

# Road King Infrastructure Limited

(incorporated in Bermuda with limited liability)  
Stock Code: 1098



INTERIM  
REPORT  
**2013**

# Corporate Profile

## ROAD KING INFRASTRUCTURE LIMITED

Road King Infrastructure Limited (“Road King”) is a prominent property developer in the People’s Republic of China (the “PRC”) and focus on developing quality residential apartments at affordable prices. Our existing asset portfolio of property business amounts to approximately HK\$33.7 billion, comprising a land reserve of over 5,300,000 square metres (“sqm”) which is primarily located in the Yangtze River Delta and Bohai Rim regions. We are also a leading toll road investor and operator in the PRC with over 20 years of experience in the industry. Our current toll road portfolio comprises four expressways and six Class I/II highways spanning over 518 kilometers (“km”) in the PRC.

15 August 2013



This interim report is printed on recycled paper.



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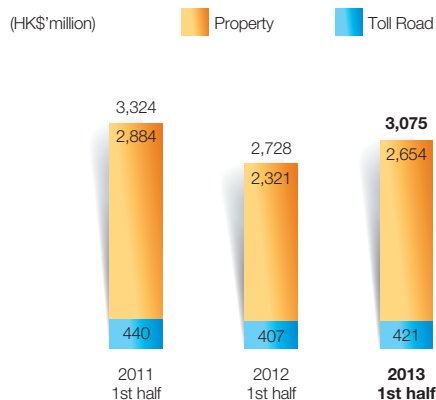
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# Financial Highlights

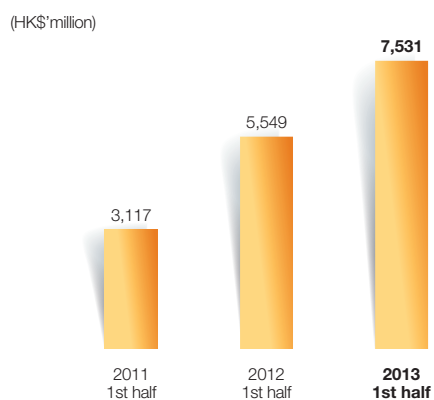
(HK\$'million)	For the six months ended 30 June			For the year ended 31 December	
	2013	2012	2011 (restated)*	2012	2011 (restated)*
Revenue from property development	<b>2,654</b>	2,321	2,884	9,344	6,833
Group's share of toll road revenue	<b>421</b>	407	440	839	844
Proceeds received from property development	<b>7,531</b>	5,549	3,117	11,388	6,817
Cash received from toll road projects	<b>247</b>	256	389	523	658
Profit before taxation	<b>764</b>	572	670	2,318	1,860
Profit attributable to owners of the Company	<b>255</b>	228	316	818	735
Basic earnings per share (HK\$)	<b>0.34</b>	0.31	0.43	1.1	0.99
Net assets per share attributable to owners of the Company (HK\$)	<b>16.1</b>	15.2	14.4	15.9	14.9
Dividend per Share (HK\$)	<b>0.18</b>	0.16	0.22	0.46	0.46
Net gearing ratio (%)	<b>44</b>	48	61	51	61

\* 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 for the six months ended 30 June and for the year ended 31 December 2012.

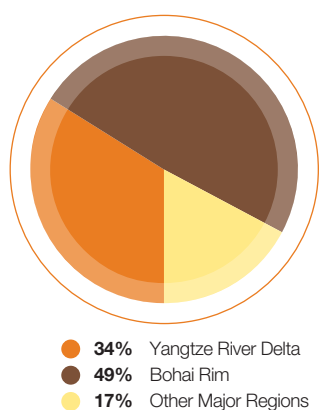
## Revenue from property development and Group's share of toll revenue



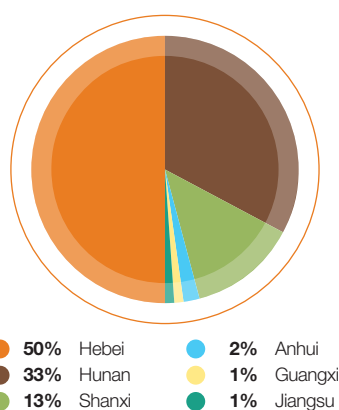
## Proceeds received from property development



## Revenue contribution of property projects in first half of 2013 by location



## Revenue contribution of toll road projects in first half of 2013 by location



# Major Projects Information




 Property Projects

# Major Projects Information


## Properties for Sale


As at 30 June 2013


### Yangtze River Delta

P1	Zhenjiang Dingmao Project							
	Saleable area (sqm)	126,000	Nature	Residential	Stage of completion (note)	M	Land area (sqm)	98,000
	Approximate attributable interest	100.00%	Target completion	2016	Location	Zhenjiang, Jiangsu		
Zhenjiang RK Properties Developments Ltd.								

P2	Changzhou RK Royal City							
	Saleable area (sqm)	454,000	Nature	Residential	Stage of completion (note)	S/C	Land area (sqm)	487,000
	Approximate attributable interest	100.00%	Target completion	2015	Location	Changzhou, Jiangsu		
Changzhou Great Gallop Properties Developments Ltd.								

P3	Changzhou RK City							
	Saleable area (sqm)	708,000	Nature	Residential	Stage of completion (note)	M/P/F	Land area (sqm)	280,000
	Approximate attributable interest	100.00%	Target completion	2019	Location	Changzhou, Jiangsu		
Changzhou RK Properties Developments Ltd.								

P4	Changzhou Xilin Project							
	Saleable area (sqm)	236,000	Nature	Residential	Stage of completion (note)	M	Land area (sqm)	95,000
	Approximate attributable interest	100.00%	Target completion	2016	Location	Changzhou, Jiangsu		
Changzhou RK Hongcheng Properties Developments Ltd.								


P5	The Providence							
	Saleable area (sqm)	197,000	Nature	Residential	Stage of completion (note)	P/F/S	Land area (sqm)	88,000
	Approximate attributable interest	100.00%	Target completion	2015	Location	Wuxi, Jiangsu		
Wuxi RK Liyuan Properties Limited								


# Major Projects Information

## Properties for Sale

As at 30 June 2013


### Yangtze River Delta

P6	Phoenix City							
	Saleable area (sqm)	940,000	Nature	Residential	Stage of completion (note)	P/F/S/C	Land area (sqm)	847,000
	Approximate attributable interest	100.00%	Target completion	2018	Location	Suzhou, Jiangsu		
Suzhou Junyu Properties Ltd.								

P7	Shine June Garden							
	Saleable area (sqm)	21,000	Nature	Residential	Stage of completion (note)	C	Land area (sqm)	133,000
	Approximate attributable interest	100.00%	Target completion	2013	Location	Shanghai		
Shanghai Junxiang Properties Development Co., Ltd.								

P8	Château du Nord							
	Saleable area (sqm)	135,000	Nature	Residential	Stage of completion (note)	F/S/C	Land area (sqm)	133,000
	Approximate attributable interest	55.00%	Target completion	2016	Location	Shanghai		
Shanghai Juncheng Real Estate Ltd.								

P9	Shanghai Villa							
	Saleable area (sqm)	130,000	Nature	Residential	Stage of completion (note)	M/P	Land area (sqm)	136,000
	Approximate attributable interest	55.00%	Target completion	2017	Location	Shanghai		
Shanghai Juncheng Real Estate Ltd.								


P10	Shanghai Anting Project							
	Saleable area (sqm)	130,000	Nature	Residential	Stage of completion (note)	M	Land area (sqm)	61,000
	Approximate attributable interest	75.00%	Target completion	2016	Location	Shanghai		
Shanghai Junan Real Estate Ltd.								


# Major Projects Information


## Properties for Sale

As at 30 June 2013


### Bohai Rim

P11	Jianguomen Project							
	Saleable area (sqm)	31,000	Nature	Commercial	Stage of completion (note)	M	Land area (sqm)	11,000
	Approximate attributable interest	100.00%	Target completion	2018	Location	Beijing		
Beijing Wuyuetian Properties Development Co., Ltd.								

P12	RK World City							
	Saleable area (sqm)	237,000	Nature	Residential and Commercial	Stage of completion (note)	F/S	Land area (sqm)	108,000
	Approximate attributable interest	100.00%	Target completion	2015	Location	Beijing		
Beijing RK Junyu Properties Developments Ltd.								

P13	Sunny Town							
	Saleable area (sqm)	217,000	Nature	Residential	Stage of completion (note)	P/F/S/C	Land area (sqm)	811,000
	Approximate attributable interest	94.74%	Target completion	2015	Location	Tianjin		
Tianjin Sunco Xindi Property Co., Ltd.								

P14	Leader of Life							
	Saleable area (sqm)	136,000	Nature	Residential	Stage of completion (note)	F/S/C	Land area (sqm)	327,000
	Approximate attributable interest	94.74%	Target completion	2015	Location	Tianjin		
Tianjin Sunco Rongxin Land Co., Ltd. and Tianjin RK Junyao Properties Investment Co., Ltd.								

P15	International City							
	Saleable area (sqm)	119,000	Nature	Residential	Stage of completion (note)	S/C	Land area (sqm)	80,000
	Approximate attributable interest	100.00%	Target completion	2014	Location	Shijiazhuang, Hebei		
Hebei RK Properties Developments Ltd.								





# Major Projects Information


## Properties for Sale

As at 30 June 2013


### Bohai Rim


P16	Jinan University Project							
	Saleable area (sqm)	129,000	Nature	Residential and Commercial	Stage of completion (note)	M	Land area (sqm)	53,000
	Approximate attributable interest	100.00%	Target completion	2017	Location	Jinan, Shandong		
Shandong Yudi Properties Developments Co., Ltd.								

P17	Royal Panorama							
	Saleable area (sqm)	101,000	Nature	Residential	Stage of completion (note)	S/C	Land area (sqm)	177,000
	Approximate attributable interest	94.74%	Target completion	2015	Location	Jinan, Shandong		
Jinan Shuncheng Real Estate Development Co., Ltd.								

P18	Unusual Landscape							
	Saleable area (sqm)	140,000	Nature	Residential	Stage of completion (note)	F/S/C	Land area (sqm)	249,000
	Approximate attributable interest	94.74%	Target completion	2016	Location	Qingdao, Shandong		
Shandong Sunco Rongsheng Land Co., Ltd.								

### Other Major Regions

P19	Central Special Zone							
	Saleable area (sqm)	67,000	Nature	Residential and Commercial	Stage of completion (note)	S/C	Land area (sqm)	210,000
	Approximate attributable interest	94.74%	Target completion	2013	Location	Zhengzhou, Henan		
Zhengzhou Keshu Real Estate Co., Ltd.								


P20	Sunco Town							
	Saleable area (sqm)	73,000	Nature	Residential	Stage of completion (note)	S/C	Land area (sqm)	111,000
	Approximate attributable interest	94.74%	Target completion	2013	Location	Luoyang, Henan		
Luoyang Sunco Real Estate Development Co., Ltd.								


# Major Projects Information


## Properties for Sale

As at 30 June 2013

### Other Major Regions


P21	Luoyang RK Royal City							
	Saleable area (sqm)	392,000	Nature	Residential	Stage of completion (note)	M/P	Land area (sqm)	147,000
	Approximate attributable interest	100.00%	Target completion	2017	Location	Luoyang, Henan		
Luoyang RK Properties Developments Ltd.								


P22	J·o·Y Heights							
	Saleable area (sqm)	260,000	Nature	Residential	Stage of completion (note)	F/S	Land area (sqm)	103,000
	Approximate attributable interest	100.00%	Target completion	2015	Location	Guangzhou, Guangdong		
Guangzhou Junyue Real Estate Limited								

P23	Banyan Riverside							
	Saleable area (sqm)	106,000	Nature	Residential	Stage of completion (note)	S	Land area (sqm)	35,000
	Approximate attributable interest	100.00%	Target completion	2014	Location	Guangzhou, Guangdong		
Guangzhou Junhua Real Estate Limited								

## Investment Properties

As at 30 June 2013


P24	Grand Metropolis							
	Saleable area (sqm)	122,000	Nature	Commercial	Stage of completion (note)	C	Land area (sqm)	67,000
	Approximate attributable interest	100.00%	Target completion	Not applicable	Location	Changzhou, Jiangsu		
Changzhou Greatmind Properties Developments Ltd.								


P6	Phoenix City							
	Saleable area (sqm)	16,000	Nature	Commercial	Stage of completion (note)	C	Land area (sqm)	13,000
	Approximate attributable interest	100.00%	Target completion	Not applicable	Location	Suzhou, Jiangsu		
Suzhou Junyu Properties Ltd.								


# Major Projects Information

## Investment Properties

As at 30 June 2013


P13	Joy Park							
	Saleable area (sqm)	15,000	Nature	Commercial	Stage of completion (note)	C	Land area (sqm)	9,000
	Approximate attributable interest	94.74%	Target completion	Not applicable	Location	Tianjin		
Tianjin Sunco Xindi Property Co., Ltd.								

P19	Central Special Zone							
	Saleable area (sqm)	25,000	Nature	Commercial	Stage of completion (note)	C	Land area (sqm)	9,000
	Approximate attributable interest	94.74%	Target completion	Not applicable	Location	Zhengzhou, Henan		
Zhengzhou Keshu Real Estate Co., Ltd.								

P22	J-o-Y Heights							
	Saleable area (sqm)	9,000	Nature	Commercial	Stage of completion (note)	S	Land area (sqm)	4,000
	Approximate attributable interest	100.00%	Target completion	2014	Location	Guangzhou, Guangdong		
Guangzhou Junyue Real Estate Limited								

## Project Acquired after 30 June 2013

### Yangtze River Delta

P25	Zhenjiang Dagang Project							
	Saleable area (sqm)	522,000	Nature	Residential	Stage of completion (note)	M	Land area (sqm)	256,000
	Approximate attributable interest	100.00%	Target completion	2019	Location	Zhenjiang, Jiangsu		

Notes:

“M” denotes “Master planning”  
“F” denotes “Foundation”

“R” denotes “Relocation”  
“S” denotes “Superstructure”

“P” denotes “Planning and design”  
“C” denotes “Completed”

# Major Projects Information



# Major Projects Information

## Toll Road Business

As at 30 June 2013

### Expressways

	<b>T1 Baojin Expressway</b>					
	Location	Hebei Province	Length	105 km	Equity interest	40%
	Route	National Expressway G18 Baoding-Tianjin ~ 4-lane		Road Rise Investments Limited		
	<b>T2 Tangjin Expressway</b>					
	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		
	<b>T3 Changyi Expressway</b>					
	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		
	<b>T4 Longcheng Expressway</b>					
	Location	Shanxi Province	Length	72 km	Equity interest	45%
	Route	Provincial Expressway S60 Yuci Longbai Village-Chengzhao, Qixian ~ 6-lane		Intersafe Investments Limited		

# Major Projects Information

## Toll Road Business

As at 30 June 2013

### Highways

	<b>T5 Shijin Highway</b>					
	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		
	<b>T6 Dongguan Highway</b>					
	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		
	<b>T7 Yuci City Bypass</b>					
	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		
	<b>T8 Heye Highway</b>					
	Location	Anhui Province	Length	55 km	Equity interest	50%
	Route	National Highway 312 Hefei-Yeji ~ Class I Highway ~ 4/6-lane		Road Mass Investments Limited Road Team Investments Limited		
	<b>T9 Suzhou Shanghai Airport Highway</b>					
	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		
	<b>T10 Yulin Highway</b>					
	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		

# Management Discussion and Analysis

## BUSINESS REVIEW

The profit attributable to the owners of the Company for the six months ended 30 June 2013 was HK\$255 million (2012: HK\$228 million), and earnings per share was HK\$0.34 (2012: HK\$0.31), representing an increase of approximately 10% as compared with the corresponding period of last year.

In the first half of 2013, there was a strong rigid demand for housing and the property market was still active as a whole despite the ongoing austerity measures. By continuing to adopt the strategy that balances high turnover rate and profitability, the Group achieved record sales, with contracted sales increased by 42% as compared with the corresponding period of last year.

The Group's toll road business continued to implement its strategy to optimise its investment portfolio and maintained a stable performance in the first half of the year.

## PROPERTY BUSINESS

### Sales and Delivery of Properties

Set out below is an analysis of the Group's property contracted sales and delivery (including those of a joint venture project) by region for the first half of 2013:

Regions (Notes)	Contracted sales		Delivery	
	Amount RMB'million	Saleable area sqm	Amount RMB'million	Saleable area sqm
Yangtze River Delta	1,833	202,000	718	71,000
Bohai Rim	3,055	294,000	1,035	97,000
Other major regions	1,698	121,000	370	37,000
Subtotal	6,586	617,000	2,123	205,000
Joint venture project	344	29,000	77	6,000
Total	6,930	646,000	2,200	211,000

Note:

Yangtze River Delta region comprises Shanghai and Jiangsu Province.

Bohai Rim region comprises Beijing, Tianjin, Hebei Province and Shandong Province.

Other major regions comprise Guangdong Province and Henan Province.

# Management Discussion and Analysis

## PROPERTY BUSINESS (Continued)

### Sales and Delivery of Properties (Continued)

The Group's strategy that balances high turnover rate and profitability has delivered encouraging results. In the first half of 2013, property sales of the Group (including those of a joint venture project) were RMB7,435 million. These comprised contracted sales of RMB6,930 million, representing an increase of 42% as compared with the same period of last year, and subscribed sales of RMB505 million. As at 30 June 2013, the area of residential properties sold but yet to be delivered was 1,060,000 sqm. The contracted sales for the year are expected to be higher than last year.

### Financial Review

	For the six months ended 30 June	
	2013 (unaudited) HK\$'million	2012 (unaudited) HK\$'million
Revenue	2,654	2,321
Gross Profit	929	699
Sales and management fees	(379)	(290)
Profit after taxation	206	150

In the first half of 2013, the revenue recognised by the Group of HK\$2,654 million, which was mainly attributable to the delivery of properties, represented an increase of 14% as compared with HK\$2,321 million for the corresponding period of last year. Segment profit of the property business increased by 37% over last corresponding period to HK\$206 million.

### Land Reserve

In the first half of 2013, the Group acquired five pieces of land for residential developments with a total saleable area of 884,000 sqm, details of which are set out as follows:

City	Attributable interest	Land area sqm	Saleable area sqm	Consideration RMB'million	Date of target sales
Shanghai	75%	36,000	72,000	460	2015
Shanghai	75%	25,000	58,000	365	2014
Changzhou	100%	95,000	236,000	356	2014
Zhenjiang	100%	98,000	126,000	226	2014
Luoyang	100%	147,000	392,000	305	2014

At the end of July 2013, the Group acquired two pieces of adjoining land for residential developments in Dagang, Zhenjiang, Jiangsu Province with a total saleable area of 522,000 sqm for a consideration of RMB425 million. These two pieces of land are wholly owned by the Group. Phase 1 of the residential project is intended to be launched in 2014.



# Management Discussion and Analysis

## PROPERTY BUSINESS (Continued)

### Land Reserve (Continued)

The Group's land reserve includes properties under planning and construction, properties held for sale and properties held for investment. As at 30 June 2013, the total saleable area of the Group was more than 5,300,000 sqm, of which 5,100,000 sqm was attributable to the Group, and mainly comprised the following:

Provinces/Municipalities	Number of projects units	Saleable area sqm
<b>Yangtze River Delta region</b>		
Shanghai	5	456,000
Jiangsu Province	7	2,799,000
<b>Bohai Rim region</b>		
Beijing	2	268,000
Tianjin	2	368,000
Hebei Province	1	119,000
Shandong Province	3	370,000
<b>Other major regions</b>		
Henan Province	3	557,000
Guangdong Province	2	375,000

In the first half of the year, new construction area was 218,000 sqm while the area of completed projects was 231,000 sqm. New construction area and the area of completed projects in the second half of the year are expected to be 1,082,000 sqm and 1,044,000 sqm respectively.

### Overview of Major Projects

#### Yangtze River Delta Region

##### *Changzhou RK Royal City, Changzhou*

In the first half of 2013, the contracted sales of Changzhou RK Royal City was RMB498 million, with an average selling price of approximately RMB6,900 per sqm. It is expected that a larger number of properties, with an area of around 160,000 sqm, will be delivered in the second half of 2013.

##### *Changzhou RK City, Changzhou*

Construction of Phase 1 of the project commenced in the third quarter of 2013 and this phase is expected to be launched for sales towards the end of this year.

# Management Discussion and Analysis

## PROPERTY BUSINESS (Continued)

### Overview of Major Projects (Continued)

#### Yangtze River Delta Region (Continued)

##### *Phoenix City, Suzhou*

In the first half of 2013, the contracted sales of “i-Zone” project was RMB556 million, with an average selling price of approximately RMB9,400 per sqm. The contracted sales of “Forest & Valley Villa” was RMB445 million, with an average selling price of approximately RMB12,800 per sqm. In 2013, a substantial part of the project will be delivered in the second half of the year, particularly in the fourth quarter. It is expected that a total area of 116,800 sqm for “i-Zone” and 26,000 sqm for “Forest & Valley Villa” will be delivered, respectively.

##### *Shine June Garden, Shanghai*

In the first half of 2013, the contracted sales of Shine June Garden was RMB171 million, with an average selling price of approximately RMB22,800 per sqm. In the first half of 2013, the value and area of properties delivered were RMB425 million and 28,500 sqm respectively. It is expected that a total area of 16,700 sqm will be delivered in the second half of 2013.

##### *Shanghai Villa, Shanghai*

Construction of Phase 1 of the project commenced in the third quarter of 2013 and presale of this phase is expected to be launched at the end of this year.

#### Bohai Rim Region

##### *RK World City, Beijing*

In the first half of 2013, the contracted sales of RK World City Phase 1 was RMB991 million, with an average selling price of approximately RMB14,300 per sqm, while Phase 2 of the project will be launched in the second half of the year. A substantial part of the project with an area of around 77,200 sqm is expected to be delivered in the second half of 2013.

##### *Sunny Town, Tianjin*

In the first half of 2013, the contracted sales of Sunny Town was RMB820 million, with an average selling price of approximately RMB13,000 per sqm. In the first half of 2013, the value and area of properties delivered were RMB704 million and 49,900 sqm respectively. A substantial part of the project of around 116,300 sqm is expected to be delivered in the second half of 2013.

##### *Leader of Life, Tianjin*

In the first half of 2013, the contracted sales of Leader of Life was RMB261 million, with an average selling price of approximately RMB8,300 per sqm. In the first half of 2013, the value and area of properties delivered were RMB109 million and 11,600 sqm respectively. It is expected that a total area of approximately 8,400 sqm will be delivered in the second half of 2013.

##### *International City, Shijiazhuang*

In the first half of 2013, the contracted sales of International City was RMB446 million, with an average selling price of approximately RMB8,000 per sqm. The project is expected to be delivered in 2014.

##### *Royal Panorama, Jinan*

In the first half of 2013, the contracted sales of Royal Panorama was RMB409 million, with an average selling price of approximately RMB7,300 per sqm. It is expected that a total area of approximately 20,000 sqm will be delivered in the fourth quarter of 2013.

# Management Discussion and Analysis

## PROPERTY BUSINESS (Continued)

### Overview of Major Projects (Continued)

#### Other Major Regions

##### *Central Special Zone, Zhengzhou*

In the first half of 2013, the contracted sales of Central Special Zone was RMB285 million, with an average selling price of approximately RMB20,400 per sqm and approximately RMB12,900 per sqm for retail shops and office buildings respectively. In the first half of 2013, the value and area of properties delivered were RMB167 million and 10,000 sqm respectively. It is expected that a total area of approximately 52,000 sqm will be delivered in the second half of 2013.

##### *J.o.Y Heights, Guangzhou*

In the first half of 2013, the contracted sales of J.o.Y Heights was RMB232 million, with an average selling price of approximately RMB8,700 per sqm. A substantial part of the project will be delivered in the first half of 2014.

##### *Banyan Riverside, Guangzhou*

In the first half of 2013, the contracted sales of Banyan Riverside was RMB508 million, with an average selling price of approximately RMB15,800 per sqm. A substantial part of the project of around 42,700 sqm is expected to be delivered in the second half of 2013.

#### New Projects

##### *Shanghai Anting Project, Shanghai*

In June 2013, the Group joined hands with partner in Shanghai to acquire two pieces of adjoining land in Anting Town, Jiading District, Shanghai mainly for residential developments through land auctions. With an aggregated site area of 61,000 sqm and saleable area of 130,000 sqm, the two pieces of land are located at the intersection of the commercial area and the logistics cluster, which is a key area of development according to government plans. The Group intends to develop the two pieces of land into a quality residential project catering for rigid demand. The project is expected to be developed in two phases and will be launched in the second half of 2014. The land use right certificate for the project is expected to be received in 2013.

##### *Changzhou Xilin Project, Changzhou*

In May 2013, the Group acquired a piece of land in Zhonglou District, Changzhou, Jiangsu Province mainly for residential development through listing-for-sale. The land is located at the intersection of the commercial area and the logistics cluster, which is a key area of development according to government plans. The Group intends to develop the project into a quality residential community, setting an example in Zhonglou District. With a site area of 95,000 sqm and saleable area of 236,000 sqm, the project is planned to be developed in two phases and will be launched in the second half of 2014. The land use right certificate for the project is expected to be received in 2013.

##### *Zhenjiang Dingmao Project, Zhenjiang*

In March 2013, the Group acquired a piece of land in Dingmao District, Zhenjiang, Jiangsu Province mainly for residential development through listing-for-sale. The Group intends to develop the project into a low-density residential community in Zhenjiang New District. With a site area of 98,000 sqm and saleable area of 126,000 sqm, the project is planned to be developed in two phases and will be launched in the first half of 2014. The land use right certificate for the project is expected to be received in 2013.

##### *Luoyang RK Royal City, Luoyang*

At the beginning of February 2013, the Group acquired a piece of land in Gaoxin District, Luoyang mainly for residential development through listing-for-sale. With a site area of 147,000 sqm and saleable area of 392,000 sqm, the project is planned to be developed in three phases and will be launched in the first half of 2014. The land use right certificate for this project is expected to be received in the second half of 2013. The master plan of Phase 1 has been completed.

# Management Discussion and Analysis

## TOLL ROAD BUSINESS

### Analysis of toll revenue and results of infrastructure joint ventures attributable to the Group

	For the six months ended 30 June	
	2013 HK\$'million	2012* HK\$'million
Share of toll revenue		
Expressways	384	325
Highways	37	82
	<b>421</b>	<b>407</b>
Share of results of infrastructure joint ventures		
Expressways	113	168
Highways	(10)	(25)
	<b>103</b>	<b>143</b>

\* Only included figures of projects still operating in 2013.

### Traffic Volume and Toll Revenue

January to June 2013	Average daily traffic vehicles	Toll revenue RMB'million
Expressways		
Baojin Expressway	42,000	319
Tangjin Expressway	35,000	239
Changyi Expressway	43,000	232
Longcheng Expressway	12,000	80
	<b>132,000</b>	<b>870</b>
Highways	45,000	55
	<b>177,000</b>	<b>925</b>
Projects had been disposed of in the first half	18,000	10

# Management Discussion and Analysis

## TOLL ROAD BUSINESS (Continued)

### Traffic Volume and Toll Revenue (Continued)

Benefiting from the contribution from Longcheng Expressway following its opening, the average daily traffic volume and toll revenue of the Group's existing toll road portfolio reached 177,000 vehicles and RMB925 million respectively in the first half of 2013, representing an increase of 9% and 6% respectively as compared with the corresponding period of last year. However, the toll-free policy for major holidays and the traffic diversion measures implemented during the expansion works of Tangjin Expressway (Tianjin section), which is not part of the Group's project, together with the fact that Longcheng Expressway is still in the initial development stage, caused the share of results of the joint ventures to decline in the first half.

During the period, the Ministry of Transport, the National Development and Reform Commission and the Ministry of Finance continued the rectification campaign on toll roads across the nation. As the Group has obtained applicable approvals from competent authorities for all projects invested by the Group, it is expected that the rectification campaign will not have any material impact on the Group's investment projects.

In the first half of 2013, the Ministry of Transport issued the Administrative Regulations on Toll Roads (Amendment Draft for Comments), which contains a compensation policy in relation to the toll-free policy for major holidays. The compensation policy is favourable for the Group's toll road business.

### Expressway Projects

#### **Baojin Expressway**

In the first half of 2013, the traffic volume of the project increased by 13% as compared with the corresponding period of last year. However, the toll revenue remained flat as compared with last year due to the impact of the toll-free policy for major holidays and the traffic diversion measures implemented during the expansion works for certain sections of Beijing to Hong Kong and Macau Expressway to increase the number of lanes from four to eight. The project will benefit from the opening of Binbao Expressway, Tianjin in the second half of the year, with its full-year toll revenue expected to be higher than prior years. In addition, the Group's share of profit in Baojin Expressway will rise from 30% to 40% as it comes to the last stage of distribution arrangement in the third quarter as agreed in the shareholder agreement, and the cash receipt is expected to increase in the second half of the year.

#### **Tangjin Expressway**

Tangjin Expressway (Tianjin section) commenced expansion works in the second half of 2012 to increase the number of lanes from four to six. Traffic diversion measures including one-way closure and detour have also been implemented, resulting in a significant decrease in the traffic volume and toll revenue of Tangjin Expressway. These expansion works are expected to be completed in 2014. Upon the completion, the traffic capacity of Tangjin Expressway will be enhanced and the project will become the most convenient route connecting the north-eastern provinces to Central and Southern China.

#### **Changyi Expressway**

The road condition of the project has fully improved following the completion of road surface improvement works in August 2012. Driven by increased toll rates for trucks upon the implementation of the weight-based tolling scheme, the traffic volume and toll revenue of the project increased by 25% and 26% respectively in the first half of 2013 despite the impact of toll-free policy for major holidays.

Looking forward into the second half of the year, toll revenue is expected to continue to grow on the back of economic growth driven by the development of Changsha-Zhuzhou-Xiangtan region.

# Management Discussion and Analysis

## TOLL ROAD BUSINESS (Continued)

### Expressway Projects (Continued)

#### Longcheng Expressway

Having commenced operation in July 2012, Longcheng Expressway is currently at a traffic development stage. The project experienced a steady growth in toll revenue despite the weak demand for transport of coal in the PRC. The Group is increasing the publicity efforts for the route through the joint venture. The tender for the facilities of service station was completed in the first half of the year, and fitting out works was under way. The completion of such works in the second half of the year is expected to drive the revenue of the project.

### Optimisation of Investment Portfolio

In addition to the above developments, the Group continues to implement its strategy to optimise its investment portfolio. The Group is in negotiation to acquire certain expressway projects and is confident in completing one of the acquisitions in the second half of 2013. In the meantime, the Group has also accelerated its withdrawal from highway projects. In the first half of the year, the Group completed the disposal of the equity interests in Hefei section of Heye Highway and Hehuai Highway, and cooperated with the local government to close Xiushui toll station of Yulin Highway before the expiry of its toll collection period in exchange for government compensation.

## FINANCIAL REVIEW

### Unaudited Condensed Consolidated Results

The table below extracted major items from the unaudited condensed consolidated statement of profit or loss of the Group for each of the six months ended 30 June 2013 and 2012.

	Six months ended 30 June	
	2013	2012
	HK\$'million	HK\$'million
Revenue	2,654	2,321
Gross profit	929	699
Gross profit ratio	35%	30%
Interest and other income, net	251	142
Selling and operating expenses	(423)	(336)
Share of results of joint ventures	109	149
Finance costs	(102)	(82)
Profit before taxation	764	572
Income tax expenses	(502)	(346)
Profit after taxation	262	226
Minority interests	(7)	2
Profit after taxation and minority interests	255	228

# Management Discussion and Analysis

## FINANCIAL REVIEW (Continued)

### Unaudited Condensed Consolidated Results (Continued)

#### Revenue and Gross Profit

The details of the revenue and gross profit for the period under review are included in the section headed “Financial Review” of “Property Business”.

#### Interest and Other Income, Net

The increase in net other income was mainly due to the gains generated from the increase in fair value of the investment properties, but partly offset by the losses on the disposal of Hehuai highway project and one section of Heye highway project.

#### Selling and Operating Expenses

The increase of the expenses was mainly due to more promotional activities stimulating the sales of property projects, additional operating expenses incurred for new projects and accelerated by inflationary impact.

#### Share of Results of Joint Ventures

This represented mainly the share of results of the infrastructure joint ventures of the Group for the period under review. The details are included in the section headed “Toll Road Business”.

#### Income Tax Expenses

Income tax expenses comprised mainly profit tax, land appreciation tax and deferred tax. The increase of income tax expenses was mainly attributable to the higher margin generated by the properties delivered as well as the higher deferred tax provided for the fair value gains on transfer of the completed commercial properties as located in Zhengzhou 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 2013 and 31 December 2012.

	30 June 2013 HK\$'million	31 December 2012 HK\$'million
Non-current assets		
– Interests in joint ventures	3,744	4,021
– Investments in investment properties	2,018	2,210
– Other non-current assets	417	469
	<u>6,179</u>	<u>6,700</u>
Current assets		
– Inventory of properties (including prepayment for land leases)	27,409	24,078
– Assets classified as held for sale	500	–
– Bank balances and cash (including pledged bank deposits)	6,407	5,337
– Other current assets	1,973	1,160
	<u>36,289</u>	<u>30,575</u>

# Management Discussion and Analysis

## FINANCIAL REVIEW (Continued)

### Unaudited Condensed Consolidated Statement of Financial Position (Continued)

	30 June 2013 HK\$'million	31 December 2012 HK\$'million
Current Liabilities		
– Creditors and accrued charges	(4,583)	(4,763)
– Deposits from pre-sale of properties (including deposits from disposal of assets classified as held for sale)	(11,342)	(6,544)
– Bank and other borrowings (due within one year)	(5,336)	(3,370)
– Other current liabilities	(1,299)	(1,645)
	<u>(22,560)</u>	<u>(16,322)</u>
Non-current liabilities	<u>(7,378)</u>	<u>(8,730)</u>
Total equity	<u>12,530</u>	<u>12,223</u>

#### **Interests in Joint Ventures**

Interests in joint ventures mainly represented our interests in the joint ventures relating to our toll road business. The drop in balance was mainly attributable to the disposal of our interests in Hehuai highway project and one section of Heye highway project.

#### **Investments in Investment Properties**

This comprised carrying value of the investment properties, details of which were set out in note 13 of the unaudited condensed consolidated financial statements. The decrease of the balance was mainly due to the reclassification of the investment properties located at Guangzhou with a saleable area of approximately 7,000 sqm to “Assets classified as held for sale”, but partly offset by the inclusion of the completed commercial properties located at Zhengzhou.

#### **Inventory of Properties (including Prepayment for Land Leases)**

The increase of the balance was mainly due to the payment of land premiums of the new projects located in Shanghai, Changzhou, Zhenjiang and Luoyang and development costs incurred by projects under development during the period. The details of which were included in the section headed “New Projects” of “Property Business”.

#### **Assets classified as held for Sale**

This represented the fair value of the above mentioned investment properties located at Guangzhou to be disposed of. It is expected that the said disposal will be completed in the third quarter of 2013.

#### **Bank Balances and Cash (including Pledged Bank Deposits)**

The increase in balance was mainly attributable to the increase in proceeds from property sales as well as the increase in drawdown of bank loans in the first half of 2013.



# Management Discussion and Analysis

## FINANCIAL REVIEW (Continued)

### Unaudited Condensed Consolidated Statement of Financial Position (Continued)

#### Other Current Assets

The increase of other current assets was mainly represented by the increase in prepaid income tax, business and other taxes relating to the surge of deposits from pre-sale of properties in the first half of 2013 as well as additional tender deposits paid for acquisition of lands.

#### Deposits from Pre-sale of Properties (including Deposits from Disposal of Assets classified as held for Sale)

The surge of deposits was mainly attributable to the increase in pre-sale of properties during the period under review. The contracted sales of property development projects of the period under review was around RMB6,586 million, representing an increase of around 42%. At 30 June 2013, the total area pre-sold yet to be delivered was 1,060,000 sqm (31 December 2012: 648,000 sqm).

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

They represented mainly the guaranteed senior notes that the Group issued in the past few years and the project development loans.

Details of the loan profile are set out as follows:

	30 June 2013 HK\$'million	31 December 2012 HK\$'million
Repayable:		
On demand or within one year	5,336	3,370
After one year but within two years	397	2,728
After two years but within five years	5,528	5,262
More than five years	431	–
Total borrowings	11,692	11,360

The gearing ratios of the Group are analysed as follows:

	30 June 2013	31 December 2012
Gross gearing ratio*	98%	96%
Net gearing ratio*	44%	51%

\* The gross gearing ratio represents interest bearing borrowings to the equity attributable to the owners of the Company, whereas the net gearing ratio represents 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.

# Management Discussion and Analysis

## FINANCIAL REVIEW (Continued)

Source of Borrowings	30 June 2013		31 December 2012		Nature of Debts	30 June 2013		31 December 2012	
Short term loans	<b>46%</b>		30%		Unsecured loans	<b>76%</b>		76%	
Long term loans	<b>54%</b>		70%		Secured loans	<b>24%</b>		24%	
	<b>100%</b>		100%			<b>100%</b>		100%	

Currency Profile of Borrowings	30 June 2013		31 December 2012		Interest Rates Basis	30 June 2013		31 December 2012	
HKD	<b>8%</b>		7%		Floating rate	<b>17%</b>		16%	
RMB	<b>38%</b>		40%		Fixed rate	<b>83%</b>		84%	
USD	<b>54%</b>		53%			<b>100%</b>		100%	
	<b>100%</b>		100%						

The Group's borrowings were mainly on a fixed rate basis, which included, among the others, following notes:

- (a) RMB1,300 million 6.0% guaranteed senior notes due in 2014 (out of which, principal amount of RMB28 million of repurchased notes were cancelled in July 2013);
- (b) US\$350 million 9.5% guaranteed senior notes due in 2015 (outstanding principal amount was US\$333.58 million as at 30 June 2013); and
- (c) US\$350 million 9.875% guaranteed senior notes due in 2017.

Interest coverage for the period under review was 9.9 times (2012: 9.9 times).

The details for the increase of the borrowings could be referred to the section headed "Net Cash used in Financing Activities" under "Unaudited Condensed Consolidated Statement of Cash Flows" of "Financial Review".

# Management Discussion and Analysis

## FINANCIAL REVIEW (Continued)

### 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 each of the six months ended 30 June 2013 and 2012.

	Six months ended 30 June	
	2013	2012
	HK\$'million	HK\$'million
Payment for land leases	(1,537)	–
Net cash from operating activities, other than payment for land leases	1,974	1,944
Net cash from (used in) investing activities	739	(189)
Net cash used in financing activities	(186)	(1,216)
Effect of changes in exchange rates	28	39
Cash and cash equivalents at 1 January	3,755	2,641
Cash and cash equivalents at 30 June	4,773	3,219

#### **Payment for Land Leases**

The payment in the first half of 2013 represented the land premiums of the newly acquired projects located in Shanghai, Changzhou, Zhenjiang and Luoyang.

#### **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 and sale of properties during the period under review.

#### **Net Cash from (used in) Investing Activities**

The net cash from investing activities for the period under review was mainly attributable to the cash distributed or dividends received from the joint venture infrastructure projects as well as the proceeds received from the disposal of the investment properties located at Guangzhou.

In last period, the loans granted to the joint venture infrastructure projects as well as the development costs of the investment properties in Changzhou were set off by the cash distributed or dividends received from the joint venture infrastructure projects.

#### **Net Cash used in Financing Activities**

The net cash from financing activities in current period was mainly arisen from the drawdown of several bank loans in Hong Kong and property development loans in the PRC. The increment was partly offset by the repayment of certain bank loans.

The net cash outflow in the last corresponding period was attributable to the redemption of the outstanding US\$150 million floating rate guaranteed notes in May 2012.

# Management Discussion and Analysis

## FINANCIAL REVIEW (Continued)

### **Liquidity and Financial Resources**

As at 30 June 2013, the equity attributable to the owners of the Company increased to HK\$11,947 million (31 December 2012: HK\$11,793 million). The increase was mainly attributable to the profit generated during the period. Net assets per share attributable to the owners of the Company increased to HK\$16.1 (31 December 2012: HK\$15.9).

As at 30 June 2013, the Group's total assets were HK\$42,468 million (31 December 2012: HK\$37,275 million) and bank balances and cash were HK\$6,268 million (31 December 2012: HK\$5,168 million), of which 98% was denominated in Renminbi and the remaining 2% was mainly denominated in US dollars or HK dollars.

The Group continues to adopt prudent financing and treasury policies. 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 2013, bank balances of HK\$140 million (31 December 2012: HK\$169 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, properties with carrying value of HK\$2,718 million (31 December 2012: HK\$2,639 million) were pledged as securities for certain loan facilities.

### **Exposure on Foreign Exchange Fluctuations and Interest Rates**

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

The Group's exposure to interest rate risk results mainly from fluctuation in interest rates relating to its borrowings denominated in Renminbi and US dollars. Therefore, the monetary policies implemented by the PRC and the US governments continue to have a major impact on the Group's results and operations. Furthermore, 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 2013, the Group had provided guarantees of HK\$4,367 million (31 December 2012: HK\$4,214 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.

# Management Discussion and Analysis

## FINANCIAL REVIEW (Continued)

### *Employees*

Excluding the staff of joint ventures, the Group had 1,965 employees as at 30 June 2013. Expenditure on staff (excluding Directors' emoluments and share based payments) for the period under review amounted to HK\$223 million (2012: 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, 17,400,000 share options were granted to and accepted by the Directors and employees under the Company's share option scheme adopted in May 2013.

## PROSPECTS

Looking forward into the second half of the year, the Group will continue to adopt the strategy of deeper exploitation of the existing markets and improve product quality by further enhancing product alignment and standardisation with a view to providing customers with the best quality products and increasing brand recognition. In the meantime, the Group would keep going with the strategy that balances high turnover rate and profitability and acquire land that is in line with its future development in the second half of the year.

The Group's entitlement in the cash distribution of the Baojin Expressway will increase from 30% to 40% in the third quarter as the joint venture partner is close to fully recouping its investments. Therefore the cash receipts from toll road business will improve in the second half. The Group is currently in discussion with respect to the acquisition of several expressway projects and is confident to conclude one of these acquisitions in the second half of 2013. The toll road business will continue to generate stable cash flow for the Group.

# Dividend

## **DIVIDEND**

The Board has resolved to declare an interim dividend of HK\$0.18 (2012: HK\$0.16) per share for the six months ended 30 June 2013 to the shareholders of the Company whose names appear in the register of members of the Company on 3 September 2013, Tuesday.

It is expected that the payment of the interim dividend will be made on or before 27 September 2013, Friday.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from 2 September 2013, Monday to 3 September 2013, Tuesday, both dates 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 30 August 2013, Friday.

## **CORPORATE GOVERNANCE CODE**

The Company has complied with the code provisions set out in the Corporate Governance 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 2013.

## **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”) as 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 2013.

# Disclosure of Interests

## DIRECTORS' INTERESTS AND SHORT POSITIONS

As at 30 June 2013, 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 (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 were as follows:

### (I) Shares

Name of Directors	Nature of interest	Notes	Number of shares held		Percentage of holding % (Note 4)
			Long position	Short position	
Zen Wei Pao, William	Personal	2	3,400,000	–	0.46
Ko Yuk Bing	Personal	1 & 3	1,070,000	–	0.14
		2 & 3	4,700,000	–	0.63
Chan Kam Hung	Personal	1	1,000,000	–	0.13
		2	2,300,000	–	0.31
Fong Shiu Leung, Keter	Personal	1	500,000	–	0.07
		2	2,300,000	–	0.31
Zen Wei Peu, Derek	Personal	1	9,096,000	–	1.23
		2	2,350,000	–	0.32
Xu Ruxin	Personal	2	950,000	–	0.13
Lam Wai Hon, Patrick	Personal	2	150,000	–	0.02
Lau Sai Yung	Personal	1	305,000	–	0.04
		2	300,000	–	0.04
Chow Ming Kuen, Joseph	Personal	2	300,000	–	0.04
Nie Meisheng	Personal	2	100,000	–	0.01
Tse Chee On, Raymond	Personal	2	100,000	–	0.01

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 1,600,000 share options of the Company held by Ms. Chuk Wing Suet, Josephine, the spouse of Mr. Ko Yuk Bing.
4. The percentage was calculated based on 742,046,566 shares of the Company in issue as at 30 June 2013.



## Disclosure of Interests

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

#### (II) Underlying Shares – Share Options

The share option schemes were adopted by the Company on 12 May 2003 and 8 May 2013. Particulars of the share option schemes adopted on 12 May 2003 and 8 May 2013 are set out in note 27 to the consolidated financial statements in the Company's annual report for the year ended 31 December 2012 and in note 22 to these condensed consolidated financial statements respectively.

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

Name	Notes	Number of share options				Balance at 30.06.2013	Weighted average closing price HK\$ (Note 5)
		Balance at 01.01.2013	Granted during the period	Exercised during the period	Lapsed during the period		
<b>Directors</b>							
Zen Wei Pao, William	1	1,400,000	–	–	–	1,400,000	–
	2	–	2,000,000	–	–	2,000,000	–
Ko Yuk Bing	1 & 3	2,100,000	–	–	–	2,100,000	–
	2 & 3	–	2,600,000	–	–	2,600,000	–
Chan Kam Hung	1	900,000	–	–	–	900,000	–
	2	–	1,400,000	–	–	1,400,000	–
Fong Shiu Leung, Keter	1	900,000	–	–	–	900,000	–
	2	–	1,400,000	–	–	1,400,000	–
Zen Wei Peu, Derek	1	850,000	–	–	–	850,000	–
	2	–	1,500,000	–	–	1,500,000	–
Xu Ruxin	1	150,000	–	–	–	150,000	–
	2	–	800,000	–	–	800,000	–
Lam Wai Hon, Patrick	2	–	150,000	–	–	150,000	–
Chow Shiu Kee, Stephen	1 & 4	150,000	–	–	–	150,000	–
Lau Sai Yung	1	150,000	–	–	–	150,000	–
	2	–	150,000	–	–	150,000	–
Chow Ming Kuen, Joseph	1	150,000	–	–	–	150,000	–
	2	–	150,000	–	–	150,000	–
Nie Meisheng	2	–	100,000	–	–	100,000	–
Tse Chee On, Raymond	2	–	100,000	–	–	100,000	–
Total		6,750,000	10,350,000	–	–	17,100,000	

# Disclosure of Interests

## DIRECTORS' INTERESTS AND SHORT POSITIONS (Continued)

### (II) Underlying Shares – Share Options (Continued)

Name	Notes	Number of share options				Balance at 30.06.2013	Weighted average closing price HK\$ (Note 5)
		Balance at 01.01.2013	Granted during the period	Exercised during the period	Lapsed during the period		
<b>Others</b>							
Employees	1	6,828,000	–	(112,000)	(215,000)	6,501,000	7.36
	2	–	7,050,000	–	–	7,050,000	–
		6,828,000	7,050,000	(112,000)	(215,000)	13,551,000	
Grand Total		13,578,000	17,400,000	(112,000)	(215,000)	30,651,000	

Notes:

- 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 pursuant to the share option scheme adopted on 12 May 2003.
- The share options under this issue were granted on 28 May 2013 with an exercisable period from 29 May 2013 to 28 May 2018 and an exercise price of HK\$7.13 pursuant to the share option scheme adopted on 8 May 2013. The closing price of the shares immediately before the date on which the share options were granted is HK\$6.94.
- Included in the balances are 800,000 share options at the exercise price of HK\$6.79 and 800,000 share options at the exercise price of HK\$7.13 of the Company held by Ms. Chuk Wing Suet, Josephine, the spouse of Mr. Ko Yuk Bing.
- Mr. Chow Shiu Kee, Stephen retired as an Independent Non-executive Director of the Company with effect from the conclusion of the annual general meeting of the Company held on 8 May 2013. The Board approved to extend the exercisable period of his share options for six months from the date of his retirement. The extension of the exercisable period to Mr. Chow Shiu Kee, Stephen will expire on 7 November 2013.
- This represents the weighted average closing price of the shares immediately before the dates on which the share options were exercised.

## Disclosure of Interests

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

#### (III) Debentures of the Company

Name of Director	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\$1,850,000* (long position)
	Personal	US\$350 million 9.875% guaranteed senior notes due 2017	US\$4,300,000 (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.

### SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 30 June 2013, 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	Nature of interest	Number of shares held		Percentage of holding % (Note 20)
		Long position (Note 1)	Short position	
Wai Kee Holdings Limited (Note 2)	Interested in controlled corporation	288,472,428	–	38.88
Wai Kee (Zens) Holding Limited (Note 3)	Interested in controlled corporation	288,472,428	–	38.88
Groove Trading Limited (Note 4)	Beneficial owner	65,918,000	–	8.88
Wai Kee China Investments (BVI) Company Limited (Note 4)	Interested in controlled corporation	219,554,428	–	29.59
Wai Kee China Investments Company Limited (Note 5)	Interested in controlled corporation	219,554,428	–	29.59

## Disclosure of Interests

### SUBSTANTIAL SHAREHOLDERS' INTERESTS (Continued)

Name of Shareholders	Nature of interest	Number of shares held		Percentage of holding % (Note 20)
		Long position (Note 1)	Short position	
ZWP Investments Limited (Note 6)	Beneficial owner	219,554,428	–	29.59
深業集團有限公司 (Shum Yip Holdings Company Limited) (Note 7)	Interested in controlled corporation	202,334,142	–	27.27
Shum Yip Holdings Company Limited (Note 8)	Interested in controlled corporation	202,334,142	–	27.27
Shenzhen Investment Limited (Note 9)	Interested in controlled corporation	202,334,142	–	27.27
Hover Limited (Note 10)	Beneficial owner	202,334,142	–	27.27
Paul G. Desmarais (Note 11)	Interested in controlled corporation	44,840,000	–	6.04
Nordex Inc. (Note 12)	Interested in controlled corporation	44,840,000	–	6.04
Gelco Enterprises Ltd. (Note 13)	Interested in controlled corporation	44,840,000	–	6.04
Power Corporation of Canada (Note 14)	Interested in controlled corporation	44,840,000	–	6.04
171263 Canada Inc. (Note 15)	Interested in controlled corporation	44,840,000	–	6.04
Power Financial Corporation (Note 16)	Interested in controlled corporation	44,840,000	–	6.04
IGM Financial Inc. (Note 17)	Interested in controlled corporation	44,840,000	–	6.04
Mackenzie Inc. (Note 18)	Interested in controlled corporation	44,840,000	–	6.04
Mackenzie Financial Corporation (Note 19)	Beneficial owner	44,840,000	–	6.04

## 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 59.60% 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. Mr. Paul G. Desmarais is deemed to be interested in the shares of the Company through his 68% voting interest in Nordex Inc.
12. Nordex Inc. is deemed to be interested in the shares of the Company through its 94.95% interests in Gelco Enterprises Ltd.
13. Gelco Enterprises Ltd. is deemed to be interested in the shares of the Company through its 53.61% interests in Power Corporation of Canada.
14. Power Corporation of Canada is deemed to be interested in the shares of the Company through its interests in its wholly-owned subsidiary, namely 171263 Canada Inc.
15. 171263 Canada Inc. is deemed to be interested in the shares of the Company through its 65.78% interests in Power Financial Corporation.
16. Power Financial Corporation is deemed to be interested in the shares of the Company through its 58.69% interests in IGM Financial Inc.
17. IGM Financial Inc. is deemed to be interested in the shares of the Company through its interests in its wholly-owned subsidiary, namely Mackenzie Inc.
18. Mackenzie Inc. is deemed to be interested in the shares of the Company through its interests in its wholly-owned subsidiary, namely Mackenzie Financial Corporation.
19. Mackenzie Financial Corporation is a direct wholly-owned subsidiary of Mackenzie Inc.
20. The percentage was calculated based on 742,046,566 shares of the Company in issue as at 30 June 2013.

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

### REPURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE GROUP

#### (I) Repurchase of Shares

During the period, the Company repurchased a total of 2,588,000 shares of the Company on the Stock Exchange at an aggregate consideration of HK\$17,945,500. Details of the repurchases are as follows:

Month of repurchases	Total number of shares repurchased	Price per share		Aggregate consideration HK\$
		Highest	Lowest	
		HK\$	HK\$	
June 2013	2,588,000	7.25	6.77	17,945,500

All the abovementioned shares repurchased were cancelled in July 2013.

#### (II) Repurchase of Notes

In addition, the Group repurchased certain amount of RMB1,300 million 6.0% guaranteed senior notes due 2014 during the period. Details of the repurchases are as follows:

Month of repurchases	Total principal amount of notes repurchased	Method of repurchases
	RMB	
June 2013	27,000,000	Over the counter

All the abovementioned notes repurchased were cancelled in July 2013.

Save as disclosed above, neither the Company nor any of its subsidiaries repurchased, sold or redeemed any of the Group's listed securities during the six months ended 30 June 2013.

### REPURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE GROUP (Continued)

Subsequent to the reporting period and up to the date of this report, the Company also repurchased a total of 1,463,000 shares of the Company on the Stock Exchange at an aggregate consideration of HK\$10,726,480. The Group also repurchased certain amount of RMB1,300 million 6.0% guaranteed senior notes due 2014. Details of the repurchases are as follows:

#### (I) Repurchase of Shares

Period of repurchases	Total number of shares repurchased	Price per share		Aggregate consideration HK\$
		Highest HK\$	Lowest HK\$	
From 2 July 2013 to 12 July 2013	1,463,000	7.56	7.08	10,726,480

All the abovementioned shares repurchased were cancelled in July 2013.

#### (II) Repurchase of Notes

Month of repurchases	Total principal amount of notes repurchased RMB	Method of repurchases
July 2013	1,000,000	Over the counter

All the abovementioned notes repurchased were cancelled in July 2013.

### CONTINUING DISCLOSURE OF THE LISTING RULES

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

- Pursuant to Rule 13.18 of the Listing Rules:

#### Notes

The Company is obliged to make an offer to repurchase RMB1,300 million 6.0% guaranteed senior notes due 2014, US\$350 million 9.5% guaranteed senior notes due 2015 and US\$350 million 9.875% guaranteed senior notes due 2017 (the "Notes") then outstanding at a purchase price equal to 101% of the principal amount, plus unpaid interest accrued, if any, up to (but not including) the date of repurchase in the occurrence of a change of control triggering event and a decline in the rating of the Notes.

#### Loan Facility

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

## Other Disclosures

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

2. 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. Zen Wei Pao, William	He was appointed as the Chairman of the Nomination Committee of the Company with effect from the conclusion of the annual general meeting of the Company held on 8 May 2013.
Mr. Chan Kam Hung	He resigned as an independent non-executive director of China Metal Recycling (Holdings) Limited (provisional liquidators appointed) with effect from 7 August 2013.
Mr. Lu Hua	He entered into a letter of appointment with the Company for a period commencing from 9 May 2013 to 8 May 2016 or the date of the annual general meeting of 2016 of the Company, whichever is earlier.  He was appointed as a non-executive director of Ping An Insurance (Group) Company of China, Ltd. with effect from 17 June 2013.
Mr. Lam Wai Hon, Patrick	He was appointed as a member of the Audit Committee of the Company with effect from the conclusion of the annual general meeting of the Company held on 8 May 2013.  He entered into a letter of appointment with the Company for a period commencing from 9 May 2013 to 8 May 2016 or the date of the annual general meeting of 2016 of the Company, whichever is earlier.  His annual emolument was revised from HK\$220,000 to HK\$330,000 for acting as a Non-executive Director and a member of the Audit Committee of the Company for the period from 9 May 2013 to the date of the annual general meeting of 2014 of the Company.
Mr. Chow Shiu Kee, Stephen	He retired as an Independent Non-executive Director of the Company with effect from the conclusion of the annual general meeting of the Company held on 8 May 2013. Upon his retirement, he also ceased to be the Chairman of the Remuneration Committee and the member of the Audit Committee, Nomination Committee and Remuneration Committee of the Company.



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

2. Pursuant to Rule 13.51B(1) of the Listing Rules: (Continued)

Name of Directors	Details of changes
Mr. Lau Sai Yung	His annual emolument was revised from HK\$437,000 to HK\$460,000 for acting as an Independent Non-executive Director, the Chairman of the Audit Committee and a member of the Nomination Committee and the Remuneration Committee of the Company for the period from 9 May 2013 to the date of the annual general meeting of 2014 of the Company.
Dr. Chow Ming Kuen, Joseph	<p>He was appointed as the Chairman of the Remuneration Committee and resigned as the Chairman of the Nomination Committee but remains as a member of the Nomination Committee of the Company, all of which are effective from the conclusion of the annual general meeting of the Company held on 8 May 2013.</p> <p>His annual emolument was revised from HK\$420,000 to HK\$450,000 for acting as an Independent Non-executive Director, the Chairman of the Remuneration Committee, a member of the Audit Committee and the Nomination Committee of the Company for the period from 9 May 2013 to the date of the annual general meeting of 2014 of the Company.</p> <p>He was appointed as an independent non-executive director of Hsin Chong Construction Group Ltd. with effect from 17 June 2013.</p>
Ms. Nie Meisheng	She entered into a letter of appointment with the Company for a period commencing from 9 May 2013 to 8 May 2016 or the date of the annual general meeting of 2016 of the Company, whichever is earlier.
Mr. Tse Chee On, Raymond	He entered into a letter of appointment with the Company for a period commencing from 9 May 2013 to 8 May 2016 or the date of the annual general meeting of 2016 of the Company, whichever is earlier.

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 2013, 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 thanks 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

Lau Sai Yung  
Chow Ming Kuen, Joseph  
Nie Meisheng  
Tse Chee On, Raymond

## AUDIT COMMITTEE

Lau Sai Yung (*Chairman*)  
Lam Wai Hon, Patrick  
Chow Ming Kuen, Joseph

## REMUNERATION COMMITTEE

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

## NOMINATION COMMITTEE

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

## 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*

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

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Fulcrum Group (Bermuda) Limited  
26 Burnaby Street  
Hamilton HM 11  
Bermuda

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

## REGISTERED OFFICE

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

## PRINCIPAL PLACE OF BUSINESS

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

# Corporate Information

## SHARE LISTING

The Company's shares are listed on the main board of The Stock Exchange of Hong Kong Limited (Stock Code: 1098)

## NOTES LISTING

The following notes are listed on The Singapore Exchange Securities Trading Limited

- RMB1,300 million 6.0% guaranteed senior notes due 2014
- US\$350 million 9.5% guaranteed senior notes due 2015

The following notes are listed on The Stock Exchange of Hong Kong Limited

- US\$350 million 9.875% guaranteed senior notes due 2017 (Stock Code: 4565)

## INVESTOR RELATIONS

Contact Person: Sy Kin Lun, Arien  
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Facsimile: (852) 2375 2477  
E-mail address: rki@roadking.com.hk

## WEBSITES

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

# Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2013

	NOTES	Six months ended 30 June	
		2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
Revenue	4	2,654,410	2,320,901
Cost of sales		(1,725,547)	(1,621,436)
Gross profit		928,863	699,465
Interest income		33,099	18,064
Other income		13,111	5,010
Other gains and losses	6	205,391	119,415
Selling expenses		(167,795)	(120,105)
Operating expenses		(255,888)	(216,068)
Share of results of joint ventures	7	108,908	148,883
Finance costs	8	(101,906)	(82,250)
<b>Profit before taxation</b>	9	<b>763,783</b>	572,414
Income tax expenses	10	(502,151)	(346,030)
<b>Profit for the period</b>		<b>261,632</b>	226,384
<b>Profit (loss) attributable to:</b>			
Owners of the Company		255,259	228,122
Non-controlling interests		6,373	(1,738)
		<b>261,632</b>	226,384
<b>Earnings per share</b>	12		
– Basic		<b>HK\$0.34</b>	HK\$0.31
– Diluted		<b>HK\$0.34</b>	HK\$0.31

# Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2013

	Six months ended 30 June	
	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
<b>Profit for the period</b>	<b>261,632</b>	226,384
<b>Other comprehensive income (expense)</b>		
<i>Items that will not be reclassified to profit or loss:</i>		
Exchange difference arising on translation to presentation currency	<b>130,594</b>	(20,552)
<b>Total comprehensive income for the period</b>	<b>392,226</b>	205,832
<b>Total comprehensive income attributable to:</b>		
Owners of the Company	<b>382,598</b>	203,495
Non-controlling interests	<b>9,628</b>	2,337
	<b>392,226</b>	205,832

# Condensed Consolidated Statement of Financial Position

At 30 June 2013

	NOTES	30 June 2013 (Unaudited) HK\$'000	31 December 2012 (Audited) HK\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		29,883	56,983
Investment properties	13	2,018,279	2,210,338
Interests in joint ventures	14	3,744,417	4,021,241
Deferred tax assets		33,565	36,575
Loans to a joint venture	18	305,063	302,792
Long-term receivables	15	47,442	72,517
		<b>6,178,649</b>	<b>6,700,446</b>
<b>Current assets</b>			
Inventory of properties	16	25,709,873	23,175,850
Prepayment for land leases	17	1,699,216	902,580
Loan to a joint venture	18	87,500	86,849
Debtors, deposits and prepayments	19	1,424,318	806,961
Prepaid income tax		448,508	265,392
Other financial assets	26	12,255	–
Pledged bank deposits	20	139,908	168,828
Bank balances and cash	20	6,267,512	5,168,435
		<b>35,789,090</b>	<b>30,574,895</b>
Assets classified as held for sale	21	500,000	–
		<b>36,289,090</b>	<b>30,574,895</b>
<b>Total assets</b>		<b>42,467,739</b>	<b>37,275,341</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	22	74,205	74,193
Reserves		11,872,326	11,718,938
		<b>11,946,531</b>	<b>11,793,131</b>
<b>Non-controlling interests</b>		<b>582,911</b>	<b>429,742</b>
<b>Total equity</b>		<b>12,529,442</b>	<b>12,222,873</b>
<b>Non-current liabilities</b>			
Bank and other borrowings – due after one year	23	6,356,065	7,990,404
Loans from non-controlling interests of a subsidiary	24	260,616	97,882
Deferred tax liabilities		761,645	641,634
		<b>7,378,326</b>	<b>8,729,920</b>

# Condensed Consolidated Statement of Financial Position

At 30 June 2013

	NOTES	30 June 2013 (Unaudited) HK\$'000	31 December 2012 (Audited) HK\$'000
<b>Current liabilities</b>			
Creditors and accrued charges	25	4,582,586	4,762,500
Deposits from disposal of assets classified as held for sale	21	500,000	–
Deposits from pre-sale of properties		10,842,440	6,543,789
Income tax payable		1,084,624	1,323,643
Bank and other borrowings – due within one year	23	5,336,077	3,369,967
Loans from non-controlling interests of a subsidiary	24	214,244	274,690
Other financial liabilities	26	–	47,959
		<b>22,559,971</b>	<b>16,322,548</b>
<b>Total equity and liabilities</b>		<b>42,467,739</b>	<b>37,275,341</b>

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2013

	Attributable to owners of the Company										
	Share capital	Share premium	Foreign currency translation reserve	Special reserve	Share option reserve	Statutory reserve	Other 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	HK\$'000
Balance at 1 January 2012 (audited)	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 11)	-	-	-	-	-	-	-	(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
Balance at 1 January 2013 (audited)	<b>74,193</b>	<b>3,159,965</b>	<b>2,047,611</b>	<b>1,260,000</b>	<b>17,962</b>	<b>333,505</b>	-	<b>4,899,895</b>	<b>11,793,131</b>	<b>429,742</b>	<b>12,222,873</b>
Profit for the period	-	-	-	-	-	-	-	255,259	255,259	6,373	261,632
Exchange difference arising on translation to presentation currency	-	-	127,339	-	-	-	-	-	127,339	3,255	130,594
Total comprehensive income for the period	-	-	127,339	-	-	-	-	255,259	382,598	9,628	392,226
Sub-total	<b>74,193</b>	<b>3,159,965</b>	<b>2,174,950</b>	<b>1,260,000</b>	<b>17,962</b>	<b>333,505</b>	-	<b>5,155,154</b>	<b>12,175,729</b>	<b>439,370</b>	<b>12,615,099</b>
Issue of ordinary shares upon exercise of share options	12	897	-	-	(148)	-	-	-	761	-	761
Lapse of share options	-	-	-	-	(275)	-	-	275	-	-	-
Repurchase of ordinary shares	-	-	-	-	-	-	(17,945)	-	(17,945)	-	(17,945)
Recognition of equity-settled share-based payments	-	-	-	-	10,600	-	-	-	10,600	-	10,600
Released upon disposal of interests in joint ventures	-	-	(71,371)	-	-	-	-	71,371	-	-	-
Capital contributions from non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	143,541	143,541
Dividend (note 11)	-	-	-	-	-	-	-	(222,614)	(222,614)	-	(222,614)
Balance at 30 June 2013 (unaudited)	<b>74,205</b>	<b>3,160,862</b>	<b>2,103,579</b>	<b>1,260,000</b>	<b>28,139</b>	<b>333,505</b>	<b>(17,945)</b>	<b>5,004,186</b>	<b>11,946,531</b>	<b>582,911</b>	<b>12,529,442</b>

Note: During the period, a subsidiary of the Company repurchased 2,588,000 ordinary shares (2012: nil) of HK\$0.1 each of the Company through The Stock Exchange of Hong Kong Limited (the "Stock Exchange") at an aggregate consideration of HK\$17,945,500. All of the repurchased shares are cancelled subsequent to the end of the reporting period.



# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2013

	NOTES	Six months ended 30 June	
		2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
<b>Net cash from operating activities:</b>			
Payment for land leases		(1,537,197)	–
Increase in inventory of properties		(1,415,662)	(1,109,619)
Increase in deposits from pre-sale of properties		4,249,573	3,117,375
Income tax paid		(825,935)	(506,948)
Other operating cash flows		(34,010)	443,307
		<b>436,769</b>	<b>1,944,115</b>
<b>Net cash from (used in) investing activities:</b>			
Cash distributions/dividends received from joint ventures		247,495	255,560
Addition to investment properties		(21,156)	(140,128)
Deposits received for disposal of assets classified as held for sale		500,000	–
Capital contribution to an infrastructure joint venture		(89,330)	(22,015)
Loans to infrastructure joint ventures		–	(107,143)
Net proceeds on disposal of interests in joint ventures	28	65,570	–
Increase in restricted bank balances		(71,263)	(198,534)
Decrease in pledged bank deposits		30,186	18,901
Other investing cash flows		77,483	4,536
		<b>738,985</b>	<b>(188,823)</b>
<b>Net cash used in financing activities:</b>			
New borrowings raised		2,306,175	1,428,515
Repayment of borrowings		(2,037,025)	(2,087,078)
Capital contributions from non-controlling interests of subsidiaries		143,541	–
Loans from non-controlling interests of a subsidiary		99,493	–
Issue of ordinary shares		761	–
Repurchase of ordinary shares		(17,945)	–
Interest paid		(459,089)	(379,547)
Dividend paid		(222,614)	(178,064)
		<b>(186,703)</b>	<b>(1,216,174)</b>
<b>Net increase in cash and cash equivalents</b>		<b>989,051</b>	<b>539,118</b>
<b>Cash and cash equivalents at 1 January</b>		<b>3,755,365</b>	<b>2,640,504</b>
Effect of foreign exchange rate changes		28,165	39,022
<b>Cash and cash equivalents at 30 June</b>	27	<b>4,772,581</b>	<b>3,218,644</b>

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2013

## 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 and with the Hong Kong Accounting Standard (“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 other financial assets (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 2012 except as described below.

During the current interim period, an investment property of the Group was transferred to assets classified as held for sale, as details in note 21. The Group has adopted the following accounting policy for such assets classified as held for sale:

### Assets classified as held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell, except for investment properties that are classified as held for sale and are measured at fair value at the end of the reporting period.

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

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009 – 2011 Cycle except for the amendments to HKAS 1
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2013

## 2. PRINCIPAL ACCOUNTING POLICIES (Continued)

### **New and revised standards on consolidation, joint arrangements, associates and disclosures**

In the current interim period, the Group has applied for the first time HKFRS 10, HKFRS 11, HKFRS 12 and HKAS 28 (as revised in 2011) together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 regarding the transitional guidance. HKAS 27 (as revised in 2011) is not applicable to these condensed consolidated financial statements as it deals only with separate financial statements.

The impact of the application of these standards is set out below:

#### ***Impact of the application of HKFRS 10 “Consolidated Financial Statements”***

HKFRS 10 replaces the parts of HKAS 27 “Consolidated and Separate Financial Statements” that deal with consolidated financial statements and HK(SIC) – Int 12 “Consolidation – Special Purpose Entities”. HKFRS 10 changes the definition of control such that an investor has control over an investee when a) it has power over the investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee.

The adoption of HKFRS 10 does not change any of the control conclusions reached by the Group in respect of its involvement with the investees as at 1 January 2013.

#### ***Impact of the application of HKFRS 11 “Joint Arrangements”***

HKFRS 11 replaces HKAS 31 “Interests in Joint Ventures”, and the guidance contained in a related interpretation, HK(SIC) – Int 13 “Jointly Controlled Entities – Non-Monetary Contributions by Venturers”, has been incorporated in HKAS 28 (as revised in 2011). HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under HKFRS 11, there are only two types of joint arrangements – joint operations and joint ventures. The classification of joint arrangements under HKFRS 11 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. Previously, HKAS 31 had three types of joint arrangements – jointly controlled entities, jointly controlled operations and jointly controlled assets. The classification of joint arrangements under HKAS 31 was primarily determined based on the legal form of the arrangement (e.g. a joint arrangement that was established through a separate entity was classified as a jointly controlled entity).

The initial and subsequent accounting of joint ventures and joint operations are different. Investments in joint ventures are accounted for using the equity method (proportionate consolidation is no longer allowed). Investments in joint operations are accounted for such that each joint operator recognises its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly). Each joint operator accounts for the assets and liabilities, as well as revenues and expenses, relating to its interest in the joint operation in accordance with the applicable standards.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2013

## 2. PRINCIPAL ACCOUNTING POLICIES (Continued)

### New and revised standards on consolidation, joint arrangements, associates and disclosures (Continued)

#### **Impact of the application of HKFRS 11 “Joint Arrangements” (Continued)**

As a result of the adoption of HKFRS 11, the directors of the Company (the “Directors”) reviewed and assessed the classification of the Group’s investments in joint arrangements in accordance with the requirements of HKFRS 11. The Directors concluded that the Group’s investments in joint arrangements should be classified as joint ventures under HKFRS 11 and continue to be accounted for using the equity method and therefore the adoption of HKFRS 11 does not have any material impact on the financial position and the financial results of the Group.

#### **HKFRS 13 “Fair Value Measurement”**

The Group has applied HKFRS 13 for the first time in the current interim period. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements, and replaces those requirements previously included in various HKFRSs. Consequential amendments have been made to HKAS 34 to require certain disclosures to be made in these condensed consolidated financial statements.

The scope of HKFRS 13 is broad, and applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, subject to a few exceptions. HKFRS 13 contains a new definition for “fair value” and defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

In accordance with the transitional provisions of HKFRS 13, the Group has applied the new fair value measurement and disclosure requirements prospectively. Disclosures of fair value information are specifically required for financial instruments in these condensed consolidated financial statements and are set out in note 3.

#### **Amendments to HKAS 1 “Presentation of Items of Other Comprehensive Income”**

The amendments to HKAS 1 introduce new terminology for statement of comprehensive income and income statement. Under the amendments to HKAS 1, a “statement of comprehensive income” is renamed as a “statement of profit or loss and other comprehensive income” and an “income statement” is renamed as a “statement of profit or loss”. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the existing option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2013

## 2. PRINCIPAL ACCOUNTING POLICIES (Continued)

### Amendments to HKAS 34 “Interim Financial Reporting” (as part of the “Annual Improvements to HKFRSs 2009 – 2011 Cycle”)

The Group has applied the amendments to HKAS 34 “Interim Financial Reporting” as part of the “Annual Improvements to HKFRSs 2009 – 2011 Cycle” for the first time in the current interim period. The amendments to HKAS 34 clarify that the total assets and total liabilities for a particular reportable segment would be separately disclosed in these condensed consolidated financial statements only when the amounts are regularly provided to the chief operating decision maker and there has been a material change from the amounts disclosed in the last annual financial statements for that reportable segment.

The amendments have been applied retrospectively, and since the chief operating decision maker reviews both assets and liabilities of the Group’s reportable segments for performance assessment and resource allocation purposes, the Group has included total assets and liabilities information as part of segment information.

Except as described above, the application of the other new and revised HKFRSs in the current interim period has had no material impact on the amounts reported and/or disclosures set out in these condensed consolidated financial statements.

The Group has not early applied the new and revised HKFRSs that have been issued but are not yet effective. The following amendments and interpretation have been issued after the date the consolidated financial statements for the year ended 31 December 2012 were authorised for issuance and are not yet effective:

Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets <sup>1</sup>
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting <sup>1</sup>
HK(IFRIC) – Int 21	Levies <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2014

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

## 3. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

### Financial assets (liabilities) measured at fair value

The other financial assets comprising cross-currency interest rate swap contracts of HK\$12,255,000 (31 December 2012: other financial liabilities of HK\$47,959,000) are measured subsequent to initial recognition at fair value at the end of each reporting period, which are grouped into Level 2 fair value measurements. Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

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 and contracted interest rates, discounted at a rate that reflects the credit risk of the Group.

The swap contracts require gross settlement.

During the six months ended 30 June 2013 and 2012, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2013

## 3. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

### Financial liabilities carried at other than fair value

The Directors consider that the carrying amounts of the Group's financial assets and financial liabilities carried at amortised cost in the condensed consolidated financial statements approximate their fair values as at 31 December 2012 and 30 June 2013 except for the following financial liabilities, for which their carrying amounts and fair values (based on the quoted ask price) are disclosed below:

	<b>30 June 2013 Carrying amount HK\$'000</b>	<b>30 June 2013 Fair value HK\$'000</b>	31 December 2012 Carrying amount HK\$'000	31 December 2012 Fair value HK\$'000
2010 Guaranteed senior notes	<b>2,576,629</b>	<b>2,732,020</b>	2,571,714	2,790,563
2011 Guaranteed senior notes	<b>1,586,183</b>	<b>1,599,206</b>	1,604,230	1,625,000
2012 Guaranteed senior notes	<b>2,693,542</b>	<b>2,893,800</b>	2,690,101	2,968,875

## 4. REVENUE

	<b>Six months ended 30 June</b>	
	<b>2013 HK\$'000</b>	2012 HK\$'000
<b>Revenue of the Group</b>		
Sale of completed properties held for sale	<b>2,566,210</b>	2,263,725
Gross rental income from properties	<b>27,796</b>	16,251
Others	<b>60,404</b>	40,925
	<b>2,654,410</b>	2,320,901
<b>Group's share of toll revenue of infrastructure joint ventures</b>	<b>421,268</b>	407,433
<b>Revenue of the Group and Group's share of toll revenue of infrastructure joint ventures</b>	<b>3,075,678</b>	2,728,334

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2013

## 5. SEGMENT INFORMATION

The Group's operating segments, based on the information reported to the Group's chief operating decision maker for the purpose of resources 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 2013			Six months ended 30 June 2012		
	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 revenue	–	2,654,410	2,654,410	–	2,320,901	2,320,901
Segment profit	23,986	206,435	230,421	97,002	150,076	247,078

	At 30 June 2013			At 31 December 2012		
	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)	4,243,070	33,701,511	37,944,581	4,344,976	29,267,108	33,612,084
Segment liabilities	(29,654)	(26,991,569)	(27,021,223)	(31,248)	(22,167,646)	(22,198,894)

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2013

## 5. SEGMENT INFORMATION (Continued)

### (a) Measurement

Segment profit represents profit earned by each segment, which includes share of results of joint ventures, loss on disposal of 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, assets classified as held for sale and deferred tax assets which are directly attributable to the relevant reportable segment.

Segment liabilities include creditors and accrued charges, deposits from pre-sale of properties, income tax payable, bank and other borrowings, loans from non-controlling interests of a subsidiary, deposits from disposal of assets classified as held for sale and deferred tax liabilities which are directly attributable to the relevant reportable segment.

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

	Six months ended 30 June	
	2013	2012
	HK\$'000	HK\$'000
Total segment profit	<b>230,421</b>	247,078
Unallocated items:		
Interest income	<b>155</b>	1,595
Corporate income	<b>67,287</b>	9,742
Corporate expenses	<b>(6,818)</b>	(5,880)
Finance costs	<b>(29,413)</b>	(26,151)
Consolidated profit for the period	<b>261,632</b>	226,384



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2013

## 5. SEGMENT INFORMATION (Continued)

### (b) Reconciliation of total segment profit, total segment assets and total segment liabilities (Continued)

	<b>30 June 2013 HK\$'000</b>	31 December 2012 HK\$'000
Total segment assets	<b>37,944,581</b>	33,612,084
Unallocated assets:		
Property, plant and equipment	<b>1,945</b>	2,364
Deposits and prepayments	<b>49,611</b>	41,631
Other financial assets	<b>12,255</b>	–
Bank balances and cash	<b>4,459,347</b>	3,619,262
Consolidated total assets	<b>42,467,739</b>	37,275,341
Total segment liabilities	<b>(27,021,223)</b>	(22,198,894)
Unallocated liabilities:		
Accrued charges	<b>(224,887)</b>	(190,938)
Bank and other borrowings	<b>(2,692,187)</b>	(2,614,677)
Other financial liabilities	<b>–</b>	(47,959)
Consolidated total liabilities	<b>(29,938,297)</b>	(25,052,468)

## 6. OTHER GAINS AND LOSSES

	<b>Six months ended 30 June</b>	
	<b>2013 HK\$'000</b>	2012 HK\$'000
Gains on disposal of property, plant and equipment	<b>443</b>	210
Loss on disposal of interests in joint ventures (note 28)	<b>(54,599)</b>	–
Reversal of impairment losses on other receivables	<b>24,876</b>	–
Fair value gains on transfer of completed properties held for sale to investment properties	<b>120,087</b>	35,366
Change in fair value of investment properties	<b>10,170</b>	50,000
Change in fair value of other financial assets (liabilities)	<b>52,000</b>	(2,987)
Net exchange gains	<b>52,414</b>	36,826
	<b>205,391</b>	119,415

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2013

## 7. SHARE OF RESULTS OF JOINT VENTURES

	Six months ended 30 June	
	2013	2012
	HK\$'000	HK\$'000
Share of profits of infrastructure joint ventures before amortisation and taxation	<b>239,689</b>	297,801
Less share of: Amortisation of toll road operation rights	<b>(88,374)</b>	(95,072)
Income tax expenses	<b>(47,966)</b>	(60,047)
	<b>103,349</b>	142,682
Share of profit of other joint venture	<b>5,559</b>	6,201
	<b>108,908</b>	148,883

## 8. FINANCE COSTS

	Six months ended 30 June	
	2013	2012
	HK\$'000	HK\$'000
Interest on borrowings		
– wholly repayable within five years	<b>450,393</b>	361,971
– not wholly repayable within five years	<b>6,793</b>	–
Other finance costs	<b>29,933</b>	33,193
	<b>487,119</b>	395,164
Less: Capitalised in properties under development for sale	<b>(385,213)</b>	(312,914)
	<b>101,906</b>	82,250

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2013

## 9. PROFIT BEFORE TAXATION

	Six months ended 30 June	
	2013	2012
	HK\$'000	HK\$'000
Profit before taxation has been arrived at after charging:		
Depreciation of property, plant and equipment	5,932	5,748
Less: Capitalised in properties under development for sale	(711)	(699)
	5,221	5,049
and after crediting:		
Bank interest income	21,675	14,520

## 10. INCOME TAX EXPENSES

	Six months ended 30 June	
	2013	2012
	HK\$'000	HK\$'000
Current tax:		
PRC enterprise income tax ("EIT")	200,797	193,477
PRC land appreciation tax ("LAT")	172,549	89,669
PRC withholding tax	20,342	15,756
	393,688	298,902
Deferred tax:		
Current period	108,463	47,128
	502,151	346,030

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.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2013

## 11. DIVIDEND PAID

	Six months ended 30 June	
	2013	2012
	HK\$'000	HK\$'000
2012 final dividend paid of HK\$0.30 (six months ended 30 June 2012: 2011 final dividend paid of HK\$0.24) per share	<b>222,614</b>	178,064

An interim dividend in respect of 2013 of HK\$0.18 (six months ended 30 June 2012: HK\$0.16) per share amounting to a total of approximately HK\$133 million (six months ended 30 June 2012: HK\$119 million) has been declared by the Board on 15 August 2013. 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 737,995,566 shares in issue as at 15 August 2013.

## 12. 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	
	2013	2012
	HK\$'000	HK\$'000
Earnings for the purposes of basic and diluted earnings per share attributable to owners of the Company	<b>255,259</b>	228,122

	Number	
	of shares	of shares
	'000	'000
Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>741,891</b>	741,935
Effect of dilutive potential ordinary shares: Share options	<b>637</b>	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<b>742,528</b>	741,935

The computation of diluted earnings per share for the six months ended 30 June 2012 did not assume the exercise of the Company's share options because the exercise prices of the share options were higher than the average market prices of the shares.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2013

## 13. INVESTMENT PROPERTIES

	<b>30 June 2013 HK\$'000</b>	31 December 2012 HK\$'000
<b>Completed properties, at fair value</b>		
At 1 January	<b>2,075,900</b>	980,121
Transfer from completed properties held for sale (note)	<b>173,849</b>	69,090
Transfer from investment properties under construction	–	852,971
Disposal during the period/year	<b>(34,550)</b>	(49,164)
Transfer to assets classified as held for sale (note 21)	<b>(500,000)</b>	–
Fair value gains on transfer of completed properties held for sale to investment properties	<b>120,087</b>	63,726
Change in fair value recognised in profit or loss	<b>6,439</b>	134,804
Exchange difference arising on translation to presentation currency	<b>16,202</b>	24,352
At 30 June/31 December	<b>1,857,927</b>	2,075,900
<b>Properties under construction, at fair value</b>		
At 1 January	<b>134,438</b>	717,349
Addition	<b>21,156</b>	252,800
Transfer to completed investment properties	–	(852,971)
Change in fair value recognised in profit or loss	<b>3,731</b>	1,225
Exchange difference arising on translation to presentation currency	<b>1,027</b>	16,035
At 30 June/31 December	<b>160,352</b>	134,438
<b>Total</b>	<b>2,018,279</b>	2,210,338

Note: They were transferred from completed properties held for sale due to the change in use of the properties as 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 2013 and 31 December 2012 were determined by reference to valuations carried out by an independent firm of professional valuers not connected with the Group, who had recognised and relevant qualifications. The valuation report on these properties was signed by directors of the firm of professional valuers who are members 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 the same locations and conditions
- Properties under construction – by reference to the current or recent prices of investment properties and estimated costs to completion based on construction budget, past experience, committed contracts, allowances for contingencies as well as developer's profit margin, which reflect the risks associated with the completion of the development of the properties and in achieving the anticipated income or capital appreciation on the date of valuation

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2013

## 13. INVESTMENT PROPERTIES (Continued)

The investment properties are situated in the PRC and are 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.

## 14. INTERESTS IN JOINT VENTURES

	<b>30 June 2013 HK\$'000</b>	31 December 2012 HK\$'000
Interests in infrastructure joint ventures		
Cost of investments	<b>4,625,199</b>	4,973,329
Share of post-acquisition profits and other comprehensive income, net of dividends received	<b>2,869,731</b>	3,219,863
Return of cost of investments (note)	<b>(3,508,062)</b>	(3,842,524)
Impairment losses on cost of investments	<b>(321,141)</b>	(401,986)
	<b>3,665,727</b>	3,948,682
Interests in other joint venture		
Cost of investment	<b>16,123</b>	16,123
Share of post-acquisition profit and other comprehensive income, net of dividend received	<b>62,567</b>	56,436
	<b>78,690</b>	72,559
	<b>3,744,417</b>	4,021,241

Note: 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.

## 15. 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 the related annual interest rate is 1% over 3 month Hong Kong Interbank Offered Rate.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2013

## 16. INVENTORY OF PROPERTIES

	<b>30 June 2013 HK\$'000</b>	31 December 2012 HK\$'000
Completed properties held for sale	<b>1,809,052</b>	1,423,479
Properties under development for sale (note)	<b>23,900,821</b>	21,752,371
	<b>25,709,873</b>	23,175,850

Note: Included in the amount are properties under development for sale of HK\$15,558,508,000 (31 December 2012: HK\$14,461,421,000) which are expected to be completed and available for sale to the customers more than twelve months from the end of the reporting period.

## 17. PREPAYMENT FOR LAND LEASES

As at 30 June 2013, the total consideration prepaid in full of HK\$1,699,216,000 (31 December 2012: HK\$902,580,000) according to the sale and purchase agreement entered into with the PRC local government for the acquisition of certain pieces of land in the PRC for property development for sale and such prepayment is classified as current assets. Upon the delivery of relevant land title document to the Group, the prepaid amount which represents the land purchase costs of those pieces of land, will be recognised as "properties under development for sale" under "inventory of properties".

## 18. LOANS TO JOINT VENTURES

At 30 June 2013, the loans to a joint venture of HK\$305,063,000 (31 December 2012: HK\$302,792,000) included in non-current assets represent loans to Hunan Changyi Expressway Co., Ltd., which are unsecured, carrying interest at a fixed rate of 7.205% to 7.755% (31 December 2012: 7.205% to 7.755%) per annum and due in October 2019.

At 30 June 2013, the loan to a joint venture of HK\$87,500,000 (31 December 2012: HK\$86,849,000) included in current assets represents a loan to Jinzhong Longcheng Expressway Co., Ltd., which is unsecured, interest free and due in December 2013.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2013

## 19. DEBTORS, DEPOSITS AND PREPAYMENTS

	<b>30 June 2013 HK\$'000</b>	31 December 2012 HK\$'000
Aged analysis of trade debtors, presented based on invoice dates, which approximated the revenue recognition dates (note):		
Within 60 days	<b>2,290</b>	3,362
60 to 90 days	<b>655</b>	15
More than 90 days	<b>8,889</b>	7,638
	<b>11,834</b>	11,015
Deferred consideration on disposal of interests in joint ventures (note 28)	<b>181,875</b>	–
Refundable tender deposits for acquisition of land	<b>237,500</b>	24,814
Prepayment of business tax and other taxes	<b>543,326</b>	336,309
Other receivables, deposits and prepayments	<b>449,783</b>	434,823
	<b>1,424,318</b>	806,961

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

## 20. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

Pledged bank deposits of HK\$139,908,000 (31 December 2012: HK\$168,828,000) in total are pledged as securities in favour of banks for mortgage facilities granted to the buyers of properties developed by the Group and short-term facilities granted to the Group.

Included in bank balances and cash, bank balances of HK\$1,730,931,000 (31 December 2012: HK\$1,549,172,000) 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, according to the relevant requirements of the PRC local government, deposited into designated bank accounts of the Group of HK\$1,494,931,000 (31 December 2012: HK\$1,413,070,000) and the cash received mainly from bank loans of HK\$236,000,000 for property developments (31 December 2012: HK\$136,102,000).

Bank balances carried interest at market rates which range from 0.01% to 1.49% (31 December 2012: 0.01% to 3.00%) per annum.



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2013

## 21. ASSETS CLASSIFIED AS HELD FOR SALE

On 5 February 2013, the Group and an independent third party to the Group (the “third party”) entered into an agreement whereby the Group agreed to dispose of an investment property in Guangzhou with a carrying value of RMB356,045,000 (equivalent to approximately HK\$445,056,000) to the third party at a cash consideration of RMB400,000,000 (equivalent to approximately HK\$500,000,000), which are expected to be sold and delivered within the next twelve months from the end of the current interim reporting period instead of holding it for rental as originally planned.

The fair value of the investment property classified as held for sale at 30 June 2013 amounted to HK\$500,000,000, which is determined by reference to the consideration set out in the agreement.

Deposits received on the sale of such investment property amounting to HK\$500,000,000 are classified as current liabilities at the end of the reporting period.

## 22. SHARE CAPITAL

	Number of shares	HK\$'000
<b>Authorised:</b>		
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
<b>Issued and fully paid:</b>		
Ordinary shares		
At 1 January 2012, 31 December 2012 and 1 January 2013	741,934,566	74,193
Add: Issue of shares upon exercise of share options	112,000	12
At 30 June 2013	742,046,566	74,205

The Company adopted a share option scheme for directors and eligible employees of the Group, which was expired on 11 May 2013 (the “Old Scheme”). At 30 June 2013, the number of outstanding granted share options under the Old Scheme is 13,251,000 (31 December 2012: 13,578,000). During the current period, 215,000 share options lapsed and 112,000 share options were exercised at an exercise price of HK\$6.79 per share under the Old Scheme. The weighted average closing price of the Company’s shares immediately at the date on which share options were exercised was HK\$7.25.

During the current period, the Company adopted another share option scheme for directors and eligible employees of the Group (the “New Scheme”). The New Scheme shall be valid and effective for a period of 10 years commencing on the adoption date, i.e. 8 May 2013.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2013

## 22. SHARE CAPITAL (Continued)

On 28 May 2013, 17,400,000 share options under the New Scheme were granted to and accepted by the directors and employees of the Group for an aggregate consideration of HK\$25 and the share options are fully vested at the date of grant. The estimated fair values of the options granted of HK\$10,600,000 (of which HK\$5,700,000 was the fair value of the options granted to the Directors) was recognised in profit or loss. The fair value of the options was calculated using the Hull White Trinomial pricing model. The inputs into the model were as follows:

Share price at date of grant	HK\$7.13
Exercise price	HK\$7.13
Expected volatility	26.37%
Expected life	5 years
Risk-free rate	0.65%
Expected dividend yield	8.92%

The expected volatility was determined by using the historical volatility of the Company's share price over the previous years.

The variables and assumptions used in computing the fair value of the share options are based on the Company's best estimate. The value of an option varies with different variables of certain subjective assumptions.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2013

## 23. BANK AND OTHER BORROWINGS

	<b>30 June 2013 HK\$'000</b>	31 December 2012 HK\$'000
2010 Guaranteed senior notes (note (a))	<b>2,576,629</b>	2,571,714
2011 Guaranteed senior notes (note (b))	<b>1,586,183</b>	1,604,230
2012 Guaranteed senior notes (note (c))	<b>2,693,542</b>	2,690,101
Bank loans (note (d))	<b>4,835,788</b>	4,494,326
	<b>11,692,142</b>	11,360,371
The maturity of the above loans and notes is as follows:		
Unsecured borrowings repayable*:		
Within one year	<b>2,712,795</b>	590,156
More than one year but not exceeding two years	<b>383,822</b>	2,728,589
More than two years but not exceeding five years	<b>5,478,493</b>	5,261,815
	<b>8,575,110</b>	8,580,560
Secured borrowings repayable*:		
Within one year	<b>2,211,297</b>	2,447,763
More than one year but not exceeding two years	<b>12,500</b>	–
More than two years but not exceeding five years	<b>50,000</b>	–
More than five years	<b>431,250</b>	–
	<b>2,705,047</b>	2,447,763
Carrying amount of bank loan that is repayable within one year and contains a repayable on demand clause		
– unsecured	<b>309,660</b>	77,505
– secured	<b>102,325</b>	223,526
Carrying amount of secured bank loan that is repayable more than one year but not exceeding two years but contains a repayable on demand clause (shown under current liabilities)		
	–	31,017
Total borrowings	<b>11,692,142</b>	11,360,371
Less: Amounts classified as current liabilities	<b>(5,336,077)</b>	(3,369,967)
Amount due over one year shown and classified as non-current liabilities	<b>6,356,065</b>	7,990,404

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

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2013

## 23. BANK AND OTHER BORROWINGS (Continued)

Notes:

- (a) The 2010 Guaranteed senior notes with an outstanding principal amounting to US\$333,580,000 (31 December 2012: US\$333,580,000) are listed on the Singapore Exchange Securities Trading Limited ("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.
- (b) The 2011 Guaranteed senior notes with an outstanding principal amounting to RMB1,273,000,000 (31 December 2012: RMB1,300,000,000) 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.
- (c) The 2012 Guaranteed senior notes with an outstanding principal amounting to US\$350,000,000 (31 December 2012: US\$350,000,000) are listed on the Stock Exchange and were issued in September 2012. The notes, bearing interest at a fixed rate of 9.875% per annum, will mature in September 2017.
- (d) Bank loans with carrying amount of HK\$2,807,372,000 (31 December 2012: HK\$2,702,307,000) bear interest at a fixed rate of 5.88% to 7.59% (31 December 2012: 6.15% to 8.00%) per annum. Interest rates on the remaining bank loans, which carry at floating interest rates based on Hong Kong Interbank Offered Rate, London Interbank Offered Rate and People's Bank of China prescribed interest rate plus a specified margin, range from 2.70% to 5.20% (31 December 2012: 2.76% to 4.55%) per annum.

## 24. LOANS FROM NON-CONTROLLING INTERESTS OF A SUBSIDIARY

The amounts of HK\$214,244,000 (31 December 2012: HK\$274,690,000) are unsecured, interest bearing at fixed rate of 7.20% to 7.38% (31 December 2012: 7.38%) per annum and the entire balance at 30 June 2013 will be repayable in the second half of 2013.

In addition to the above mentioned, loans with carrying amount of HK\$260,616,000 (31 December 2012: HK\$97,882,000) in aggregate are unsecured and interest bearing at a fixed rate of 7.38% (31 December 2012: 6.765%) per annum. Such amounts are repayable in September 2014 and March 2015 and are classified as non-current liabilities.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2013

## 25. CREDITORS AND ACCRUED CHARGES

	<b>30 June 2013 HK\$'000</b>	31 December 2012 HK\$'000
Aged analysis of creditors, presented based on invoice dates:		
Trade payables		
Within 60 days	<b>106,777</b>	56,357
60 to 90 days	<b>16,894</b>	17,813
More than 90 days	<b>187,182</b>	189,250
	<b>310,853</b>	263,420
Bills payables		
Within 60 days	<b>2,500</b>	14,268
60 to 90 days	–	13,275
More than 90 days	<b>25,818</b>	27,357
	<b>28,318</b>	54,900
Accrued construction costs	<b>3,366,227</b>	3,565,433
	<b>3,705,398</b>	3,883,753
Interest payable	<b>185,051</b>	183,420
Accrued taxes (other than EIT and LAT)	<b>33,804</b>	87,851
Other payables and accrued charges	<b>658,333</b>	607,476
	<b>4,582,586</b>	4,762,500

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2013

## 26. OTHER FINANCIAL ASSETS (LIABILITIES)

The other financial assets represent the fair value of cross-currency interest rate swap contracts of HK\$12,255,000 (31 December 2012: other financial liabilities of HK\$47,959,000). 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.

Details on the fair value measurement of the swap contracts are set out in note 3.

## 27. 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 can be reconciled to the related items in the condensed consolidated statement of financial position as follows:

	<b>30 June 2013 HK\$'000</b>	31 December 2012 HK\$'000
Bank balances and cash	<b>6,267,512</b>	5,168,435
Less: restricted bank balances – proceeds from pre-sale of certain property projects (note 20)	<b>(1,494,931)</b>	(1,413,070)
	<b>4,772,581</b>	3,755,365

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2013

## 28. DISPOSAL OF INTERESTS IN JOINT VENTURES

During the six months ended 30 June 2013, the Group entered into sale and purchase agreements to dispose of its 50% equity interest in Anhui Road Universe Hefei Highway Development Co., Ltd. and 60% equity interests in Anhui Road Universe Hehuai Highway Yangjin Section Development Company Limited and Anhui Road Universe Hehuai Highway Dayang Section Development Company Limited to the PRC joint venture partner at a cash consideration of HK\$256,875,000 in aggregate. The loss on disposal of the infrastructure joint ventures was recognised in profit or loss.

The Group's disposal of its interests in joint ventures during the period had the following effects:

	HK\$'000
Cost of investments	435,723
Share of post-acquisition profits and other comprehensive income, net of dividends received	296,237
Return of cost of investments	(349,071)
Impairment losses on cost of investments	(80,845)
Carrying amount of interests in joint ventures disposed of	302,044
Expenses in connection with the disposal	9,430
Loss on disposal	(54,599)
Total consideration	256,875
Satisfied by:	
Cash consideration	75,000
Deferred consideration (note)	181,875
	256,875
Net cash inflow arising on disposal:	
Cash consideration	75,000
Expenses in connection with the disposal	(9,430)
	65,570

Note: Pursuant to the sale and purchase agreements, the deferred consideration are fully repayable in the second half of 2013. Accordingly, such deferred consideration is classified as current assets and included in other receivables (see note 19).

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2013

## 29. CAPITAL COMMITMENTS

	<b>30 June 2013 HK\$'000</b>	31 December 2012 HK\$'000
Capital expenditure in respect of the development of investment properties contracted for but not provided in the condensed consolidated financial statements	<b>19,465</b>	5,546
Capital expenditure in respect of the development of investment properties authorised but not contracted for	<b>13,043</b>	36,313
Capital injection into infrastructure joint ventures contracted for but not provided in the condensed consolidated financial statements	<b>172,688</b>	–

## 30. CONTINGENT LIABILITIES

At 30 June 2013, the Group provided guarantees of HK\$4,367,021,000 (31 December 2012: HK\$4,214,361,000) 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.

## 31. PLEDGE OF ASSETS

At the end of the reporting period, other than the pledged bank deposits as disclosed in note 20, the Group's inventory of properties of HK\$2,718,104,000 (31 December 2012: HK\$2,639,094,000) were pledged to secure the banking facilities granted to the Group.

## 32. RELATED PARTY TRANSACTIONS

Other than set out in notes 18 and 24, the Group had transactions with the following related parties during the period, details of which are as follows:

Related parties	Nature	<b>Six months ended 30 June</b>	
		<b>2013 HK\$'000</b>	2012 HK\$'000
An infrastructure joint venture	Interest income	<b>11,403</b>	2,303
Non-controlling interests of a subsidiary	Interest expenses	<b>13,904</b>	10,868

The above transactions did not constitute a connected transaction as defined under the Rules Governing the Listing of Securities on the Stock Exchange.



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2013

## 32. RELATED PARTY TRANSACTIONS (Continued)

### 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	
	2013	2012
	HK\$'000	HK\$'000
Short-term employment benefits	56,640	54,764
Post-employment benefits	2,608	2,419
Share-based payments	10,279	–
	<b>69,527</b>	57,183

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

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

The Group's total assets less current liabilities at 30 June 2013 amounted to HK\$19,907,768,000 (31 December 2012: HK\$20,952,793,000). The Group's net current assets at 30 June 2013 amounted to HK\$13,729,119,000 (31 December 2012: HK\$14,252,347,000).

# 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 of Road King Infrastructure Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages A-1 to A-30, which comprise the condensed consolidated statement of financial position as of 30 June 2013 and the related condensed consolidated statement of profit or loss, statement of profit or loss and other 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

15 August 2013