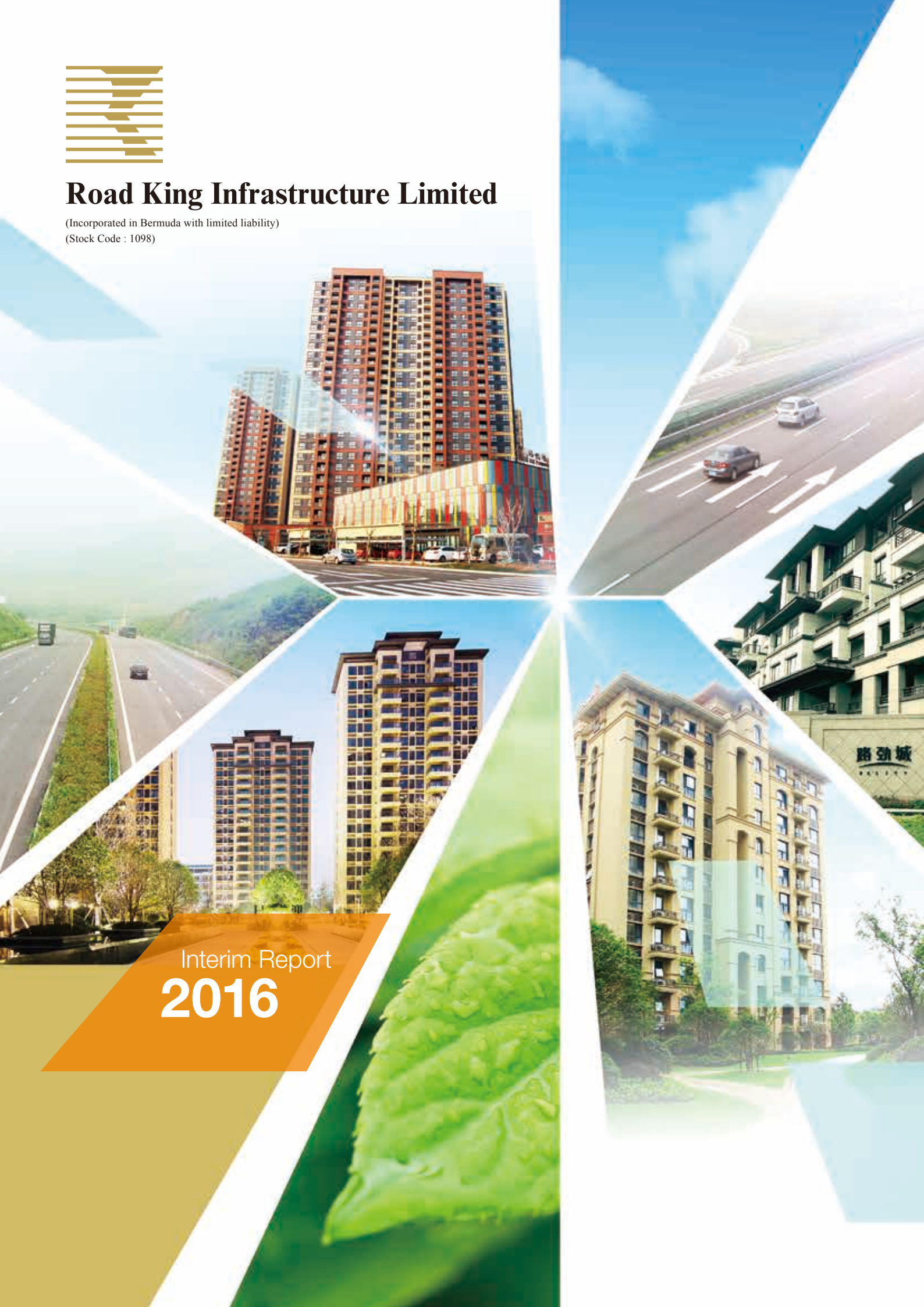




# Road King Infrastructure Limited

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



Interim Report  
**2016**



# 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 focuses on developing quality residential apartments at affordable prices. Road King’s existing asset portfolio of property business amounts to approximately HK\$35 billion, comprising a land reserve of approximately 5.5 million square metres which is primarily located in the Yangtze River Delta and Bohai Rim regions. Road King is also a leading toll road investor and operator in the PRC with over 20 years of experience in the industry. Road King’s current toll road portfolio mainly comprises five expressways spanning about 340 kilometres in the PRC.

19 August 2016



This interim report is printed on recycled paper.





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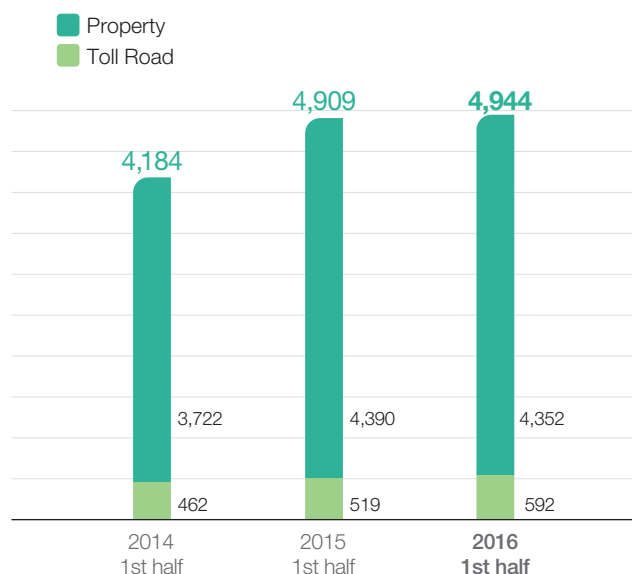


# Financial Highlights

(HK\$'million)	For the six months ended			For the year ended	
	2016	30 June 2015	2014	31 December 2015	2014
Revenue from property development	<b>4,352</b>	4,390	3,722	12,510	12,730
Group's share of toll revenue	<b>592</b>	519	462	1,090	968
Cash received from toll road projects (including the repayment of shareholders' loans)	<b>250</b>	243	271	530	515
Profit attributable to owners of the Company	<b>218</b>	228	198	820	1,005
Basic earnings per Share (HK\$)	<b>0.30</b>	0.31	0.27	1.11	1.37
Net assets per Share attributable to owners of the Company (HK\$)	<b>17.47</b>	17.76	17.29	17.78	18.10
Dividend per Share (HK\$)	<b>0.13</b>	0.13	0.13	0.48	0.58
Net gearing ratio (%)	<b>62%</b>	77%	78%	73%	74%

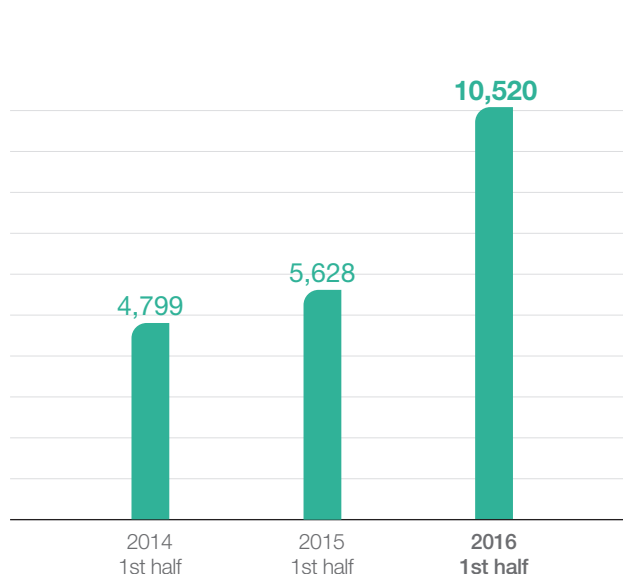
## Revenue from property development and Group's share of toll revenue

(HK\$'million)

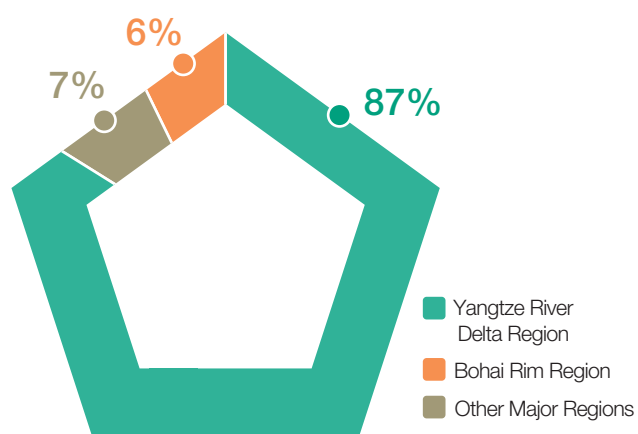


## Property sales from property development (including joint venture projects)

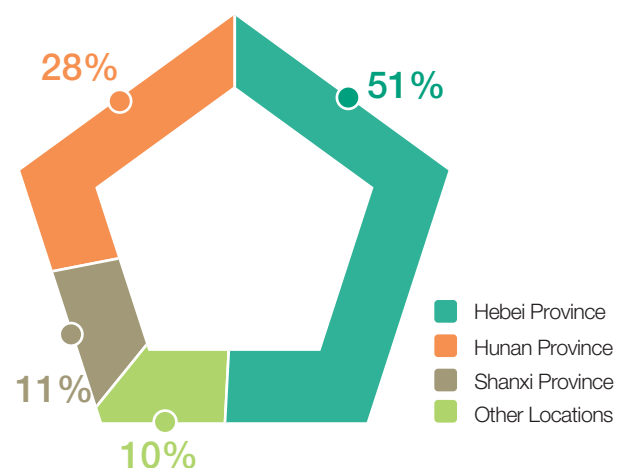
(RMB'million)



## Revenue contribution of property projects in first half of 2016 by location



## Revenue contribution of toll road projects in first half of 2016 by location



# Major Projects Information








# Major Projects Information (continued)

## PROPERTIES FOR SALE

As at 30 June 2016

### Yangtze River Delta Region

<b>P1</b>	<b>RK Shanghai Villa</b>							
	Floor area (sqm)	67,000	Nature	Residential	Stage of completion (note)	F/S/C	Land area (sqm)	136,000
	Approximate attributable interest	55%	Target completion	2017	Location	Shanghai		
Shanghai Juncheng Real Estate Ltd.								
<b>P2</b>	<b>RK Shanghai Manor</b>							
	Floor area (sqm)	98,000	Nature	Residential	Stage of completion (note)	F/S/C	Land area (sqm)	133,000
	Approximate attributable interest	55%	Target completion	2018	Location	Shanghai		
Shanghai Juncheng Real Estate Ltd.								
<b>P3</b>	<b>RK Shanghai Style Phase II</b>							
	Floor area (sqm)	135,000	Nature	Residential	Stage of completion (note)	F/S	Land area (sqm)	72,000
	Approximate attributable interest	90%	Target completion	2017	Location	Shanghai		
Shanghai Junda Real Estate Ltd.								
<b>P4</b>	<b>Shanghai Anting Changji Road South Project</b>							
	Floor area (sqm)	80,000	Nature	Residential	Stage of completion (note)	M	Land area (sqm)	42,000
	Approximate attributable interest	75%	Target completion	2019	Location	Shanghai		
Shanghai Junan Real Estate Ltd.								
<b>P5</b>	<b>RK Notting Hill</b>							
	Floor area (sqm)	117,000	Nature	Residential	Stage of completion (note)	S/C	Land area (sqm)	98,000
	Approximate attributable interest	100%	Target completion	2018	Location	Zhenjiang, Jiangsu Province		
Zhenjiang RK Properties Developments Ltd.								

# Major Projects Information (continued)

## PROPERTIES FOR SALE

As at 30 June 2016

### Yangtze River Delta Region


P6 RK City (Zhenjiang)								
	Floor area (sqm)	522,000	Nature	Residential	Stage of completion (note)	P/F	Land area (sqm)	257,000
	Approximate attributable interest	100%	Target completion	2020	Location	Zhenjiang, Jiangsu Province		
Zhenjiang RK Dagang Properties Developments Co., Ltd.								
P7 RK City (Changzhou)								
	Floor area (sqm)	550,000	Nature	Residential	Stage of completion (note)	P/F/S/C	Land area (sqm)	280,000
	Approximate attributable interest	100%	Target completion	2020	Location	Changzhou, Jiangsu Province		
Changzhou RK Properties Developments Ltd.								
P8 RK Urban Home Court								
	Floor area (sqm)	144,000	Nature	Residential	Stage of completion (note)	F/S/C	Land area (sqm)	95,000
	Approximate attributable interest	100%	Target completion	2017	Location	Changzhou, Jiangsu Province		
Changzhou RK Hongcheng Properties Developments Ltd.								
P9 RK City Landmark								
	Floor area (sqm)	217,000	Nature	Residential	Stage of completion (note)	P/F	Land area (sqm)	89,000
	Approximate attributable interest	100%	Target completion	2020	Location	Changzhou, Jiangsu Province		
Changzhou RK Hongyuan Properties Developments Ltd.								
P10 RK City Signature								
	Floor area (sqm)	264,000	Nature	Residential	Stage of completion (note)	P/F/S	Land area (sqm)	110,000
	Approximate attributable interest	100%	Target completion	2020	Location	Changzhou, Jiangsu Province		
Changzhou RK Hongrun Properties Developments Ltd.								


# Major Projects Information (continued)


## PROPERTIES FOR SALE


As at 30 June 2016

### Yangtze River Delta Region


P11	RK The Providence							
	Floor area (sqm)	163,000	Nature	Residential	Stage of completion (note)	F/S/C	Land area (sqm)	88,000
	Approximate attributable interest	100%	Target completion	2018	Location	Wuxi, Jiangsu Province		
Wuxi RK Liyuan Properties Limited								


P12	RK Impression							
	Floor area (sqm)	94,000	Nature	Residential	Stage of completion (note)	S	Land area (sqm)	26,000
	Approximate attributable interest	100%	Target completion	2016	Location	Wuxi, Jiangsu Province		
Wuxi RK Binhu Properties Co., Ltd.								

P13	RK Phoenix City							
	Floor area (sqm)	355,000	Nature	Residential	Stage of completion (note)	P/F/S/C	Land area (sqm)	843,000
	Approximate attributable interest	100%	Target completion	2019	Location	Suzhou, Jiangsu Province		
Suzhou Junyu Properties Ltd.								

P14	RK Hong Kong Times							
	Floor area (sqm)	43,000	Nature	Residential	Stage of completion (note)	C	Land area (sqm)	46,000
	Approximate attributable interest	100%	Target completion	Not applicable	Location	Suzhou, Jiangsu Province		
Suzhou RK Properties Co., Ltd.								

### Bohai Rim Region

P15	RK World City							
	Floor area (sqm)	79,000	Nature	Residential and Commercial	Stage of completion (note)	F/C	Land area (sqm)	108,000
	Approximate attributable interest	100%	Target completion	2017	Location	Beijing		
Beijing RK Junyu Properties Developments Ltd.								

P16	RK Sunny Town							
	Floor area (sqm)	273,000	Nature	Residential	Stage of completion (note)	P/F/S/C	Land area (sqm)	811,000
	Approximate attributable interest	94.74%	Target completion	2020	Location	Tianjin		
Tianjin Sunco Xindi Property Co., Ltd.								





# Major Projects Information (continued)


## PROPERTIES FOR SALE


As at 30 June 2016

### Bohai Rim Region


P17 RK Grandtown								
	Floor area (sqm)	723,000	Nature	Residential	Stage of completion (note)	M/P/F/S	Land area (sqm)	495,000
	Approximate attributable interest	40%	Target completion	2020	Location	Langfang, Hebei Province		
Dachang Hui Autonomous County Zhongji Shouye Properties Developments Co., Ltd.								

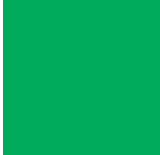
P18 RK City (Jinan)								
	Floor area (sqm)	153,000	Nature	Residential	Stage of completion (note)	S	Land area (sqm)	42,000
	Approximate attributable interest	100%	Target completion	2016	Location	Jinan, Shandong Province		
Jinan RK Juncheng Properties Developments Co., Ltd.								

P19 Jinan University Project								
	Floor area (sqm)	129,000	Nature	Residential and Commercial	Stage of completion (note)	M	Land area (sqm)	53,000
	Approximate attributable interest	100%	Target completion	2019	Location	Jinan, Shandong Province		
Shandong Yudi Properties Developments Co., Ltd.								

P20 RK Unusual Landscape								
	Floor area (sqm)	48,000	Nature	Residential	Stage of completion (note)	C	Land area (sqm)	249,000
	Approximate attributable interest	94.74%	Target completion	Not applicable	Location	Qingdao, Shandong Province		
Shandong Sunco Rongsheng Land Co., Ltd.								

### Other Major Regions

P21 RK Royal City (Luoyang)								
	Floor area (sqm)	323,000	Nature	Residential	Stage of completion (note)	P/F/S/C	Land area (sqm)	147,000
	Approximate attributable interest	100%	Target completion	2020	Location	Luoyang, Henan Province		
Luoyang RK Properties Developments Ltd.								



P22 RK Leader of Life (Luoyang)								
	Floor area (sqm)	54,000	Nature	Residential	Stage of completion (note)	P	Land area (sqm)	54,000
	Approximate attributable interest	100%	Target completion	2018	Location	Luoyang, Henan Province		
Luoyang RK Hongjun Properties Developments Co., Ltd.								

# Major Projects Information (continued)

## PROPERTIES FOR SALE


As at 30 June 2016

### Other Major Regions

P23	RK J-o-Y Heights							
	Floor area (sqm)	42,000	Nature	Residential	Stage of completion (note)	C	Land area (sqm)	103,000
	Approximate attributable interest	100%	Target completion	Not applicable	Location	Guangzhou, Guangdong Province		
Guangzhou Junyue Real Estate Limited								
P24	RK Vista Panorama (Guangzhou)							
	Floor area (sqm)	225,000	Nature	Residential	Stage of completion (note)	P/F	Land area (sqm)	90,000
	Approximate attributable interest	51%	Target completion	2019	Location	Guangzhou, Guangdong Province		
Guangzhou Junhong Properties Developments Co., Ltd.								

## INVESTMENT PROPERTIES


As at 30 June 2016


P25	RK Grand Metropolis							
	Floor area (sqm)	120,000	Nature	Commercial	Stage of completion (note)	C	Land area (sqm)	67,000
	Approximate attributable interest	100%	Target completion	Not applicable	Location	Changzhou, Jiangsu Province		
Changzhou Greatmind Properties Developments Ltd.								
P13	RK Phoenix City							
	Floor area (sqm)	22,000	Nature	Commercial	Stage of completion (note)	C	Land area (sqm)	17,000
	Approximate attributable interest	100%	Target completion	Not applicable	Location	Suzhou, Jiangsu Province		
Suzhou Junyu Properties Ltd.								
P16	RK Joy Park							
	Floor area (sqm)	18,000	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.								
P26	RK Central Special Zone							
	Floor 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 Province		
Zhengzhou Keshu Real Estate Co., Ltd.								


# Major Projects Information (continued)

## NEW PROJECTS ACQUIRED IN 2016\*


### Yangtze River Delta Region


P27	Xiaokunshan Project							
	Floor area (sqm)	56,000	Nature	Residential	Stage of completion (note)	P	Land area (sqm)	37,000
	Approximate attributable interest	60%	Target completion	2018	Location	Shanghai		
	Shanghai Juntong Real Estate Co., Ltd.							

P28	Yangchenghu Project							
	Floor area (sqm)	61,000	Nature	Residential	Stage of completion (note)	M	Land area (sqm)	58,000
	Approximate attributable interest	58.82%	Target completion	2018	Location	Suzhou, Jiangsu Province		
	Suzhou Juncheng Properties Developments Co., Ltd.							

P29	Wujiang Project							
	Floor area (sqm)	37,000	Nature	Commercial	Stage of completion (note)	C	Land area (sqm)	24,000
	Approximate attributable interest	100%	Target completion	Not applicable	Location	Suzhou, Jiangsu Province		
	Suzhou Junhong Properties Developments Co., Ltd.							

### Bohai Rim Region

P30	Beichen Project							
	Floor area (sqm)	276,000	Nature	Residential	Stage of completion (note)	M	Land area (sqm)	125,000
	Approximate attributable interest	50%	Target completion	2020	Location	Tianjin		
	Tianjin Junde Properties Developments Co., Ltd.							

P31	Land Parcels in Licheng District							
	Floor area (sqm)	229,000	Nature	Residential and Commercial	Stage of completion (note)	M	Land area (sqm)	51,000
	Approximate attributable interest	100%	Target completion	2020	Location	Jinan, Shandong Province		
	Jinan RK Juncheng Properties Developments Co., Ltd.							

\* Being new projects acquired up to the date of this report

Notes:

"M" denotes "Master planning"

"S" denotes "Superstructure"

"P" denotes "Planning and design"

"C" denotes "Completed"

"F" denotes "Foundation"



# Major Projects Information (continued)








# Major Projects Information (continued)

## TOLL ROAD BUSINESS

As at 30 June 2016

### Expressways

T1 Baojin Expressway						
	Location	Hebei Province	Length	105km	Equity interest	40%
	Route	National Expressway G18 Baoding-Tianjin ~ 4-lane		Road Rise Investments Limited		
T2 Tangjin Expressway						
	Location	Hebei Province	Length	58km	Equity interest	45%
	Route	National Expressway G25 Tangshan-Tianjin ~ 4/6-lane		Ontex Investments Limited Road Base Investments Limited Road Bond Investments Limited		
T3 Changyi Expressway						
	Location	Hunan Province	Length	69km	Equity interest	43%
	Route	National Expressway G5513 Changsha-Yiyang ~ 4-lane		Road Crown Investments Limited Road Express Investments Limited Road Famous Investments Limited Road Glorious Investments Limited Road Grand Investments Limited Road Link Investments Limited		
T4 Longcheng Expressway						
	Location	Shanxi Province	Length	72km	Equity interest	45%
	Route	Provincial Expressway S60 Yuci Longbai Village-Chengzhao, Qixian ~ 6-lane		Intersafe Investments Limited		
T5 Machao Expressway						
	Location	Anhui Province	Length	36km	Equity interest	49%
	Route	Provincial Expressway S24 Ma'anshan-Chaohu ~ 6-lane		Road King (China) Infrastructure Limited		

# Major Projects Information (continued)

## TOLL ROAD BUSINESS

As at 30 June 2016

### Highways

T6 Shijin Highway						
	Location	Hebei Province	Length	40km	Equity interest	60%
	Route	National Highway 307 Shijiazhuang-Jinzhou ~ Class I/II Highway ~ 2/4-lane		Road Fly Investments Limited Road Sincere Investments Limited		
T7 Heye Highway						
	Location	Anhui Province	Length	55km	Equity interest	50%
	Route	National Highway 312 Hefei-Yeji ~ Class I Highway ~ 4/6-lane		Road Mass Investments Limited Road Team Investments Limited		
T8 Suzhou Shanghai Airport Highway						
	Location	Jiangsu Province	Length	53km	Equity interest	50%
	Route	Provincial Highway 343 Suzhou-Shanghai Hongqiao Airport (Suzhou Section) ~ Super Class II Highway ~ 4-lane		Anwell Investment Limited		



# Management Discussion and Analysis

## BUSINESS REVIEW

The operating profit after taxation (excluding exchange losses) of the Group for the six months ended 30 June 2016 was HK\$343 million (2015: HK\$274 million), representing a growth of 25% comparing to the corresponding period of last year. Under the impact of RMB depreciation, an exchange loss of HK\$111 million was incurred, resulting in the profit for the first half of 2016 amounting to HK\$232 million with earnings per share of HK\$0.30 (2015: HK\$0.31).

In the first half of 2016, the property sales (including joint venture projects) achieved RMB10,520 million, representing a surge of 87% comparing to the corresponding period of last year, in which the contracted sales and the outstanding subscribed sales were approximately RMB9,059 million and RMB1,461 million respectively.

The toll revenue and the average daily traffic volume of the existing toll road portfolio reached RMB1,111 million and 212,000 vehicles in the first half of the year, represented an increase of 8% and 7% as compared with the corresponding period of last year.

## PROPERTY BUSINESS

In the first half of 2016, the central and local governments of the PRC have carried on the monetary easing policy as adopted in last year, and implemented since the beginning of the year various favorable policies to stimulate the demand such as continuing to lower the lending interest rates and the down payment ratio, reducing/waiving the transaction taxes as well as to further loosen the requirement for property purchase. The property market became active but the impacts diversified in different regions, with the focus on the release of the demand for the property upgrade in tier 1 and 2 cities.

Rewarding from continuous adoption of the strategy for maintaining deeper exploitation, effort spent by the operational teams and positive market sentiment, the property sales (including joint venture projects) achieved RMB10,520 million for the first half of 2016, in which the contracted sales and the outstanding subscribed sales were approximately RMB9,059 million and RMB1,461 million respectively.

### Property Sales and Delivery

Set out below is an analysis of the Group's property sales and delivery by region (including joint venture projects) for the first half of 2016:

Regions (Notes)	Sales		Delivery	
	Amount RMB'million	Area sqm	Amount RMB'million	Area sqm
Yangtze River Delta	5,931	426,000	3,203	259,000
Bohai Rim	3,963	272,000	214	25,000
Other major regions	626	75,000	265	37,000
Total	10,520	773,000	3,682	321,000

Notes:

Yangtze River Delta region comprises Shanghai and Jiangsu Province.

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

Other major regions comprise Henan Province and Guangdong Province.

# Management Discussion and Analysis (continued)

## PROPERTY BUSINESS

### Property Sales and Delivery

The Group recorded property sales (including joint venture projects) of RMB10,520 million in the first half of 2016, representing a surge of 87% over the corresponding period of last year, with an average price of approximately RMB13,600, representing an increase of 32% as compared with the corresponding period of last year.

### Financial Review

Set out below is an analysis of the performance of the Group's property business for the first half of 2016 and 2015:

	For the six months ended 30 June	
	2016 HK\$'million	2015 HK\$'million
Revenue	4,352	4,390
Gross Profit	935	993
Selling and operating expenses	(448)	(395)
Profit after taxation	103	188

In the first half of 2016, the revenue of the Group's property business was mainly contributed by the delivery of properties in Yangtze River Delta region. The area delivered was approximately 321,000 sqm, with an average price of approximately RMB11,500 per sqm. Segment profit of the property business was approximately HK\$103 million.

### Land Reserve

For land reserve replenishment, the Group acquired three pieces of land in Shanghai, Suzhou and Tianjin for residential developments through listing-for-sale and cooperation, as well as a commercial project in Suzhou, with an aggregate floor area of 430,000 sqm in the first half of 2016, details of which are set out as follows:

City	Attributable Interest	Land Area sqm	Floor Area sqm	Total Consideration RMB'million
Shanghai	60%	37,000	56,000	800
Suzhou	58.82%	58,000	61,000	861
Suzhou	100%	24,000	37,000	256
Tianjin	50%	125,000	276,000	2,060

Subsequent to the period ended 30 June 2016 and up to the date of this report, the Group further acquired two pieces of adjoining land, which entitling to 100% attributable interest, in Jinan through listing-for-sale, with an aggregate floor area of 229,000 sqm at an aggregate consideration of RMB496 million.

# Management Discussion and Analysis (continued)

## PROPERTY BUSINESS

### Land Reserve

The Group's land reserve includes properties under planning and construction, properties held for sale and properties held for investment. As at 30 June 2016, the Group's land reserve was approximately 5,500,000 sqm and was mainly located in the following regions:

Provinces/Municipalities	Number of projects units	Area sqm
<b>Yangtze River Delta Region</b>		
Shanghai	5	436,000
Jiangsu Province	13	2,709,000
<b>Bohai Rim region</b>		
Beijing	1	79,000
Tianjin	2	567,000
Hebei Province	1	723,000
Shandong Province	3	330,000
<b>Other major regions</b>		
Henan Province	3	402,000
Guangdong Province	2	267,000

In the first half of 2016, the Group's new construction area was 722,000 sqm while the area of completed projects was 266,000 sqm. New construction area and the area of completed projects in the second half of 2016 are expected to be 1,061,000 sqm and 1,116,000 sqm respectively.

### Overview of Major Projects

#### Yangtze River Delta Region

##### ***RK Shanghai Manor, Shanghai***

In the first half of 2016, the contracted sales of RK Shanghai Manor was RMB871 million, with an average selling price of villas approximately RMB22,500 per sqm. In the first half of 2016, the value and area of properties delivered were RMB118 million and 7,100 sqm respectively. It is expected that a total area of approximately 36,000 sqm will be delivered in the second half of 2016.

##### ***RK Shanghai Villa, Shanghai***

In the first half of 2016, the contracted sales of RK Shanghai Villa was RMB86 million, with an average selling price of villas approximately RMB23,700 per sqm. In the first half of 2016, the value and area of properties delivered were RMB210 million and 11,200 sqm respectively. It is expected that a total area of approximately 3,500 sqm will be delivered in the second half of 2016.

##### ***RK Shanghai Style Phase I, Shanghai***

In the first half of 2016, the contracted sales of RK Shanghai Style Phase I was RMB123 million, with an average selling price of approximately RMB20,400 per sqm for residential buildings. In the first half of 2016, the value and area of properties delivered were RMB779 million and 40,700 sqm respectively. It is expected that a total area of approximately 6,000 sqm will be delivered in the second half of 2016.



# Management Discussion and Analysis (continued)

## PROPERTY BUSINESS

### Overview of Major Projects

#### Yangtze River Delta Region

##### ***RK Shanghai Style Phase II, Shanghai***

In the first half of 2016, the contracted sales of RK Shanghai Style Phase II was RMB1,231 million, with an average selling price of approximately RMB23,900 per sqm. It is expected that the value and area of properties to be delivered in the second half of 2016 will be RMB1,041 million and approximately 43,900 sqm respectively.

##### ***RK Phoenix City, Suzhou***

In the first half of 2016, the contracted sales of RK Phoenix City was RMB987 million, of which, the contracted sales of "Forest & Valley Villa" was approximately RMB938 million, with an average selling price of approximately RMB24,800 per sqm. In the first half of 2016, the value and area of properties delivered were RMB219 million and 9,600 sqm respectively. It is expected that a substantial part of "Forest & Valley Villa", with approximately 116,000 sqm, will be delivered in the fourth quarter.

##### ***RK Hong Kong Times, Suzhou***

In the first half of 2016, the contracted sales of RK Hong Kong Times was RMB484 million, with an average selling price of approximately RMB19,500 per sqm. In the first half of 2016, the value and area of properties delivered were RMB773 million and 42,000 sqm respectively. It is expected that a total area of approximately 8,700 sqm will be delivered in the second half of 2016.

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

In the first half of 2016, the contracted sales of RK Royal City was RMB39 million, with the value and area of properties delivered of RMB406 million and 66,000 sqm respectively. It is expected that a total area of approximately 20,500 sqm will be delivered in the second half of 2016.

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

In the first half of 2016, the contracted sales of RK City was RMB586 million, with an average selling price of approximately RMB7,000 per sqm. In the first half of 2016, the value and area of properties delivered were RMB317 million and 36,000 sqm respectively. It is expected that a total area of approximately 32,000 sqm will be delivered in the second half of 2016.

##### ***RK Urban Home Court, Changzhou***

In the first half of 2016, the contracted sales of RK Urban Home Court was RMB221 million. In the first half of 2016, the value and area of properties delivered were RMB172 million and 28,000 sqm respectively. It is expected that a total area of approximately 21,000 sqm will be delivered in the second half of 2016.

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

In the first half of 2016, the contracted sales of RK City Signature was RMB184 million, with an average selling price of approximately RMB10,200 per sqm. It is expected that a total area of approximately 18,000 sqm will be delivered in the second half of 2016.

# Management Discussion and Analysis (continued)

## PROPERTY BUSINESS

### Overview of Major Projects

#### Yangtze River Delta Region

##### ***RK The Providence, Wuxi***

In the first half of 2016, the contracted sales of RK The Providence was RMB104 million, with an average selling price of approximately RMB11,700 per sqm. In the first half of 2016, the value and area of properties delivered were RMB100 million and 9,000 sqm respectively. It is expected that a total area of approximately 6,800 sqm will be delivered in the second half of 2016.

##### ***RK Impression, Wuxi***

In the first half of 2016, the contracted sales of RK Impression was RMB404 million, with an average selling price of approximately RMB10,400 per sqm. It is expected that the project will be completed and delivered with a total area of approximately 42,000 sqm in the second half of 2016.

#### Bohai Rim Region

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

In the first half of 2016, the contracted sales of RK World City Phase I and Phase II was RMB21 million, with an average selling price of approximately RMB24,000 per sqm for residential buildings. In the first half of 2016, the value of properties delivered was RMB95 million and the area of residential buildings delivered was 3,200 sqm. Phase III of the project is expected to be launched for sales in the second half of 2016, with a floor area of approximately 5,000 sqm.

##### ***RK Sunny Town, Tianjin***

In the first half of 2016, the contracted sales of RK Sunny Town was RMB1,889 million, with an average selling price of approximately RMB19,000 per sqm. It is expected that a total area of 5,600 sqm will be delivered in the second half of 2016.

##### ***RK Grandtown, Langfang***

In the first half of 2016, the contracted sales of RK Grandtown was RMB868 million, with an average selling price of approximately RMB13,300 per sqm. It is expected that the value and area of properties to be delivered in the second half of 2016 will be RMB1,721 million and 175,000 sqm respectively.

##### ***RK City, Jinan***

In the first half of 2016, the contracted sales of RK City was RMB259 million, with an average selling price of approximately RMB8,600 per sqm for residential buildings. It is expected that a total area of 150,000 sqm will be delivered in the second half of 2016.

# Management Discussion and Analysis (continued)

## PROPERTY BUSINESS

### Overview of Major Projects

#### Other Major Regions

##### ***RK J-o-Y Heights, Guangzhou***

In the first half of 2016, the contracted sales of RK J-o-Y Heights was RMB154 million, with an average selling price of approximately RMB11,000 per sqm for residential buildings. In the first half of 2016, the value and area of properties delivered were RMB48 million and 5,000 sqm respectively. It is expected that a total area of approximately 44,000 sqm will be delivered in the second half of 2016.

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

In the first half of 2016, the contracted sales of RK Royal City was RMB149 million, with the value and area of properties delivered of RMB105 million and 20,000 sqm respectively. It is expected that a total area of approximately 37,000 sqm will be delivered in the second half of 2016.

#### New Projects

##### **Acquired in 2016 (up to the date of this report):**

##### ***Xiaokunshan Project, Shanghai***

In March 2016, the Group acquired a piece of land in Songjiang District, Shanghai mainly for residential development through listing-for-sale. With a site area and a floor area of 37,000 sqm and 56,000 sqm respectively, the project is expected to be launched for sales in the first half of 2017.

##### ***Yangchenghu Project, Suzhou***

In May 2016, the Group acquired a piece of land in Xiangcheng District, Suzhou mainly for development of low-density villas through listing-for-sale. With a site area and a floor area of 58,000 sqm and 61,000 sqm respectively, the project is expected to be launched for sales in the first half of 2017.

##### ***Wujiang Project, Suzhou***

In June 2016, the Group acquired a completed commercial project in Wu Jiang District, Suzhou. The property is a four-storey shopping mall, with a total floor area of approximately 37,000 sqm.

##### ***Beichen Project, Tianjin***

In June 2016, the Group acquired a piece of land in Beichen District, Tianjin mainly for residential development through listing-for-sale. With a site area and a floor area of 125,000 sqm and 276,000 sqm respectively, the project is expected to be launched for sales in the second half of 2017.

##### ***Land Parcel in Licheng District, Jinan***

In July and August 2016, the Group acquired two pieces of adjoining land in Licheng District, Jinan mainly for residential and commercial development through listing-for-sale. With an aggregate site area and floor area of 51,000 sqm and 229,000 sqm respectively, the project is expected to be launched for sales in the first half of 2017.



# Management Discussion and Analysis (continued)

## TOLL ROAD BUSINESS

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

	For the six months ended 30 June	
	2016 HK\$'million	2015* HK\$'million
Share of toll revenue		
Expressways	577	506
Highways	15	12
	<b>592</b>	<b>518</b>
Share of results of infrastructure joint ventures		
Expressways	204	127
Highways	(14)	(9)
	<b>190</b>	<b>118</b>

\* Only included figures of projects still operating in 2016.

### Traffic Volume and Toll Revenue

January to June 2016	Average daily traffic vehicles	Toll revenue RMB'million
	Expressways	
Baojin Expressway	55,000	308
Tangjin Expressway	43,000	259
Changyi Expressway	63,000	313
Longcheng Expressway	16,000	119
Machao Expressway	17,000	89
	<b>194,000</b>	<b>1,088</b>
Highways	<b>18,000</b>	<b>23</b>
	<b>212,000</b>	<b>1,111</b>

The average daily traffic volume and toll revenue of the Group's existing toll road portfolio reached 212,000 vehicles and RMB1,111 million respectively in the first half of 2016, representing an increase of 7% and 8% respectively as compared with the corresponding period of last year. As benefited from the substantial increase of toll revenue of Machao Expressway, Longcheng Expressway and Changyi Expressway, the Group's share of results of infrastructure joint ventures in the first half of the year increased as compared with the corresponding period of last year.

# Management Discussion and Analysis (continued)

## TOLL ROAD BUSINESS

### Expressway Projects

#### Baojin Expressway

In the first half of 2016, the traffic volume of Baojin Expressway increased by 5% while the toll revenue increased by 1% as compared with the corresponding period of last year. Impacted by the supply-side structural reform and the implementation of pollution control policy, the economic development of Hebei province remained steady. It is expected that the momentum for the increment of toll revenue will maintain in the second half of the year.

#### Tangjin Expressway

In the first half of 2016, the traffic volume of Tangjin Expressway increased by 4% while the toll revenue maintained at the same level as compared with the corresponding period of last year. As the economic recovery of north-eastern region was below expectation, the demand of freight transport was affected. It is expected that the traffic and toll revenue will be stable in the second half of the year.

#### Changyi Expressway

Changyi Expressway recorded an increase of 7% and 10% of traffic volume and toll revenue respectively in the first half of 2016. Benefited from the economic growth of Changsha-Zhuzhou-Xiangtan region and the increase of the traffic flows between Hunan and Chongqing through Changyi Expressway, traffic volume and toll revenue kept growing. It is expected that the toll revenue in the second half of the year will keep rising.

#### Longcheng Expressway

In the first half of 2016, traffic was diverted to Longcheng Expressway due to the close-for-maintenance of a competing highway, together with the growth of local economy driven by the recovery in the coal industry, contributed to a substantial increase of 47% and 39% in the toll revenue and traffic, respectively as compared with the same period of last year. It is expected that the toll revenue will maintain growing in the second half of the year.

#### Machao Expressway

Since Machao Expressway commenced operation at end of 2013, the toll revenue has been growing. In the first half of 2016, the toll revenue and traffic of Machao Expressway increased by 20% and 9%, respectively as compared with the corresponding period of last year. The prospect of this project is promising in view of serving as a hub between Anhui Province and Jiangsu Province along the east-west passage and future extensive development of the road network connecting the project.

# Management Discussion and Analysis (continued)

## FINANCIAL REVIEW

### Unaudited Condensed Consolidated Statement of Profit or Loss

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 2016 and 2015.

	Six months ended 30 June	
	2016	2015
	HK\$'million	HK\$'million
Revenue	<b>4,352</b>	4,390
Gross profit	<b>935</b>	993
Interest and other income, net	<b>51</b>	95
Selling and operating expenses	<b>(483)</b>	(433)
Share of results of joint ventures	<b>188</b>	114
Finance costs	<b>(109)</b>	(96)
Profit before taxation	<b>582</b>	673
Income tax expenses	<b>(350)</b>	(425)
Profit after taxation	<b>232</b>	248
Non-controlling interests	<b>(14)</b>	(20)
Profit attributable to owners of the Company	<b>218</b>	228

### Revenue and Gross Profit

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

### Interest and Other Income, Net

The decrease in net other income was mainly caused by the exchange losses arising from the depreciation of Renminbi during the period under review.

### Share of Results of Joint Ventures

This represented mainly share of results of the infrastructure joint ventures of the Group for the period under review. The details are contained in the subsection headed "Toll Road Business".

### Income Tax Expenses

Income tax expenses comprised mainly profit tax, land appreciation tax and deferred tax. The lower income tax expenses were mainly attributable to lower profit margin of the properties delivered during the period under review.

# Management Discussion and Analysis (continued)

## FINANCIAL REVIEW

### Unaudited Condensed Consolidated Statement of Financial Position

The table below summarised the major items of the consolidated statement of financial position of the Group as at 30 June 2016 and 31 December 2015.

	<b>30 June 2016</b>	31 December 2015
	<b>HK\$'million</b>	HK\$'million
Non-current assets		
– Investments in joint ventures (including loans to joint ventures)	<b>5,192</b>	6,705
– Investment properties	<b>2,188</b>	2,193
– Other non-current assets	<b>99</b>	90
	<b>7,479</b>	8,988
Current assets		
– Inventory of properties (including prepayment for land leases)	<b>26,992</b>	25,728
– Bank balances and cash (including pledged bank deposits)	<b>6,487</b>	3,314
– Other current assets	<b>3,101</b>	2,026
	<b>36,580</b>	31,068
Current liabilities		
– Creditors and accrued charges	<b>(4,642)</b>	(5,776)
– Deposits from pre-sale of properties	<b>(8,557)</b>	(4,548)
– Bank and other borrowings – due within one year	<b>(8,975)</b>	(6,224)
– Other current liabilities	<b>(1,103)</b>	(1,539)
	<b>(23,277)</b>	(18,087)
Non-current liabilities	<b>(6,953)</b>	(7,993)
Total equity	<b>13,829</b>	13,976

### Investments in Joint Ventures (including Loans to Joint Ventures)

Investments in joint ventures mainly represented our interests in the joint ventures relating to our toll road and property business. The decrease in balance was mainly attributable to the loans repayment received from the Guangzhou joint venture project, as well as the consolidation of the Shanghai joint venture after the Group acquired 51% equity interest in the joint venture during the period under review.



# Management Discussion and Analysis (continued)

## FINANCIAL REVIEW

### 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.

As of June 2016, we acquired a commercial property located in Suzhou for a floor area of approximately 37,000 sqm. Details on the transaction were set out in the announcement of the Company dated 30 June 2016. With the inclusion of the new property acquired, the total area of the investment properties of the Group was around 222,000 sqm.

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

The increase in inventory balance was mainly caused by the partial prepayment of land premiums of the new projects, as well as acceleration of the construction progress during the period under review in order to cope with the sales plan in the second half of the year.

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

The increase in the bank balances was mainly attributable to the increase in proceeds from pre-sale of properties.

### Deposits from Pre-sale of Properties

The increase in deposits from pre-sale of properties was mainly due to the surge in property sales compared with last corresponding period.

### 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 as well as the syndicated loans and the project development loans.

Details of the Group's loan profile are set out as follows:

	<b>30 June 2016 HK\$'million</b>	31 December 2015 HK\$'million
Repayable:		
On demand or within one year	<b>8,975</b>	6,224
After one year but within two years	<b>5,109</b>	5,954
After two years but within five years	<b>705</b>	940
More than five years	<b>307</b>	332
Total Borrowings	<b>15,096</b>	13,450

# Management Discussion and Analysis (continued)

## FINANCIAL REVIEW

Source of Borrowings			Nature of Debts		
	30 June 2016	31 December 2015		30 June 2016	31 December 2015
Short term loans	59%	46%	Unsecured loans	70%	73%
Long term loans	41%	54%	Secured loans	30%	27%
	<b>100%</b>	100%		<b>100%</b>	100%

Currency Profile of Borrowings			Interest Rates Basis		
	30 June 2016	31 December 2015		30 June 2016	31 December 2015
HKD	3%	1%	Floating rate	30%	33%
RMB	52%	47%	Fixed rate	70%	67%
USD	45%	52%			
	<b>100%</b>	100%		<b>100%</b>	100%

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

- (a) RMB2,200 million 6% guaranteed senior notes due in 2016; and
- (b) US\$350 million 9.875% guaranteed senior notes due in 2017.

In July 2016, Beijing RK Junyu Properties Developments Ltd. (北京路勁雋御房地產開發有限公司), a wholly-owned subsidiary of the Group has received the approval from China Securities Regulatory Commission and the Shanghai Stock Exchange for the issue of an aggregate maximum amount of RMB2.5 billion domestic bonds. If the proposed issue of the domestic bonds materializes or proceeds, further announcement(s) will be made.

In early August 2016, the Group has issued a three years bond for an amount of US\$450 million with an annual coupon of 5%. An oversubscription of 13 times on the order book was recorded. The net proceeds would be used to refinance the existing indebtedness.

At 30 June 2016, the gross gearing ratio and the net gearing ratio of the Group were 109% and 62% respectively. Gross gearing ratio represents total interest bearing borrowings (but excluding loans from non-controlling interests of subsidiaries) to the total equity, whereas net gearing ratio represents the difference of Group's total interest bearing borrowings (but excluding loans from non-controlling interests of subsidiaries) and the bank balances and cash (including pledged bank deposits) to the total equity.

Interest coverage for the period under review was 7.98 times (2015: 9.72 times).

# Management Discussion and Analysis (continued)

## FINANCIAL REVIEW

### 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 2016 and 2015.

	Six months ended 30 June	
	2016	2015
	HK\$'million	HK\$'million
Payment for land leases (including through joint venture arrangement)	(969)	(1,110)
Net cash from operating activities, other than payment for land leases	2,645	1,119
Net cash from investing activities, other than payment for land leases	716	481
Net cash from (used in) financing activities	62	(13)
Effect of change in exchange rates	(57)	(21)
Cash and cash equivalents at 1 January	2,651	2,851
Cash and cash equivalents at 30 June	5,048	3,307

### Payment for Land Leases (including Through Joint Venture Arrangement)

The payment in the first half of 2016 mainly represented the partial payments of land premiums of the new projects located in Shanghai, Suzhou and Tianjin. The payment in last corresponding period mainly represented the payments of land premiums of the new projects located in Luoyang, Changzhou and Langfang.

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

The increase in net cash from operating activities was mainly caused by the increase in cash proceeds from the pre-sale and sale of properties during the period under review.

### Net Cash from Investing Activities, other than Payment for Land Leases

The increase in net cash from investing activities was mainly due to the loans repayment received from the Guangzhou joint venture, as well as the cash distributed or dividends received from the joint venture infrastructure projects, but partially offset by the increase in restricted cash balance due to the increase in property sales.

### Liquidity and Financial Resources

As at 30 June 2016, the equity attributable to the owners of the Company was HK\$12,923 million (31 December 2015: HK\$13,155 million). Net assets per Share attributable to the owners of the Company was HK\$17.47 (31 December 2015: HK\$17.78).

As at 30 June 2016, the Group's total assets were HK\$44,059 million (31 December 2015: HK\$40,056 million) and bank balances and cash were HK\$6,221 million (31 December 2015: HK\$3,072 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 entire Group's financing and treasury activities are centrally managed and controlled. Implementation of the Group's related policies is made under collective but extensive considerations on liquidity risk, financing cost and exchange rate risk.

# Management Discussion and Analysis (continued)

## FINANCIAL REVIEW

### Charges on Assets

As at 30 June 2016, bank balances of HK\$266 million (31 December 2015: HK\$242 million) were pledged as security in favour of banks for certain mortgage facilities granted to customers of the Group's property projects and short-term credit facilities granted to the Group. In addition to these charged bank deposits, properties with carrying value of HK\$4,449 million (31 December 2015: HK\$3,446 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 are denominated principally in Renminbi. As a result, the Group is exposed to foreign currency risk on the fluctuation of Renminbi and US dollars. Since August 2015, the People's Bank of China has gradually depreciated the value of Renminbi and allowed for a higher volatility as part of the foreign exchange reform. This Renminbi depreciation have impacts to the results of the Group for the six months ended 30 June 2016 and the Group is going to, as and when appropriate, hedge against the risk of Renminbi depreciation, including but not limited to, increasing the weight of Renminbi denominated borrowings, entering into swap instruments for hedging the risk of Renminbi depreciation and/or re-alignment of the onshore and offshore business portfolio.

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. Although the monetary policies implemented by the PRC and the US governments continue to have a major impact on the Group's results and operations, the Directors consider that the interest rate fluctuation caused by the fluidity and instability of the global economy and financial systems also has an impact on the operations of the Group.

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

### Contingent Liabilities

As at 30 June 2016, the Group had provided guarantees of HK\$4,744 million (31 December 2015: HK\$4,650 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.

In addition, the Group had provided guarantees of HK\$826 million (31 December 2015: HK\$845 million) to banks in connection with the banking facilities granted to the joint venture of the Group as at 30 June 2016.

### Employees

Excluding the staff of joint ventures, the Group had 2,778 employees as at 30 June 2016. Expenditure on staff (excluding Directors' emoluments and share-based payment) for the period under review amounted to HK\$282 million (2015: HK\$263 million). Employees are remunerated according to their performance and contribution. Other employee benefits include provident fund, insurance, medical cover and training programs, as well as share option schemes. During the period under review, no share option was granted.



# Management Discussion and Analysis (continued)

## PROSPECTS

The growth of China's economy continuously faces downward pressure. Since property industry is an important pillar of the economy, it is expected that the PRC government will continue to implement the policy of maintaining stability to deal with property industry bubbles. The Group is optimistic about the prospect of the property market.

Positive impacts have been gradually crystallised for continuous adoption of the strategy that maintaining deeper exploitation, balancing profitability and sales volume, researching and developing market-oriented products, enhancing the value-added services of the property management services, and continuously improving product and service quality and brand appeal. The Group will continue to implement the said strategy and enhance cooperation with well-established PRC business partners to look for better development. The Group believes that this allows the Group to invest in larger scale projects, share higher profits and diversify financial burden, and provide additional resources to the Group for the continuous expansion in property business.

The toll road business has provided and will continue to provide steady cash flows. By leveraging the experience obtained over the past two decades, the Group ensures a sustainable and stable operation and development.

# Dividend

## DIVIDEND

The Board has resolved to declare an interim dividend of HK\$0.13 (2015: HK\$0.13) per share for the six months ended 30 June 2016 to the shareholders of the Company whose names appear on the register of members of the Company on Wednesday, 7 September 2016.

It is expected that the payment of the interim dividend will be made on or before Friday, 30 September 2016.

## CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 6 September 2016 to Wednesday, 7 September 2016, both dates inclusive, during which period no transfer of shares will be registered for the purpose of determining the 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 Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:00 p.m. on Monday, 5 September 2016 for registration.

# Corporate Governance

## **CORPORATE GOVERNANCE CODE**

The Company has complied with the code provisions set out in the Corporate Governance Code contained in Appendix 14 to 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 2016.

## **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 to the Listing Rules as its own code. All the Directors have confirmed, following specific enquiry, that they have complied with the Model Code throughout the six months ended 30 June 2016.

# Disclosure of Interests

## DIRECTORS' INTERESTS AND SHORT POSITIONS

As at 30 June 2016, the interests and short positions of the Directors in the shares, underlying shares and debentures of the Company or any of its 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	1	224,000	–	0.03
Ko Yuk Bing	Personal	1&3	2,100,000	–	0.28
Zen Wei Peu, Derek	Personal	1	14,495,000	–	1.96
		2	1,500,000	–	0.20
Fong Shiu Leung, Keter	Personal	1	400,000	–	0.05
		2	1,200,000	–	0.16
Xu Ruxin	Personal	1	150,000	–	0.02
		2	800,000	–	0.11
Lam Wai Hon, Patrick	Personal	1	100,000	–	0.01
		2	50,000	–	0.01
Lau Sai Yung	Personal	1	455,000	–	0.06
		2	150,000	–	0.02
Chow Ming Kuen, Joseph	Personal	2	150,000	–	0.02
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 balance is 960,000 shares of the Company held by Ms. Chuk Wing Suet, Josephine, the spouse of Mr. Ko Yuk Bing.
4. The percentage was calculated based on 739,936,566 shares of the Company in issue as at 30 June 2016.

# Disclosure of Interests (continued)

## DIRECTORS' INTERESTS AND SHORT POSITIONS

### (II) Underlying Shares – Share Options

The share option scheme was adopted by the Company on 8 May 2013. Particulars of the share option scheme are set out in note 26 to the consolidated financial statements in the Company's annual report for the year ended 31 December 2015.

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

Name	Notes	Number of share options			Balance at 30.06.2016	
		Balance at 01.01.2016	Granted during the period	Exercised during the period		Lapsed during the period
<b>Directors</b>						
Zen Wei Peu, Derek	1	1,500,000	–	–	–	1,500,000
Chan Kam Hung	1&2	1,400,000	–	–	–	1,400,000
Fong Shiu Leung, Keter	1	1,200,000	–	–	–	1,200,000
Xu Ruxin	1&3	800,000	–	–	–	800,000
Lam Wai Hon, Patrick	1	50,000	–	–	–	50,000
Lau Sai Yung	1	150,000	–	–	–	150,000
Chow Ming Kuen, Joseph	1	150,000	–	–	–	150,000
Tse Chee On, Raymond	1	100,000	–	–	–	100,000
Total		5,350,000	–	–	–	5,350,000
<b>Others</b>						
Employees	1	5,050,000	–	–	–	5,050,000
Total		5,050,000	–	–	–	5,050,000
Grand Total		10,400,000	–	–	–	10,400,000

Notes:

1. 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.
2. Mr. Chan Kam Hung retired as an Executive Director of the Company with effect from the conclusion of the annual general meeting of the Company held on 19 May 2016. He continues to serve as the Chief Operating Officer of the Company.
3. Mr. Xu Ruxin resigned as an Executive Director of the Company with effect from 1 July 2016. The Board approved to extend the exercisable period of his share options for six months from the date of his resignation. The extension of the exercisable period to Mr. Xu will expire on 31 December 2016.



# Disclosure of Interests (continued)

## DIRECTORS' INTERESTS AND SHORT POSITIONS

### (III) Debentures of Associated Corporations

Name of Directors	Name of company	Nature of interest	Type of debenture	Principal amount held
Ko Yuk Bing	RKI Finance (2013) Limited	Personal	RMB2,200 million 6% guaranteed senior notes due 2016	RMB11,000,000 (long position)
Zen Wei Peu, Derek	Road King Infrastructure Finance (2012) Limited	Personal	US\$350 million 9.875% guaranteed senior notes due 2017	US\$4,300,000 (long position)
	RKI Finance (2013) Limited	Personal	RMB2,200 million 6% guaranteed senior notes due 2016	RMB14,500,000 <sup>(note 1)</sup> (long position)
Wong Wai Ho	Road King Infrastructure Finance (2012) Limited	Personal	US\$350 million 9.875% guaranteed senior notes due 2017	US\$200,000 <sup>(note 2)</sup> (long position)

Notes:

1. A principal amount of RMB14,500,000 of RMB2,200 million 6% guaranteed senior notes due 2016 was held by Ms. Luk Chan, the spouse of Mr. Zen Wei Peu, Derek.
2. A principal amount of US\$200,000 of US\$350 million 9.875% guaranteed senior notes due 2017 was held by Ms. Lau Men Ying, the spouse of Mr. Wong Wai Ho.

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 of its 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 above, 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 corporations.

## Disclosure of Interests (continued)

### SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 30 June 2016, the interests or short positions of every person, other than the Directors of the Company, 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 11)
		Long position (Note 1)	Short position	
Wai Kee Holdings Limited (Note 2)	Interest in controlled corporation	303,034,428	–	40.95
Wai Kee (Zens) Holding Limited (Note 3)	Interest in controlled corporation	303,034,428	–	40.95
Groove Trading Limited (Note 4)	Beneficial owner	65,918,000	–	8.91
Wai Kee China Investments (BVI) Company Limited (Note 4)	Interest in controlled corporation	234,116,428	–	31.64
Wai Kee China Investments Company Limited (Note 5)	Interest in controlled corporation	234,116,428	–	31.64
ZWP Investments Limited (Note 6)	Beneficial owner	234,116,428	–	31.64
深業集團有限公司 (Shum Yip Group Limited*) (Note 7)	Interest in controlled corporation	202,334,142	–	27.34
Shum Yip Holdings Company Limited (Note 8)	Interest in controlled corporation	202,334,142	–	27.34
Shenzhen Investment Limited (Note 9)	Interest in controlled corporation	202,334,142	–	27.34
Hover Limited (Note 10)	Beneficial owner	202,334,142	–	27.34

Notes:

- Long position in the shares of the Company (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds).
- 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, Build King Management Limited (formerly known as Leader Construction Company Limited) and Build King Civil Engineering Limited (formerly known as Leader Civil Engineering Corporation Limited), which beneficially held 3,000,000 shares of the Company. Both Mr. Zen Wei Pao, William and Mr. Zen Wei Peu, Derek are directors of Wai Kee Holdings Limited.
- Wai Kee (Zens) Holding Limited is a direct wholly-owned subsidiary of Wai Kee Holdings Limited. Both Mr. Zen Wei Pao, William and Mr. Zen Wei Peu, Derek are directors of Wai Kee (Zens) Holding Limited.

# Disclosure of Interests (continued)

## SUBSTANTIAL SHAREHOLDERS' INTERESTS

Notes:

4. Groove Trading Limited and Wai Kee China Investments (BVI) Company Limited are direct wholly-owned subsidiaries of Wai Kee (Zens) Holding Limited. Both Mr. Zen Wei Pao, William and Mr. Zen Wei Peu, Derek are directors of Groove Trading Limited and Wai Kee China Investments (BVI) Company Limited.
5. Wai Kee China Investments Company Limited is a direct wholly-owned subsidiary of Wai Kee China Investments (BVI) Company Limited. Both Mr. Zen Wei Pao, William and Mr. Zen Wei Peu, Derek are directors of Wai Kee China Investments Company Limited.
6. ZWP Investments Limited is a direct wholly-owned subsidiary of Wai Kee China Investments Company Limited. Both Mr. Zen Wei Pao, William and Mr. Zen Wei Peu, Derek are directors of ZWP Investments Limited.
7. 深業集團有限公司 (Shum Yip Group Limited\*) (incorporated in the PRC) is deemed to be interested in the shares of the Company through its 100% interests in Shum Yip Holdings Company Limited (incorporated in Hong Kong). Mr. Mou Yong is a director of 深業集團有限公司.
8. Shum Yip Holdings Company Limited (incorporated in Hong Kong) is deemed to be interested in the shares of the Company through its approximately 60.68% interests in Shenzhen Investment Limited. Mr. Mou Yong is a director of Shum Yip Holdings Company 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. Mr. Mou Yong is a director of Shenzhen Investment Limited.
10. Hover Limited is a direct wholly-owned subsidiary of Shenzhen Investment Limited.
11. The percentage was calculated based on 739,936,566 shares of the Company in issue as at 30 June 2016.

Save as disclosed above, no other person (other than the Directors of the Company) 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 under section 336 of the SFO.

\* for identification purpose only

## Other Disclosures

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

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 2016.

### CONTINUING DISCLOSURE OF THE LISTING RULES

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

1. Pursuant to Rule 13.18 of the Listing Rules:

#### Notes

The Company is obliged to make an offer to repurchase US\$350 million 9.875% guaranteed senior notes due 2017 and RMB2,200 million 6% guaranteed senior notes due 2016 (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.

In early August 2016, the Group issued US\$450 million 5% guaranteed senior notes due 2019. The Company is obliged to make an offer to repurchase 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 10 January 2014, RKP Overseas Finance 2013 (A) Limited ("RKP Overseas"), a wholly-owned subsidiary of the Company, was granted a US\$230 million term loan facility with final maturity date of 36 months from the first utilisation date of the loan facility (the "US\$230 million Loan Facility"). For so long as the US\$230 million Loan Facility is made available to RKP Overseas, Wai Kee Holdings Limited is required to own at least 30% of beneficial shareholding interest in the issued share capital of the Company and to maintain as the single largest shareholder of the Company.

On 26 August 2014, RKP Overseas Finance 2014 (A) Limited ("RKP Overseas Finance"), a wholly-owned subsidiary of the Company, was granted a US\$200 million term loan facility with final maturity date of 36 months from the first utilisation date of the loan facility (the "US\$200 million Loan Facility"). For so long as the US\$200 million Loan Facility is made available to RKP Overseas Finance, Wai Kee Holdings Limited is required to own at least 30% of beneficial shareholding interest in the issued share capital of the Company and to maintain as the single largest shareholder of the Company.

On 22 October 2015, RKP Finance (2012) Limited ("RKP Finance"), a wholly-owned subsidiary of the Company, was granted a US\$30 million term loan facility with final maturity date of 36 months from the first utilisation date of the loan facility (the "US\$30 million Loan Facility"). For so long as the US\$30 million Loan Facility is made available to RKP Finance, Wai Kee Holdings Limited is required to own at least 30% of beneficial shareholding interest in the issued share capital of the Company and to maintain as the single largest shareholder of the Company.

On 23 December 2015, RKI Finance (2012) Limited ("RKI Finance"), a wholly-owned subsidiary of the Company, was granted a US\$50 million term loan facility with final maturity date of 36 months from the utilisation date of the loan facility (the "US\$50 million Loan Facility"). For so long as the US\$50 million Loan Facility is made available to RKI Finance, Wai Kee Holdings Limited is required to own at least 30% of beneficial shareholding interest in the issued share capital of the Company and to maintain as the single largest shareholder of the Company.

## Other Disclosures (continued)

### CONTINUING DISCLOSURE OF THE LISTING RULES

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:

<b>Name of Directors</b>	<b>Details of changes</b>
Mr. Chan Kam Hung	He retired as an Executive Director of the Company with effect from the conclusion of the annual general meeting of the Company held on 19 May 2016. He continues to serve as the Chief Operating Officer of the Company.
Mr. Xu Ruxin	He resigned as an Executive Director of the Company with effect from 1 July 2016.
Mr. Lam Wai Hon, Patrick	<p>He entered into a letter of appointment with the Company for a period commencing from 9 May 2016 to 8 May 2017 or the date of the annual general meeting of the Company held in 2017, whichever is earlier.</p> <p>His annual emolument was revised from HK\$410,000 to HK\$425,000 for acting as a Non-executive Director and a member of the Audit Committee of the Company for the period from 20 May 2016 to the date of the annual general meeting of the Company held in 2017.</p> <p>He was appointed as an Executive Director of FSE Engineering Holdings Limited with effect from 1 April 2016.</p>
Mr. Mou Yong	<p>He entered into a letter of appointment with the Company for a period commencing from 20 May 2016 to 19 May 2019 or the date of the annual general meeting of the Company held in 2019, whichever is earlier.</p> <p>His annual emolument was revised from HK\$300,000 to HK\$315,000 for acting as a Non-executive Director of the Company for the period from 20 May 2016 to the date of the annual general meeting of the Company held in 2017.</p>
Mr. Dong Fang	<p>He entered into a letter of appointment with the Company for a period commencing from 20 May 2016 to 19 May 2019 or the date of the annual general meeting of the Company held in 2019, whichever is earlier.</p> <p>His annual emolument was revised from HK\$300,000 to HK\$315,000 for acting as a Non-executive Director of the Company for the period from 20 May 2016 to the date of the annual general meeting of the Company held in 2017.</p>



## Other Disclosures (continued)

### CONTINUING DISCLOSURE OF THE LISTING RULES

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

<b>Name of Directors</b>	<b>Details of changes</b>
Mr. Lau Sai Yung	His annual emolument was revised from HK\$540,000 to HK\$555,000 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 20 May 2016 to the date of the annual general meeting of the Company held in 2017.
Dr. Chow Ming Kuen, Joseph	His annual emolument was revised from HK\$530,000 to HK\$545,000 for acting as an Independent Non-executive Director, the Chairman of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee of the Company for the period from 20 May 2016 to the date of the annual general meeting of the Company held in 2017.
Mr. Tse Chee On, Raymond	He entered into a letter of appointment with the Company for a period commencing from 9 May 2016 to 8 May 2019 or the date of the annual general meeting of the Company held in 2019, whichever is earlier.  His annual emolument was revised from HK\$360,000 to HK\$375,000 for acting as an Independent Non-executive Director and a member of the Remuneration Committee of the Company for the period from 20 May 2016 to the date of the annual general meeting of the Company held in 2017.
Mr. Wong Wai Ho	His annual emolument was revised from HK\$450,000 to HK\$465,000 for acting as an Independent Non-executive Director and a member of the Audit Committee and the Nomination Committee of the Company for the period from 20 May 2016 to the date of the annual general meeting of the Company held in 2017.
Mr. Zhang Yongliang	His annual emolument was revised from HK\$300,000 to HK\$315,000 for acting as an Independent Non-executive Director of the Company for the period from 20 May 2016 to the date of the annual general meeting of the Company held in 2017.

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.

## Other Disclosures (continued)

### REVIEW OF ACCOUNTS

The Audit Committee of the Company has reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2016, 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*)  
Zen Wei Peu, Derek  
Fong Shiu Leung, Keter (*Finance Director*)

## NON-EXECUTIVE DIRECTORS

Lam Wai Hon, Patrick  
Mou Yong  
Dong Fang

## INDEPENDENT NON-EXECUTIVE DIRECTORS

Lau Sai Yung  
Chow Ming Kuen, Joseph  
Tse Chee On, Raymond  
Wong Wai Ho  
Zhang Yongliang

## MANAGEMENT COMMITTEES

### Corporate Management Committee

Ko Yuk Bing (*Chairman*)  
Chan Kam Hung (*Chief Operating Officer*)  
Fong Shiu Leung, Keter  
Yu Kam Fat, James

### Property Business Management Committee

Ko Yuk Bing (*Chairman*)  
Zen Wei Peu, Derek  
Chan Kam Hung  
Fong Shiu Leung, Keter  
Chuk Wing Suet, Josephine  
Zen Chung Hei, Hayley  
Zhang Nan  
Diao Lu, Amy

## AUDIT COMMITTEE

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

## NOMINATION COMMITTEE

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

## REMUNERATION COMMITTEE

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

## COMPANY SECRETARY

Fong Shiu Leung, Keter

## AUDITOR

Deloitte Touche Tohmatsu

## SOLICITORS

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

## PRINCIPAL BANKERS

### The PRC

Agricultural Bank of China Limited  
China CITIC Bank Corporation 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

MUFG Fund Services (Bermuda) Limited  
The Belvedere Building  
69 Pitts Bay Road  
Pembroke HM08  
Bermuda

# Corporate Information (continued)

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Secretaries Limited  
Level 22, Hopewell Centre  
183 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

## 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 Stock Exchange of Hong Kong Limited

- US\$350 million 9.875% guaranteed senior notes due 2017 (Stock Code: 4565)
- RMB2,200 million 6% guaranteed senior notes due 2016 (Stock Code: 85935)
- US\$450 million 5% guaranteed senior notes due 2019 (Stock Code: 5695)

## INVESTOR RELATIONS

Contact Person: Lee Tak Fai, Kennedy  
Telephone: (852) 2957 6800  
Facsimile: (852) 2375 2477  
E-mail address: [rki@roadking.com.hk](mailto: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 2016

	NOTES	Six months ended 30 June	
		2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Revenue	4	4,352,386	4,389,664
Cost of sales		(3,416,967)	(3,396,796)
Gross profit		935,419	992,868
Interest income		65,029	44,037
Other income		21,454	8,723
Other gains	6	75,376	68,931
Net exchange losses		(111,283)	(26,830)
Selling expenses		(219,424)	(189,152)
Administrative expenses		(264,353)	(243,596)
Share of results of joint ventures	7	188,263	114,372
Finance costs	8	(108,523)	(95,965)
<b>Profit before taxation</b>	9	<b>581,958</b>	673,388
Income tax expenses	10	(350,218)	(425,872)
<b>Profit for the period</b>		<b>231,740</b>	247,516
<b>Profit attributable to:</b>			
Owners of the Company		218,323	228,058
Non-controlling interests		13,417	19,458
		<b>231,740</b>	247,516
<b>Earnings per share</b>	12		
– Basic		HK\$0.30	HK\$0.31
– Diluted		HK\$0.30	HK\$0.31

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

For the six months ended 30 June 2016

	Six months ended 30 June	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
<b>Profit for the period</b>	<b>231,740</b>	247,516
<b>Other comprehensive income</b>		
<i>Item that will not be reclassified subsequently to profit or loss:</i>		
Exchange difference arising on translation to presentation currency	<b>(209,338)</b>	(40,427)
<b>Total comprehensive income for the period</b>	<b>22,402</b>	207,089
<b>Total comprehensive income attributable to:</b>		
Owners of the Company	<b>26,850</b>	193,341
Non-controlling interests	<b>(4,448)</b>	13,748
	<b>22,402</b>	207,089



# Condensed Consolidated Statement of Financial Position

At 30 June 2016

	NOTES	30 June 2016 (Unaudited) HK\$'000	31 December 2015 (Audited) HK\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		37,231	33,503
Investment properties	13	2,187,961	2,193,098
Interests in joint ventures	14	4,935,542	5,108,141
Deferred tax assets		62,267	56,229
Loans to joint ventures	17	256,194	1,596,933
		<b>7,479,195</b>	8,987,904
<b>Current assets</b>			
Inventory of properties	15	26,434,502	25,247,436
Prepayment for land leases	16	556,919	480,201
Loans to joint ventures	17	194,248	179,366
Debtors, deposits and prepayments	18	2,243,736	1,455,019
Prepaid income tax		662,801	392,726
Pledged bank deposits	19	266,009	241,932
Bank balances and cash	19	6,221,359	3,071,723
		<b>36,579,574</b>	31,068,403
<b>Total assets</b>		<b>44,058,769</b>	40,056,307

# Condensed Consolidated Statement of Financial Position

At 30 June 2016

	NOTES	30 June 2016 (Unaudited) HK\$'000	31 December 2015 (Audited) HK\$'000
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	20	73,994	73,994
Reserves		12,849,275	13,081,403
		<b>12,923,269</b>	13,155,397
<b>Non-controlling interests</b>		<b>905,936</b>	820,470
<b>Total equity</b>		<b>13,829,205</b>	13,975,867
<b>Non-current liabilities</b>			
Bank and other borrowings – due after one year	21	6,120,799	7,226,144
Loans from non-controlling interests of subsidiaries	22	187,049	180,000
Deferred tax liabilities		645,150	586,532
		<b>6,952,998</b>	7,992,676
<b>Current liabilities</b>			
Creditors and accrued charges	23	4,641,559	5,775,998
Deposits from pre-sale of properties		8,556,903	4,548,201
Income tax payable		647,637	895,891
Bank and other borrowings – due within one year	21	8,975,151	6,224,230
Loans from non-controlling interests of subsidiaries	22	202,573	374,741
Other financial liabilities	24	252,743	268,703
		<b>23,276,566</b>	18,087,764
<b>Total equity and liabilities</b>		<b>44,058,769</b>	40,056,307

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2016

	Attributable to owners of the Company									Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Foreign currency translation reserve HK\$'000	Special reserve HK\$'000	Share option reserve HK\$'000	Statutory reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	
Balance at 1 January 2015 (audited)	72,970	3,072,836	2,207,451	1,260,000	24,472	911,129	5,659,033	13,207,891	844,661	14,052,552
Profit for the period	-	-	-	-	-	-	228,058	228,058	19,458	247,516
Exchange difference arising on translation to presentation currency	-	-	(34,717)	-	-	-	-	(34,717)	(5,710)	(40,427)
Total comprehensive income for the period	-	-	(34,717)	-	-	-	228,058	193,341	13,748	207,089
Sub-total	72,970	3,072,836	2,172,734	1,260,000	24,472	911,129	5,887,091	13,401,232	858,409	14,259,641
Issue of ordinary shares upon exercise of share options	1,024	80,150	-	-	(9,910)	-	-	71,264	-	71,264
Cancellation of share options	-	-	-	-	(8,226)	-	8,226	-	-	-
Dividend (note 11)	-	-	-	-	-	-	(332,971)	(332,971)	-	(332,971)
Balance at 30 June 2015 (unaudited)	73,994	3,152,986	2,172,734	1,260,000	6,336	911,129	5,562,346	13,139,525	858,409	13,997,934
Balance at 1 January 2016 (audited)	<b>73,994</b>	<b>3,152,986</b>	<b>1,667,804</b>	<b>1,260,000</b>	<b>6,336</b>	<b>1,239,514</b>	<b>5,754,763</b>	<b>13,155,397</b>	<b>820,470</b>	<b>13,975,867</b>
Profit for the period	-	-	-	-	-	-	218,323	218,323	13,417	231,740
Exchange difference arising on translation to presentation currency	-	-	(191,473)	-	-	-	-	(191,473)	(17,865)	(209,338)
Total comprehensive income for the period	-	-	(191,473)	-	-	-	218,323	26,850	(4,448)	22,402
Sub-total	<b>73,994</b>	<b>3,152,986</b>	<b>1,476,331</b>	<b>1,260,000</b>	<b>6,336</b>	<b>1,239,514</b>	<b>5,973,086</b>	<b>13,182,247</b>	<b>816,022</b>	<b>13,998,269</b>
Capital contributions from non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	30,446	30,446
Acquisition of a subsidiary (note 26)	-	-	-	-	-	-	-	-	59,468	59,468
Dividend (note 11)	-	-	-	-	-	-	(258,978)	(258,978)	-	(258,978)
Balance at 30 June 2016 (unaudited)	<b>73,994</b>	<b>3,152,986</b>	<b>1,476,331</b>	<b>1,260,000</b>	<b>6,336</b>	<b>1,239,514</b>	<b>5,714,108</b>	<b>12,923,269</b>	<b>905,936</b>	<b>13,829,205</b>

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2016

	NOTES	Six months ended 30 June	
		2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
<b>Net cash from operating activities:</b>			
Payment for land leases		(439,332)	(531,687)
Increase in debtors, deposits and prepayments		(1,023,393)	(445,732)
Decrease in inventory of properties		1,051,146	1,125,895
Increase in deposits from pre-sale of properties		4,106,396	1,468,079
Income tax paid		(786,130)	(815,597)
Other operating cash flows		(703,160)	(214,345)
		<b>2,205,527</b>	586,613
<b>Net cash from (used in) investing activities:</b>			
Cash distributions/dividends received from joint ventures		229,703	217,436
Proceeds on disposal of investment properties		11,767	147,226
Repayment of loans to joint ventures		1,091,730	25,617
Net cash outflow from acquisition of a subsidiary	26	(280,516)	–
Capital contributions to/acquisition of joint ventures		(151,898)	(512,637)
Loans to joint ventures		(18,735)	(73,603)
Increase in restricted bank balances		(762,433)	(58,516)
(Increase) decrease in pledged bank deposits		(29,274)	128,509
Other investing cash flows		95,207	29,017
		<b>185,551</b>	(96,951)
<b>Net cash from (used in) financing activities:</b>			
New borrowings raised		2,524,339	1,926,528
Repayment of borrowings		(1,442,785)	(1,082,083)
Capital contributions from non-controlling interests of subsidiaries		30,446	–
Repayment of loans from non-controlling interests of subsidiaries		(250,597)	–
Issue of ordinary shares		–	71,264
Interest paid		(540,321)	(595,688)
Dividend paid		(258,978)	(332,971)
		<b>62,104</b>	(12,950)
<b>Net increase in cash and cash equivalents</b>		<b>2,453,182</b>	476,712
<b>Cash and cash equivalents at 1 January</b>		<b>2,651,312</b>	2,851,433
Effect of foreign exchange rate changes		(56,949)	(21,547)
<b>Cash and cash equivalents at 30 June</b>		<b>5,047,545</b>	3,306,598

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

## 1. BASIS OF PREPARATION

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

## 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

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

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 2015, except for the adoption of new and revised HKFRSs as described below.

In the current interim period, the Group has applied, for the first time, the following new and revised HKFRSs issued by the HKICPA:

HKFRS 14	Regulatory Deferral Accounts
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 – 2014 Cycle

The application of these 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.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

## 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (CONTINUED)

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial Instruments <sup>1</sup>
HKFRS 15	Revenue from Contracts with Customers <sup>1</sup>
HKFRS 16	Leases <sup>3</sup>
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>2</sup>
Amendments to HKFRS 15	Clarifications to HKFRS 15 Revenue from Contracts with Customers <sup>1</sup>
Amendments to HKAS 7	Disclosure Initiative <sup>4</sup>
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses <sup>4</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2018.

<sup>2</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2019.

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2017.

### HKFRS 15 “Revenue from Contracts with Customers”

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 “Revenue”, HKAS 11 “Construction Contracts” and the related interpretations when it becomes effective. The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for goods and services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The directors of the Company (the “Directors”) anticipate that the application of HKFRS 15 in the future may affect the amounts reported and related disclosures in the Group’s condensed consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

## 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (CONTINUED)

### HKFRS 16 “Leases”

HKFRS 16, which upon the effective date will supersede HKAS 17 “Leases”, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

HKFRS 16 will be effective for annual periods on or after 1 January 2019 with early application permitted provided that the entity has applied HKFRS 15 “Revenue from Contracts with the Customers” at or before the date of initial application of HKFRS 16. The Directors anticipate that the application of HKFRS 16 in the future may affect the amounts reported and related disclosures in the Group’s condensed consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 16 until the Group performs a detailed review.

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

## 3. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

### Financial liabilities measured at fair value

The other financial liabilities comprising one outstanding cross-currency interest rate swap contract of HK\$252,743,000 (31 December 2015: HK\$268,703,000) 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 2016 and 2015, 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 2016

## 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 30 June 2016 and 31 December 2015 except for the following financial liabilities, for which their carrying amounts and fair values (based on the quoted ask price) are disclosed below:

	30 June 2016		31 December 2015	
	Carrying amount HK\$'000	Fair value HK\$'000	Carrying amount HK\$'000	Fair value HK\$'000
2012 Guaranteed senior notes	2,734,683	2,858,590	2,736,975	2,861,688
2013 Guaranteed senior notes	2,621,360	2,638,425	2,674,197	2,656,098

## 4. REVENUE

	Six months ended 30 June	
	2016 HK\$'000	2015 HK\$'000
<b>Revenue of the Group</b>		
Sale of completed properties held for sale	4,183,241	4,252,573
Gross rental income from properties	33,367	33,664
Property management income	135,778	103,427
	<b>4,352,386</b>	4,389,664
<b>Group's share of toll revenue of infrastructure joint ventures</b>	<b>591,859</b>	519,167
<b>Revenue of the Group and Group's share of toll revenue of infrastructure joint ventures</b>	<b>4,944,245</b>	4,908,831

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

## 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:

Property development and investment	–	development of properties for sale and for rental income potential and/or capital appreciation
Toll road	–	development, operation and management of toll roads through the infrastructure joint ventures

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

	Six months ended 30 June 2016			Six months ended 30 June 2015		
	Property development and investment HK\$'000	Toll road HK\$'000	Total HK\$'000	Property development and investment HK\$'000	Toll road HK\$'000	Total HK\$'000
Segment revenue	<b>4,352,386</b>	–	<b>4,352,386</b>	4,389,664	–	4,389,664
Segment profit	<b>102,618</b>	<b>158,480</b>	<b>261,098</b>	188,090	85,880	273,970

	At 30 June 2016			At 31 December 2015		
	Property development and investment HK\$'000	Toll road HK\$'000	Total HK\$'000	Property development and investment HK\$'000	Toll road HK\$'000	Total HK\$'000
Segment assets (including interests in joint ventures)	<b>35,187,157</b>	<b>3,943,180</b>	<b>39,130,337</b>	33,245,218	4,094,399	37,339,617
Segment liabilities	<b>(28,612,882)</b>	<b>(32,436)</b>	<b>(28,645,318)</b>	(24,431,923)	(32,175)	(24,464,098)

### (a) Measurement

Segment profit represents profit earned by each segment, which includes share of results of 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 headquarters' income and expenses.

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



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

## 6. OTHER GAINS

	Six months ended 30 June	
	2016 HK\$'000	2015 HK\$'000
Gains on disposal of property, plant and equipment	76	115
Fair value gains on transfer of completed properties held for sale to investment properties	–	44,192
Change in fair value of investment properties	50,991	24,624
Change in fair value of other financial liabilities	24,309	–
	<b>75,376</b>	<b>68,931</b>

Note: Net exchange losses of HK\$26,830,000, which had been presented under other gains or losses for the six months ended 30 June 2015, was presented as a separate line item in the condensed consolidated statement of profit or loss for the six months ended 30 June 2016 to conform with the current period presentation. The Directors consider that the current presentation in the condensed consolidated statement of profit or loss can provide more relevant information about the effect of foreign exchange on the Group's financial performance.

## 7. SHARE OF RESULTS OF JOINT VENTURES

	Six months ended 30 June	
	2016 HK\$'000	2015 HK\$'000
Share of profits of infrastructure joint ventures before amortisation and taxation	358,975	274,100
Less share of: Amortisation of toll road operation rights	(92,339)	(88,169)
Income tax expenses	(76,642)	(68,414)
	<b>189,994</b>	<b>117,517</b>
Share of losses of other joint ventures	(1,731)	(3,145)
	<b>188,263</b>	<b>114,372</b>

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

## 8. FINANCE COSTS

	Six months ended 30 June	
	2016 HK\$'000	2015 HK\$'000
Interest on borrowings	552,866	580,695
Other finance costs	38,013	43,395
	590,879	624,090
Less: Capitalised in properties under development for sale	(482,356)	(528,125)
	108,523	95,965

## 9. PROFIT BEFORE TAXATION

	Six months ended 30 June	
	2016 HK\$'000	2015 HK\$'000
Profit before taxation has been arrived at after charging:		
Depreciation of property, plant and equipment	6,418	7,351
Less: Capitalised in properties under development for sale	(383)	(743)
	6,035	6,608
and after crediting:		
Bank interest income	13,072	15,613

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

## 10. INCOME TAX EXPENSES

	Six months ended 30 June	
	2016 HK\$'000	2015 HK\$'000
Current tax:		
PRC enterprise income tax ("EIT")	261,194	273,374
PRC land appreciation tax ("LAT")	12,674	105,867
PRC withholding tax	9,827	78,955
	<b>283,695</b>	458,196
Deferred tax:		
Current period	66,523	(32,324)
	<b>350,218</b>	425,872

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.

## 11. DIVIDEND PAID

	Six months ended 30 June	
	2016 HK\$'000	2015 HK\$'000
2015 final dividend paid of HK\$0.35 (six months ended 30 June 2015: 2014 final dividend paid of HK\$0.45) per share	258,978	332,971

An interim dividend in respect of 2016 of HK\$0.13 (six months ended 30 June 2015: HK\$0.13) per share amounting to a total of approximately HK\$96 million (six months ended 30 June 2015: HK\$96 million) was declared by the Board of Directors on 19 August 2016. 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 was calculated on the basis of 739,936,566 shares in issue as at 19 August 2016.



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

## 12. EARNINGS PER SHARE

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

	<b>Six months ended 30 June</b>	
	<b>2016</b> <b>HK\$'000</b>	2015 HK\$'000
Earnings for the purposes of basic and diluted earnings per share attributable to owners of the Company	<b>218,323</b>	228,058
	<b>Number of shares '000</b>	Number of shares '000
Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>739,937</b>	733,422
Effect of dilutive potential ordinary shares:		
Share options	–	317
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<b>739,937</b>	733,739

The computation of diluted earnings per share for the six months ended 30 June 2016 does not assume the exercise of the Company's share options because the exercise price of those share options was higher than the average market price of the shares for the current period.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

## 13. INVESTMENT PROPERTIES

	HK\$'000
<b>Completed properties, at fair value</b>	
At 1 January 2016	<b>2,193,098</b>
Transfer from completed properties held for sale (note)	<b>3,659</b>
Disposal during the period	<b>(11,767)</b>
Change in fair value recognised in profit or loss	<b>50,991</b>
Exchange difference arising on translation to presentation currency	<b>(48,020)</b>
	<b>2,187,961</b>
At 30 June 2016	<b>2,187,961</b>

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 completed investment properties at the date of transfer, on 30 June 2016 and 31 December 2015 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 reports on these properties were signed by directors of the firm of professional valuers who are members of The Hong Kong Institute of Surveyors. The fair values of the completed investment properties were determined 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.

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

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

## 14. INTERESTS IN JOINT VENTURES

	<b>30 June 2016 HK\$'000</b>	31 December 2015 HK\$'000
Interests in infrastructure joint ventures		
Cost of investments	<b>5,126,095</b>	4,950,224
Share of post-acquisition profits and other comprehensive income, net of dividends received	<b>1,853,028</b>	2,180,331
Return of cost of investments (note)	<b>(3,056,252)</b>	(3,263,799)
Impairment losses on cost of investments	<b>(238,042)</b>	(238,042)
	<b>3,684,829</b>	3,628,714
Interests in other joint ventures		
Cost of investments	<b>1,293,961</b>	1,514,189
Share of post-acquisition losses and other comprehensive expenses, net of dividends received	<b>(43,248)</b>	(34,762)
	<b>1,250,713</b>	1,479,427
	<b>4,935,542</b>	5,108,141

Note: The infrastructure joint ventures distribute the cash surplus to the Group and the other venturers including a return of total investment costs. 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. INVENTORY OF PROPERTIES

	<b>30 June 2016 HK\$'000</b>	31 December 2015 HK\$'000
Completed properties held for sale	<b>5,825,779</b>	6,457,693
Properties under development for sale (note)	<b>20,608,723</b>	18,789,743
	<b>26,434,502</b>	25,247,436

Note: Included in the amount are properties under development for sale of HK\$14,599,559,000 (31 December 2015: HK\$13,184,506,000) which are expected to be completed and available for delivery to the customers more than twelve months from the end of the reporting period.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

## 16. PREPAYMENT FOR LAND LEASES

As at 30 June 2016, the total consideration prepaid in full of HK\$556,919,000 (31 December 2015: HK\$480,201,000) in accordance with 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. Such prepayment is classified as current assets. Upon the delivery of relevant land title documents 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”.

## 17. LOANS TO JOINT VENTURES

### The Group as lenders

	Notes	30 June 2016 HK\$'000	31 December 2015 HK\$'000
Amount due from			
廣州雋宏房地產開發有限公司	(a)	134,869	948,232
湖南長益高速公路有限公司	(b)	169,869	198,403
晉中龍城高速公路有限責任公司	(c)	83,532	85,366
上海雋合置業有限公司 (“上海雋合”)	(d)	–	499,908
深圳市盛世盈豐投資發展有限公司	(e)	62,172	44,390
		<b>450,442</b>	1,776,299
Less: amounts shown as current assets		<b>(194,248)</b>	(179,366)
Amounts shown as non-current assets		<b>256,194</b>	1,596,933

#### Notes:

- The amount is unsecured, carrying interest at a fixed rate of 11% per annum and due in November 2017.
- The loans are unsecured, carrying interest at People's Bank of China (“PBOC”) prescribed interest rate plus a 10% margin per annum. The amount included in non-current assets amounting to HK\$121,325,000 (31 December 2015: HK\$148,793,000) is due in October 2019 and the remaining amount of HK\$48,544,000 (31 December 2015: HK\$49,610,000) included in current asset is due within one year.
- The amount is unsecured, interest free and due in December 2016.
- The amount was unsecured, carrying interest at a fixed rate of 6.15% per annum and due in September 2017. During the six month ended 30 June 2016, 上海雋合 became a wholly-owned subsidiary of the Company.
- The amount is unsecured, carrying interest at a fixed rate of 10% per annum and due in December 2016.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

## 18. DEBTORS, DEPOSITS AND PREPAYMENTS

	<b>30 June 2016 HK\$'000</b>	31 December 2015 HK\$'000
Aging analysis of trade debtors, presented based on invoice dates (note (a)):		
Within 60 days	<b>2,788</b>	2,157
60 to 90 days	<b>79</b>	992
More than 90 days	<b>6,255</b>	7,547
	<b>9,122</b>	10,696
Deferred consideration on disposal of interests in joint ventures (note (b))	–	176,555
Deposits paid for acquisition of land for property development (note (c))	<b>906,749</b>	461,292
Prepayment of business tax and other taxes	<b>439,723</b>	187,896
Other receivables, deposits and prepayments	<b>888,142</b>	618,580
	<b>2,243,736</b>	1,455,019

Notes:

- (a) 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 will be fully received prior to the delivery of the properties to the purchasers.
- (b) The outstanding deferred consideration of HK\$176,555,000 from disposal of three joint ventures located in Anhui Province in 2013 was agreed to be settled before 31 March 2016 by the PRC joint venture partner ("Party A"). In March 2016, the Group entered into an agreement pursuant to which the payable due to the holding company of Party A relating to the outstanding costs for acquisition of 49% equity interest in Anhui Machao Expressway Co Ltd. by the Group in 2014 was fully set-off by the said outstanding deferred consideration.
- (c) The amounts represent the deposits paid to the PRC local government or their affiliates before the public auction of land which will be refunded if the Group could not bid the land successfully.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

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

Pledged bank deposits of HK\$266,009,000 (31 December 2015: HK\$241,932,000) 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\$1,588,167,000 (31 December 2015: HK\$567,485,000) in total were restricted to be used in the development of certain property projects. These bank balances comprised the proceeds received from pre-sale of properties of certain property projects deposited into designated bank accounts of the Group of HK\$1,173,814,000 (31 December 2015: HK\$420,411,000) according to the relevant requirements of the PRC local government. The remaining cash of HK\$414,353,000 (31 December 2015: HK\$147,074,000) is received mainly from the bank loans for property development.

Bank balances carry interest at market rates which range from 0.01% to 0.5% (31 December 2015: 0.01% to 4.2%) per annum.

## 20. 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 2016 and 30 June 2016	739,936,566	73,994

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

## 21. BANK AND OTHER BORROWINGS

	<b>30 June 2016 HK\$'000</b>	31 December 2015 HK\$'000
2012 Guaranteed senior notes (note (a))	<b>2,734,683</b>	2,736,975
2013 Guaranteed senior notes (note (b))	<b>2,621,360</b>	2,674,197
Bank loans (note (c))	<b>9,739,907</b>	8,039,202
	<b>15,095,950</b>	13,450,374
The maturity of the above loans and notes is as follows:		
Unsecured borrowings repayable*:		
Within one year	<b>5,239,095</b>	3,530,444
More than one year but not exceeding two years	<b>4,288,805</b>	5,390,534
More than two years but not exceeding five years	<b>336,469</b>	558,190
	<b>9,864,369</b>	9,479,168
Secured borrowings repayable*:		
Within one year	<b>3,088,055</b>	2,306,286
More than one year but not exceeding two years	<b>820,406</b>	563,091
More than two years but not exceeding five years	<b>367,840</b>	382,012
More than five years	<b>307,279</b>	332,317
	<b>4,583,580</b>	3,583,706
Carrying amount of unsecured bank loans containing a repayable on demand clause	<b>648,001</b>	387,500
Total borrowings	<b>15,095,950</b>	13,450,374
Less: Amounts classified as current liabilities	<b>(8,975,151)</b>	(6,224,230)
Amount due over one year shown and classified as non-current liabilities	<b>6,120,799</b>	7,226,144

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

Notes:

- (a) The 2012 Guaranteed senior notes with an outstanding principal amounting to US\$350,000,000 (31 December 2015: 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.
- (b) The 2013 Guaranteed senior notes with an outstanding principal amounting to RMB2,200,000,000 (31 December 2015: RMB2,200,000,000) are listed on the Stock Exchange and were issued in December 2013. The notes, bearing interest at a fixed rate of 6% per annum, will mature in December 2016.
- (c) Bank loans with carrying amount of HK\$5,180,239,000 (31 December 2015: HK\$3,583,706,000) bear interest at a fixed rate of 4.75% to 10.25% (31 December 2015: 5.46% to 7.26%) per annum. Interest rates on the remaining bank loans, which carry at floating interest rates based on Hong Kong Interbank Offered Rate or London Interbank Offered Rate plus a specified margin, range from 2.1% to 4.73% (31 December 2015: 3.5% to 4.73%) per annum.



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

## 22. LOANS FROM NON-CONTROLLING INTERESTS OF SUBSIDIARIES

At the end of the reporting period, the loans with carrying amount of HK\$202,573,000 (31 December 2015: HK\$374,741,000) are unsecured, carrying interest at fixed rate of 5.22% to 5.7% (31 December 2015: 5.7% to 7.38%) per annum and the entire balance will be repayable within one year.

At the end of the reporting period, the loans with carrying amount of HK\$187,049,000 (31 December 2015: HK\$180,000,000) are unsecured and carrying interest at a fixed rate of 5.7% (31 December 2015: 5.7% to 6.9%) per annum. Such amounts are repayable in the second half of 2017 and March 2018, which are classified as non-current liabilities.

## 23. CREDITORS AND ACCRUED CHARGES

	<b>30 June 2016 HK\$'000</b>	31 December 2015 HK\$'000
Aging analysis of creditors presented based on invoice dates:		
Trade payables		
Within 60 days	<b>143,837</b>	116,469
60 to 90 days	<b>135,423</b>	51,780
More than 90 days	<b>476,343</b>	654,786
	<b>755,603</b>	823,035
Bills payables		
Within 60 days	<b>21,480</b>	48,943
60 to 90 days	<b>17,363</b>	34,268
More than 90 days	<b>118,828</b>	80,404
	<b>157,671</b>	163,615
Accrued construction costs	<b>2,873,812</b>	3,582,035
	<b>3,787,086</b>	4,568,685
Interest payable	<b>100,029</b>	92,661
Accrued taxes (other than EIT and LAT)	<b>71,304</b>	65,116
Other payables and accrued charges	<b>683,140</b>	1,049,536
	<b>4,641,559</b>	5,775,998

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

## 24. OTHER FINANCIAL LIABILITIES

The other financial liabilities represent the fair value of one outstanding cross-currency interest rate swap contract of HK\$252,743,000 (31 December 2015: HK\$268,703,000). The Group will pay United States dollars and receive Renminbi on gross settlement basis at the date specified in the terms of contracts.

The outstanding contract was entered into in 2013 and will mature in December 2016. The principal amount of RMB2,200,000,000 with a fixed interest rate at 6% per annum was swapped to principal amount of US\$361,872,000 at a fixed interest rate of 4.81% per annum. The contract rate was RMB6.0795: US\$1.

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

## 25. CASH AND CASH EQUIVALENTS

For the purposes of the condensed consolidated statement of cash flows, cash and cash equivalents include cash on hand and in banks except certain restricted bank balances. Cash and cash equivalents at the end of the reporting period as shown in the 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 2016 HK\$'000</b>	31 December 2015 HK\$'000
Bank balances and cash	<b>6,221,359</b>	3,071,723
Less: restricted bank balances – proceeds from pre-sale of certain property projects (note 19)	<b>(1,173,814)</b>	(420,411)
	<b>5,047,545</b>	2,651,312

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

## 26. ACQUISITION OF A SUBSIDIARY

On 26 February 2016, the Group and 中融國際信託有限公司, the joint venture partner of 上海雋合 entered into a share transfer agreement pursuant to which the Group agreed to acquire 51% equity interest in 上海雋合 at a cash consideration of RMB300,000,000 (equivalent to HK\$357,995,000). Immediately after the completion of the acquisition, 上海雋合 became a wholly-owned subsidiary of the Company and the transaction was accounted for as acquisition of assets.

The consolidated net assets of 上海雋合 at the date of acquisition were as follows:

	HK\$'000
Deferred tax assets	748
Inventory of properties	1,756,042
Debtors, deposits and prepayments	4,515
Bank balances and cash	77,479
Creditors and accrued charges	(51,277)
Bank and other borrowings	(715,990)
Amounts due to the Group	(214,707)
Loans from non-controlling interests of a subsidiary	(97,393)
Non-controlling interests of a subsidiary	(59,468)
	<b>699,949</b>
Cash consideration paid	357,995
Fair value of interest in joint venture disposed	341,954
	<b>699,949</b>
Total consideration	<b>699,949</b>
Net cash outflow arising on acquisition:	
Cash consideration paid	357,995
Bank balances and cash acquired	(77,479)
	<b>280,516</b>

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

## 27. CONTINGENT LIABILITIES

At 30 June 2016, the Group provided guarantees of HK\$4,744,075,000 (31 December 2015: HK\$4,650,201,000) 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 will 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 consider that the fair value of such guarantees on initial recognition is insignificant.

At 30 June 2016, the Group provided guarantees of HK\$826,217,000 (31 December 2015: HK\$845,310,000) to banks in connection with the banking facilities granted to a joint venture. The Directors consider that the fair value of such guarantees on initial recognition was insignificant.

## 28. PLEDGE OF ASSETS

At the end of the reporting period, other than the pledged bank deposits as disclosed in note 19, the Group's inventory of properties of HK\$4,449,093,000 (31 December 2015: HK\$3,446,268,000) were pledged to secure the banking facilities granted to the Group.

## 29. RELATED PARTY TRANSACTIONS

Other than set out in notes 17 and 22, the Group had transactions with the following related parties during the period:

Related parties	Nature	Six months ended 30 June	
		2016 HK\$'000	2015 HK\$'000
Joint ventures	Interest income	51,957	28,424
Non-controlling interests of subsidiaries	Interest expenses	18,460	25,165

The above transactions did not constitute a connected transaction as defined under the Listing Rules.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

## 29. 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	
	2016 HK\$'000	2015 HK\$'000
Short-term employment benefits	59,140	55,463
Post-employment benefits	2,854	2,812
	<b>61,994</b>	58,275

The remuneration of Directors and key executives is determined with reference to the performance of individuals and market trends.

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

The Group's total assets less current liabilities at 30 June 2016 amounted to HK\$20,782,203,000 (31 December 2015: HK\$21,968,543,000). The Group's net current assets at 30 June 2016 amounted to HK\$13,303,008,000 (31 December 2015: HK\$12,980,639,000).

## 31. CAPITAL COMMITMENTS

On 30 June 2016, the Group entered into an agreement with two independent third parties to acquire an investment property in Suzhou, the PRC at a cash consideration of RMB255,810,000 (equivalent to HK\$305,263,000). The acquisition will be completed within 150 days after the signing of the agreement. As at 30 June 2016, the consideration has not been settled. Details of the acquisition were set out in the published announcement of the Company on 30 June 2016.

## 32. EVENTS AFTER THE END OF THE REPORTING PERIOD

In early August 2016, RKI Overseas Finance 2016 (A) Limited, a wholly-owned subsidiary of the Company, issued US\$450 million (equivalent to HK\$3,492,000,000) 5% senior notes due in 2019 and guaranteed by the Company. The proceeds will be used to re-finance the existing debts of the Group.

# 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 set out on pages F-1 to F-27, which comprise the condensed consolidated statement of financial position as of 30 June 2016 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 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

19 August 2016

