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## **ROAD KING INFRASTRUCTURE LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 1098)**

### **ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2017**

<b>HIGHLIGHTS</b>	<b>Six months ended 30 June</b>	
	<b>2017</b>	<b>2016</b>
<b>Property sales (including joint venture projects)</b>	<b>RMB15,874 million</b>	RMB10,520 million
<b>Toll revenue from expressway toll road projects</b>	<b>RMB1,272 million</b>	RMB1,088 million
<b>Profit for the period</b>	<b>HK\$375 million</b>	HK\$232 million
<b>Earnings per share</b>	<b>HK\$0.38</b>	HK\$0.30
<b>Interim dividend per share</b>	<b>HK\$0.15</b>	HK\$0.13
	<b>30 June</b>	<b>31 December</b>
	<b>2017</b>	<b>2016</b>
<b>Total assets</b>	<b>HK\$64,940 million</b>	HK\$50,400 million
<b>Bank balances and cash</b>	<b>HK\$13,554 million</b>	HK\$8,049 million
<b>Equity attributable to owners of the Company</b>	<b>HK\$13,330 million</b>	HK\$13,292 million
<b>Net assets per share attributable to owners of the Company</b>	<b>HK\$17.88</b>	HK\$17.96
<b>Net gearing ratio</b>	<b>30%</b>	66%

## RESULTS

The Board of Directors (the “Board”) of Road King Infrastructure Limited (the “Company”) announces the unaudited condensed consolidated statement of profit or loss and unaudited condensed consolidated statement of profit or loss and other comprehensive income of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2017, together with the comparative figures for the corresponding period in 2016 and the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2017 together with audited comparative figures as at 31 December 2016, as follows:

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2017

	NOTES	Six months ended 30 June	
		2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Revenue	3	3,165,640	4,352,386
Cost of sales		(2,168,378)	(3,416,967)
Gross profit		997,262	935,419
Interest income		163,072	65,029
Other income		23,742	21,454
Other gains and losses	5	170,130	(35,907)
Selling expenses		(297,491)	(219,424)
Administrative expenses		(358,142)	(264,353)
Share of result of an associate		(4,519)	–
Share of results of joint ventures	6	229,706	188,263
Finance costs	7	(156,469)	(108,523)
<b>Profit before taxation</b>	8	<b>767,291</b>	581,958
Income tax expenses	9	(392,672)	(350,218)
<b>Profit for the period</b>		<b>374,619</b>	231,740
<b>Profit attributable to:</b>			
Owners of the Company		283,879	218,323
Owners of perpetual capital securities		71,923	–
Non-controlling interests of subsidiaries		18,817	13,417
		<b>374,619</b>	231,740
<b>Earnings per share</b>	11		
– Basic		<b>HK\$0.38</b>	HK\$0.30
– Diluted		<b>HK\$0.38</b>	HK\$0.30

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**

*For the six months ended 30 June 2017*

	<b>Six months ended 30 June</b>	
	<b>2017</b>	<b>2016</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Profit for the period</b>	<b>374,619</b>	231,740
<b>Other comprehensive income (expense)</b>		
<i>Item that will not be reclassified subsequently to profit or loss:</i>		
Exchange difference arising on translation to presentation currency	<u>134,224</u>	<u>(209,338)</u>
<b>Total comprehensive income for the period</b>	<u><b>508,843</b></u>	<u>22,402</u>
<b>Total comprehensive income (expense) attributable to:</b>		
Owners of the Company	408,282	26,850
Owners of perpetual capital securities	71,923	–
Non-controlling interests of subsidiaries	<u>28,638</u>	<u>(4,448)</u>
	<u><b>508,843</b></u>	<u>22,402</u>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2017

	<b>30 June 2017 (Unaudited) NOTES</b>	31 December 2016 (Audited)
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	112,085	42,531
Investment properties	2,438,288	2,468,194
Interest in an associate	794,673	799,192
Interests in joint ventures	4,976,641	4,564,980
Deferred tax assets	36,008	29,968
Amounts due from joint ventures	3,921,948	1,185,114
Loan receivables	406,219	261,959
Long-term prepayment	69,841	–
	<u>12,755,703</u>	<u>9,351,938</u>
<b>Current assets</b>		
Inventory of properties	29,563,494	26,283,708
Prepayment for land leases	683,371	1,102,355
Amounts due from joint ventures	3,110,883	2,035,678
Loan receivables	311,447	200,634
Debtors, deposits and prepayments	12 3,286,322	2,231,787
Prepaid income tax	1,206,014	582,387
Other financial assets	271,531	396,918
Pledged bank deposits	197,115	165,909
Bank balances and cash	13,553,675	8,048,817
	<u>52,183,852</u>	<u>41,048,193</u>
<b>Total assets</b>	<u><u>64,939,555</u></u>	<u><u>50,400,131</u></u>

		<b>30 June 2017 (Unaudited) HK\$'000</b>	31 December 2016 (Audited) HK\$'000
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital		74,554	73,994
Reserves		<u>13,255,525</u>	<u>13,217,837</u>
Equity attributable to owners of the Company		<b>13,330,079</b>	13,291,831
Perpetual capital securities		4,648,164	–
Non-controlling interests of subsidiaries		<u>991,959</u>	<u>940,797</u>
<b>Total equity</b>		<b><u>18,970,202</u></b>	<u>14,232,628</u>
<b>Non-current liabilities</b>			
Bank and other borrowings – due after one year		14,385,188	11,729,547
Loans from non-controlling interests of subsidiaries		–	77,904
Deferred tax liabilities		<u>716,670</u>	<u>649,305</u>
		<b><u>15,101,858</u></b>	<u>12,456,756</u>
<b>Current liabilities</b>			
Creditors and accrued charges	13	7,004,832	6,784,521
Amounts due to a joint venture and an associate		427,794	717,659
Deposits from pre-sale of properties		17,302,556	8,747,284
Income tax payable		1,013,893	1,409,744
Bank and other borrowings – due within one year		5,118,420	5,847,427
Loans from non-controlling interests of subsidiaries		<u>–</u>	<u>204,112</u>
		<b><u>30,867,495</u></b>	<u>23,710,747</u>
<b>Total equity and liabilities</b>		<b><u><u>64,939,555</u></u></b>	<u><u>50,400,131</u></u>

*Notes:*

**1. BASIS OF PREPARATION**

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with 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 AMENDMENTS TO 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 2016, except for the adoption of amendments to HKFRSs as described below.

In the current interim period, the Group has applied, for the first time, the following amendments to HKFRSs issued by the HKICPA:

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014 – 2016 Cycle

The application of these amendments to HKFRSs in the current interim period has had no material impact on the amounts reported and/or disclosures set out in these condensed consolidated financial statements.

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

HKFRS 9	Financial Instruments <sup>1</sup>
HKFRS 15	Revenue from Contracts with Customers and Related Amendments <sup>1</sup>
HKFRS 16	Leases <sup>3</sup>
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration <sup>1</sup>
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments <sup>3</sup>
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions <sup>1</sup>
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts <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 HKAS 40	Transfer of Investment Property <sup>1</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014 – 2016 Cycle except for amendments to HKFRS 12 <sup>1</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.

## **HKFRS 9 “Financial Instruments”**

HKFRS 9 introduces new requirements for the classification and measurement of financial assets and financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of HKFRS 9 which are relevant to the Group are:

- all recognised financial assets that are within the scope of HKFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at fair value through other comprehensive income. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- in relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39 “Financial Instruments: Recognition and Measurement”. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised. The expected credit loss model may result in early provision of credit losses which are not yet incurred in relation to the Group’s financial assets measured at amortised cost. Other than that, the directors of the Company (the “Directors”) anticipate that the application of the HKFRS 9 will have no material impact on the results and the financial position of the Group.

## **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.

In 2016, the HKICPA issued clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent consideration, as well as licensing application guidance.

The Directors anticipate that the application of HKFRS 15 in the future may result in more disclosures, however, the Directors do not anticipate that the application of HKFRS 15 will have a significant impact on the amount recognised in the Group's condensed consolidated financial statements.

### **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 Customers” at or before the date of initial application of HKFRS 16. The Directors do not expect the adoption of HKFRS 16 as compared with the current accounting policy would result in significant impact on the Group's result but it is expected that certain portion of the operating lease commitments will be required to be recognised in the condensed consolidated statement of financial position in future as right-of-use assets and lease liabilities.

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

### **3. REVENUE**

	<b>Six months ended 30 June</b>	
	<b>2017</b>	<b>2016</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Revenue of the Group</b>		
Sale of completed properties held for sale	<b>2,933,998</b>	4,183,241
Property management income	<b>170,803</b>	135,778
Gross rental income from properties and others	<b>60,839</b>	33,367
	<b>3,165,640</b>	4,352,386
<b>Group's share of toll revenue of infrastructure joint ventures</b>	<b>631,584</b>	591,859
<b>Revenue of the Group and Group's share of toll revenue of infrastructure joint ventures</b>	<b>3,797,224</b>	4,944,245



#### 4. SEGMENT INFORMATION

The Group's operating segments, based on the information reported to the Group's chief operating decision maker for the purpose of 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 2017			Six months ended 30 June 2016		
	Property development and investment <i>HK\$'000</i>	Toll road <i>HK\$'000</i>	Total <i>HK\$'000</i>	Property development and investment <i>HK\$'000</i>	Toll road <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue	<u>3,165,640</u>	<u>–</u>	<u>3,165,640</u>	<u>4,352,386</u>	<u>–</u>	<u>4,352,386</u>
Segment profit	<u>184,171</u>	<u>200,618</u>	<u>384,789</u>	<u>102,618</u>	<u>158,480</u>	<u>261,098</u>
	At 30 June 2017			At 31 December 2016		
	Property development and investment <i>HK\$'000</i>	Toll road <i>HK\$'000</i>	Total <i>HK\$'000</i>	Property development and investment <i>HK\$'000</i>	Toll road <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets (including interests in joint ventures and an associate)	<u>48,706,703</u>	<u>3,680,906</u>	<u>52,387,609</u>	<u>40,076,979</u>	<u>3,563,906</u>	<u>43,640,885</u>
Segment liabilities	<u>(44,318,726)</u>	<u>(68,735)</u>	<u>(44,387,461)</u>	<u>(34,440,653)</u>	<u>(47,033)</u>	<u>(34,487,686)</u>

##### (a) Measurement

Segment profit represents profit earned by each segment, which includes share of result of an associate, 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, change in fair value of other financial assets and liabilities, net exchange gains (losses), 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.

Segment assets include property, plant and equipment, investment properties, interest in an associate, interests in joint ventures, long-term prepayment, inventory of properties, prepayment for land leases, amounts due from joint ventures, loan receivables, debtors, deposits and prepayments, prepaid income tax, other financial assets, pledged bank deposits, bank balances and cash and deferred tax assets which are directly attributable to the relevant reportable segment.

Segment liabilities include creditors and accrued charges, amounts due to a joint venture and an associate, deposits from pre-sale of properties, income tax payable, bank and other borrowings, loans from non-controlling interests of subsidiaries and deferred tax liabilities which are directly attributable to the relevant reportable segment.

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

	<b>Six months ended 30 June</b>	
	<b>2017</b> <i>HK\$'000</i>	<b>2016</b> <i>HK\$'000</i>
Total segment profit	<b>384,789</b>	261,098
Unallocated items:		
Interest income	<b>1,497</b>	1,226
Corporate income	<b>12,736</b>	5,932
Corporate expenses	<b>(5,370)</b>	(24,295)
Finance costs	<b>(19,033)</b>	(12,221)
	<hr/>	<hr/>
Consolidated profit for the period	<b>374,619</b>	231,740
	<hr/> <hr/>	<hr/> <hr/>
	<b>30 June</b>	31 December
	<b>2017</b>	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
Total segment assets	<b>52,387,609</b>	43,640,885
Unallocated assets:		
Property, plant and equipment	<b>54</b>	79
Deposits and prepayments	<b>2,081</b>	2,361
Other financial assets	<b>54,306</b>	66,286
Bank balances and cash	<b>12,495,505</b>	6,690,520
	<hr/>	<hr/>
Consolidated total assets	<b>64,939,555</b>	50,400,131
	<hr/> <hr/>	<hr/> <hr/>
Total segment liabilities	<b>(44,387,461)</b>	(34,487,686)
Unallocated liabilities:		
Accrued charges	<b>(132,902)</b>	(135,059)
Bank and other borrowings	<b>(1,448,990)</b>	(1,544,758)
	<hr/>	<hr/>
Consolidated total liabilities	<b>(45,969,353)</b>	(36,167,503)
	<hr/> <hr/>	<hr/> <hr/>

## 5. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2017 HK\$'000	2016 HK\$'000
Net exchange gains (losses)	183,228	(111,283)
Change in fair value of other financial assets and liabilities	<u>(84,265)</u>	<u>24,309</u>
	98,963	(86,974)
Gains on disposal of property, plant and equipment	652	76
Fair value gains on transfer of completed properties held for sale to investment properties	337	–
Change in fair value of investment properties	<u>70,178</u>	<u>50,991</u>
	<u><b>170,130</b></u>	<u><b>(35,907)</b></u>

## 6. SHARE OF RESULTS OF JOINT VENTURES

	Six months ended 30 June	
	2017 HK\$'000	2016 HK\$'000
Share of profits of infrastructure joint ventures	272,808	189,994
Share of losses of other joint ventures	<u>(43,102)</u>	<u>(1,731)</u>
	<u><b>229,706</b></u>	<u><b>188,263</b></u>

## 7. FINANCE COSTS

	Six months ended 30 June	
	2017 HK\$'000	2016 HK\$'000
Interest on borrowings	543,969	552,866
Other finance costs	<u>81,001</u>	<u>38,013</u>
	624,970	590,879
Less: Capitalised in properties under development for sale	<u>(468,501)</u>	<u>(482,356)</u>
	<u><b>156,469</b></u>	<u><b>108,523</b></u>

## 8. PROFIT BEFORE TAXATION

	Six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
Profit before taxation has been arrived at after charging:		
Depreciation of property, plant and equipment	7,780	6,418
Less: Capitalised in properties under development for sale	(372)	(383)
	<u>7,408</u>	<u>6,035</u>
Share of amortisation of toll road operation rights (included in share of profits of infrastructure joint ventures)	111,384	126,117
and after crediting:		
Bank interest income	<u>20,805</u>	<u>13,072</u>

## 9. INCOME TAX EXPENSES

	Six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
Current tax:		
PRC enterprise income tax ("EIT")	214,258	261,194
PRC land appreciation tax ("LAT")	101,345	12,674
PRC withholding tax	15,744	9,827
	<u>331,347</u>	<u>283,695</u>
Deferred tax:		
Current period	<u>61,325</u>	<u>66,523</u>
	<u>392,672</u>	<u>350,218</u>

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

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

The provision of LAT is estimated according to the requirements set forth in the relevant tax laws and regulations of the People's Republic of China (the "PRC"), which is charged at progressive rates ranging from 30% to 60% of the appreciation value, with certain allowable deductions.

## 10. DIVIDEND PAID

	Six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
2016 final dividend paid of HK\$0.55 (six months ended 30 June 2016: 2015 final dividend paid of HK\$0.35) per share	<u>409,962</u>	<u>258,978</u>

An interim dividend in respect of 2017 of HK\$0.15 (six months ended 30 June 2016: HK\$0.13) per share amounting to a total of approximately HK\$112 million (six months ended 30 June 2016: HK\$96 million) was declared by the Board of Directors on 18 August 2017. 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 745,636,566 shares in issue as at 18 August 2017.

## 11. 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:

	Six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
Earnings for the purposes of basic and diluted earnings per share attributable to owners of the Company	<u>283,879</u>	<u>218,323</u>
	<b>Number of shares '000</b>	<b>Number of shares '000</b>
Weighted average number of ordinary shares for the purpose of basic earnings per share	742,281	739,937
Effect of dilutive potential ordinary shares: Share options	<u>1,161</u>	<u>–</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>743,442</u>	<u>739,937</u>

The computation of diluted earnings per share for the six months ended 30 June 2016 did 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 prior period.

## 12. DEBTORS, DEPOSITS AND PREPAYMENTS

	<b>30 June 2017 HK\$'000</b>	31 December 2016 HK\$'000
Aging analysis of trade debtors, presented based on invoice dates ( <i>note (a)</i> ):		
Within 60 days	2,681	146,517
61 to 90 days	162	1,014
More than 90 days	<u>28,590</u>	<u>6,532</u>
	<b>31,433</b>	154,063
Prepayment for land development cost	549,607	515,438
Deposits paid for acquisition of inventory of properties ( <i>note (b)</i> )	957,642	452,107
Prepayment of business tax and other taxes	729,752	327,629
Other receivables, deposits and prepayments	<u>1,017,888</u>	<u>782,550</u>
	<u><b>3,286,322</b></u>	<u>2,231,787</u>

*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 property purchasers.
- (b) Deposits for acquisition of inventory of properties will be fully refunded if the Group cannot acquire the land/projects successfully. Out of which, HK\$581,788,000 in aggregate has been subsequently refunded to the Group in July 2017.

### 13. CREDITORS AND ACCRUED CHARGES

	<b>30 June 2017 HK\$'000</b>	31 December 2016 HK\$'000
Aging analysis of creditors presented based on invoice dates:		
Trade payables		
Within 60 days	<b>133,169</b>	362,882
61 to 90 days	<b>17,242</b>	44,738
More than 90 days	<b>560,541</b>	509,970
	<b>710,952</b>	917,590
Bills payables		
Within 60 days	<b>78,018</b>	16,175
61 to 90 days	–	–
More than 90 days	–	42,226
	<b>78,018</b>	58,401
Accrued construction costs	<b>4,369,712</b>	4,198,020
	<b>5,158,682</b>	5,174,011
Interest payable	<b>195,399</b>	174,385
Accrued taxes (other than EIT and LAT)	<b>210,735</b>	227,191
Deposit received from disposal of a subsidiary	<b>146,617</b>	–
Consideration payable from acquisition of subsidiaries and joint ventures	<b>341,438</b>	395,159
Other payables	<b>951,961</b>	813,775
	<b>7,004,832</b>	6,784,521

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

The Group's total assets less current liabilities at 30 June 2017 amounted to HK\$34,072,060,000 (31 December 2016: HK\$26,689,384,000). The Group's net current assets at 30 June 2017 amounted to HK\$21,316,357,000 (31 December 2016: HK\$17,337,446,000).

## **DIVIDEND**

The Board has resolved to declare an interim dividend of HK\$0.15 (2016: HK\$0.13) per share for the six months ended 30 June 2017 to the shareholders of the Company whose names appear on the register of members of the Company on Wednesday, 6 September 2017.

It is expected that the payment of the interim dividend will be made on or before Friday, 29 September 2017.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Tuesday, 5 September 2017 to Wednesday, 6 September 2017, 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, 4 September 2017 for registration.

## **BUSINESS REVIEW**

The property market of Mainland China was thriving in the first half of 2017, together with the dedication of the management team, the property sales continued to deliver outstanding results and achieved RMB15,874 million (including joint venture projects) in the first half of 2017, representing an increase of approximately 51% comparing to the corresponding period of last year, in which the contracted sales and the outstanding subscribed sales were approximately RMB13,846 million and RMB2,028 million respectively.

The toll revenue and the average daily traffic volume of the expressway toll road projects reached RMB1,272 million and 220,000 vehicles in the first half of the year, represented an increase of 17% and 13% respectively as compared with the corresponding period of last year. The traffic volume of Tangjin Expressway and Baojin Expressway steadily increased in the first half of 2017. In addition, Longcheng Expressway and Machao Expressway became mature and recorded rapid increase in both traffic volume and toll revenue. In the first half of 2017, the Group received cash distribution from the toll road joint ventures, including the repayment of shareholder loans, which amounted to HK\$390 million, representing an increase of 56% compared to the corresponding period of last year.

Profit after taxation for the period ended 30 June 2017 was HK\$375 million (2016: HK\$232 million), representing an increase of 62% comparing to the corresponding period of last year, including the exchange gain arisen from the RMB appreciation. The Group's earnings per share was HK\$0.38.

Up to the date of this announcement, the Group, in 2017, acquired eight pieces of land in Changzhou, Hangzhou, Jinan, Foshan and Hong Kong through listing-for-sale, equity acquisition and cooperation for residential developments as well as property development rights, with an aggregate floor area of 801,000 sqm. As at 30 June 2017, the Group's land reserve was over 7,200,000 sqm, in which the total area pre-sold but yet to be delivered was about 1,245,000 sqm.



## FINANCIAL REVIEW

### Liquidity and Financial Resources

As at 30 June 2017, the equity attributable to owners of the Company was HK\$13,330 million (31 December 2016: HK\$13,292 million). Net assets per share attributable to owners of the Company was HK\$17.88 (31 December 2016: HK\$17.96).

As at 30 June 2017, the Group's total assets were HK\$64,940 million (31 December 2016: HK\$50,400 million) and bank balances and cash were HK\$13,554 million (31 December 2016: HK\$8,049 million), of which 72% was denominated in Renminbi and the remaining 28% 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.

During the period under review, the Group drew down various offshore bank loans and property development loans in Hong Kong and the PRC in an aggregate amount equivalent to HK\$6,888 million. The new drawdowns were partially offset by repayment of certain bank loans.

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

- (a) USD450 million 5% guaranteed senior notes due in 2019;
- (b) RMB1,500 million 4.5% domestic bonds due in 2019; and
- (c) USD500 million 4.7% guaranteed senior notes due in 2021.

In the first half of 2017, the Group also issued the following two senior guaranteed perpetual capital securities, which gave strong support to its business development in Hong Kong:

- (a) USD300 million 7.95% senior guaranteed perpetual capital securities issued in February; and
- (b) USD300 million 7% senior guaranteed perpetual capital securities issued in June.

The net gearing ratio of the Group decreased drastically from 66% as at the end of last year to 30% as at 30 June 2017. Meanwhile, the net capitalisation ratio dropped from 40% as at the end of last year to 23%. Net gearing ratio represents the difference between the Group's total interest bearing borrowings (excluding loans from non-controlling interests of subsidiaries) and the bank balances and cash (including pledged bank deposits) ("Net Debt") to the total equity. The net capitalisation ratio represents the Net Debt to the sum of Net Debt and total equity.

Interest coverage for the period under review was 7.23 times (2016: 7.98 times).

In connection with the spin-off of the toll road business, given that the Group failed to agree with the joint global coordinators on the pricing, the Group has suspended the proposed spin-off of the toll road business. In addition to tapping the debt and perpetual capital securities market, the Group will continue to proactively review and optimise its financing and operating resources from time to time and would consider other proposals. Should the Company decide to proceed with any such proposal, further details will be published in accordance with relevant regulations.

In March 2017, the Group has entered into the undertaking agreement with an independent third party. Pursuant to which, the Group undertakes for a prompt settlement of 50% of outstanding debts incurred by the property development joint venture, in which the Group held 50% equity interest. As at 30 June 2017, the estimated amount of the liabilities undertaken by the Group amounted to approximately HK\$2,709 million.

In July 2017, the Group and the wholly-owned subsidiary of Shenzhen Investment Limited (stock code: 604), one of the Group's shareholders, have entered into shareholder agreement in relation to the management of the joint venture and the development of the land newly acquired through tender. Details of the transaction were published in the announcement of the Company dated 14 July 2017.

### **Charges on Assets**

As at 30 June 2017, bank balances of HK\$197 million (31 December 2016: HK\$166 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\$4,822 million (31 December 2016: HK\$5,099 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 dollar but the cash flow is mainly generated from projects whose earnings are denominated in Renminbi. As a result, the Group is exposed to the foreign exchange risk on the fluctuation of Renminbi and US dollar. Since the reform of foreign exchange in August 2015, fluctuation of RMB has been gradually intensified as compared with the past. For minimising the impacts arisen from fluctuation of exchange rate of RMB on the Group, the Group has entered into capped forward swap contracts in respect of US dollar bonds and parts of offshore debts since last year, so as to reduce the impact of fluctuating RMB exchange rate on the Group.

The Group's exposure to interest rate risk is mainly from fluctuation in interest rates relating to its borrowings denominated in Renminbi and US dollar. Although the monetary policies implemented by the PRC and the US governments continue to have a major impact on the Group's results and operation, 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 operation 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 closely monitor the above risks and may arrange hedging against the risks exposed as and when necessary and appropriate.

### **Contingent Liabilities**

As at 30 June 2017, the Group had provided guarantees of HK\$6,649 million (31 December 2016: HK\$6,640 million) to banks in respect of the mortgage loans of the purchasers of the Group's properties. The guarantees would be released after the purchasers have pledged their property ownership certificates as securities to the banks for the mortgage loans granted.

In addition, the Group had provided guarantees of HK\$1,941 million (31 December 2016: HK\$773 million) for banking facilities granted to the joint ventures of the Group as at 30 June 2017.

### **Employees**

Excluding the staff of joint ventures, the Group had 3,188 employees as at 30 June 2017. Expenditure on staff (excluding Directors' emoluments and share-based payment) for the period under review amounted to HK\$355 million (2016: HK\$282 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.

### **PROSPECT**

In the first half of 2017, there was an upturn in the economy of Mainland China. Given that the property industry is an important pillar of the economy, the government will continue to maintain stability through its policies and implement specific austerity measures in different regions. In view of the sustaining growth of property sales in Hong Kong, the HKSAR government introduced new regulatory measures to cool down the market in the first half of 2017. Such initiatives will facilitate the healthy development of the real estate markets of Mainland China and Hong Kong in the long term, hence the Group is optimistic about the market outlooks. The Group will continue to adopt the strategy for regional exploration, work closely with its business partners to seek for better development opportunities, implement an operating strategy for striking a balance between profits and sales volume, develop market-oriented products through a well-established managerial system, enhance the value-added services of property management, and improve products and services quality as well as brand recognition. The Group believes that its market position and well-developed operation team have provided a solid foundation for the continuous expansion of the property business in the Mainland China. In this year, the Group was awarded the tender of residential development projects in Hong Kong separately with 平安不動產有限公司 and Shenzhen Investment Limited. It will keep capturing suitable opportunities for developing the property business in Hong Kong.

The toll revenue of toll road business will increase steadily with the growth of Mainland China's economy. Leveraging the experience accumulated over the past two decades, the Group's toll road business will maintain steady operation and development and continue to provide steady cash flows for the Group.

## **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 2017.

## **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 2017, including the accounting principles and practices adopted by the Group, in conjunction with the Company's external auditor.

## **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 2017.

## **PUBLICATION OF THE INTERIM RESULTS AND INTERIM REPORT**

This results announcement is published on the websites of the Company ([www.roadking.com.hk](http://www.roadking.com.hk)) and the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)). The Interim Report containing all the information required by the Listing Rules will be despatched to the shareholders of the Company and published on the aforesaid websites in due course.

## **ACKNOWLEDGEMENT**

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

By order of the Board  
**Road King Infrastructure Limited**  
**Zen Wei Pao, William**  
*Co-Chairman*

Hong Kong, 18 August 2017

*As at the date of this announcement, the Board comprises Messrs. Zen Wei Pao, William, Zen Wei Peu, Derek, Ko Yuk Bing and Fong Shiu Leung, Keter as Executive Directors, Messrs. Mou Yong and Dong Fang as Non-executive Directors and Mr. Lau Sai Yung, Dr. Chow Ming Kuen, Joseph, Mr. Tse Chee On, Raymond, Mr. Wong Wai Ho and Mr. Zhang Yongliang as Independent Non-executive Directors.*