	2014	Land area (sqm)	217,000
	Zhengzhou Keshu Real Estate Co., Ltd.					

I	P10	Central Special Zone				
	Attributable floor area (sqm)	6,000	Nature	Commercial	Stage of completion (note)	C
	Approximate attributable interest	94.74%	Target completion	Not applicable	Land area (sqm)	2,000
	Zhengzhou Keshu Real Estate Co., Ltd.					

Luoyang, Henan

S	P11	Sunco Town				
	Attributable floor area (sqm)	123,000	Nature	Residential	Stage of completion (note)	F/S/C
	Approximate attributable interest	94.74%	Target completion	2013	Land area (sqm)	111,000
	Luoyang Sunco Real Estate Development Co., Ltd.					

S	P12	World & City				
	Attributable floor area (sqm)	53,000	Nature	Residential	Stage of completion (note)	S/C
	Approximate attributable interest	94.74%	Target completion	2012	Land area (sqm)	76,000
	Luoyang Sunco Real Estate Development Co., Ltd.					

Major Projects Information

Property Business

As at 30 June 2012

Changzhou, Jiangsu

	S P13	Royal City				
	Attributable floor area (sqm)	519,000	Nature	Residential	Stage of completion (note)	F/S/C
	Approximate attributable interest	100.00%	Target completion	2015	Land area (sqm)	487,000
Changzhou Great Gallop Properties Developments Ltd.						
	S P14	Vista Panorama				
	Attributable floor area (sqm)	132,000	Nature	Residential	Stage of completion (note)	S/C
	Approximate attributable interest	100.00%	Target completion	2013	Land area (sqm)	127,000
Changzhou Great Superior Properties Developments Ltd.						
	I P15	Grand Metropolis				
	Attributable floor area (sqm)	132,000	Nature	Commercial	Stage of completion (note)	C
	Approximate attributable interest	100.00%	Target completion	2012	Land area (sqm)	67,000
Changzhou Greatmind Properties Developments Ltd.						

Wuxi, Jiangsu

	S P16	The Providence				
	Attributable floor area (sqm)	189,000	Nature	Residential	Stage of completion (note)	P/F/S
	Approximate attributable interest	100.00%	Target completion	2015	Land area (sqm)	88,000
Wuxi RK Liyuan Properties Limited						

Major Projects Information

Property Business

As at 30 June 2012

Suzhou, Jiangsu

S	P17	Phoenix City				
	Attributable floor area (sqm)	840,000	Nature	Residential	Stage of completion (note)	P/F/S/C
	Approximate attributable interest	100.00%	Target completion	2016	Land area (sqm)	847,000
Suzhou Junyu Properties Ltd.						

I	P17	Phoenix City				
	Attributable floor area (sqm)	14,000	Nature	Commercial	Stage of completion (note)	C
	Approximate attributable interest	100.00%	Target completion	Not applicable	Land area (sqm)	13,000
Suzhou Junyu Properties Ltd.						

Shanghai

S	P18	Shine June Garden				
	Attributable floor area (sqm)	96,000	Nature	Residential	Stage of completion (note)	F/S/C
	Approximate attributable interest	100.00%	Target completion	2013	Land area (sqm)	133,000
Shanghai Junxiang Properties Development Co., Ltd.						

S	P19	The Riverside				
	Attributable floor area (sqm)	17,000	Nature	Residential	Stage of completion (note)	F/S/C
	Approximate attributable interest	29.84%	Target completion	2013	Land area (sqm)	315,000
Shanghai Sunco Fangcheng Property Co., Ltd. (Joint Venture)						

S	P20	Château du Nord				
	Attributable floor area (sqm)	73,000	Nature	Residential	Stage of completion (note)	F/S
	Approximate attributable interest	55.00%	Target completion	2014	Land area (sqm)	133,000
Shanghai Juncheng Real Estate Ltd.						

Major Projects Information

Property Business

As at 30 June 2012

Guangzhou, Guangdong

	S P21	Jo-Y Heights				
	Attributable floor area (sqm)	258,000	Nature	Residential	Stage of completion (note)	F/S
	Approximate attributable interest	100.00%	Target completion	2014	Land area (sqm)	130,000
Guangzhou Junyue Real Estate Limited						
	I P21	Jo-Y Heights				
	Attributable floor area (sqm)	9,000	Nature	Commercial	Stage of completion (note)	F/S
	Approximate attributable interest	100.00%	Target completion	2014	Land area (sqm)	4,000
Guangzhou Junyue Real Estate Limited						
	S P22	Banyan Riverside				
	Attributable floor area (sqm)	105,000	Nature	Residential	Stage of completion (note)	F/S
	Approximate attributable interest	100.00%	Target completion	2013	Land area (sqm)	35,000
Guangzhou Junhua Real Estate Limited						
	I P23	Parkvista Phase II				
	Attributable floor area (sqm)	7,000	Nature	Commercial	Stage of completion (note)	C
	Approximate attributable interest	100.00%	Target completion	Not applicable	Land area (sqm)	1,000
Guangzhou Junde Real Estate Limited						

Notes:

"M" denotes "Master planning"

"F" denotes "Foundation"

 denotes "Properties for Sales"

"R" denotes "Relocation"

"S" denotes "Superstructure"

 denotes "Investment Properties"

"P" denotes "Planning and design"

"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 2012 was HK\$228 million (2011 (restated): HK\$316 million), and earnings per share was HK\$0.31 (2011 (restated): HK\$0.43).

In the first half of 2012, the toll road business remained stable and the contracted sales of the property business surged substantially as compared with the corresponding period of last year. Despite these, with the slowdown in the appreciation of Renminbi against Hong Kong dollars in the first half of 2012, the Group's exchange gain was reduced, driving the profit attributable to the owners of the Group for the period to be lower than that of last year.

TOLL ROAD BUSINESS

Analysis of Toll Revenue and Results of Infrastructure Joint Ventures Attributable to the Group

	For the six months ended 30 June	
	2012 HK\$'million	2011* HK\$'million
Share of toll revenue		
Expressways	325	334
Highways	82	82
	407	416
Share of results of the joint ventures		
Expressways	168	158
Highways	(25)	(17)
	143	141

* Only included figures of projects still operating in 2012.

Traffic Volume and Toll Revenue

January to June 2012	Average daily traffic Vehicles	Toll revenue RMB'million
Expressways		
Baojin Expressway	37,000	318
Tangjin Expressway	39,000	295
Changyi Expressway	34,000	184
	110,000	797
Highways	87,000	147
	197,000	944

Management Discussion and Analysis

TOLL ROAD BUSINESS (continued)

The profit of the Group's toll road business for the first half of 2012 was comparable with that of the corresponding period last year. During the period under review, traffic volume and toll revenue of the expressway projects were slightly affected by the downturn of the steel industry in the Tangshan region and the surface improvement works undertaken by the Changyi Expressway.

The average daily traffic volume of the existing portfolio in the first half of the year was approximately 197,000 vehicles and toll revenue was RMB944 million. Following the stabilisation of the output of the mining activities in the Tangshan region and completion of the surface improvement works of the Changyi Expressway in the second half of this year, it is anticipated that the traffic volume and toll revenue will recover.

Expressway Projects

Baojin Expressway

Both traffic volume and toll revenue decreased in the first half of 2012. The decline was attributable to weaker demand for transport of raw materials including steel resulted from the austerity measures adopted by the government, coupled with the diversion of traffic resulted from the completion of the major repair program of the competing National 112 Highway at the end of last year. However, the toll revenue for the whole year is expected to remain stable due to the monetary easing policies adopted by the government, as well as increasing long-distance freight traffic resulting from more convenient access to the north-eastern region following the opening of the eastern section of Binbao Expressway.

The prospect of the project is attractive as its western extension connecting Shanxi and Shaanxi Provinces will be completed in phases in the coming years and it will become a major corridor for the transportation between east and west.

Tangjin Expressway

Tangjin Expressway recorded a reduction in both revenue and traffic in the first half of 2012. The decrease was partly attributable to the commencement of the expansion works at the Jintang Expressway (Tianjin section) to increase the number of lanes from four to six and weaker demand for the transport of iron ore, coal and steel in the Tangshan region as the reduction of steel production and iron mining industries in Beijing and Tianjin due to losses recorded in the second half of last year as a result of the austerity measures adopted by the government on the property market and infrastructure projects. However, the demand for freight transport is expected to improve in the second half of the year.

The prospect of the project remains promising as it is the most convenient route connecting the north-eastern provinces to Central and Southern China.

Changyi Expressway

Surface improvement works for the northern half of the project commenced in May 2012, resulting in a decrease in traffic volume and toll revenue compared to the first half of last year which was not affected by such factor. Long-distance freight traffic has been rising since the opening of Jicha Expressway in April, which marked the completion of full-length expressway connection between Changsha and Chongqing. With the adoption of a weight-based tolling scheme in the second half of the year, total revenue for the year is expected to increase compared with that for last year.

Longcheng Expressway

Following the completion of the acquisition of 45% equity interest in Longcheng Expressway in 2011, the Group had made improvement to the management of construction works for the project. The construction works of the project were substantially completed in the first half of the year as planned. Having obtained the approvals from the provincial government including the toll collection permit and establishment of toll stations, the project commenced operation and toll collection in mid-July.

Management Discussion and Analysis

TOLL ROAD BUSINESS (continued)

Disposal of Highway Projects

In June 2011, five regulatory departments, namely the Ministry of Transport, the National Development and Reform Commission, the Ministry of Finance, the Ministry of Supervision and the Office of Redressing Malpractices, State Council issued the "Notice of Specific Rectification program for toll roads". The Group considers that the potential impact of this policy is confined to certain highway projects, and the effect on the Group will not be material as the entire highway portfolio only accounts for around 20% of the Group's overall toll revenue. The Group will continue its established strategy to negotiate with the local government for compensation for withdrawing from each of the individual highway projects.

PROPERTY BUSINESS

The PRC economy and the business environment as a whole was stable in the first half of 2012. The existing macroeconomic austerity measures on the property market were still being implemented and no additional control policy was introduced. In order to stimulate the growth of export, investment and consumption, the PRC government has adopted various monetary easing policies to increase the liquidity in the market. These policies have varied positive impacts on the property development business in different regions of the country.

The property business recorded a slight increase in its gross profit in the first half of 2012 as compared with that of last year. However, similar to previous years, a substantial proportion of properties will be completed and delivered in the second half of the year. As a result, revenue for the first half was only HK\$2,321 million, representing a decrease of 20% to that of last year, and the corresponding area delivered was 226,000 sqm.

Contracted Sales and Delivered Properties

Set out below is an analysis of the Group's contracted sales and delivered properties (including those of a joint venture project but excluding car parking spaces) by region for the first half of 2012:

Regions (Notes)	Contracted sales		Properties delivered	
	Amount RMB'million	Gross floor area ("GFA") sqm	Amount RMB'million	GFA sqm
Northern China	1,901	203,000	332	48,000
Eastern China	2,140	252,000	1,191	129,000
Central China	490	66,000	397	49,000
Southern China	—	—	—	—
Subtotal	4,531	521,000	1,920	226,000
Joint venture project	239	19,000	114	9,000
Total	4,770	540,000	2,034	235,000
Comparative figures for the corresponding period of 2011	2,450	233,000	2,795	396,000

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.

Management Discussion and Analysis

PROPERTY BUSINESS (continued)

Contracted Sales and Delivered Properties (continued)

Since the fourth quarter of 2011, the Group had made market-orientated adjustments to its sales strategies in response to the then austerity measures prevailing in the economy. As a result, approximately RMB4,770 million in contracted sales (including those of a joint venture project but excluding car parking spaces) were recorded in the first half of 2012, representing a substantial growth of around 95% as compared with the corresponding period of last year. The total amount of contracted sales made in this year is expected to be substantially higher than that of 2011.

Financial Review

	For the six months ended 30 June	
	2012 HK\$'million	2011 HK\$'million (restated)
Revenue	2,321	2,884
Profit after taxation	150	268

In the first half of 2012, the Group delivered completed properties closely to the predetermined schedule, and based on the accounting standards, recorded a revenue of HK\$2,321 million (2011: HK\$2,884 million), representing a 20% decrease over that of last year. The area delivered (excluding car parking spaces) was reduced from 368,000 sqm in the corresponding period last year to 226,000 sqm in the review period, but the gross profit margin in the first half of the year was still over 30%, reaching HK\$699 million (2011: HK\$652 million). It is expected that delivery of completed properties in the second half of the year will reach 600,000 sqm.

Given the income generated by the appreciation of Renminbi and the fair value gain on investment properties in the first half of the year was less than the corresponding period of last year, the profit after taxation contributed by the property business was reduced to HK\$150 million (2011 (restated): HK\$268 million).

Land Reserve

The Group's land reserve includes properties under planning and construction, properties held for sale and properties held for investment. As at 30 June 2012, the Group's land reserve had an attributable gross floor area of over 4.40 million sqm which is mainly located in the following regions:

Provinces/Municipalities	Number of projects Units	GFA sqm
Beijing	3	347,000
Tianjin	2	693,000
Shanghai	3	186,000
Jiangsu Province	5	1,826,000
Hebei Province	2	157,000
Henan Province	3	339,000
Shandong Province	3	477,000
Guangdong Province	3	379,000

In the first half of 2012, new construction area was 412,000 sqm while the area of completed projects was 407,000 sqm. New construction area and the area of completed projects in the second half of 2012 are expected to be 694,000 sqm and 1,138,000 sqm respectively.

Management Discussion and Analysis

PROPERTY BUSINESS (continued)

Overview of Major Projects

Songs & Sea, Beijing

In the first half of 2012, the contracted sales of Songs & Sea was RMB408 million, with an average selling price of approximately RMB15,200 per sqm. In the first half of 2012, the value and GFA of properties delivered were RMB62 million and 4,300 sqm respectively. It is expected that a total area of 60,000 sqm will be delivered in the second half of 2012.

Sunny Town, Tianjin

In the first half of 2012, the contracted sales of Sunny Town (also known as "The Aurora City of Charm") residential project was RMB397 million, with an average selling price of approximately RMB11,900 per sqm. Higher sales volume is expected in the second half of 2012, and the delivery of project is expected to commence around the end of 2012 to early 2013.

International City, Shijiazhuang

In the first half of 2012, the contracted sales of International City was RMB433 million, with an average selling price was approximately RMB9,400 per sqm. It is expected that a total area of approximately 47,000 sqm will be delivered in the second half of 2012.

Royal Panorama, Jinan

In the first half of 2012, the contracted sales of Royal Panorama was RMB383 million, with an average selling price of approximately RMB7,100 per sqm. Phase 3 with a GFA of approximately 100,000 sqm will be delivered around the end of 2012 to early 2013.

Shine June Garden, Shanghai

In the first half of 2012, the contracted sales of Shine June Garden amounted to RMB587 million, with an average selling price of approximately RMB19,100 per sqm for villas and approximately RMB13,800 per sqm for apartments. In the first half of 2012, the value and GFA of properties delivered were RMB52 million and 3,400 sqm respectively. It is expected that a total area of 45,000 sqm will be delivered in the second half of 2012.

Phoenix City, Suzhou

In the first half of 2012, the contracted sales of the "i-Zone" project was RMB552 million, with an average selling price of approximately RMB7,600 per sqm. The contracted sales of the "Forest & Valley Villa" project was RMB133 million, with an average selling price of approximately RMB12,400 per sqm. It is anticipated that high-rise apartments in Phase 3 of "Forest & Valley Villa" will be launched for sale in the third quarter of 2012. In 2012, a substantial part of the project will be delivered in the first half of the year. The value and GFA of the properties delivered of "i-Zone" were RMB975 million and 114,000 sqm respectively, while those for "Forest & Valley Villa" were RMB83 million and 6,000 sqm respectively. It is expected that only approximately 7,000 sqm of Phoenix City will be delivered in the second half of 2012.

Royal City, Changzhou

In the first half of 2012, the contracted sales of Royal City amounted to RMB340 million. The average selling prices for villas and apartments were approximately RMB15,400 and RMB6,500 respectively. In the first half of 2012, the value and GFA of the properties delivered were RMB79 million and 6,600 sqm respectively. It is expected that a total area of 77,000 sqm will be delivered in the second half of 2012.

Vista Panorama, Changzhou

In the first half of 2012, the contracted sales of Vista Panorama amounted to RMB506 million, with an average selling price of approximately RMB6,900 per sqm. In the year, a substantial part of the project, with a GFA of approximately 92,000 sqm, is expected to be delivered in the second half of 2012.

Management Discussion and Analysis

PROPERTY BUSINESS (continued)

Overview of Major Projects (continued)

Central Special Zone, Zhengzhou

In the first half of 2012, the contracted sales of Central Special Zone was RMB151 million and the average selling price was approximately RMB8,100 per sqm for residential properties and RMB21,800 per sqm for shops. In the first half of 2012, the value and GFA delivered amounted to RMB294 million and 30,500 sqm respectively. It is expected that a total area of 56,500 sqm would be delivered in the second half of 2012.

Other Projects

RK World City in Beijing, Château du Nord in Shanghai, The Providence in Wuxi, J-o-Y Heights and Banyan Riverside in Guangzhou will be launched in succession in the second half of 2012, further boosting the Group's sales volume and enhancing the liquidity of its working capital.

The commercial development in Phase 2 of Grand Metropolis in Changzhou opened in the first half of 2012, leasing out all spaces to tenants including a major department store chain, cinema, fitness centre, a variety of retail stores and restaurants. The entire commercial development of Phase 2 comprises a total area of 105,000 sqm.

The acquisition of the property project at the University Town of Jinan City was completed in the first half of 2012.

FINANCIAL REVIEW

Unaudited Condensed Consolidated Income Statement

The table below extracted major items from the unaudited condensed consolidated income statement of the Group for the six months ended 30 June 2012 and 30 June 2011.

	Six months ended 30 June	
	2012 HK\$'million	2011 HK\$'million (restated)*
Revenue	2,321	2,884
Gross profit	699	652
Interest and other income	142	259
Selling and operating expenses	(336)	(326)
Share of results of joint ventures	149	176
Finance costs	(82)	(91)
Profit before taxation	572	670
Income tax expenses	(346)	(360)
Profit after taxation	226	310
Minority interests	2	6
Profit after taxation and minority interests	228	316

* Certain comparative figures have been restated to reflect the effect of adoption of the amendments to HKAS 12. Details of which could be referred to note 2 to the financial statements.

Management Discussion and Analysis

FINANCIAL REVIEW (continued)

Unaudited Condensed Consolidated Income Statement (continued)

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

The decrease in net other income was mainly due to the fact that lower amounts of exchange gains and fair value gains on the investment properties were recognised during the period under review.

Selling and Operating Expenses

The increase in expenses was mainly due to the increase in promotion and advertising activities relating to the increase in contracted sales of property development projects. The increment was partly decelerated by tightened cost control. The six months period of 2011 also included legal and professional expenses incurred for refinancing activities but was not recurred in the period under review.

Share of Results of Joint Ventures

This represented the share of results of the infrastructure and property joint ventures of the Group for the period under review. The results of the infrastructure joint ventures in the current period were steady, while the contribution from the property joint venture dropped, as the delivery of its properties was scheduled in the second half of 2012.

Income Tax Expenses

Income tax expenses comprised mainly profit tax, land appreciation tax and deferred tax. The higher income tax expenses in last corresponding period was mainly attributable to a higher amount of deferred tax provided for the fair value gains on the transfer of the completed commercial properties as located in Guangzhou from inventory of properties to investment properties.

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 2012 and 31 December 2011.

	30 June 2012 HK\$'million	31 December 2011 HK\$'million (restated)*
Non-current assets		
— Interests in joint ventures	4,169	4,208
— Investments in investment properties (including prepayment for land leases)	1,987	2,346
— Other non-current assets	238	198
	6,394	6,752
Current assets		
— Inventory of properties (including prepayment for land leases)	22,945	20,670
— Bank balances and cash (including pledged bank deposits)	4,190	3,421
— Other current assets	1,229	889
	28,364	24,980

Management Discussion and Analysis

FINANCIAL REVIEW (continued)

Unaudited Condensed Consolidated Statement of Financial Position (continued)

	30 June 2012 HK\$'million	31 December 2011 HK\$'million (restated)*
Current liabilities		
— Creditors and accrued charges	(3,558)	(3,293)
— Deposits from pre-sale of properties	(8,130)	(4,940)
— Bank and other borrowings — due within one year	(2,722)	(3,500)
— Other current liabilities	(1,192)	(1,183)
	(15,602)	(12,916)
Non-current liabilities	(7,623)	(7,467)
Total equity	11,533	11,349

* Certain comparative figures have been restated to reflect the effect of adoption of the amendments to HKAS 12. Details of which could be referred to note 2 to the financial statements.

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 (including Prepayment for Land Leases)

This comprised carrying value of the investment properties, details of which are set out in notes 12 and 16 of the unaudited condensed consolidated financial statements. The decrease of the balance was mainly due to commercial properties to be developed in Beijing transferred to inventory of properties, offset by the development costs as incurred for the investment properties in Changzhou.

Inventory of Properties (including Prepayment for Land Leases)

In addition to the accumulation of the development costs mainly for the properties to be delivered in the second half of 2012, the increase of the balance was mainly due to the transfer of the carrying value of commercial properties to be developed in Beijing from investment properties to inventory of properties.

Bank Balances and Cash (including Pledged Bank Deposits)

The increase in balance was mainly attributable to the increase in proceeds from contracted sales of property development projects in the first half of 2012 as well as the result of the conservative cash management policy.

Other Current Assets

The increase of other current assets was mainly represented by the increase in prepaid income tax, business and other taxes. The increase was consistent with the increase in deposits from pre-sale of properties in the first half of 2012.

Deposits from Pre-sale of Properties

The surge of deposits from pre-sale of properties was mainly attributable to the increase in contracted sales of property development projects in the period under review. The contracted sales of property development projects of the period under review was around RMB4,531 million, representing an increase of around 88%. At 30 June 2012, the total area pre-sold yet to be delivered was 842,000 sqm (31 December 2011: 538,000 sqm).

Management Discussion and Analysis

FINANCIAL REVIEW (continued)

Unaudited Condensed Consolidated Statement of Financial Position (continued)

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 details for the decrease of the balance could be referred to the section headed "Net Cash (used in) from Financing Activities" under "Unaudited Condensed Consolidated Statement of Cash Flows" of "Financial Review". Details of the loan profile are set out as follows:

	30 June 2012 HK\$'million	31 December 2011 HK\$'million
Repayable:		
Within one year	2,722	3,500
After one year but within two years	3,781	385
After two years but within five years	3,111	6,266
Total Borrowings	9,614	10,151

The gross gearing ratio, representing interest bearing borrowings to the equity attributable to the owners of the Company, decreased to 85% at 30 June 2012 (31 December 2011 (restated): 92%). 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 decreased to 48% as at 30 June 2012 (31 December 2011 (restated): 61%) as a result of the redemption of the outstanding US\$150 million floating rate guaranteed notes in May 2012 and the increase in proceeds received from pre-sale of properties in the first half of 2012.

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

- (a) RMB1,300 million 6.0% guaranteed senior notes due 2014;
- (b) US\$200 million 7.625% guaranteed notes due 2014; and
- (c) US\$350 million 9.5% guaranteed senior notes due 2015.

Interest coverage for the reporting period was 9.9 times (30 June 2011 (restated): 10.2 times).

Unaudited Condensed Consolidated Statement of Cash Flows

The table below summarised the major items of the unaudited condensed consolidated statement of cash flows of the Group for the six months ended 30 June 2012 and 30 June 2011.

	Six months ended 30 June	
	2012 HK\$'million	2011 HK\$'million
Payment for land leases	—	(3,978)
Net cash from operating activities, other than payment for land leases	1,944	831
Net cash (used in) from investing activities	(189)	192
Net cash (used in) from financing activities	(1,216)	1,021
Effect of changes in foreign exchange rates	39	162
Cash and cash equivalents at 1 January	2,641	4,957
Cash and cash equivalents at 30 June	3,219	3,185

Management Discussion and Analysis

FINANCIAL REVIEW (continued)

Unaudited Condensed Consolidated Statement of Cash Flows (continued)

Payment for Land Leases

The payment in the first half of 2011 represented the settlements of the land premium of the projects located in Beijing, Shanghai and Wuxi. As of 30 June 2012, the land premium of above mentioned projects was fully settled.

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

The net increment was mainly due to the increase in cash proceeds from the pre-sale of properties during the period under review.

Net Cash (used in) from Investing Activities

The net cash used in investing activities for the period under review represented mainly the loans granted to the joint venture infrastructure projects to finance their operations as well as the development costs incurred for the investment properties in Changzhou, but was offset by the cash distributed or dividends received from the joint venture infrastructure projects.

The receipts of cash from the joint venture infrastructure projects in last period were set off by the deposits paid for the acquisition of Longcheng Expressway.

Net Cash (used in) from Financing Activities

The net cash used in financing activities for current period was mainly attributable to the redemption of the outstanding US\$150 million floating rate guaranteed notes in May 2012, and offset by the drawdown of several bank loans in Hong Kong and property development loans in the PRC amounting to HK\$1,429 million in aggregate.

The net cash in the last corresponding period was mainly arose from the issue of RMB1,300 million 6.0% guaranteed senior notes due 2014.

Liquidity and Financial Resources

As at 30 June 2012, the equity attributable to the owners of the Company increased to HK\$11,254 million (31 December 2011 (restated): HK\$11,072 million). Net assets per share attributable to the owners of the Company increased to HK\$15.2 (31 December 2011 (restated): HK\$14.9).

As at 30 June 2012, the Group's total assets were HK\$34,758 million (31 December 2011: HK\$31,732 million) and bank balances and cash were HK\$3,969 million (31 December 2011: HK\$3,184 million), of which 92% was denominated in Renminbi and the remaining 8% was mainly denominated in US dollars or HK dollars.

Financing and Treasury Policies

The Group continues to adopt prudent financing and treasury policies. All the 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 2012, bank balances of HK\$221 million (31 December 2011: HK\$237 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\$1,844 million (31 December 2011: HK\$1,830 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 and Renminbi but the cash flow is generated from projects with earnings denominated principally in Renminbi. As a result, the Group is exposed to foreign currency risk on the fluctuation of US dollars against Renminbi.

The Group's exposure to interest rate risk results mainly from fluctuation in interest rates relating to its borrowings denominated in US dollars and Renminbi. Although the monetary policies implemented by the PRC and the US governments continue to have a major impact on the Group's results and operations, the Directors consider that the interest rate fluctuation caused by the fluidity and instability of the global economy and financial systems also has an impact on the operations of the Group.

Save for the aforesaid, the Group has no significant exposure to foreign exchange risk and interest rate risk. The Group will continue to 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 2012, the Group had provided guarantees of HK\$4,058 million (31 December 2011: HK\$4,696 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 1,903 employees as at 30 June 2012. Expenditure on staff (excluding Directors' emoluments) amounted to HK\$202 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

The Board is confident of the future development of the PRC. Hence, the Group will continue to take root in the mainland and develop further and cultivate deeper in the sectors in which the Group currently operates.

The Group expects that the toll road business will perform steadily in the second half of the year. The Group will continue to optimise its toll road portfolio and will actively seek for new investment opportunities of expressway projects. The Group is currently in negotiation with a number of new projects and targets to expand its expressway portfolio at reasonable prices as and when appropriate.

With respect to the property business, the Group will maintain the effective sales approach adopted in the first half of the year and accelerate receivable and inventory turnover rates in order to support future development. The Group is currently evaluating several new projects in a few cities and targets to replenish a certain amount of landbank in the second half of the year.

DIVIDEND

The Board has resolved to declare an interim dividend of HK\$0.16 (2011: HK\$0.22) per share for the six months ended 30 June 2012 to the shareholders of the Company whose names appear in the register of members of the Company on 31 August 2012, Friday.

It is expected that the payment of interim dividend will be made on or before 14 September 2012, Friday.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 30 August 2012, Thursday to 31 August 2012, 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 29 August 2012, Wednesday.

Corporate Governance

CORPORATE GOVERNANCE CODE

Saved as disclosed below, the Company has complied with the code provisions set out in the Code on Corporate Governance Practices (effective until 31 March 2012) and Corporate Governance Code (effective from 1 April 2012) (collectively, the "Code") as stated 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 2012.

Code provision A.4.1 stipulates that Non-executive Directors should be appointed for a specific term, subject to re-election. Prior to 22 June 2012, none of the Non-executive Directors and Independent Non-executive Directors of the Company was appointed for a specific term but, 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.

On 16 May 2012, each Non-executive Director, except for Mr. Guo Limin who resigned on 22 June 2012, and Independent Non-executive Director entered into a letter of appointment with the Company in respect of their individual service term, subject to re-election. Mr. Lu Hua who was appointed as a Non-executive Director on 22 June 2012 has also entered into a letter of appointment with the Company in respect of his service term, subject to re-election, upon the appointment. Code provision A.4.1 has been complied with since 22 June 2012.

In respect of code provision A.6.7, two Non-executive Directors did not attend the annual general meeting of the Company held on 15 May 2012 due to other business commitments.

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 2012.

Disclosure of Interests

DIRECTORS' INTERESTS AND SHORT POSITIONS

As at 30 June 2012, 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 Directors	Capacity/nature of interest	Notes	Number of shares held		Percentage of holding % (Note 5)
			Long position	Short position	
Zen Wei Pao, William	Personal	1	11,300,000	—	1.52
		2	3,900,000	—	0.53
Ko Yuk Bing	Personal	1 & 3	1,070,000	—	0.14
		2 & 3	5,600,000	—	0.75
Chan Kam Hung	Personal	1	1,000,000	—	0.13
		2	2,500,000	—	0.34
Fong Shiu Leung, Keter	Personal	1	700,000	—	0.09
		2	2,500,000	—	0.34
Zen Wei Peu, Derek	Personal	1	8,992,000	—	1.21
		2	2,350,000	—	0.32
Xu Ruxin	Personal	2	150,000	—	0.02
Guo Limin	Personal	2 & 4	150,000	—	0.02
Chow Shiu Kee, Stephen	Personal	1	461,000	—	0.06
		2	250,000	—	0.03
Lau Sai Yung	Personal	1	305,000	—	0.04
		2	250,000	—	0.03
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. Included in the balances are 160,000 shares and 2,000,000 share options of the Company held by Ms. Chuk Wing Suet, Josephine, the spouse of Mr. Ko Yuk Bing.
4. Mr. Guo Limin resigned as a Non-executive Director of the Company on 22 June 2012. The Board approved to extend the exercisable period of his share options for six months from the date of his resignation. The extension of the exercisable period to Mr. Guo Limin will expire on 21 December 2012.
5. The percentage was calculated based on 741,934,566 shares of the Company in issue as at 30 June 2012.

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 2011.

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

Name	Notes	Number of share options			Balance at 30.06.2012	
		Balance at 01.01.2012	Granted during the period	Exercised during the period		Lapsed during the period
Directors						
Zen Wei Pao, William	1	2,500,000	—	—	—	2,500,000
	2	1,400,000	—	—	—	1,400,000
Ko Yuk Bing	1 & 3	3,500,000	—	—	—	3,500,000
	2 & 3	2,100,000	—	—	—	2,100,000
Chan Kam Hung	1	1,600,000	—	—	—	1,600,000
	2	900,000	—	—	—	900,000
Fong Shiu Leung, Keter	1	1,600,000	—	—	—	1,600,000
	2	900,000	—	—	—	900,000
Zen Wei Peu, Derek	1	1,500,000	—	—	—	1,500,000
	2	850,000	—	—	—	850,000
Xu Ruxin	2	150,000	—	—	—	150,000
Guo Limin	2 & 4	150,000	—	—	—	150,000
Chow Shiu Kee, Stephen	1	100,000	—	—	—	100,000
	2	150,000	—	—	—	150,000
Lau Sai Yung	1	100,000	—	—	—	100,000
	2	150,000	—	—	—	150,000
Chow Ming Kuen, Joseph	2	150,000	—	—	—	150,000
Total		17,800,000	—	—	—	17,800,000

Disclosure of Interests

DIRECTORS' INTERESTS AND SHORT POSITIONS (continued)

(II) Underlying Shares — Share Options (continued)

Name	Notes	Number of share options				Balance at 30.06.2012
		Balance at 01.01.2012	Granted during the period	Exercised during the period	Lapsed during the period	
Others						
Employees	1	4,950,000	—	—	(130,000)	4,820,000
	2	7,078,000	—	—	(55,000)	7,023,000
		12,028,000	—	—	(185,000)	11,843,000
Grand Total		29,828,000	—	—	(185,000)	29,643,000

Notes:

- 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.
- Included in the balances are 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.
- Mr. Guo Limin resigned as a Non-executive Director of the Company on 22 June 2012. The Board approved to extend the exercisable period of his share options for six months from the date of his resignation. The extension of the exercisable period to Mr. Guo Limin will expire on 21 December 2012.

(III) Debenture of the Company

Name of Director	Capacity/nature of interest	Type of debenture	Principal amount held
Zen Wei Peu, Derek	Personal	US\$350 million 9.5% guaranteed senior notes due 2015	US\$6,050,000* (long position)

- * Included in the balance is a principal amount of US\$350,000 of US\$350 million 9.5% guaranteed senior notes due 2015 held by Ms. Luk Chan, the spouse of Mr. Zen Wei Peu, Derek.

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 2012, 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 shareholders	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 2012.

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 LISTED SECURITIES OF THE GROUP

Road King Infrastructure Finance (2007) Limited, a wholly-owned subsidiary of the Company, redeemed all the outstanding principal amount of US\$150 million floating rate guaranteed notes due 2012 ("2012 Notes") on 14 May 2012 (being the maturity date of the 2012 Notes) at the redemption price equal to 100% of the outstanding principal amount of the 2012 Notes, which was US\$149,000,000 plus accrued interest of US\$1,026,610 (the "Redemption").

Subsequent to the Redemption, the 2012 Notes were cancelled and delisted from the official list of the Singapore Exchange Securities Trading Limited.

Save as the above, neither the Company nor any of its subsidiaries repurchased, sold or redeemed any of the Group's listed securities during the six months ended 30 June 2012.

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 2012, there were altogether 38 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\$2,900 million which exceeds 8% of the Group's adjusted total assets of HK\$34,639 million (being the Group's total assets as at 30 June 2012 adjusted for the interim dividend declared for the six months ended 30 June 2012 by the Company) as at 30 June 2012. Except for the loans to Hunan Changyi Expressway Co., Ltd. and Jinzhong Longcheng Expressway Co., Ltd., details of which are disclosed in note 17 to the unaudited condensed consolidated financial statements, the loans are part of the investments and unsecured, interest free and have no definite repayment terms.
 - (d) Except for the loans to Hunan Changyi Expressway Co., Ltd. and Jinzhong Longcheng Expressway Co., Ltd., as disclosed in note (c) above, the loans to the joint ventures were reflected in the unaudited condensed consolidated financial statements as part of the cost of investments 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\$200 million 7.625% guaranteed notes due 2014, RMB1,300 million 6.0% guaranteed senior notes due 2014 and US\$350 million 9.5% 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.

Other Disclosures

CONTINUING DISCLOSURE OF THE LISTING RULES (continued)

2. Pursuant to Rule 13.18 of the Listing Rules: (continued)

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.

3. Pursuant to Rule 13.22 of the Listing Rules:

(a) A summary of aggregate financial information of the joint ventures, based on the unaudited financial statements prepared under the accounting principles generally accepted in Hong Kong as at 30 June 2012, is as follows:

	At 30 June 2012
	HK\$'000
Statement of Financial Position	
Non-current assets	12,152,556
Current assets	2,756,949
Current liabilities	(1,721,141)
Net current assets	1,035,808
Non-current liabilities	(3,138,436)
Amounts due to joint venture partners	(388,115)
Net assets	9,661,813

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

	% of interest held indirectly by the Company	Loans to joint ventures 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

Other Disclosures

CONTINUING DISCLOSURE OF THE LISTING RULES (continued)

3. Pursuant to Rule 13.22 of the Listing Rules: (continued)

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

	% of interest held indirectly by the Company	Loans to joint ventures HK\$'000
Infrastructure Joint Ventures (continued)		
Bengbu Road King Huaiyuan-Mengcheng Highway Development Co., Ltd.	35%	31,686
Guangxi Lutong Highway Development Co., Ltd.	70%	81,800
Hebei Baofa Expressway Co., Ltd.	40%	54,064
Hebei Baofeng Expressway Co., Ltd.	40%	54,111
Hebei Baohui Expressway Co., Ltd.	40%	53,907
Hebei Baojie Expressway Co., Ltd.	40%	54,994
Hebei Baojin Expressway Co., Ltd.	40%	54,377
Hebei Baoli Expressway Co., Ltd.	40%	55,049
Hebei Baoming Expressway Co., Ltd.	40%	50,550
Hebei Baosheng Expressway Co., Ltd.	40%	54,187
Hebei Baoyi Expressway Co., Ltd.	40%	54,445
Hebei Baoyu Expressway Co., Ltd.	40%	54,703
Hebei Tanghui Expressway 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%	236,076
Hunan Changyi (Hengcang) 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
Jinzhong Longcheng Expressway Co., Ltd.	45%	86,207
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
		2,900,482

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. Guo Limin	He resigned as a Non-executive Director of the Company on 22 June 2012.
Mr. Lu Hua	He has been appointed as a Non-executive Director of the Company since 22 June 2012.
	He has entered into a letter of appointment with the Company for a period commencing from 22 June 2012 to the date of the annual general meeting of 2013.
	His annual emolument was revised from HK\$210,000 to HK\$220,000 for acting as a Non-executive Director for the period from the aforesaid date of commencement to the date of the annual general meeting of 2013.
Mr. Lam Wai Hon, Patrick	He has entered into a letter of appointment with the Company for a period commencing from 16 May 2012 to the date of the annual general meeting of 2013.
	His annual emolument was revised from HK\$210,000 to HK\$220,000 for acting as a Non-executive Director for the period from the aforesaid date of commencement to the date of the annual general meeting of 2013.
Mr. Chow Shiu Kee, Stephen	He has entered into a letter of appointment with the Company for a period commencing from 16 May 2012 to the date of the annual general meeting of 2013.
	His annual emolument was revised from HK\$422,000 to HK\$432,000 for acting as an Independent Non-executive Director, the Chairman of the Remuneration Committee, a member of the Audit Committee and the Nomination Committee for the period from the aforesaid date of commencement to the date of the annual general meeting of 2013.
Mr. Lau Sai Yung	He has entered into a letter of appointment with the Company for a period commencing from 16 May 2012 to the date of the annual general meeting of 2014.
	His annual emolument was revised from HK\$427,000 to HK\$437,000 for acting as an Independent Non-executive Director, the Chairman of the Audit Committee, a member of the Nomination Committee and the Remuneration Committee for the period from the aforesaid date of commencement to the date of the annual general meeting of 2013.
Dr. Chow Ming Kuen, Joseph	He has entered into a letter of appointment with the Company for a period commencing from 16 May 2012 to 15 May 2015 or the date of the annual general meeting of 2015, whichever is earlier.
	His annual emolument was revised from HK\$410,000 to HK\$420,000 for acting as an Independent Non-executive Director, the Chairman of the Nomination Committee, a member of the Audit Committee and the Remuneration Committee for the period from the aforesaid date of commencement to the date of the annual general meeting of 2013.

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 2012, 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
Xu Ruxin

NON-EXECUTIVE DIRECTORS

Lu Hua
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

NOMINATION COMMITTEE

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

MANAGEMENT COMMITTEE

Ko Yuk Bing (*Convenor*)
Chan Kam Hung
Fong Shiu Leung, Keter
Xu Ruxin
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

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

Corporate Information

REGISTERED OFFICE

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Hamilton HM 11
Bermuda

PRINCIPAL PLACE OF BUSINESS

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Tsimshatsui
Kowloon
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 2012

	NOTES	Six months ended 30 June	
		2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000 (restated)
Revenue	3	2,320,901	2,884,167
Cost of sales		(1,621,436)	(2,232,631)
Gross profit		699,465	651,536
Interest income		18,064	16,391
Other income		5,010	11,638
Other gains and losses	5	119,415	231,890
Selling expenses		(120,105)	(89,085)
Operating expenses		(216,068)	(237,263)
Share of results of joint ventures	6	148,883	175,835
Finance costs	7	(82,250)	(90,816)
Profit before taxation	8	572,414	670,126
Income tax expenses	9	(346,030)	(360,175)
Profit for the period		226,384	309,951
Profit (loss) attributable to:			
Owners of the Company		228,122	316,247
Non-controlling interests		(1,738)	(6,296)
		226,384	309,951
Earnings per share	11		
— Basic		HK\$0.31	HK\$0.43
— Diluted		HK\$0.31	HK\$0.43

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2012

	Six months ended 30 June	
	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000 (restated)
Profit for the period	226,384	309,951
Other comprehensive (expense) income		
Exchange difference arising on translation to presentation currency	(20,552)	262,360
Total comprehensive income for the period	205,832	572,311
Total comprehensive income (expense) attributable to:		
Owners of the Company	203,495	574,789
Non-controlling interests	2,337	(2,478)
	205,832	572,311

Condensed Consolidated Statement of Financial Position

At 30 June 2012

	NOTES	30 June 2012 (Unaudited) HK\$'000	31 December 2011 (Audited) HK\$'000 (restated)
ASSETS			
Non-current assets			
Property, plant and equipment		54,774	56,093
Investment properties	12	1,987,113	1,697,470
Prepayment for land leases	16	—	648,220
Interests in joint ventures	13	4,169,394	4,207,599
Deferred tax assets		18,669	3,144
Loan to a joint venture	17	67,697	45,202
Long-term receivables	14	95,984	94,559
		6,393,631	6,752,287
Current assets			
Inventory of properties	15	22,945,117	17,085,092
Prepayment for land leases	16	—	3,585,282
Loan to a joint venture	17	86,207	—
Debtors, deposits and prepayments	18	783,083	583,525
Prepaid income tax		359,944	305,296
Pledged bank deposits	19	221,481	236,881
Bank balances and cash	19	3,968,529	3,183,826
		28,364,361	24,979,902
Total assets		34,757,992	31,732,189
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	20	74,193	74,193
Reserves		11,179,868	10,998,123
		11,254,061	11,072,316
Non-controlling interests		279,249	276,912
Total equity		11,533,310	11,349,228
Non-current liabilities			
Bank and other borrowings — due after one year	21	6,891,578	6,651,422
Loans from non-controlling interests of a subsidiary	22	113,054	268,689
Deferred tax liabilities		617,962	546,810
		7,622,594	7,466,921

Condensed Consolidated Statement of Financial Position

At 30 June 2012

	NOTES	30 June 2012 (Unaudited) HK\$'000	31 December 2011 (Audited) HK\$'000 (restated)
Current liabilities			
Creditors and accrued charges	23	3,557,630	3,292,837
Deposits from pre-sale of properties		8,130,229	4,939,851
Income tax payable		957,634	1,099,539
Bank and other borrowings — due within one year	21	2,722,000	3,499,636
Loans from non-controlling interests of a subsidiary	22	159,606	—
Other financial liabilities	24	74,989	84,177
		15,602,088	12,916,040
Total equity and liabilities		34,757,992	31,732,189

Condensed Consolidated Statement of Changes In Equity

For the six months ended 30 June 2012

	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 2011										
— as previously stated	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
— prior year adjustment (note 2)	—	—	—	—	—	—	(43,963)	(43,963)	—	(43,963)
— as restated	74,193	3,159,965	1,367,840	1,260,000	97,525	45,063	4,239,586	10,244,172	115,663	10,359,835
Profit (loss) for the period (restated)	—	—	—	—	—	—	316,247	316,247	(6,296)	309,951
Exchange differences arising on translation to presentation currency	—	—	258,542	—	—	—	—	258,542	3,818	262,360
Total comprehensive income (expense) for the period	—	—	258,542	—	—	—	316,247	574,789	(2,478)	572,311
Sub-total	74,193	3,159,965	1,626,382	1,260,000	97,525	45,063	4,555,833	10,818,961	113,185	10,932,146
Lapse of share options	—	—	—	—	(1,427)	—	1,427	—	—	—
Capital contributions from non-controlling interests of a subsidiary	—	—	—	—	—	—	—	—	144,398	144,398
Dividend (note 10)	—	—	—	—	—	—	(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	4,386,615	10,648,316	257,583	10,905,899
Balance at 1 January 2012										
— as previously stated	74,193	3,159,965	1,761,762	1,260,000	72,937	45,063	4,825,352	11,199,272	276,912	11,476,184
— prior year adjustment (note 2)	—	—	—	—	—	—	(126,956)	(126,956)	—	(126,956)
— as restated	74,193	3,159,965	1,761,762	1,260,000	72,937	45,063	4,698,396	11,072,316	276,912	11,349,228
Profit (loss) for the period	—	—	—	—	—	—	228,122	228,122	(1,738)	226,384
Exchange difference arising on translation to presentation currency	—	—	(24,627)	—	—	—	—	(24,627)	4,075	(20,552)
Total comprehensive (expense) income for the period	—	—	(24,627)	—	—	—	228,122	203,495	2,337	205,832
Sub-total	74,193	3,159,965	1,737,135	1,260,000	72,937	45,063	4,926,518	11,275,811	279,249	11,555,060
Lapse of share options	—	—	—	—	(519)	—	519	—	—	—
Transfer upon strike-off of a subsidiary and others	—	—	180,829	—	—	—	(24,515)	156,314	—	156,314
Dividend (note 10)	—	—	—	—	—	—	(178,064)	(178,064)	—	(178,064)
Appropriation	—	—	—	—	—	7,187	(7,187)	—	—	—
Balance at 30 June 2012 (unaudited)	74,193	3,159,965	1,917,964	1,260,000	72,418	52,250	4,717,271	11,254,061	279,249	11,533,310

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2012

	NOTE	Six months ended 30 June	
		2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000
Net cash from (used in) operating activities:			
Payment for land leases		—	(3,977,899)
(Increase) decrease in inventory of properties		(1,109,619)	134,955
Increase in deposits from pre-sale of properties		3,117,375	24,738
Other operating cash flows		(63,641)	670,845
		1,944,115	(3,147,361)
Net cash (used in) from investing activities:			
Cash distributions/dividends received from joint ventures		255,560	388,756
Additions to investment properties		(140,128)	(71,465)
Deposit paid for capital contribution to a joint venture		—	(238,095)
Capital contribution to an infrastructure joint venture		(22,015)	(11,549)
Loans to infrastructure joint ventures		(107,143)	—
Receipt of loan settlement from a related company		—	23,400
Receipt of deferred consideration on disposal of interest in a joint venture		—	27,713
(Increase) decrease in restricted bank balances		(198,534)	1,400
Decrease in pledged bank deposits		18,901	36,575
Other investing cash flows		4,536	35,203
		(188,823)	191,938
Net cash (used in) from financing activities:			
New borrowings raised		1,428,515	2,522,619
Repayment of borrowings		(2,087,078)	(1,401,259)
Capital contributions from non-controlling interests of a subsidiary		—	144,398
Loans from non-controlling interests of a subsidiary		—	231,429
Interest paid		(379,547)	(305,536)
Dividend paid		(178,064)	(170,645)
		(1,216,174)	1,021,006
Net increase (decrease) in cash and cash equivalents		539,118	(1,934,417)
Cash and cash equivalents at 1 January		2,640,504	4,957,565
Effect of foreign exchange rate changes		39,022	161,892
Cash and cash equivalents at 30 June	25	3,218,644	3,185,040

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2012

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 and derivative financial liabilities, 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 2011 except as described below.

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA:

Amendments to HKFRS 7	Disclosures — Transfers of Financial Assets
Amendments to HKAS 12	Deferred Tax: Recovery of Underlying Assets

Except for the amendment to HKAS 12 as described below, the application of the amendments to HKFRS 7 in the current period has had no material impact on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

Amendments to HKAS 12 "Deferred Tax: Recovery of Underlying Assets"

Under the amendments to HKAS 12 "Deferred Tax: Recovery of Underlying Assets", investment properties that are measured using the fair value model in accordance with HKAS 40 "Investment Property" are presumed to be recovered through sale for the purposes of measuring deferred taxes, unless the presumption is rebutted in certain circumstances.

The Group measures its investment properties using the fair value model. As a result of the application of the amendments to HKAS 12, the directors of the Company ("the Directors") reviewed the Group's investment property portfolios and concluded that for certain of the Group's investment properties, their carrying amounts will be recovered through sale, and that for the other investment properties of the Group, the properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time and therefore that the presumption set out in the amendments to HKAS 12 is rebutted by the Group in respect of these properties.

As a result of the application of the amendments to HKAS 12, the Group recognised additional deferred taxes in respect of those investment properties situated in the PRC which are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time and are subject to land appreciation tax on disposal of these investment properties. Previously, the Group did not recognise deferred tax relating to land appreciation tax on changes in fair value of those investment properties on the basis that the deferred tax was measured based on the assumption that the carrying amounts of these properties would be recovered through use.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2012

2. PRINCIPAL ACCOUNTING POLICIES (continued)

Amendments to HKAS 12 “Deferred Tax: Recovery of Underlying Assets” (continued)

The amendments to HKAS 12 have been applied retrospectively, resulting in the Group’s deferred tax liabilities being increased by HK\$126,956,000 as at 31 December 2011, with the corresponding adjustment being recognised as a deduction of retained profits. In addition, the application of the amendments has resulted in the Group’s income tax expenses for the six months ended 30 June 2012 and 30 June 2011 being increased by HK\$12,805,000 and HK\$47,066,000 respectively and hence resulted in the profit for the six months ended 30 June 2012 and 30 June 2011 being decreased by HK\$12,805,000 and HK\$47,066,000 respectively.

Summary of the effects of the adoption of amendments to HKAS 12

The effect of the adoption of amendments to HKAS 12 described above on the condensed consolidated income statement for the current and prior period is as follows:

	Six months ended 30 June	
	2012	2011
	HK\$’000	HK\$’000
Increase in income tax expenses and decrease in profit for the period	12,805	47,066

The effect of the adoption of amendments to HKAS 12 described above on the condensed consolidated statement of financial position as at 1 January 2011 and 31 December 2011 is as follows:

	As at		As at		As at	
	1 January	Amendments	1 January	31 December	Amendments	31 December
	(originally	to HKAS 12	2011	(originally	to HKAS 12	2011
	stated)	adjustments	(restated)	stated)	adjustments	(restated)
	HK\$’000	HK\$’000	HK\$’000	HK\$’000	HK\$’000	HK\$’000
Deferred tax liabilities, total effects on net assets	(283,470)	(43,963)	(327,433)	(419,854)	(126,956)	(546,810)
Retained profits, total effects on equity	4,283,549	(43,963)	4,239,586	4,825,352	(126,956)	4,698,396

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2012

2. PRINCIPAL ACCOUNTING POLICIES (continued)

Amendments to HKAS 12 "Deferred Tax: Recovery of Underlying Assets" (continued)

Summary of the effects of the adoption of amendments to HKAS 12 (continued)

The effect of the adoption of amendments to HKAS 12 described above on the Group's basic and diluted earnings per share for the current and prior period is as follows:

	Basic earnings per share		Diluted earnings per share	
	Six months ended 30 June		Six months ended 30 June	
	2012	2011	2012	2011
	HK\$	HK\$	HK\$	HK\$
Figures before adjustments	0.33	0.49	0.33	0.49
Amendments to HKAS 12 adjustments	(0.02)	(0.06)	(0.02)	(0.06)
Figures after adjustments	0.31	0.43	0.31	0.43

The Group has not early applied the new and revised HKFRSs that have been issued but are not yet effective. The following amendments to HKFRSs have been issued after the date the consolidated financial statements for the year ended 31 December 2011 were authorised for issuance and are not yet effective:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009–2011 Cycle ¹
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance ¹

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

The Directors anticipate that the application of the above amendments to HKFRSs will have no material impact on the results and the financial position of the Group.

3. REVENUE

	Six months ended 30 June	
	2012	2011
	HK\$'000	HK\$'000
Revenue of the Group		
Sale of completed properties held for sale	2,263,725	2,861,159
Gross rental income from properties	16,251	5,467
Others	40,925	17,541
	2,320,901	2,884,167
Group's share of toll revenue of infrastructure joint ventures	407,433	439,460
Revenue of the Group and Group's share of toll revenue of infrastructure joint ventures	2,728,334	3,323,627

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2012

4. SEGMENT INFORMATION

The Group's operating segments, based on the information reported to the Group's chief operating decision maker for the purpose 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 potential 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 2012			Six months ended 30 June 2011		
	Toll road HK\$'000	Property development and investment HK\$'000	Total HK\$'000	Toll road HK\$'000	Property development and investment HK\$'000 (restated)	Total HK\$'000 (restated)
Segment revenue	—	2,320,901	2,320,901	—	2,884,167	2,884,167
Segment profit	97,002	150,076	247,078	29,083	268,385	297,468

	At 30 June 2012			At 31 December 2011		
	Toll road HK\$'000	Property development and investment HK\$'000	Total HK\$'000	Toll road HK\$'000	Property development and investment HK\$'000	Total HK\$'000
Segment assets (including interests in joint ventures)	4,265,416	27,434,689	31,700,105	4,231,055	25,068,574	29,299,629

(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, long-term receivables, inventory of properties, prepayment for land leases, loans to joint ventures, 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 reportable segment.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2012

4. SEGMENT INFORMATION (continued)

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

	Six months ended 30 June	
	2012 HK\$'000	2011 HK\$'000 (restated)
Total segment profit	247,078	297,468
Unallocated items:		
Interest income	1,595	3,764
Corporate income	9,742	50,892
Corporate expenses	(5,880)	(13,390)
Finance costs	(26,151)	(28,783)
Consolidated profit for the period	226,384	309,951
	30 June 2012 HK\$'000	31 December 2011 HK\$'000
Total segment assets	31,700,105	29,299,629
Unallocated assets:		
Property, plant and equipment	1,903	2,128
Deposits and prepayments	1,244	1,755
Bank balances and cash	3,054,740	2,428,677
Consolidated total assets	34,757,992	31,732,189

5. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2012 HK\$'000	2011 HK\$'000
Impairment losses on interests in joint ventures	—	(60,000)
Gains on disposal of property, plant and equipment	210	216
Fair value gains on transfer of completed properties held for sale to investment properties	35,366	159,437
Change in fair value of investment properties	50,000	22,275
Change in fair value of other financial liabilities	(2,987)	—
Net exchange gains	36,826	109,962
	119,415	231,890

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2012

6. SHARE OF RESULTS OF JOINT VENTURES

	Six months ended 30 June	
	2012	2011
	HK\$'000	HK\$'000
Share of:		
Profits of infrastructure joint ventures before amortisation and taxation	297,801	300,363
Less: Amortisation of toll road operation rights	(95,072)	(101,163)
Income tax expenses	(60,047)	(54,550)
	142,682	144,650
Profit of other joint venture	6,201	31,185
	148,883	175,835

7. FINANCE COSTS

	Six months ended 30 June	
	2012	2011
	HK\$'000	HK\$'000
Interest on borrowings wholly repayable within five years	361,971	320,644
Other finance costs	33,193	27,651
	395,164	348,295
Less: Capitalised in properties under development for sale	(312,914)	(257,479)
	82,250	90,816

8. PROFIT BEFORE TAXATION

	Six months ended 30 June	
	2012	2011
	HK\$'000	HK\$'000
Profit before taxation has been arrived at after charging:		
Depreciation of property, plant and equipment	5,748	5,928
Less: Capitalised in properties under development for sale	(699)	(419)
	5,049	5,509
and after crediting:		
Bank interest income	14,520	14,192

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2012

9. INCOME TAX EXPENSES

	Six months ended 30 June	
	2012	2011
	HK\$'000	HK\$'000 (restated)
Current tax:		
PRC enterprise income tax ("EIT")	193,477	106,030
PRC land appreciation tax ("LAT")	89,669	123,368
PRC withholding tax	15,756	16,969
	298,902	246,367
Deferred tax:		
Current period	47,128	113,808
	346,030	360,175

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"), which is charged at progressive rates ranging from 30% to 60% of the appreciation value, with certain allowable deductions.

10. DIVIDEND PAID

	Six months ended 30 June	
	2012	2011
	HK\$'000	HK\$'000
2011 final dividend paid of HK\$0.24 (six months ended 30 June 2011: 2010 final dividend paid of HK\$0.23) per share	178,064	170,645

An interim dividend in respect of 2012 of HK\$0.16 (six months ended 30 June 2011: HK\$0.22) per share amounting to a total of approximately HK\$119 million (six months ended 30 June 2011: HK\$163 million) has been declared by the Board on 13 August 2012. 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 13 August 2012.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2012

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	
	2012 HK\$'000	2011 HK\$'000 (restated)
Earnings for the purposes of basic and diluted earnings per share attributable to the owners of the Company	228,122	316,247
	Number of shares '000	Number of shares '000
Weighted average number of ordinary shares for the purpose of basic earnings per share	741,935	741,935
Effect of dilutive potential ordinary shares: Share options (note)	—	9
Weighted average number of ordinary shares for the purpose of diluted earnings per share	741,935	741,944

Note: The calculation of diluted earnings per share for the six months ended 30 June 2012 did not assume the exercise of the Company's share options as the exercise prices of the share options were higher than the average market price of the Company's shares during the period.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2012

12. INVESTMENT PROPERTIES

	30 June 2012 HK\$'000	31 December 2011 HK\$'000
Completed properties, at fair value		
At 1 January	980,121	310,024
Transfer from completed properties held for sale (note)	38,223	320,557
Fair value gains on transfer of completed properties held for sale to investment properties	35,366	292,562
Change in fair value recognised in profit or loss	32,927	32,882
Exchange difference arising on translation to presentation currency	15,157	24,096
At 30 June/31 December	1,101,794	980,121
Properties under construction, at fair value		
At 1 January	717,349	405,362
Additions	140,128	260,985
Change in fair value recognised in profit or loss	17,073	29,585
Exchange difference arising on translation to presentation currency	10,769	21,417
At 30 June/31 December	885,319	717,349
Total	1,987,113	1,697,470

Note: They were transferred from completed properties held for sale due to the change in use of the properties evidenced by the commencement of operating leases.

The fair values of investment properties under construction and completed investment properties at the date of transfer, 30 June 2012 and 31 December 2011 were determined by reference to valuations carried out by an independent firm of professional valuers not connected with the Group, who hold recognised and relevant qualifications. The valuation report on these properties was signed by a director 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:

- 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 similar 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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2012

12. INVESTMENT PROPERTIES (continued)

The investment properties are situated in the PRC and held 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.

13. INTERESTS IN JOINT VENTURES

	30 June 2012 HK\$'000	31 December 2011 HK\$'000
Interests in infrastructure joint ventures		
Cost of investments	4,975,090	4,954,820
Share of post-acquisition profits and other comprehensive income, net of dividends received	3,102,961	3,210,450
Return of cost of investments (note a)	(3,619,023)	(3,660,953)
Impairment losses on cost of investments (note b)	(352,359)	(352,359)
	4,106,669	4,151,958
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	46,602	39,518
	62,725	55,641
	4,169,394	4,207,599

Notes:

- (a) The infrastructure joint ventures distribute the cash surplus to the Group and the other venturers 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 prior period, the Group conducted a review on the performance of the toll road infrastructure projects and recognised impairment losses of HK\$60,000,000 which was recognised as other gains and losses in the profit or loss. The recoverable amounts of interests in infrastructure joint ventures were 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. LONG-TERM RECEIVABLES

It represented the cash advance to Huge Rise Investments Limited and its subsidiaries, which are 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 Hong Kong Interbank Offer Rate.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2012

15. INVENTORY OF PROPERTIES

	30 June 2012 HK\$'000	31 December 2011 HK\$'000
Completed properties held for sale	1,061,039	1,191,854
Properties under development for sale (note)	21,884,078	15,893,238
	22,945,117	17,085,092

Note: Included in the amount are properties under development for sale of HK\$16,568,658,000 (31 December 2011: HK\$10,118,565,000) which are expected to be completed and delivered to the customers more than twelve months from the end of the reporting period.

16. PREPAYMENT FOR LAND LEASES

The prepayment of HK\$648,220,000 as at 31 December 2011 was made according to the sale and purchase agreement entered into with the PRC local government for the acquisition of a piece of land in the PRC. As the intended use of the land was for development of investment properties under a preliminary development plan, the prepayment was classified as non-current assets as at 31 December 2011. During the current interim period, the Group resolved that the development plan be changed to property development for sale and accordingly, the Group recognised the land purchase costs as "properties under development for sale" under "inventory of properties" upon the delivery of relevant title document to the Group during the period.

As at 31 December 2011, the total prepayment in full of HK\$3,585,282,000 was made for the acquisition of certain pieces of land in the PRC for property development for sale. Upon the delivery of relevant land title document to the Group during the period, the prepaid amount, which represented the land purchase costs, was recognised as "properties under development for sale" under "inventory of properties".

17. LOANS TO JOINT VENTURES

At 30 June 2012, the loan to a joint venture of HK\$67,697,000 (31 December 2011: HK\$45,202,000) included in non-current assets, represents a loan to Hunan Changyi Expressway Co., Ltd., which is unsecured, interest bearing at a fixed rate of 7.755% (31 December 2011: 7.755%) per annum and due in October 2019.

At 30 June 2012, the loan to a joint venture of HK\$86,207,000 (31 December 2011: nil) included in current assets, represents a loan to Jinzhong Longcheng Expressway Co., Ltd., which is unsecured, interest free and due in December 2012.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2012

18. DEBTORS, DEPOSITS AND PREPAYMENTS

	30 June 2012	31 December 2011
	HK\$'000	HK\$'000
Aged analysis of trade debtors, presented based on invoice date (note):		
Within 60 days	2,564	2,109
60 to 90 days	1,443	—
More than 90 days	9,731	5,595
	13,738	7,704
Refundable tender deposits for acquisition of land	61,577	60,680
Prepayment of business tax and other taxes	379,324	203,135
Other receivables, deposits and prepayments	328,444	312,006
	783,083	583,525

Note: The debtors are mainly arisen from sale of properties. Consideration in respect of properties sold is paid in accordance with terms of the related sales and purchase agreements, normally within 60 days from the agreements. Consideration under pre-sale contracts will be fully received prior to the delivery of the properties to the purchasers.

19. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

Pledged bank deposits of HK\$221,481,000 (31 December 2011: HK\$236,881,000) 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.

Included in bank balances and cash, bank balances amounting to HK\$913,789,000 (31 December 2011: HK\$755,149,000) in total were limited to be used in the development of certain property projects. These bank balances comprised the proceeds received from pre-sale of properties of certain property projects deposited into designated bank accounts of the Group of HK\$749,885,000 (31 December 2011: HK\$543,322,000) according to the relevant requirements of the PRC local government and the proceeds received from bank loans of HK\$163,904,000 (31 December 2011: HK\$211,827,000) for property development.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2012

20. 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 2012 and 30 June 2012	741,934,566	74,193

The Company has a share option scheme for directors and eligible employees of the Group. At 30 June 2012, the number of outstanding granted share options is 29,643,000 (31 December 2011: 29,828,000).

During the current period, no share options are exercised and 185,000 share options are lapsed.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2012

21. BANK AND OTHER BORROWINGS

	30 June 2012 HK\$'000	31 December 2011 HK\$'000
2007 Guaranteed notes (note (a))	1,562,839	2,706,149
2010 Guaranteed senior notes (note (b))	2,590,258	2,562,573
2011 Guaranteed senior notes (note (c))	1,588,873	1,562,391
Bank loans (note (d))	3,871,608	3,319,945
	9,613,578	10,151,058
The maturity of the above loans is as follows:		
Unsecured borrowings repayable*:		
Within one year	149,556	1,205,500
More than one year but not exceeding two years	3,781,092	384,926
More than two years but not exceeding five years	3,024,718	6,266,496
	6,955,366	7,856,922
Secured borrowings repayable*:		
Within one year	1,913,401	2,094,442
More than two years but not exceeding five years	85,768	—
	1,999,169	2,094,442
Carrying amount of unsecured bank loan that is repayable within one year and contains a repayable on demand clause	659,043	199,694
Total borrowings	9,613,578	10,151,058
Less: Amounts classified as current liabilities	(2,722,000)	(3,499,636)
Amounts due over one year shown and classified as non-current liabilities	6,891,578	6,651,422

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

Notes:

- (a) The 2007 Guaranteed notes are listed on the Singapore Exchange Securities Trading Limited ("SGX"). The notes with carrying amount of HK\$1,562,839,000 (31 December 2011: HK\$1,546,045,000) bearing interest at a fixed rate of 7.625% per annum will mature in May 2014. The notes with carrying amount of HK\$1,160,104,000 at 31 December 2011 bearing interest at a floating rate of three month London Interbank Offered Rate plus 2.25% per annum was repaid in May 2012.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2012

21. BANK AND OTHER BORROWINGS (continued)

Notes: (continued)

- (b) The 2010 Guaranteed senior notes are listed on the SGX and were issued in September 2010. The notes bearing interest at a fixed rate of 9.5% per annum will mature in September 2015.
- (c) The 2011 Guaranteed senior notes are denominated in Renminbi and are listed on the SGX and were issued in February 2011. The notes bearing interest at a fixed rate of 6% per annum will mature in February 2014.
- (d) Bank loans with carrying amount of HK\$1,999,168,000 (31 December 2011: HK\$2,092,012,000) bear interest at a fixed rate of 6.65% to 8.31% (31 December 2011: 6.32% to 8.31%) per annum. Interest rates on the remaining bank loans, which carry floating interest rates, range from 2.08% to 4.10% (31 December 2011: 2.70% to 4.10%) per annum.

22. LOANS FROM NON-CONTROLLING INTERESTS OF A SUBSIDIARY

The loans are unsecured and interest bearing at fixed rate of 7.315% per annum.

As at 30 June 2012, the loans amounting to HK\$159,606,000 and HK\$113,054,000, due in March 2013 and second half of 2013, are classified as current and non-current liabilities respectively.

23. CREDITORS AND ACCRUED CHARGES

	30 June 2012 HK\$'000	31 December 2011 HK\$'000
Aged analysis of creditors, presented based on invoice date:		
Within 60 days	118,361	90,576
60 to 90 days	10,766	12,267
More than 90 days	198,983	138,688
	328,110	241,531
Accrued construction costs	2,620,679	2,455,115
	2,948,789	2,696,646
Interest payable	120,085	126,154
Accrued taxes (other than EIT and LAT)	26,353	27,339
Other accrued charges	462,403	442,698
	3,557,630	3,292,837

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2012

24. OTHER FINANCIAL LIABILITIES

The derivatives financial liabilities represent the fair value of cross-currency interest rate swap contracts of HK\$74,989,000 (31 December 2011: HK\$84,177,000). During the year ended 31 December 2011, the Group entered into two cross-currency interest rate swap contracts with certain financial institutions. The Group will pay United States dollars and receive Renminbi on gross settlement basis at the date specified in the terms of contracts.

The fair value of the swap contracts are determined based on valuation provided by the counterparty financial institutions, which is measured using discounted cash flow analysis based on, inter alia, the applicable exchange rate and yield curves of relevant interest rates.

25. CASH AND CASH EQUIVALENTS

For the purposes of the condensed consolidated statement of cash flows, cash and cash equivalents include cash on hand and in banks except certain restricted bank balances. Cash and cash equivalents at the end of the period as shown in condensed consolidated statement of cash flows are comprised of:

	30 June 2012 HK\$'000	31 December 2011 HK\$'000
Bank balances and cash	3,968,529	3,183,826
Less: Restricted bank balances — proceeds from pre-sale of properties (note 19)	(749,885)	(543,322)
	<u>3,218,644</u>	<u>2,640,504</u>

26. CAPITAL COMMITMENTS

	30 June 2012 HK\$'000	31 December 2011 HK\$'000
Capital expenditure in respect of the development of investment properties contracted for but not provided in the condensed consolidated financial statements	102,603	171,876
Capital expenditure in respect of the development of investment properties authorised but not contracted for	36,694	657,404

27. CONTINGENT LIABILITIES

At 30 June 2012, the Group provided guarantees of HK\$4,058,370,000 (31 December 2011: HK\$4,696,053,000) to banks in favour of its customers in respect of the mortgage loans provided by the banks to such customers for the purchase of the Group's developed properties. These guarantees provided by the Group to the banks 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.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2012

28. PLEDGE OF ASSETS

At the end of the reporting period, other than the pledged bank deposits as disclosed in note 19, the Group's inventory of properties of HK\$1,843,678,000 (31 December 2011: HK\$1,830,247,000) was pledged to secure the banking facilities granted to the Group.

29. RELATED PARTY TRANSACTIONS

Other than set out in notes 17 and 22 to the condensed consolidated financial statements, the Group had transactions with the following related parties during the period, details of which are as follows:

Related parties	Nature	Six months ended 30 June	
		2012	2011
		HK\$'000	HK\$'000
Joint ventures	Interest income	2,303	1,250

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	
	2012	2011
	HK\$'000	HK\$'000
Short-term employment benefits	54,764	43,783
Post-employment benefits	2,419	2,076
	57,183	45,859

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

30. TOTAL ASSETS LESS CURRENT LIABILITIES/NET CURRENT ASSETS

The Group's total assets less current liabilities at 30 June 2012 amounted to HK\$19,155,904,000 (31 December 2011: HK\$18,816,149,000). The Group's net current assets at 30 June 2012 amounted to HK\$12,762,273,000 (31 December 2011: HK\$12,063,862,000).

Report on Review of Condensed Consolidated Financial Statements

TO THE BOARD OF DIRECTORS OF ROAD KING INFRASTRUCTURE LIMITED

(incorporated in Bermuda with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements set out on pages A-1 to A-23, which comprises the condensed consolidated statement of financial position of Road King Infrastructure Limited and its subsidiaries as of 30 June 2012 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 these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements 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 these condensed consolidated financial statements 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 condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

13 August 2012