



Road King Infrastructure Limited

(Incorporated in Bermuda with limited liability)

(Stock Code : 1098)

Interim Report 2018



CORPORATE PROFILE

Road King Infrastructure Limited

Road King Infrastructure Limited is a prominent property developer in Mainland China and Hong Kong focusing on developing quality residential apartments and also a leading toll road investor and operator in Mainland China with over 20 years of experience in the industry. The existing real estates portfolio is mainly located in the Yangtze River Delta, Bohai Rim regions and Greater Bay Area, comprising a land reserve of about 8.48 million square meters. The current toll road portfolio consists of five expressways spanning 340 km in Mainland China.

17 August 2018





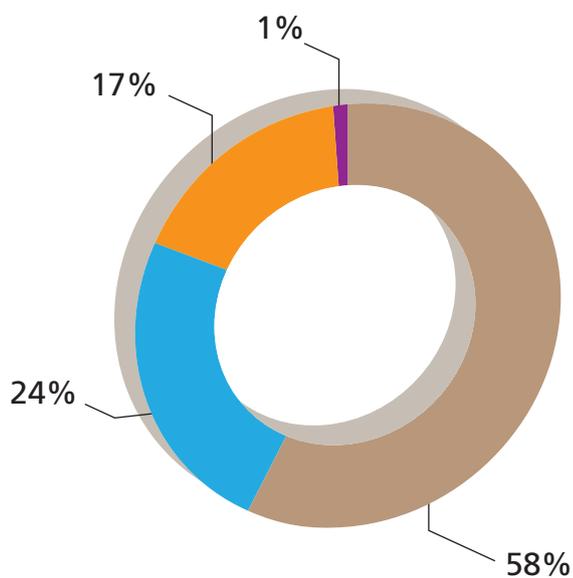
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Financial Highlights

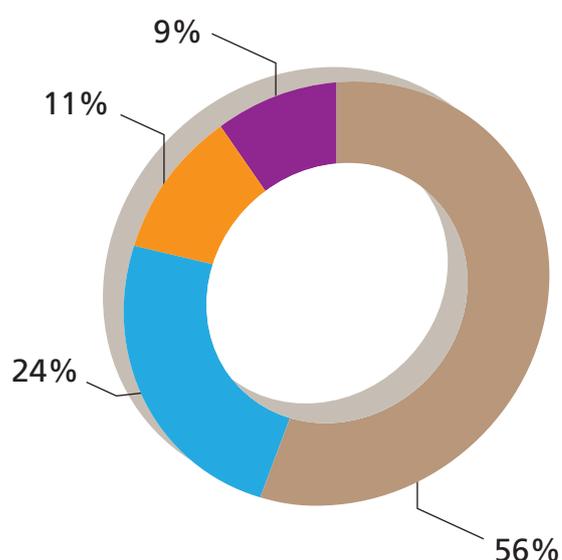
(HK\$'million)	For the six months ended 30 June			For the year ended 31 December	
	2018	2017	2016	2017	2016
Revenue of the Group	5,722	3,166	4,352	14,756	16,842
Group's share of revenue of joint ventures	1,920	631	592	1,332	1,238
Revenue of the Group and Group's share of revenue of joint ventures	7,642	3,797	4,944	16,088	18,080
Cash received from toll road projects (including the repayment of shareholders' loans)	374	390	250	713	580
Equity attributable to owners of the Company	15,701	13,330	12,923	15,635	13,292
Profit for the period/year	1,160	375	232	2,476	1,374
Profit attributable to owners of the Company	808	284	218	1,944	1,250
Basic earnings per share (HK\$)	1.08	0.38	0.30	2.61	1.69
Dividend per share (HK\$)	0.30	0.15	0.13	0.93	0.68
Net assets per share attributable to owners of the Company (HK\$)	20.95	17.88	17.47	20.90	17.96
Net gearing ratio (%)	49%	30%	62%	54%	66%

REVENUE CONTRIBUTION OF PROPERTY PROJECTS IN FIRST HALF OF 2018 BY LOCATION



- Yangtze River Delta Region
- Bohai Rim Region
- Guangdong - Hong Kong - Macao Bay Area
- Other Regions

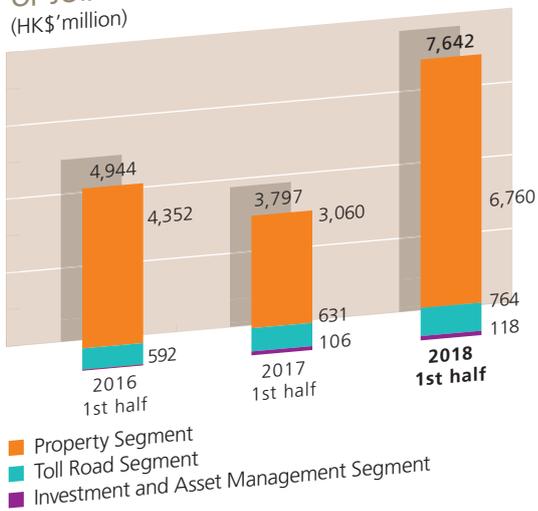
REVENUE CONTRIBUTION OF EXPRESSWAY PROJECTS IN FIRST HALF OF 2018 BY LOCATION



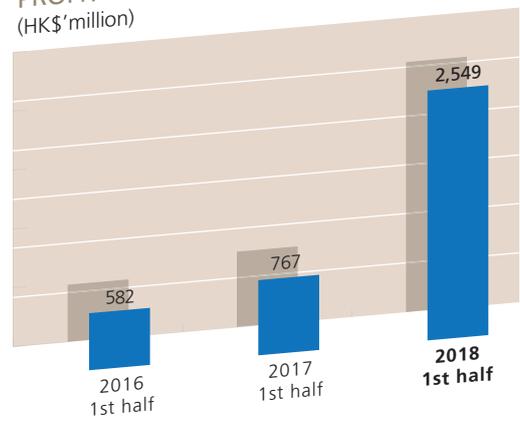
- Hebei Province
- Hunan Province
- Shanxi Province
- Anhui Province

Financial Highlights (continued)

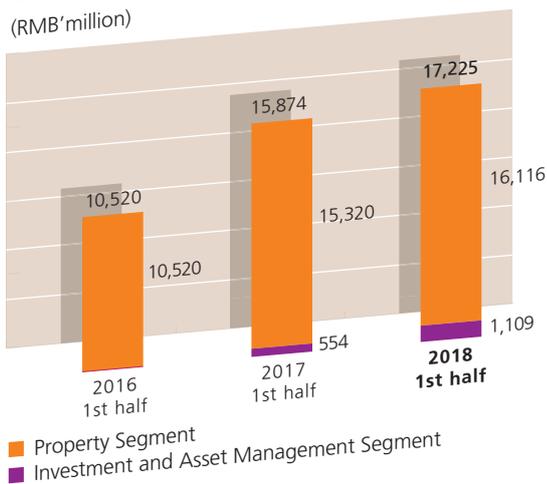
REVENUE (INCLUDING SHARE OF REVENUE OF JOINT VENTURES)
(HK\$'million)



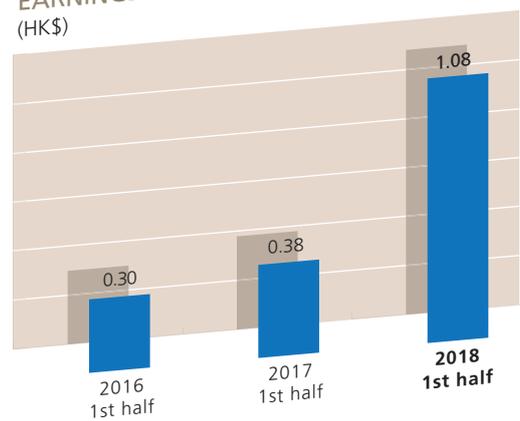
PROFIT BEFORE TAXATION
(HK\$'million)



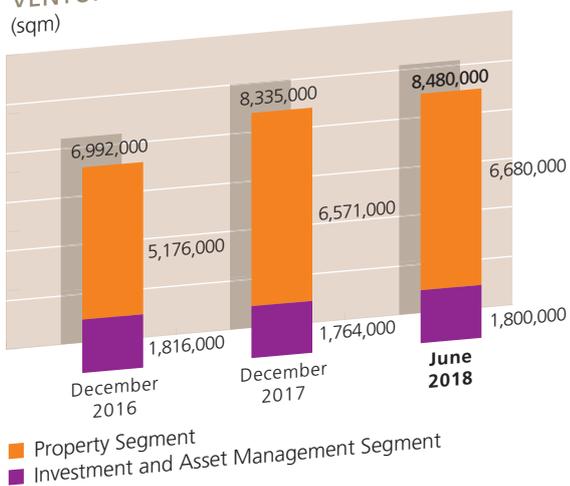
PROPERTY SALES (INCLUDING JOINT VENTURE PROJECTS)
(RMB'million)



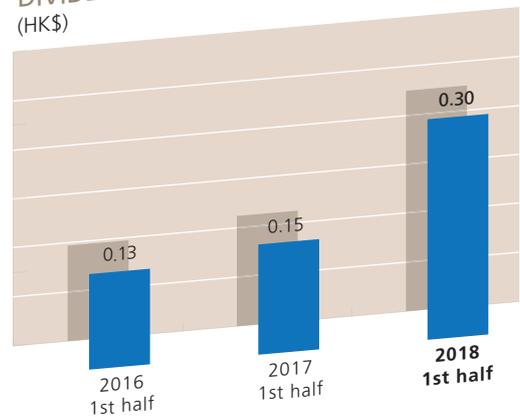
EARNINGS PER SHARE
(HK\$)



LAND RESERVE (INCLUDING JOINT VENTURE PROJECTS)
(sqm)



DIVIDEND PER SHARE
(HK\$)



Management Discussion and Analysis

PROPERTY PROJECTS

 Yangtze River Delta Region

 Bohai Rim Region

 Guangdong – Hong Kong – Macao Bay Area

 Other Regions

Bohai Rim Region

23
Beijing
27-28
Langfang

24-26
Tianjin

Hebei Province

29-32
Jinan

Shandong Province

41-42
Luoyang

39-40, 46
Zhengzhou

Henan Province

Hubei Province

43, 51
Wuhan

Jiangsu Province

3
Zhenjiang

47
Nanjing

4-11, 44, 48
Changzhou

15-18, 45
Suzhou

12-14, 49-50
Wuxi

19-20
Hangzhou

21
Jiaxing

1-2
Shanghai

22
Ningbo

Zhejiang Province

Yangtze River Delta Region

Guangdong Province

34-35
Foshan

33
Guangzhou

36-38
Hong Kong Special Administrative Region

Guangdong - Hong Kong - Macao Bay Area

Management Discussion and Analysis (continued)

MAJOR PROJECTS INFORMATION

PROPERTIES FOR SALE

As at 30 June 2018

Yangtze River Delta Region

P1 RK Sheshan Villa • Dongyuan (formerly known as Xiaokunshan BC Project)								
	Floor area (sqm)	194,000	Nature	Residential and commercial	Stage of completion (note)	P/F/S	Land area (sqm)	122,000
	Approximate attributable interest	60%	Target completion	2020	Location	East to Kungang Highway, West to Hexi Street, South to Mianzhanggang River and North to Wennan Road, Xiaokunshan Town, Songjiang District, Shanghai, the PRC		
Shanghai Junzhu Real Estate Ltd.								
P2 RK Shanghai Style Phase III (formerly known as Shanghai Anting Changji Road South Project)								
	Floor area (sqm)	81,000	Nature	Residential	Stage of completion (note)	P/F/S	Land area (sqm)	42,000
	Approximate attributable interest	75%	Target completion	2020	Location	East of Yutang Road and South of Changji Road, Anting Town, Jiading District, Shanghai, the PRC		
Shanghai Junan Real Estate Ltd.								
P3 RK City (Zhenjiang)								
	Floor area (sqm)	456,000	Nature	Residential	Stage of completion (note)	P/F/S/C	Land area (sqm)	257,000
	Approximate attributable interest	100%	Target completion	2020	Location	South of Yihou Road and West of Yandun Shan Road, Dagang Town, Zhenjiang, Jiangsu Province, the PRC		
Zhenjiang RK Dagang Properties Developments Co., Ltd.								
P4 RK City (Changzhou)								
	Floor area (sqm)	326,000	Nature	Residential	Stage of completion (note)	S/C	Land area (sqm)	280,000
	Approximate attributable interest	100%	Target completion	2019	Location	East of Huoju Bei Road and North of Guangdian Xi Road, Gaoxin Zone, Hutang Town, Wujin District, Changzhou, Jiangsu Province, the PRC		
Changzhou RK Properties Developments Ltd.								
P5 RK City Landmark								
	Floor area (sqm)	217,000	Nature	Residential	Stage of completion (note)	S	Land area (sqm)	89,000
	Approximate attributable interest	100%	Target completion	2020	Location	North of Qingtan Xi Road and West of Chechang Road, Zhonglou District, Changzhou, Jiangsu Province, the PRC		
Changzhou RK Hongyuan Properties Developments Ltd.								
P6 RK City Signature								
	Floor area (sqm)	178,000	Nature	Residential	Stage of completion (note)	S/C	Land area (sqm)	110,000
	Approximate attributable interest	100%	Target completion	2019	Location	East of Longjiang Road, North of Zijing Xi Road, Zhonglou District, Changzhou, Jiangsu Province, the PRC		
Changzhou RK Hongrun Properties Developments Ltd.								

Management Discussion and Analysis (continued)

MAJOR PROJECTS INFORMATION

PROPERTIES FOR SALE

As at 30 June 2018

Yangtze River Delta Region

	P7 RK Taihu Lake Yard (formerly known as RK Taihu Villa)							
	Floor area (sqm)	197,000	Nature	Residential	Stage of completion (note)	P/F	Land area (sqm)	208,000
	Approximate attributable interest	90%	Target completion	2020	Location	West of Fengyuan Bei Road, South of Daoxiang Road, North of Yanzheng Xi Road, East of Luyang Road, Wujin Economic Development District, Changzhou, Jiangsu Province, the PRC		
Changzhou Hongchi Properties Developments Co., Ltd.								
	P8 RK Sky Peninsula							
	Floor area (sqm)	76,000	Nature	Residential	Stage of completion (note)	P/F	Land area (sqm)	46,000
	Approximate attributable interest	60%	Target completion	2019	Location	North of Yancheng Avenue, East of Yingbin Road, South of Yanming Road, West of Dongtai Road, Yanshan New District, Changzhou, Jiangsu Province, the PRC		
Liyang Hongjing Properties Developments Co., Ltd.								
	P9 RK Metropolis							
	Floor area (sqm)	97,000	Nature	Residential and commercial	Stage of completion (note)	S/C	Land area (sqm)	50,000
	Approximate attributable interest	49%	Target completion	2019	Location	South of Zhongwu Avenue, West of Jinchuang Road, Yaoguan Town, Wujin District, Changzhou, Jiangsu Province, the PRC		
Changzhou Huangguan Real Estate Developments Co., Ltd.								
	P10 Tang Song (formerly known as Dingxiang Road Project)							
	Floor area (sqm)	232,000	Nature	Residential	Stage of completion (note)	P/F	Land area (sqm)	129,000
	Approximate attributable interest	49%	Target completion	2020	Location	Southeast of Dingxiang Road and Zhongwu Avenue, Zhonglou District, Changzhou Jiangsu Province, the PRC		
Changzhou Yajing Properties Developments Co., Ltd.								
	P11 City Wan Xiang (formerly known as Lingjiatang Project)							
	Floor area (sqm)	214,000	Nature	Residential	Stage of completion (note)	P/F	Land area (sqm)	109,000
	Approximate attributable interest	51%	Target completion	2020	Location	East of Longjiang Zhong Road, South of Zijing West Road, West of Chuanfang North Road, North of Zhongwu Avenue, Zhonglou District, Changzhou, Jiangsu Province, the PRC		
Changzhou Jingya Properties Developments Co., Ltd.								

Management Discussion and Analysis (continued)

MAJOR PROJECTS INFORMATION

PROPERTIES FOR SALE

As at 30 June 2018

Yangtze River Delta Region

P12 RK The Providence								
	Floor area (sqm)	122,000	Nature	Residential	Stage of completion (note)	F/S/C	Land area (sqm)	88,000
	Approximate attributable interest	100%	Target completion	2019	Location	Southwest of the junction of Zhongnan Xi Road and Lixi Road, Binhu District, Wuxi, Jiangsu Province, the PRC		
Wuxi RK Liyuan Properties Limited								
P13 Embrace of Glory								
	Floor area (sqm)	146,000	Nature	Residential	Stage of completion (note)	F/S/C	Land area (sqm)	106,000
	Approximate attributable interest	33.3%	Target completion	2019	Location	Northwest of the junction of Guanhu Road and Yugang Road, Binhu District, Wuxi, Jiangsu Province, the PRC		
Wuxi Jinfeng Investments Co., Ltd.								
P14 Pearl of the Lake								
	Floor area (sqm)	70,000	Nature	Residential	Stage of completion (note)	S/C	Land area (sqm)	320,000
	Approximate attributable interest	33.3%	Target completion	2019	Location	No. 8, Mashan Changle Road, Binhu District, Wuxi, Jiangsu Province, the PRC		
Wuxi Lingshan Properties Investments Developments Co., Ltd.								
P15 RK Phoenix City								
	Floor area (sqm)	173,000	Nature	Residential	Stage of completion (note)	S/C	Land area (sqm)	843,000
	Approximate attributable interest	100%	Target completion	2019	Location	Junction of Zhongxin Da Road East and Xieyu Road South, Suzhou Industrial Park, Suzhou, Jiangsu Province, the PRC		
Suzhou Junyu Properties Ltd.								
P16 RK Yanjiang Riverside								
	Floor area (sqm)	79,000	Nature	Residential	Stage of completion (note)	S	Land area (sqm)	58,000
	Approximate attributable interest	58.82%	Target completion	2018	Location	Junction of Xiangzhou Road and Shunxian Road, Yangchenghu Town, Xiangcheng District, Suzhou, Jiangsu Province, the PRC		
Suzhou Juncheng Properties Developments Co., Ltd.								
P17 The Legendary One								
	Floor area (sqm)	185,000	Nature	Residential	Stage of completion (note)	F/S	Land area (sqm)	95,000
	Approximate attributable interest	51%	Target completion	2020	Location	West of Anyang Road and North of Huhong Road, Huguan Town, Gaoxin District, Suzhou, Jiangsu Province, the PRC		
Suzhou Zhongjiao RK Properties Co., Ltd.								

Management Discussion and Analysis (continued)

MAJOR PROJECTS INFORMATION

PROPERTIES FOR SALE

As at 30 June 2018

Yangtze River Delta Region

	P18 New Lake New City							
	Floor area (sqm)	356,000	Nature	Residential	Stage of completion (note)	F/S	Land area (sqm)	173,000
	Approximate attributable interest	33%	Target completion	2020	Location	North of Kuaixiang Avenue, East of Xiangshan Bei Road, Wuzhong Taihu National Tourism Resort Zone, Suzhou, Jiangsu Province, the PRC		
Suzhou Jingshang Properties Developments Co., Ltd.								
	P19 Shanghe Chen Zhang (formerly known as Chongxian Xincheng Project I)							
	Floor area (sqm)	73,000	Nature	Residential	Stage of completion (note)	F	Land area (sqm)	37,000
	Approximate attributable interest	49%	Target completion	2019	Location	East to Suichaogang, South to Suihang Street, North to Sanxianqiaogang, Yuhang District, Hangzhou, Zhejiang Province, the PRC		
Hangzhou Junyuan Real Estate Co., Ltd.								
	P20 Jiang Na Yuan Zi (formerly known as Chongxian Xincheng Project II)							
	Floor area (sqm)	79,000	Nature	Residential	Stage of completion (note)	F	Land area (sqm)	40,000
	Approximate attributable interest	51%	Target completion	2020	Location	East to Nianyu Banggang Green Zone, South to Nianyu Banggang Zhuliu Green Zone, West to Nianyu Banggang Zhuliu Green Zone, North to Raocheng Highway Green Zone, Yuhang District, Hangzhou, Zhejiang Province, the PRC		
Hangzhou Junyang Real Estate Co., Ltd.								
	P21 Jinmao Palace							
	Floor area (sqm)	200,000	Nature	Residential	Stage of completion (note)	P/F	Land area (sqm)	116,000
	Approximate attributable interest	45%	Target completion	2020	Location	North land locates at Qingfeng Road East, Tangqiao Road South, South land locates at Youquan Road North, Shiqiaogang West, Economic and Technological Development Zone, Jiaxing, Zhejiang Province, the PRC		
Jiaxing Juanmao Real Estate Co., Ltd.								
	P22 RK XinTianDi (Ningbo)							
	Floor area (sqm)	98,000	Nature	Residential and commercial	Stage of completion (note)	S	Land area (sqm)	27,000
	Approximate attributable interest	100%	Target completion	2019	Location	No. 32, Zhengda Lane, Jiangbei District, Ningbo, Zhejiang Province, the PRC		
Ningbo Yonghong Property Co., Ltd.								

Management Discussion and Analysis (continued)

MAJOR PROJECTS INFORMATION

PROPERTIES FOR SALE

As at 30 June 2018

Bohai Rim Region

	P23 RK World City							
	Floor area (sqm)	80,000	Nature	Residential and commercial	Stage of completion (note)	S/C	Land area (sqm)	108,000
	Approximate attributable interest	100%	Target completion	2019	Location	West to Heying Road, East to Heying Xi Road, North to Changhuai Road Southern Line and South to Changhuai Road, Nanshao Town, Changping District, Beijing, the PRC		
Beijing RK Junyu Properties Developments Ltd.								
	P24 RK Sunny Town							
	Floor area (sqm)	327,000	Nature	Residential	Stage of completion (note)	F/S/C	Land area (sqm)	811,000
	Approximate attributable interest	94.74%	Target completion	2020	Location	Junction of Lushan Road and Helan Road, Hedong District, Tianjin, the PRC		
Tianjin Sunco Xindi Property Co., Ltd.								
	P25 RK Junlan Bay							
	Floor area (sqm)	264,000	Nature	Residential	Stage of completion (note)	F/S	Land area (sqm)	125,000
	Approximate attributable interest	50%	Target completion	2020	Location	Junction of Chenyong Road and Zhixin Road, Beicang Town, Beichen District, Tianjin, the PRC		
Tianjin Junde Properties Developments Co., Ltd.								
	P26 Joyful Residence (formerly known as Wuqing District Project)							
	Floor area (sqm)	161,000	Nature	Residential	Stage of completion (note)	F	Land area (sqm)	109,000
	Approximate attributable interest	50%	Target completion	2020	Location	East of Huangzhuang Street and Quanshang Road, Wuqing District, Tianjin, the PRC		
Tianjin Juntai Properties Developments Co., Ltd.								
	P27 RK Grandtown							
	Floor area (sqm)	405,000	Nature	Residential	Stage of completion (note)	P/F/S/C	Land area (sqm)	495,000
	Approximate attributable interest	100%	Target completion	2021	Location	East of Shouchuang Da Street, South of Xinkai Da Street, West of Lidaxian and South to North of Dafubei Road, Xiadian Town, Dachang Hui Autonomous County, Langfang, Hebei Province, the PRC		
Dachang Hui Autonomous County Zhongji Shouye Properties Developments Co., Ltd.								

Management Discussion and Analysis (continued)

MAJOR PROJECTS INFORMATION

PROPERTIES FOR SALE

As at 30 June 2018

Bohai Rim Region

P28		Guan Project						
	Floor area (sqm)	88,000	Nature	Residential and commercial	Stage of completion (note)	C	Land area (sqm)	200,000
	Approximate attributable interest	45%	Target completion	Completed	Location	West of Neinanchen Village and East of Daguang Highway, Hot Spring Park, Guan County, Langfang, Hebei Province, the PRC		
	Hebei Kexin Agriculture Development Co., Ltd.							

P29		RK City (Jinan) Phase II						
	Floor area (sqm)	128,000	Nature	Residential	Stage of completion (note)	S	Land area (sqm)	34,000
	Approximate attributable interest	100%	Target completion	2018	Location	South of Beiyuan Da Street and West of Erhuan East Road, Licheng District, Jinan, Shandong Province, the PRC		
	Jinan RK Juncheng Properties Developments Co., Ltd.							

P30		RK City (Jinan) Phase III						
	Floor area (sqm)	101,000	Nature	Residential and commercial	Stage of completion (note)	F	Land area (sqm)	17,000
	Approximate attributable interest	100%	Target completion	2020	Location	South of Beiyuan Da Street and West of Erhuan East Road, Licheng District, Jinan, Shandong Province, the PRC		
	Jinan RK Juncheng Properties Developments Co., Ltd.							

P31		Joy Mansion of Glory (formerly known as Jing Yue Fu)						
	Floor area (sqm)	128,000	Nature	Residential	Stage of completion (note)	F	Land area (sqm)	50,000
	Approximate attributable interest	50%	Target completion	2019	Location	North of Jingshi Dong Road, Lixia District, Jinan, Shandong Province, the PRC		
	Jinan Junsheng Properties Developments Co., Ltd.							

P32		Noble Mansion of Glory (formerly known as Jing Shi Fu)						
	Floor area (sqm)	58,000	Nature	Residential	Stage of completion (note)	F	Land area (sqm)	21,000
	Approximate attributable interest	50%	Target completion	2020	Location	South of Xinggang Road, Lixia District, Jinan, Shandong Province, the PRC		
	Jinan Yajun Properties Developments Co., Ltd.							

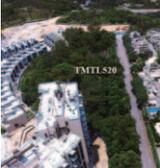
Management Discussion and Analysis (continued)

MAJOR PROJECTS INFORMATION

PROPERTIES FOR SALE

As at 30 June 2018

Guangdong – Hong Kong – Macao Bay Area

P33 RK Mont Panorama (Guangzhou)								
	Floor area (sqm)	172,000	Nature	Residential	Stage of completion (note)	F/S/C	Land area (sqm)	90,000
	Approximate attributable interest	51%	Target completion	2020	Location	Baohua Road, Huadu District, Guangzhou, Guangdong Province, the PRC		
	Guangzhou Junhong Properties Developments Co., Ltd.							
P34 Elite's Mansion								
	Floor area (sqm)	138,000	Nature	Residential	Stage of completion (note)	F/S	Land area (sqm)	40,000
	Approximate attributable interest	49%	Target completion	2020	Location	North of Ronggui Rongqi Avenue East, West of Xianghe Guojiang Tunnel, Shunde District, Foshan, Guangdong Province, the PRC		
	Foshan Qihui Properties Co., Ltd.							
P35 Elite Manor (formerly known as Shunde Project II)								
	Floor area (sqm)	49,000	Nature	Residential	Stage of completion (note)	F	Land area (sqm)	22,000
	Approximate attributable interest	100%	Target completion	2020	Location	No. 27 of Rongqi Avenue East, Ronggui Rongli Neighborhood Committee, Shunde District, Foshan, Guangdong Province, the PRC		
	Foshan Junzhi Properties Developments Co., Ltd.							
P36 Yuen Long Project								
	Floor area (sqm)	31,000	Nature	Residential	Stage of completion (note)	F	Land area (sqm)	28,000
	Approximate attributable interest	100%	Target completion	2020	Location	Lot No. 1066 in Demarcation District No. 103, Au Tau, Yuen Long, New Territories, Hong Kong		
	Power Truth Development Limited							
P37 Wong Chuk Hang Project								
	Floor area (sqm)	47,000	Nature	Residential	Stage of completion (note)	P	Land area (sqm)	11,000
	Approximate attributable interest	50%	Target completion	2021	Location	Site A of Aberdeen Inland Lot No. 467, Hong Kong		
	Ease Harvest Investments Limited							
P38 Gold Coast Project								
	Floor area (sqm)	39,000	Nature	Residential	Stage of completion (note)	P	Land area (sqm)	12,000
	Approximate attributable interest	50%	Target completion	2021	Location	Tuen Mun Town Lot No. 520, New Territories, Hong Kong		
	Shum King Company Limited							

Management Discussion and Analysis (continued)

MAJOR PROJECTS INFORMATION

PROPERTIES FOR SALE

As at 30 June 2018

Other Regions

	P39 RK International City (Zhengzhou)							
	Floor area (sqm)	465,000	Nature	Residential	Stage of completion (note)	P/F/S	Land area (sqm)	162,000
	Approximate attributable interest	60%	Target completion	2020	Location	Northeast of the junction of Shangduda Road and Renwen Road, Zhengdong New District, Zhengzhou, Henan Province, the PRC		
Zhengzhou Longgang Real Estate Ltd.								
	P40 RK Ninth County							
	Floor area (sqm)	877,000	Nature	Residential and commercial	Stage of completion (note)	P/F/S	Land area (sqm)	314,000
	Approximate attributable interest	60%	Target completion	2025	Location	East to Zhongxing Road, West to Guihua Road, South to Dongfeng Road, North to Wenbo Road, Xiaopan Zhuang, Zhongmou County, Zhengzhou, Henan Province, the PRC		
Zhengzhou Hua Shou Hong Tian Real Estate Co., Ltd.								
	P41 RK Royal City (Luoyang)							
	Floor area (sqm)	201,000	Nature	Residential	Stage of completion (note)	P/F/S/C	Land area (sqm)	147,000
	Approximate attributable interest	100%	Target completion	2021	Location	Huaxia Road, Gaoxin District, Luoyang, Henan Province, the PRC		
Luoyang RK Properties Developments Ltd.								
	P42 RK Leader of Life (Luoyang)							
	Floor area (sqm)	53,000	Nature	Residential	Stage of completion (note)	P/F	Land area (sqm)	54,000
	Approximate attributable interest	100%	Target completion	2020	Location	Southwest of the junction of Yanhuang Road and Tianzhong Road, Gaoxin District, Luoyang, Henan Province, the PRC		
Luoyang RK Hongjun Properties Developments Co., Ltd.								
	P43 RK Times City							
	Floor area (sqm)	60,000	Nature	Residential	Stage of completion (note)	S	Land area (sqm)	24,000
	Approximate attributable interest	80%	Target completion	2019	Location	Wulijie Street, Maojiafan Villiage, Jiangxia District, Wuhan, Hubei Province, the PRC		
Wuhan Xinjiayi Real Estate Co., Ltd.								

Management Discussion and Analysis (continued)

MAJOR PROJECTS INFORMATION

INVESTMENT PROPERTIES

As at 30 June 2018

P44	RK Grand Metropolis (Changzhou)							
	Floor area (sqm)	113,000	Nature	Commercial	Stage of completion (note)	C	Land area (sqm)	67,000
	Approximate attributable interest	100%	Target completion	Completed	Location	No. 33, Huayuan Street, Wujin District, Changzhou, Jiangsu Province, the PRC		
Changzhou Greatmind Properties Developments Ltd.								
P15	RK Phoenix City							
	Floor area (sqm)	23,000	Nature	Commercial	Stage of completion (note)	C	Land area (sqm)	17,000
	Approximate attributable interest	100%	Target completion	Completed	Location	Junction of Zhongxin Da Road East and Xieyu Road South, Suzhou Industrial Park, Suzhou, Jiangsu Province, the PRC		
Suzhou Junyu Properties Ltd.								
P45	RK Grand Metropolis (Suzhou)							
	Floor area (sqm)	37,000	Nature	Commercial	Stage of completion (note)	C	Land area (sqm)	24,000
	Approximate attributable interest	100%	Target completion	Completed	Location	No. 180, Renmin Road, Wujiang District, Suzhou, Jiangsu Province, the PRC		
Suzhou Junhong Properties Developments Co., Ltd.								
P24	RK Joy Park							
	Floor area (sqm)	15,000	Nature	Commercial	Stage of completion (note)	C	Land area (sqm)	9,000
	Approximate attributable interest	94.74%	Target completion	Completed	Location	Junction of Longshan Road and Tianshan Bei Road, Hedong District, Tianjin, the PRC		
Tianjin Sunco Xindi Property Co., Ltd.								
P46	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	Completed	Location	Junction of Shangding Road and Nongye Dong Road, Zhengdong New District, Zhengzhou, Henan Province, the PRC		
Zhengzhou Keshu Real Estate Co., Ltd.								

Management Discussion and Analysis (continued)

MAJOR PROJECTS INFORMATION

NEW PROJECTS ACQUIRED IN THE FIRST HALF OF 2018

Yangtze River Delta Region

P47 Yuhuatai District Project								
	Floor area (sqm)	100,000	Nature	Residential	Stage of completion (note)	M	Land area (sqm)	34,000
	Approximate attributable interest	25%	Target completion	2020	Location	Saihongqiao Street, Nanxiying Village, Yuhuatai District, Nanjing, Jiangsu Province, the PRC		
	Nanjing Jingrui Properties Investments Co., Ltd.							

P48 Zhonglou District Project								
	Floor area (sqm)	108,000	Nature	Residential	Stage of completion (note)	M	Land area (sqm)	61,000
	Approximate attributable interest	50%	Target completion	2020	Location	West of Chechang Road, South of Qingtan West Road, Zhonglou District, Changzhou, Jiangsu Province, the PRC		
	Changzhou RK Alige Properties Developments Co., Ltd.							

P49 Mei Du Mansion								
	Floor area (sqm)	70,000	Nature	Residential	Stage of completion (note)	M	Land area (sqm)	45,000
	Approximate attributable interest	60%	Target completion	2020	Location	Northwest of intersection of Taibo Avenue, Meicun Street and Meixi Road, Xinwu District, Wuxi, Jiangsu Province, the PRC		
	Wuxi Juntai Properties Developments Co., Ltd.							

P50 Meili Ancient Town								
	Floor area (sqm)	55,000	Nature	Residential	Stage of completion (note)	M	Land area (sqm)	68,000
	Approximate attributable interest	60%	Target completion	2019	Location	Southeast of Xinhua Road and Taibo Avenue, Xinwu District, Wuxi, Jiangsu Province, the PRC		
	Wuxi Juntai Properties Developments Co., Ltd.							

Other Region

P51 Shan He Wan								
	Floor area (sqm)	209,000	Nature	Residential	Stage of completion (note)	M/P	Land area (sqm)	73,000
	Approximate attributable interest	80%	Target completion	2021	Location	No. 34 Jiexing Road, Wulijie Street, Jiangxia District, Wuhan, Hubei Province, the PRC		
	Wuhan Dadu Tiansheng Real Estate Co., Ltd.							

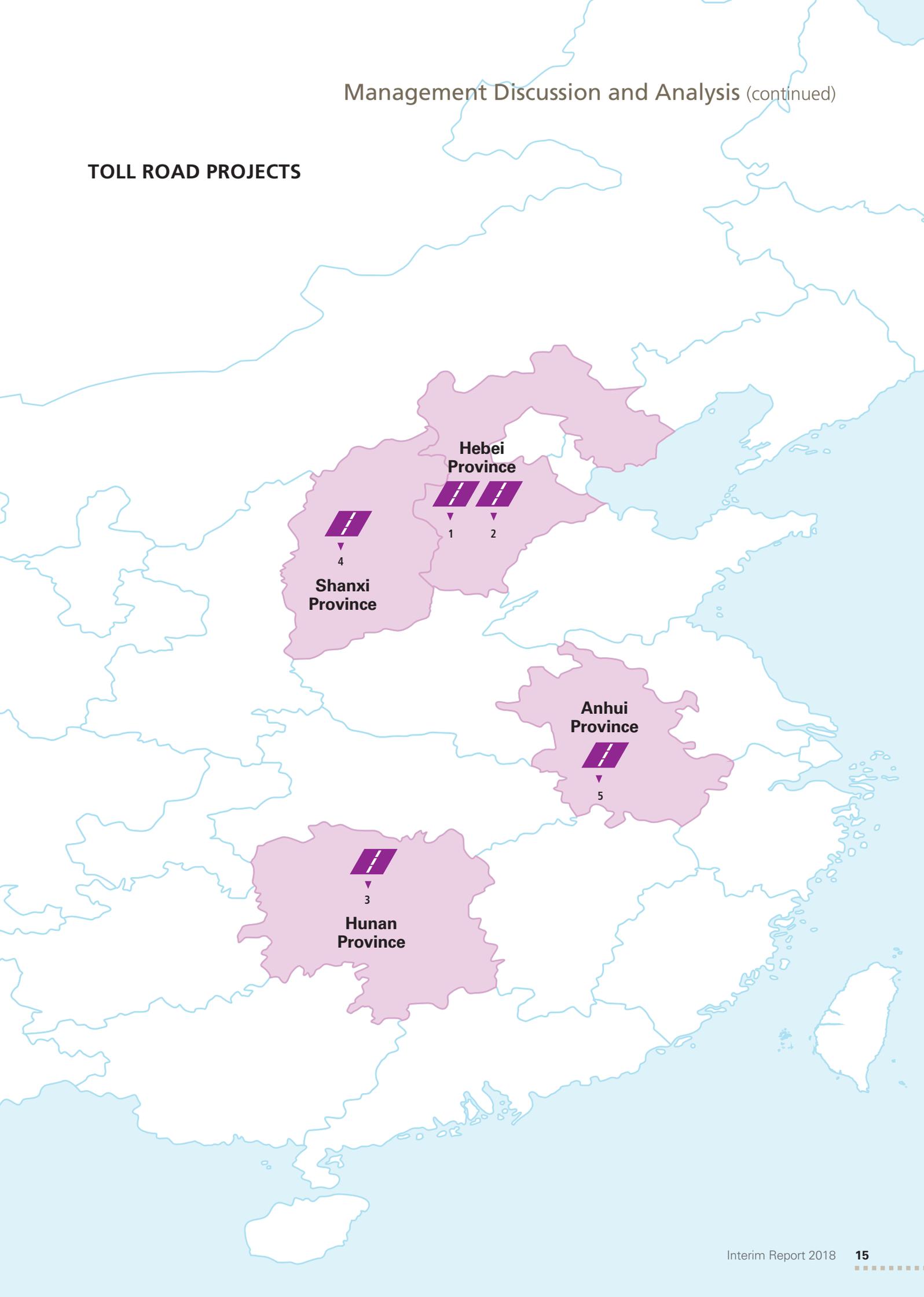
Notes:

"M" denotes "Master planning"
"S" denotes "Superstructure"

"P" denotes "Planning and design"
"C" denotes "Completed"

"F" denotes "Foundation"

TOLL ROAD PROJECTS



Management Discussion and Analysis (continued)

MAJOR PROJECTS INFORMATION

TOLL ROAD PROJECTS

As at 30 June 2018

	T1 Baojin Expressway					
	Location	Hebei Province	Length	105 km	Equity interest	40%
	Route	National Expressway G18 Baoding-Tianjin ~ 4-lane		Road Rise Investments Limited		
	T2 Tangjin Expressway					
	Location	Hebei Province	Length	58 km	Equity interest	45%
	Route	National Expressway G25 Tangshan-Tianjin ~ 4/6-lane		Ontex Investments Limited Road Base Investments Limited Road Bond Investments Limited		
	T3 Changyi Expressway					
	Location	Hunan Province	Length	69 km	Equity interest	43.17%
	Route	National Expressway G5513 Changsha-Yiyang ~ 4-lane		Road Crown Investments Limited Road Express Investments Limited Road Famous Investments Limited Road Glorious Investments Limited Road Grand Investments Limited Road Link Investments Limited		
	T4 Longcheng Expressway					
	Location	Shanxi Province	Length	72 km	Equity interest	45%
	Route	Provincial Expressway S60 Yuci Longbai Village-Chengzhao, Qixian ~ 6-lane		Intersafe Investments Limited		
	T5 Machao Expressway					
	Location	Anhui Province	Length	36 km	Equity interest	49%
	Route	Provincial Expressway S24 Ma'anshan-Chaohu ~ 6-lane		Road King (China) Infrastructure Limited		

BUSINESS REVIEW

For the first half of 2018, property sales and toll revenue of the Group (including joint venture projects) were RMB17,225 million and RMB1,470 million respectively, amounting to RMB18,695 million in total. The profit for the period ended 30 June 2018 was HK\$1,160 million, representing a significant increase of HK\$785 million or 210% as compared with the corresponding period of last year, with earnings per share of HK\$1.08.

For land reserve replenishment, the Group's property and investment and asset management segments acquired 5 parcels of land in Mainland China, mainly for residential purpose, through co-development with competent enterprises in the first half of 2018, with an aggregate floor area of 542,000 sqm. As at 30 June 2018, the Group's land reserves was 8,480,000 sqm in total, and total area of properties pre-sold but yet to be delivered was 1,770,000 sqm.

BUSINESS SEGMENTS OVERVIEW AND OUTLOOK

(i) Property Segment

In the first half of 2018, the central and local governments of Mainland China continued to implement last year's specific austerity measures based on regional circumstances. In order to prevent the overheating of regional property markets, control measures, such as regulating land auction, tightening home purchase restrictions, restriction on prices and mortgage, have gradually become routine control measures in various regions. This has led to a more complicated property market environment. Nonetheless, in the first half of 2018, the property segment of the Group achieved remarkable results in property sales by adhering to its operating strategy of balancing turnover and profitability, coupled with the flexible marketing approach and the dedication of the management team. The segment recorded property sales of RMB16,116 million (including joint venture projects), comprising the contracted sales of RMB14,691 million and outstanding subscribed sales of RMB1,425 million.

Property Sales and Delivery

Set out below is an analysis of the property segment's property sales and delivery by region (including joint venture projects) for the first half of 2018:

Regions (Notes)	Sales		Delivery	
	Amount RMB'million	Area sqm	Amount RMB'million	Area sqm
Yangtze River Delta Region	10,863	588,000	3,606	212,000
Bohai Rim Region	3,698	191,000	1,455	104,000
Guangdong-Hong Kong -Macao Bay Area	1,157	47,000	1,047	55,000
Other Regions	398	50,000	72	12,000
Total	16,116	876,000	6,180	383,000

Notes:

Yangtze River Delta Region comprises Shanghai, Jiangsu Province and Zhejiang Province.

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

Guangdong-Hong Kong-Macao Bay Area comprises Guangdong Province and Hong Kong Special Administrative Region.

Other Regions comprise Henan Province.

In the first half of 2018, property sales of the Group mainly concentrated in Yangtze River Delta Region, representing about 67% of the total property sales. The average selling price was approximately RMB18,400 per sqm, representing an increase of 12% as compared with the corresponding period of last year. As at 30 June 2018, the total area of properties pre-sold but yet to be delivered was about 1,560,000 sqm.

Management Discussion and Analysis (continued)

Financial Review

Set out below is an analysis of the performance of the Group's property segment for the first half of 2018:

	HK\$'million
Revenue	5,604
Gross profit	2,595
Selling and operating expenses	(583)
Profit for the period	915

In the first half of 2018, revenue of the Group's property segment was mainly contributed by the delivery of properties in Yangtze River Delta Region (representing about 58% of the total delivery). The average selling price was approximately RMB16,100 per sqm. Together with delivery of more high margin projects during the period, the gross profit margin increased significantly as compared with the corresponding period of last year. Profit of the property segment also increased to HK\$915 million, representing an increase of about 5 times comparing to the corresponding period of last year.

Land Reserves

For land reserve replenishment, the Group's property segment acquired 3 pieces of land for residential purpose in the Yangtze River Delta Region in the first half of 2018, through co-development with competent enterprises, details of which are set out as follows:

City	Attributable Interest	Acquisition date	Land Area sqm	Floor Area sqm	Total Consideration RMB'million
Nanjing	25%	January 2018	34,000	100,000	2,330
Wuxi	60%	April 2018	45,000	70,000	565
Changzhou	50%	April 2018	61,000	108,000	1,010

Up to 30 June 2018, the Group's property segment acquired an aggregate floor area of 278,000 sqm.

In order to stabilise property market in Mainland China, the Central and local governments will continue to strictly abide control policies such as tightening home purchase restrictions and restriction on prices in the second half of 2018. As a pillar industry, the real estate industry in Mainland China undoubtedly supports economic growth, especially when there are trade conflicts between China and the U.S. Therefore, the Group stays cautiously optimistic in regards to the long-term prospects of property development business.

The management and operations team will continue to adopt a practical approach and follow the business strategy to strike a balance between profitability and sales volume. To establish the Group as a more widely recognised property developer, it will continue to research and develop market-oriented products to boost the sales. The Group will optimise the land reserve portfolio in Mainland China and Hong Kong in a cautious manner and seek for more development opportunities with business partners.

Management Discussion and Analysis (continued)

The Group's land reserve includes properties under planning and construction, properties held for sale and properties held for investment. As at 30 June 2018, the property segment's land reserve was approximately 6,680,000 sqm which were mainly located in the following regions:

Province/Municipalities	Number of projects units	Area sqm
Yangtze River Delta Region		
Shanghai	2	275,000
Jiangsu Province	20	3,538,000
Zhejiang Province	3	352,000
Bohai Rim Region		
Beijing	1	80,000
Tianjin	3	767,000
Hebei Province	2	493,000
Shandong Province	4	415,000
Guangdong-Hong Kong-Macao Bay Area		
Guangdong Province	3	359,000
Hong Kong Special Administrative Region	3	117,000
Other Regions		
Henan Province	3	279,000

In the first half of 2018, the Group's new construction area was 1,779,000 sqm while the area of completed projects was 408,000 sqm. New construction area and the area of completed projects in the second half of 2018 are expected to be 1,634,000 sqm and 1,277,000 sqm respectively.

Management Discussion and Analysis (continued)

OVERVIEW OF MAJOR PROJECTS

Yangtze River Delta Region

RK Sheshan Villa, Shanghai

In the first half of 2018, the contracted sales of RK Sheshan Villa was RMB780 million, with an average selling price of approximately RMB39,400 per sqm. In the first half of 2018, the value and area of properties delivered were RMB733 million and 21,600 sqm respectively. It is expected that a total area of approximately 12,000 sqm will be delivered in the second half of 2018.

RK Shanghai Style Phase III, Shanghai (formerly known as Shanghai Anting Changji Road South Project)

In the first half of 2018, the contracted sales of RK Shanghai Style Phase III was RMB988 million, with an average selling price of approximately RMB30,200 per sqm. It is expected that a total area of approximately 41,000 sqm will be delivered in the second half of 2018.

RK Shanghai Villa, Shanghai

In the first half of 2018, the value and area of properties delivered were RMB432 million and 15,000 sqm respectively. It is expected that a total area of approximately 6,000 sqm will be delivered in the second half of 2018.

RK Shanghai Manor, Shanghai

In the first half of 2018, the contracted sales of RK Shanghai Manor was RMB175 million, with an average selling price of villas approximately RMB26,000 per sqm. In the first half of 2018, the value and area of properties delivered were RMB414 million and 12,000 sqm respectively. It is expected that a total area of approximately 10,000 sqm will be delivered in the second half of 2018.

RK City, Changzhou

In the first half of 2018, the contracted sales of RK City was RMB1,249 million, with an average selling price of approximately RMB11,900 per sqm. In the first half of 2018, the value and area of properties delivered were RMB440 million and 57,100 sqm respectively. It is expected that a total area of approximately 92,000 sqm will be delivered in the second half of 2018.

RK City Landmark, Changzhou

In the first half of 2018, the contracted sales of RK City Landmark was RMB1,572 million, with an average selling price of approximately RMB15,900 per sqm. It is expected that the project will be completed and delivered in the first half of 2019.

RK Phoenix City, Suzhou

In the first half of 2018, the contracted sales of RK Phoenix City was RMB1,319 million, of which contracted sales of the Forest & Valley Villa series was RMB1,309 million, with an average selling price of approximately RMB29,900 per sqm. In the first half of 2018, the value and area of properties delivered were RMB869 million and 28,000 sqm respectively. It is expected that a total area of approximately 93,000 sqm will be delivered in the second half of 2018.

RK Yanjiang Riverside, Suzhou

In the first half of 2018, the contracted sales of RK Yanjiang Riverside was RMB586 million, with an average selling price of approximately RMB21,200 per sqm. It is expected that a total area of approximately 66,700 sqm will be delivered in the second half of 2018.

Management Discussion and Analysis (continued)

RK The Providence, Wuxi

In the first half of 2018, the contracted sales of RK The Providence was RMB1,564 million, with an average selling price of approximately RMB24,300 per sqm. In the first half of 2018, the value and area of properties delivered were RMB67 million and 4,200 sqm respectively. It is expected that a total area of approximately 3,000 sqm will be delivered in the second half of 2018.

Pearl of the Lake, Wuxi

In the first half of 2018, the contracted sales of Pearl of the Lake was RMB671 million, with an average selling price of approximately RMB17,200 per sqm. It is expected that a total area of approximately 27,000 sqm will be delivered in the second half of 2018.

Bohai Rim Region

RK Sunny Town, Tianjin

In the first half of 2018, the contracted sales of RK Sunny Town was RMB1,244 million, with an average selling price of approximately RMB28,300 per sqm. It is expected that a total area of approximately 128,000 sqm will be delivered in the second half of 2018.

RK Junlan Bay, Tianjin

In the first half of 2018, the contracted sales of RK Junlan Bay was RMB625 million, with an average selling price of approximately RMB16,000 per sqm. It is expected that the project will be completed and delivered in the second half of 2019.

RK Grandtown, Langfang

In the first half of 2018, the contracted sales of RK Grandtown was RMB832 million, with an average selling price of approximately RMB19,100 per sqm. In the first half of 2018, the value and area of properties delivered were RMB1,384 million and 100,500 sqm respectively. It is expected that a total area of approximately 2,000 sqm will be delivered in the second half of 2018.

RK City Phase II, Jinan

In the first half of 2018, the contracted sales of RK City Phase II was RMB511 million, with an average selling price of approximately RMB15,200 per sqm. It is expected that a total area of approximately 139,000 sqm will be delivered in the second half of 2018.

Guangdong-Hong Kong-Macao Bay Area

RK Mont Panorama, Guangzhou

In the first half of 2018, the contracted sales of RK Mont Panorama was RMB956 million. In the first half of 2018, the value and area of properties delivered were RMB1,041 million and 53,800 sqm respectively. It is expected that a total area of approximately 8,000 sqm will be delivered in the second half of 2018.

Management Discussion and Analysis (continued)

Other Regions

RK Royal City, Luoyang

In the first half of 2018, the contracted sales of RK Royal City was RMB303 million. In the first half of 2018, the value and area of properties delivered were RMB74 million and 12,700 sqm respectively. It is expected that a total area of approximately 7,000 sqm will be delivered in the second half of 2018.

New Projects

Acquired in the first half of 2018:

Yangtze River Delta Region

Yuhuatai District Project, Nanjing

In January 2018, the Group acquired a land parcel in Yuhuatai District, Nanjing for residential development. The project will be developed with competent Mainland China partners. The project is located in the south of Nanjing Centre and adjacent to Qinhuai River in the west. It is surrounded by comprehensive facilities such as metro station and elevated road and may be developed into a high quality residence. With a site area of 34,000 sqm and a floor area of 100,000 sqm, the project is expected to be launched in the second half of 2019.

Zhonglou District Project, Changzhou

In April 2018, the Group acquired a land parcel in Zhonglou District, Changzhou mainly for residential development. The Group will develop the project with a competent Mainland China partner. The project is adjacent to RK City Landmark Project in the north. It is surrounded by comprehensive facilities and may be developed into a prime low-density residence. With a site area of 61,000 sqm and a floor area of 108,000 sqm, the project is planned to be launched in the first half of 2019.

Mei Du Mansion, Wuxi

In April 2018, the Group acquired a land parcel in Xinwu District, Wuxi mainly for residential development. The Group will develop the project with a competent Mainland China partner. The project is located at the northwest of intersection of Taibo Avenue, Meicun Street and Meixi Road of Xinwu District. It enjoys convenient access and sophisticated facilities, ideal for developing into a high quality residence. With a site area of 45,000 sqm and a floor area of 70,000 sqm, the project is planned to be launched in the second half of 2018.

Management Discussion and Analysis (continued)

(ii) Toll Road Segment

In the first half of 2018, the Group received cash distribution of HK\$374 million from the toll road joint ventures (including the repayment of shareholder loans), which provides the Group with steady cash flows.

The traffic volume and toll revenue of the expressway projects for the first half of 2018 are analysed below:

	Average Daily Traffic	Toll Revenue
	Vehicle	RMB'million
Baojin Expressway	77,400	466
Tangjin Expressway	57,900	362
Changyi Expressway	73,800	349
Longcheng Expressway	18,700	167
Machao Expressway	26,300	126
Total	254,100	1,470

The average daily traffic volume and toll revenue of the Group's expressway toll road portfolio reached 254,100 vehicles and RMB1,470 million respectively in the first half of 2018, representing an increase of 16% for both as compared with the corresponding period of last year. During the period, all expressway projects recorded increase in toll revenue and certain projects even demonstrated a double-digit growth in toll revenue. Thus, the Group's share of profit of infrastructure joint ventures for the first half of the year increased significantly by 24% to HK\$339 million as compared with the corresponding period of last year.

Management Discussion and Analysis (continued)

Toll Road Projects

Baojin Expressway

As the Beijing-Tianjin-Hebei integrates and regional economy recovers gradually, the traffic volume of Baojin Expressway increased by 32% while the toll revenue increased by 22% in the first half of 2018 as compared with the corresponding period of last year. Furthermore, since the regional economy is continuously driven by the commencement of construction and development of the Xiongan New Area, it is expected that the growing trend will be maintained in the second half of 2018.

Tangjin Expressway

In the first half of 2018, the traffic volume of Tangjin Expressway increased by 17% while the toll revenue increased by 19% as compared with the corresponding period of last year, which was mainly attributable to the economic improvement of the three provinces of Northeast China, continued increase in throughput of Tangshan Port and growth of cargo transport driven by increase in factory production along the expressway. It is expected that the project will also benefit from the Beijing-Tianjin-Hebei integration and continue to record growth.

Changyi Expressway

Benefited from the continued favourable economy of the Changsha-Zhuzhou-Xiangtan region and development zones along the expressway, despite of the traffic volume of Changyi Expressway has reached the third service level, it still recorded an increase of 4% and 6% of traffic volume and toll revenue respectively in the first half of 2018. The traffic volume and toll revenue is expected to achieve moderate growth in the second half of 2018.

Longcheng Expressway

As the construction work on outer ring of Jinzhong was completed and reopened by sections in the second half of last year, some of the passenger vehicles resumed the outer ring route which partially offset the growth of the project. In the first half of 2018, the traffic volume is basically flat, while toll revenue increased 14% due to increases in mileage and traffic volume of truck, comparing to the corresponding period of last year. In addition, as Taichang Expressway (Jinzhong section) has been closed in early July this year for work and Longcheng Expressway will take up the traffic originally travelling on that route, it is expected that there will be considerable growth in the second half of 2018.

Machao Expressway

Since the project commenced operation at the end of 2013, the traffic volume and toll revenue have maintained sustaining growth. In the first half of 2018, the traffic volume and toll revenue of Machao Expressway increased by 22% and 17% respectively as compared with the corresponding period of last year. Given the project's key position in the passage between Yangtze River Delta Region and Central China and the more frequent economic interaction and development of the two regions, it is expected the traffic volume and toll revenue of the project will continue to maintain a high growth.

In early August 2018, the Group and a fund managed by CVC Capital Partners ("CVC"), entered into an agreement. Pursuant to which, CVC will contribute capital of approximately HK\$2,000 million to the expressway business of the Group. After completion of the transaction, the Group and CVC will own 75% and 25% interests in the expressway business of the Group respectively. Details of the transaction are set out in the announcement of the Company dated 2 August 2018.

It is expected that the expressway business will maintain a steady development in the short-term with expansion opportunities in the medium and long-term.

Management Discussion and Analysis (continued)

(iii) Investment and Asset Management Segment

The Group continued to develop the investment and asset management business in 2018. In the first half of 2018, the projects of investment and asset management segment (including joint venture projects) achieved sales of RMB1,109 million, representing an increase of 100% as compared with the corresponding period of last year, whilst profit of the investment and asset management segment was approximately HK\$9 million.

Overview of Major Businesses

Property Fund

As at the end of June 2018, the total fund size under the management of investment and asset management segment was approximately RMB10.4 billion, of which property funds and distressed/pressurised asset funds accounted for RMB6.1 billion and RMB4.3 billion respectively.

Cultural Attraction and Tourism

The team commenced construction of the Meili Ancient Town project in Wuxi in the first half of 2018. The Yulong project in Lijiang and Weijin Ancient City project in Handan are expected to commence construction in the second half of 2018.

Entertainment and Content Development

The Group completed the acquisition of 40% equity interest in Holovis in January 2018, rendering the Group as a key player in the global game content developer. During the period of February to June 2018, new contracts of Holovis amounted to RMB62 million.

Property Development

The projects of investment and asset management segment (including joint venture projects) achieved sales of approximately RMB1,109 million in the first half of 2018, including the contracted sales of RMB457 million and outstanding subscribed sales of approximately RMB652 million. As at 30 June 2018, the investment and asset management segment's land reserve was approximately 1,800,000 sqm, which were mainly located in Henan Province and Hubei Province. As at 30 June 2018, total area of properties pre-sold but yet to be delivered was 210,000 sqm.

The investment and asset management of the Group will continue to explore new models and seek new opportunities and drivers for profit growth with controllable risks.

Management Discussion and Analysis (continued)

FINANCIAL REVIEW OF THE GROUP

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 2018 and 2017.

	Six months ended 30 June	
	2018	2017
	HK\$'million	HK\$'million
Revenue	5,722	3,166
Gross profit	2,693	997
Interest and other income, net	434	357
Selling and operating expenses	(729)	(656)
Share of results of joint ventures and an associate	432	225
Finance costs	(281)	(156)
Profit before taxation	2,549	767
Income tax expenses	(1,389)	(392)
Profit for the period	1,160	375
Profit attributable to:		
– Owners of the Company	808	284
– Owners of perpetual capital securities	175	72
– Non-controlling interests of subsidiaries	177	19
	1,160	375

Revenue and Gross Profit

Revenue and gross profit of the Group for the period under review were mainly contributed by the property development business. The details are contained in the subsection headed “Financial Review” under “Property Segment”.

Interest and Other Income, Net

The increase in interest and net other income was mainly attributable to the increase of loans provided by the Group to joint ventures. As such interest income increased significantly by HK\$254 million as compared with the corresponding period of last year. However, the Group recorded net exchange losses of approximately HK\$101 million for the first half of 2018 (2017: net exchange gains of approximately HK\$99 million) due to the depreciation of Renminbi during the period under the impact of increased trade tariffs of China and the U.S., which offset the increase in interest income.

Selling and Operating Expenses

The increase in selling and operating expenses was mainly due to the Group's accelerated expansion of the investment and asset management business as well as the addition of a number of property development projects, including projects acquired in Hangzhou, Jiaxing and Foshan.

Management Discussion and Analysis (continued)

Share of Results of Joint Ventures and an Associate

This mainly represented share of results of the infrastructure joint ventures of the Group for the period under review. The details are contained in the subsection headed "Financial Review" under "Toll Road Segment". In addition to satisfactory growth in toll road business, the increase of profit was also attributable to the completion and delivery of the property joint venture projects in Shanghai and Guangzhou during the period, which contributed profit to the Group.

Income Tax Expenses

Income tax expenses mainly comprise profit tax, land appreciation tax and deferred tax. The increase in income tax expenses was mainly attributable to the significant increase in profits of properties delivered during the period as compared to the corresponding period of last year.

Unaudited Condensed Consolidated Statement of Financial Position

The table below summarised the major items of the condensed consolidated statement of financial position of the Group as at 30 June 2018 and 31 December 2017.

	30 June 2018	31 December 2017
	HK\$'million	HK\$'million
Non-current assets		
– Investment in joint ventures and an associate (including shareholders' loan)	20,731	15,560
– Investment properties	2,615	2,584
– Other non-current assets	452	1,347
	23,798	19,491
Current assets		
– Inventory of properties (including prepayment for land leases)	30,981	30,403
– Bank balances and cash (including pledged bank deposits)	10,202	8,751
– Loans to joint ventures	6,239	6,622
– Other current assets	5,935	4,468
	53,357	50,244
Current liabilities		
– Creditors and accrued charges	(8,238)	(8,362)
– Loans from joint ventures and an associate	(1,402)	(779)
– Deposits from pre-sales of properties	(21,801)	(15,357)
– Bank and other borrowings	(4,896)	(4,575)
– Other current liabilities	(2,413)	(2,445)
	(38,750)	(31,518)
Non-current liabilities (including bank and other borrowings)	(16,704)	(16,603)
Total equity (including perpetual capital securities)	21,701	21,614

Management Discussion and Analysis (continued)

Investments in Joint Ventures and an Associate (including Shareholders' Loans)

It mainly represented our interests in the joint ventures and an associate relating to the toll road and property development business, including shareholders' loans to the joint ventures. The increase in balance was mainly attributable to the payment of investment costs or land premiums prepaid for the acquisition of a number of new land parcels through joint ventures during the period. The details on new land parcels acquired through joint ventures are contained in the subsections headed "Land Reserves" and "New Projects" under "Property Segment".

The Group entered into the undertaking agreement with an independent third party in 2017. 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 2018, the estimated amount of the liabilities undertaken by the Group amounted to approximately HK\$2,712 million (31 December 2017: HK\$2,709 million). Save for this liability undertaking, details of other guarantees given by the Group to joint ventures were set out in the subsection headed "Contingent Liabilities" under "Financial Review".

Investment Properties

This comprises carrying value of the investment properties, details of which are set out in note 12 of the unaudited condensed consolidated financial statements. The increase in balance was mainly attributable to the increase in fair value of RK Grand Metropolis in Suzhou acquired by the Group in 2016, which has commenced operation during the period and its development and ancillary facilities have become more sophisticated. As of 30 June 2018, the total floor area of the investment properties of the Group was around 213,000 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 and delivery plan in the second half of the year.

Bank Balances and Cash (including Pledged Bank Deposits)

The increase in the bank balances and cash was mainly attributable to the significant increase in proceeds from pre-sale of properties, but was partially offset by the investment costs and land premiums paid for the acquisition of new projects.

Other Current Assets

Other current assets increased mainly due to the increase in land deposits paid and other deposits paid for investments as compared with last year end, together with the increase in prepaid tax due to the significant increase in property sales.

Deposits from Pre-sale of Properties

The increase in deposits from pre-sale of properties was mainly due to the increase in both average selling price and area of the pre-sold properties as compared with the corresponding period of last year. As at 30 June 2018, the total area of properties (including joint venture projects) pre-sold but yet to be delivered was about 1,770,000 sqm.

Bank and Other Borrowings and Non-current Liabilities

Bank and other borrowings and non-current liabilities mainly represented offshore guaranteed senior notes, syndicated loans, domestic bonds and project development loans of the Group.

Management Discussion and Analysis (continued)

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

	30 June 2018	31 December 2017
	HK\$'million	HK\$'million
Repayable:		
One demand or within one year	4,896	4,575
After one year but within two years	7,256	6,008
After two years but within five years	8,335	9,539
More than five years	242	271
Total loans	20,729	20,393

Source of Loans

	30 June 2018	31 December 2017
Short-term loans	24%	22%
Long-term loans	76%	78%
	100%	100%

Nature of Debts

	30 June 2018	31 December 2017
Unsecured loans	69%	66%
Secured loans	31%	34%
	100%	100%

Currency Profile of Loans

	30 June 2018	31 December 2017
HKD	5%	4%
RMB	49%	50%
USD	46%	46%
	100%	100%

Interest Rate Basis

	30 June 2018	31 December 2017
Floating rate	40%	34%
Fixed rate	60%	66%
	100%	100%

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

- (a) US\$450 million 5% guaranteed senior notes due in 2019;
- (b) RMB1,500 million 4.5% domestic bonds due in 2019; and
- (c) US\$500 million 4.7% guaranteed senior notes due in 2021.

In addition to the above borrowings, the Group issued the following two senior guaranteed perpetual capital securities:

- (a) US\$300 million 7.95% senior guaranteed perpetual capital securities; and
- (b) US\$300 million 7% senior guaranteed perpetual capital securities.

Management Discussion and Analysis (continued)

The net gearing ratio of the Group decreased from 54% as at the end of last year to 49% as at 30 June 2018. Meanwhile, the net capitalisation ratio dropped from 35% as at the end of last year to 33%. Net gearing ratio represents the difference between the Group's total interest bearing borrowings 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 10.97 times (2017: 7.23 times).

Unaudited Condensed Consolidated Statement of Cash Flows

The table below summarised the major items of the unaudited condensed consolidated statement of cash flows of the Group for each of the six months ended 30 June 2018 and 2017.

	Six months ended 30 June	
	2018	2017
	HK\$'million	HK\$'million
Payment for land leases (including payments through joint ventures arrangement)	(3,156)	(4,568)
Net cash from operating activities, other than payment for land leases	5,583	5,305
Net cash used in investing activities, other than payment for land leases	(738)	(948)
Net cash (used in) from financing activities	(756)	5,162
Effect of change in exchange rates	(19)	107
Cash and cash equivalents at 1 January	7,926	7,291
Cash and cash equivalents at 30 June	8,840	12,349

Payment for Land Leases (including Payments Through Joint Ventures Arrangement)

Since 2017, more new projects are jointly developed with the Group's business partners. The details on new land parcels acquired through joint ventures are contained in the subsections headed "Land Reserves" and "New Projects" under "Property Segment". During the period, the payments of land premiums were mainly for projects newly acquired in Nanjing, Hangzhou, Changzhou and Jinan.

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

The decrease in net cash from operating activities comparing to the corresponding period of last year was mainly caused by the timing difference in land appreciation tax settlement and payment for some property projects which led to increase in tax paid during the period.

Net Cash used in Investing Activities, other than Payments for Land Leases

During the period, the net cash used in investing activities mainly represented the investment cost in the new asset management business and the loans provided to joint ventures, which was partially offset by the cash distributed or dividends received from the infrastructure joint venture projects.

Net Cash (used in) from Financing Activities

During the period, the net cash used in financing activities mainly represented payment of interest and dividends. In the corresponding period of last year, the Group issued two offshore senior guaranteed perpetual capital securities in an aggregate principal of US\$600 million, therefore the net cash from financing activities was higher.

Liquidity and Financial Resources

As at 30 June 2018, the equity attributable to owners of the Company was HK\$15,701 million (31 December 2017: HK\$15,635 million). Net assets per share attributable to owners of the Company was HK\$20.95 (31 December 2017: HK\$20.90).

Management Discussion and Analysis (continued)

As at 30 June 2018, the Group's total assets were HK\$77,155 million (31 December 2017: HK\$69,735 million) and bank balances and cash were HK\$9,976 million (31 December 2017: HK\$8,552 million), of which 91% was denominated in Renminbi and the remaining 9% was mainly denominated in US dollar or HK dollar.

During the period under review, the Group drew down various offshore bank loans and project development loans in Hong Kong and Mainland China in an aggregate amount equivalent to HK\$3,182 million. The drawdown of new loans was partially offset by repayment of certain bank loans.

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 and extensive considerations on liquidity risk, financing cost and exchange rate risk. Going forward, the Group will continue to maintain its financials healthily and explore and broaden financing channels, so as to manage financing costs and enhance cash flows of the Group.

Charges on Assets

As at 30 June 2018, bank balances of HK\$225 million (31 December 2017: HK\$199 million) were pledged as security in favour of banks for certain mortgage facilities granted to purchasers of the Group's properties and short-term credit facilities granted to the Group. In addition to these charged bank deposits, properties with carrying value of HK\$5,008 million (31 December 2017: HK\$5,515 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. For minimising the impacts arisen from fluctuation of exchange rate between US dollar and Renminbi on the Group, the Group has entered into capped forward swap contracts and range forward swap contracts for parts of offshore US dollar debts.

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 Mainland China 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 2018, the Group had provided guarantees of HK\$9,144 million (31 December 2017: HK\$7,919 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\$3,592 million (31 December 2017: HK\$2,611 million) for banking facilities granted to the joint ventures of the Group as at 30 June 2018.

Employees

Excluding the staff of joint ventures, the Group had 3,973 employees as at 30 June 2018 (2017: 3,188 employees). Expenditure on staff (excluding Directors' emoluments and share-based payment) for the period under review amounted to HK\$500 million (2017: HK\$355 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 scheme. During the period under review, no share option was granted.



Dividend

DIVIDEND

The Board has resolved to declare an interim dividend of HK\$0.30 (2017: HK\$0.15) per share for the six months ended 30 June 2018 to the shareholders of the Company whose names appear on the register of members of the Company on Wednesday, 5 September 2018.

It is expected that the payment of the interim dividend will be made on or before Friday, 28 September 2018.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 4 September 2018 to Wednesday, 5 September 2018, 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, 3 September 2018 for registration.

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 2018.

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 of the Company have confirmed, following specific enquiry, that they have complied with the Model Code throughout the six months ended 30 June 2018.

Disclosure of Interests

DIRECTORS' INTERESTS AND SHORT POSITIONS

As at 30 June 2018, the interests and short positions of the Directors of the Company 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 3)
			Long position	Short position	
Zen Wei Peu, Derek	Personal	1 & 2	20,649,000	–	2.76
Fong Shiu Leung, Keter	Personal	1	260,000	–	0.03
Lau Sai Yung	Personal	1	605,000	–	0.08
Chow Ming Kuen, Joseph	Personal	1	150,000	–	0.02
Tse Chee On, Raymond	Personal	1	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. Included in the balance is 1,000,000 shares of the Company held by Ms. Luk Chan, the spouse of Mr. Zen Wei Peu, Derek.
3. The percentage was calculated based on 749,336,566 shares of the Company in issue as at 30 June 2018.

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 2017.

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

Name	Notes	Balance at 01.01.2018	Number of share options			Balance at 30.06.2018	Weighted average closing price HK\$ (Note 2)
			Granted during the period	Exercised during the period	Lapsed during the period		
Director							
Tse Chee On, Raymond	1	100,000	–	(100,000)	–	–	16.50
Total		100,000	–	(100,000)	–	–	
Others							
Employees	1	1,100,000	–	(1,100,000)	–	–	15.64
Total		1,100,000	–	(1,100,000)	–	–	
Grand Total		1,200,000	–	(1,200,000)	–	–	

Notes:

- 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.
- This represents the weighted average closing price of the shares of the Company immediately before the dates on which the share options were exercised.

Disclosure of Interests (continued)

DIRECTORS' INTERESTS AND SHORT POSITIONS

Save as disclosed above, none of the Directors of the Company 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 of the Company 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.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 30 June 2018, the interests and 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	315,051,428	–	42.04
Wai Kee (Zens) Holding Limited (Note 3)	Interest in controlled corporation	315,051,428	–	42.04
Groove Trading Limited (Note 4)	Beneficial owner	65,918,000	–	8.80
Wai Kee China Investments (BVI) Company Limited (Note 4)	Interest in controlled corporation	246,133,428	–	32.85
Wai Kee China Investments Company Limited (Note 5)	Interest in controlled corporation	246,133,428	–	32.85
ZWP Investments Limited (Note 6)	Beneficial owner	246,133,428	–	32.85
深業集團有限公司 (Shum Yip Group Limited*) (Note 7)	Interest in controlled corporation	202,334,142	–	27.00
Shum Yip Holdings Company Limited (Note 8)	Interest in controlled corporation	202,334,142	–	27.00
Shenzhen Investment Limited (Note 9)	Interest in controlled corporation	202,334,142	–	27.00
Hover Limited (Note 10)	Beneficial owner	202,334,142	–	27.00

SUBSTANTIAL SHAREHOLDERS' INTERESTS

Notes:

1. Long position in the shares of the Company (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds).
2. Wai Kee Holdings Limited is deemed to be interested in the shares of the Company through its interests in (i) its wholly-owned subsidiaries, namely Wai Kee (Zens) Holding Limited, Groove Trading Limited, Wai Kee China Investments (BVI) Company Limited, Wai Kee China Investments Company Limited, ZWP Investments Limited and Top Horizon Holdings Limited; and (ii) its subsidiaries, namely Build King Holdings Limited, Top Tactic Holdings Limited, Amazing Reward Group Limited, Build King Management Limited and Build King Civil Engineering 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.
3. 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.
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 61.62% 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 749,336,566 shares of the Company in issue as at 30 June 2018.

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

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 2018.

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 13.22 of the Listing Rules:

- (a) A summary of aggregate financial information of the affiliated companies, based on the unaudited financial statements prepared under the accounting principles generally accepted in Hong Kong, as at 30 June 2018, is as follows:

	At 30 June 2018 HK\$'million
Statement of Financial Position	
Non-current assets	9,918
Current assets	34,131
Current liabilities	(25,539)
Net current assets	8,592
Non-current liabilities	(10,779)
Net assets	7,731

CONTINUING DISCLOSURE OF THE LISTING RULES

1. Pursuant to Rule 13.22 of the Listing Rules:

(b) Details of the affiliated companies are as follows:

	The Group's attributable interest in the affiliated companies	Amount of guarantee given by the Group HK\$'million	Amount of commitment for amounts advanced or to be advanced by the Group HK\$'million
Shanghai Juanpin Real Estate Co., Ltd.*	49%	–	1
Jiaxing Juanmao Real Estate Co., Ltd.*	45%	–	615
Suzhou Jingshang Properties Developments Co., Ltd.*	33%	–	901
Jinan Junsheng Properties Developments Co., Ltd.*	50%	–	491
Jinan Yajun Properties Developments Co., Ltd.*	50%	–	559
Hebei Jiantou Road King Urbanization Construction & Development Co., Ltd.*	45%	–	473
Shum King Company Limited	50%	634	2,366
Foshan Qihui Properties Co., Ltd.*	49%	–	465
Changzhou Yajing Properties Developments Co., Ltd.*	49%	–	889
Changzhou Hongyin Properties Developments Co., Ltd.*	49%	–	32
Changzhou Huangguan Real Estate Developments Co., Ltd.*	49%	–	2
Suzhou Juntai Properties Developments Co., Ltd.*	33.3%	–	654
Tianjin Junda Corporate Management Co., Ltd.*	50%	–	1,230
Hangzhou Junyuan Real Estate Co., Ltd.*	49%	–	311
Nanjing Jingrui Properties Investments Co., Ltd.*	25%	–	713
Holovis International Ltd	40%	–	56
Hunan Changyi Expressway Co., Ltd.*	43.17%	–	72
Jinzhong Longcheng Expressway Co., Ltd.*	45%	–	56
Anhui Machao Expressway Co., Ltd.*	49%	778	–
		1,412	9,886

* for identification purpose only

Other Disclosures (continued)

CONTINUING DISCLOSURE OF THE LISTING RULES

2. Pursuant to Rule 13.18 of the Listing Rules:

Notes

The Group issued US\$450 million 5% guaranteed senior notes due 2019 and US\$500 million 4.7% guaranteed senior notes due 2021 in August and September 2016 respectively. The Company is obliged to make an offer to repurchase US\$450 million 5% guaranteed senior notes due 2019 and US\$500 million 4.7% guaranteed senior notes due 2021 (the "Notes") then outstanding at a purchase price equal to 101% of the principal amount, plus accrued and unpaid interest, if any, up to (but not including) the date of repurchase upon the occurrence of a change of control triggering event and a decline in the rating of the Notes.

Guaranteed Perpetual Capital Securities

The Group issued US\$300 million 7.95% senior guaranteed perpetual capital securities and US\$300 million 7% senior guaranteed perpetual capital securities in February and June 2017 respectively. The Company may redeem all, but not some only, of US\$300 million 7.95% senior guaranteed perpetual capital securities and US\$300 million 7% senior guaranteed perpetual capital securities (the "Securities") at 101% of the principal amount (together with any distribution accrued to the date fixed for redemption, including any deferred distribution and any additional distribution payable on it) upon the occurrence of a change of control triggering event and a decline in the rating of the Securities.

3. 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 of the Company required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the Company's last published annual report:

Name of Directors	Details of changes
Mr. Zen Wei Peu, Derek	He was appointed as a member of the Remuneration Committee of the Company with effect from 28 March 2018.
Mr. Mou Yong	His annual emolument was revised from HK\$328,000 to HK\$345,000 for acting as a Non-executive Director of the Company for the period from 19 May 2018 to the date of the annual general meeting of the Company held in 2019.
Mr. Dong Fang	His annual emolument was revised from HK\$328,000 to HK\$345,000 for acting as a Non-executive Director of the Company for the period from 19 May 2018 to the date of the annual general meeting of the Company held in 2019.
Mr. Lau Sai Yung	His annual emolument was revised from HK\$578,000 to HK\$607,000 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 19 May 2018 to the date of the annual general meeting of the Company held in 2019.

CONTINUING DISCLOSURE OF THE LISTING RULES

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

Name of Directors	Details of changes
Dr. Chow Ming Kuen, Joseph	<p>He entered into a letter of appointment with the Company for a period commencing from 16 May 2018 to 15 May 2021 or the date of the annual general meeting of the Company held in 2021, whichever is earlier.</p> <p>His annual emolument was revised from HK\$567,000 to HK\$596,000 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 19 May 2018 to the date of the annual general meeting of the Company held in 2019.</p>
Mr. Tse Chee On, Raymond	<p>His annual emolument was revised from HK\$504,000 to HK\$530,000 for acting as an Independent Non-executive Director and a member of the Audit Committee and the Remuneration Committee of the Company for the period from 19 May 2018 to the date of the annual general meeting of the Company held in 2019.</p>
Mr. Wong Wai Ho	<p>He entered into a letter of appointment with the Company for a period commencing from 16 May 2018 to 15 May 2021 or the date of the annual general meeting of the Company held in 2021, whichever is earlier.</p> <p>His annual emolument was revised from HK\$484,000 to HK\$509,000 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 19 May 2018 to the date of the annual general meeting of the Company held in 2019.</p>
Mr. Zhang Yongliang	<p>He entered into a letter of appointment with the Company for a period commencing from 16 May 2018 to 15 May 2021 or the date of the annual general meeting of the Company held in 2021, whichever is earlier.</p> <p>His annual emolument was revised from HK\$328,000 to HK\$345,000 for acting as an Independent Non-executive Director of the Company for the period from 19 May 2018 to the date of the annual general meeting of the Company held in 2019.</p>

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 2018, 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.



EXECUTIVE DIRECTORS

Zen Wei Pao, William (*Co-Chairman*)
Zen Wei Peu, Derek (*Co-Chairman*)
Ko Yuk Bing (*Deputy Chairman, Managing Director and Chief Executive Officer*)
Fong Shiu Leung, Keter (*Finance Director*)

NON-EXECUTIVE DIRECTORS

Mou Yong
Dong Fang

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

PROPERTY BUSINESS MANAGEMENT COMMITTEE

Ko Yuk Bing (*Chairman*)
Zen Wei Peu, Derek
Fong Shiu Leung, Keter
Chuk Wing Suet, Josephine
Zhang Nan
Diao Lu, Amy
Tsui Wai Tim
Zhao Min
Tan Qi

AUDIT COMMITTEE

Lau Sai Yung (*Chairman*)
Chow Ming Kuen, Joseph
Tse Chee On, Raymond
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
Zen Wei Peu, Derek
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
Bank of China Limited
China Bohai Bank Co., Ltd.
China CITIC Bank Corporation Limited
Industrial and Commercial Bank of China Limited

Hong Kong

China CITIC Bank International Limited
Industrial and Commercial Bank of China (Asia) 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

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, SECURITIES AND BONDS LISTING

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

- US\$450 million 5% guaranteed senior notes due 2019 (Stock Code: 5695)
- US\$500 million 4.7% guaranteed senior notes due 2021 (Stock Code: 4309)

The following securities are listed on the Singapore Exchange Securities Trading Limited

- US\$300 million 7.95% senior guaranteed perpetual capital securities
- US\$300 million 7% senior guaranteed perpetual capital securities

The following bonds are listed on the Shanghai Stock Exchange

- RMB1.5 billion 4.5% domestic bonds due 2019

INVESTOR RELATIONS

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E-mail address: ir@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 2018

	NOTES	Six months ended 30 June	
		2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
Revenue			
Property sale and management income	3A	5,558,886	3,104,801
Other revenue		162,778	60,839
Total revenue	3B	5,721,664	3,165,640
Cost of sales		(3,029,012)	(2,168,378)
Gross profit		2,692,652	997,262
Interest income		446,932	163,072
Other income		13,754	23,742
Other gains and losses	5	(27,034)	170,130
Selling expenses		(273,695)	(297,491)
Administrative expenses		(455,551)	(358,142)
Share of result of an associate		(5,774)	(4,519)
Share of results of joint ventures	6	438,154	229,706
Finance costs	7	(280,817)	(156,469)
Profit before taxation	8	2,548,621	767,291
Income tax expenses	9	(1,388,984)	(392,672)
Profit for the period		1,159,637	374,619
Profit attributable to:			
Owners of the Company		808,123	283,879
Owners of perpetual capital securities		174,915	71,923
Non-controlling interests of subsidiaries		176,599	18,817
		1,159,637	374,619
Earnings per share	11		
– Basic		HK\$1.08	HK\$0.38
– Diluted		HK\$1.08	HK\$0.38

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2018

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Profit for the period	1,159,637	374,619
Other comprehensive (expense) income		
<i>Item that will not be reclassified subsequently to profit or loss:</i>		
Exchange difference arising on translation to presentation currency	(110,580)	134,224
Total comprehensive income for the period	1,049,057	508,843
Total comprehensive income attributable to:		
Owners of the Company	699,223	408,282
Owners of perpetual capital securities	174,915	71,923
Non-controlling interests of subsidiaries	174,919	28,638
	1,049,057	508,843

Condensed Consolidated Statement of Financial Position

At 30 June 2018



	NOTES	30 June 2018 (Unaudited) HK\$'000	31 December 2017 (Audited) HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		140,816	121,137
Investment properties	12	2,615,084	2,583,810
Interest in an associate		817,719	825,405
Interests in joint ventures	13	8,753,547	6,464,609
Amounts due from joint ventures	15	11,159,388	8,270,231
Loan receivables		188,045	1,115,465
Long-term prepayments	16	70,200	70,020
Deferred tax assets		53,151	40,907
		23,797,950	19,491,584
Current assets			
Inventory of properties	14	30,381,072	30,216,830
Prepayment for land leases		599,762	186,524
Amounts due from joint ventures	15	6,238,926	6,622,181
Loan receivables		1,311,886	744,203
Debtors, deposits and prepayments	16	3,396,562	3,082,346
Prepaid income tax		1,227,326	635,347
Other financial assets		–	5,889
Pledged bank deposits	17	225,474	198,337
Bank balances and cash	17	9,976,124	8,552,217
		53,357,132	50,243,874
Total assets		77,155,082	69,735,458
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	18	74,934	74,814
Reserves		15,626,363	15,560,264
		15,701,297	15,635,078
Perpetual capital securities	19	4,633,295	4,633,096
Non-controlling interests of subsidiaries		1,366,694	1,346,252
Total equity		21,701,286	21,614,426
Non-current liabilities			
Bank and other borrowings	20	15,833,478	15,818,724
Deferred tax liabilities		870,756	784,083
		16,704,234	16,602,807

Condensed Consolidated Statement of Financial Position (continued)

At 30 June 2018

	NOTES	30 June 2018 (Unaudited) HK\$'000	31 December 2017 (Audited) HK\$'000
Current liabilities			
Creditors and accrued charges	21	8,237,811	8,362,246
Amounts due to joint ventures and an associate		1,401,868	779,411
Contract liabilities/deposits from pre-sale of properties		21,800,864	15,356,682
Income tax payable		2,411,372	2,445,243
Bank and other borrowings	20	4,895,736	4,574,643
Other financial liabilities		1,911	–
		38,749,562	31,518,225
Total equity and liabilities		77,155,082	69,735,458

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2018

	Attributable to owners of the Company							Sub-total	Perpetual capital securities	Non-controlling interests of subsidiaries	Total equity
	Share capital	Share premium	Foreign currency translation reserve	Special reserve	Share option reserve	Statutory reserve	Retained profits				
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 January 2017 (audited)	73,994	3,152,986	909,333	1,260,000	6,214	1,528,635	6,360,669	13,291,831	-	940,797	14,232,628
Profit for the period	-	-	-	-	-	-	283,879	283,879	71,923	18,817	374,619
Exchange difference arising on translation to presentation currency	-	-	124,403	-	-	-	-	124,403	-	9,821	134,224
Total comprehensive income for the period	-	-	124,403	-	-	-	283,879	408,282	71,923	28,638	508,843
Sub-total	73,994	3,152,986	1,033,736	1,260,000	6,214	1,528,635	6,644,548	13,700,113	71,923	969,435	14,741,471
Issue of ordinary shares upon exercise of share options	560	42,779	-	-	(3,411)	-	-	39,928	-	-	39,928
Lapse of share options	-	-	-	-	(487)	-	487	-	-	-	-
Capital contributions from non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	22,524	22,524
Issue of perpetual capital securities	-	-	-	-	-	-	-	-	4,576,241	-	4,576,241
Dividend (note 10)	-	-	-	-	-	-	(409,962)	(409,962)	-	-	(409,962)
Balance at 30 June 2017 (unaudited)	74,554	3,195,765	1,033,736	1,260,000	2,316	1,528,635	6,235,073	13,330,079	4,648,164	991,959	18,970,202
Balance at 1 January 2018 (audited)	74,814	3,215,627	1,772,340	1,260,000	731	2,180,366	7,131,200	15,635,078	4,633,096	1,346,252	21,614,426
Remeasurement (see note 2)	-	-	-	-	-	-	(57,077)	(57,077)	-	-	(57,077)
Balance at 1 January 2018 (restated)	74,814	3,215,627	1,772,340	1,260,000	731	2,180,366	7,074,123	15,578,001	4,633,096	1,346,252	21,557,349
Profit for the period	-	-	-	-	-	-	808,123	808,123	174,915	176,599	1,159,637
Exchange difference arising on translation to presentation currency	-	-	(108,900)	-	-	-	-	(108,900)	-	(1,680)	(110,580)
Total comprehensive income for the period	-	-	(108,900)	-	-	-	808,123	699,223	174,915	174,919	1,049,057
Sub-total	74,814	3,215,627	1,663,440	1,260,000	731	2,180,366	7,882,246	16,277,224	4,808,011	1,521,171	22,606,406
Issue of ordinary shares upon exercise of share options	120	9,167	-	-	(731)	-	-	8,556	-	-	8,556
Release upon deregistration of subsidiaries of the Company	-	-	(35,290)	-	-	(56,792)	92,082	-	-	-	-
Capital contributions from non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	8,841	8,841
Dividends paid for perpetual capital securities	-	-	-	-	-	-	-	-	(174,716)	-	(174,716)
Dividend (note 10)	-	-	-	-	-	-	(584,483)	(584,483)	-	-	(584,483)
Dividend paid for non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	(163,318)	(163,318)
Balance at 30 June 2018 (unaudited)	74,934	3,224,794	1,628,150	1,260,000	-	2,123,574	7,389,845	15,701,297	4,633,295	1,366,694	21,701,286

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2018

	NOTE	Six months ended 30 June	
		2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
Net cash from operating activities:			
Payment for land leases		(1,363,301)	(1,058,048)
Increase in debtors, deposits and prepayments		(675,457)	(963,962)
Decrease (increase) in inventory of properties		266,175	(1,165,585)
Increase in contract liabilities/deposits from pre-sale of properties		5,801,009	8,382,246
Income tax paid		(1,923,212)	(1,350,825)
Other operating cash flows		2,115,079	403,108
		4,220,293	4,246,934
Net cash used in investing activities:			
Cash distributions/dividends received from joint ventures		349,488	366,709
Proceeds on disposal of investment properties		6,248	28,402
Repayment from joint ventures		3,083,206	276,697
Net cash inflow from disposal of subsidiaries		382,143	–
Net cash proceeds on disposal of interest in a joint venture		97,565	–
Acquisition of joint ventures		(1,703,676)	(349,219)
Capital contributions to joint ventures		(145,476)	(156,606)
Advance to joint ventures		(4,402,704)	(4,088,736)
Increase in restricted bank balances		(512,133)	(446,752)
Increase in pledged bank deposits		(27,608)	(31,206)
Deposit received from disposal of a subsidiary		–	146,617
Other investing cash flows		340,626	(204,454)
		(2,532,321)	(4,458,548)
Net cash (used in) from financing activities:			
New borrowings raised		3,181,964	6,888,087
Issue of perpetual capital securities		–	4,576,241
Repayment of borrowings		(3,073,346)	(4,851,145)
Capital contributions from non-controlling interests of subsidiaries		8,841	22,524
Repayment of loans from non-controlling interests of subsidiaries		–	(282,016)
Advances from joint ventures and an associate		680,722	54,100
Repayment to an associate		–	(343,965)
Issue of ordinary shares		8,556	39,928
Interest paid		(640,104)	(531,641)
Dividend paid		(584,483)	(409,962)
Dividends paid for perpetual capital securities		(174,716)	–
Dividends paid for non-controlling interests of subsidiaries		(163,318)	–
		(755,884)	5,162,151
Net increase in cash and cash equivalents		932,088	4,950,537
Cash and cash equivalents at 1 January		7,926,458	7,290,782
Effect of foreign exchange rate changes		(18,828)	107,569
Cash and cash equivalents at 30 June	22	8,839,718	12,348,888

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2018

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) as well as 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”).

2. PRINCIPAL ACCOUNTING POLICIES

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.

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2018 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2017.

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 January 2018 for the preparation of the Group’s condensed consolidated financial statements:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

The new and amendments to HKFRSs have been applied in accordance with the relevant transition provisions in the respective standards and amendments which results in changes in accounting policies, amounts reported and/or disclosures as described below.

2.1 Impacts and changes in accounting policies of application on HKFRS 15 “Revenue from Contracts with Customers”

The Group has applied HKFRS 15 for the first time in the current interim period. HKFRS 15 superseded HKAS 18 “Revenue”, HKAS 11 “Construction Contracts” and the related interpretations.

The Group recognises revenue from the following major sources:

- Sales of completed properties held for sale
- Property management income

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this Standard recognised at the date of initial application, 1 January 2018. Any difference at the date of initial application is recognised in the retained profits (or other components of equity, as appropriate) and comparative information has not been restated. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 “Revenue” and HKAS 11 “Construction Contracts” and the related interpretations.

Notes to the Condensed Consolidated Financial Statements (continued)

For the six months ended 30 June 2018

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.1 Impacts and changes in accounting policies of application on HKFRS 15 "Revenue from Contracts with Customers" (Continued)

2.1.1 Key changes in accounting policies resulting from application of HKFRS 15

Under HKFRS 15, the Group 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.

A performance obligation represents a good and service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

Existence of significant financing component

In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component. A significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed by the parties to the contract.

For contracts where the period between payment and transfer of the associated goods or services are less than one year, the Group applies the practical expedient of not adjusting the transaction price for any significant financing component.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.1 Impacts and changes in accounting policies of application on HKFRS 15 "Revenue from Contracts with Customers" (Continued)

2.1.1 Key changes in accounting policies resulting from application of HKFRS 15 (Continued)

Incremental costs of obtaining the contract

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained.

The Group recognises such costs (sales commissions to intermediaries) as an asset if it expects to recover these costs. The asset so recognised is subsequently amortised to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate. The asset is subject to impairment review.

The Group applies the practical expedient of expensing all incremental costs to obtain a contract if these costs would otherwise have been fully amortised to profit or loss within one year.

2.1.2 Summary of effects arising from initial application of HKFRS 15

For sales of developed properties, the Group presells the properties under construction and receives deposits from customers. Revenue is recognised when the customer obtains the control of the completed property and the Group has present right to payment and the collection of the consideration is probable.

For provision of property management service, the Group bills a fixed amount for service provided on a monthly basis and recognises as revenue in the amount to which the Group has a right to invoice and that corresponds directly with the value of performance completed.

If contracts involve the sale of multiple services, the transaction price will be allocated to each performance obligation based on their relative stand-alone selling prices. If the stand-alone selling prices are not directly observable, they are estimated based on expected cost plus a margin or adjusted market assessment approach, depending on the availability of observable information.

When either party to a contract has performed, the Group presents the contract in the condensed consolidated statement of financial position as a contract asset or a contract liability, depending on the relationship between the Group's performance and the customer's payment.

The application of HKFRS 15 do not have a material impact on the timing and amounts of revenue recognised in the respective reporting period.

The Directors consider certain property sales contracts contain significant financing components which resulted in the adjustment to decrease the retained profits and increase inventory of properties and corresponding increase in contract liabilities. The following table summarises the impact of transition to HKFRS 15 on the Group's condensed consolidated statement of financial position. Line items were not affected by the changes have not been included at 1 January 2018.

Notes to the Condensed Consolidated Financial Statements (continued)

For the six months ended 30 June 2018

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.1 Impacts and changes in accounting policies of application on HKFRS 15 "Revenue from Contracts with Customers" (Continued)

2.1.2 Summary of effects arising from initial application of HKFRS 15 (Continued)

	Notes	Carrying amounts previously reported at 31 December 2017 HK\$'000	Reclassification HK\$'000	Remeasurement HK\$'000	Carrying amounts under HKFRS 15 at 1 January 2018* HK\$'000
Current assets					
Inventory of properties	(a)	30,216,830	–	389,468	30,606,298
Capital and reserves					
Retained profits	(a)	7,131,200	–	(57,077)	7,074,123
Current liabilities					
Deposits from pre-sale of properties	(b)	15,356,682	(15,356,682)	–	–
Contract liabilities	(a) & (b)	–	15,356,682	446,545	15,803,227
		15,356,682	–	446,545	15,803,227

* The amounts in this column are before the adjustments from the application of HKFRS 9.

Notes:

- (a) Certain property sales contracts of the Group contain significant financing component after taking into account the difference between the amount of promised consideration and the cash selling price of the property; and the combined effect of the expected length of time between the Group transferring the property to the customer and the customer paying for the property and the prevailing interest rates in the relevant market. The Group recognised the interest expense only to the extent that a contract liability (deposits from pre-sale of properties) is recognised in accounting for the contract with the customers and by using a discount rate that would be reflected in a separate financing transaction between the Group and the customer reflecting the credit characteristics of the Group as well as any collateral or security provided. At the date of initial application, finance costs eligible for capitalisation amounting to HK\$389,468,000 have been adjusted to the inventory of properties and finance costs of HK\$57,077,000 have been adjusted to retained profits with corresponding adjustment of HK\$446,545,000 to contract liabilities.
- (b) At the date of initial application, deposits from pre-sale of properties of HK\$15,356,682,000 were reclassified to contract liabilities.

The following tables summarise the impacts of applying HKFRS 15 on the Group's condensed consolidated statement of financial position as at 30 June 2018 and its condensed consolidated statement of profit or loss for the current interim period for each of the line items affected. Line items that were not affected by the changes have not been included.

Notes to the Condensed Consolidated Financial Statements (continued)

For the six months ended 30 June 2018

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.1 Impacts and changes in accounting policies of application on HKFRS 15 "Revenue from Contracts with Customers" (Continued)

2.1.2 Summary of effects arising from initial application of HKFRS 15 (Continued)

Impact on the condensed consolidated statement of financial position

	Notes	As reported HK\$'000	Remeasurement HK\$'000	Amounts without application of HKFRS 15 HK\$'000
Current assets				
Inventory of properties	(a)	30,381,072	(570,445)	29,810,627
Capital and reserves				
Retained profits	(a)	7,389,845	184,327	7,574,172
Foreign currency translation reserve	(a)	1,628,150	(1,057)	1,627,093
		9,017,995	183,270	9,201,265
Current liabilities				
Contract liabilities/deposits from pre-sale of properties	(a)	21,800,864	(753,715)	21,047,149

Impact on the condensed consolidated statement of profit or loss

	Notes	As reported HK\$'000	Remeasurement HK\$'000	Amounts without application of HKFRS 15 HK\$'000
Revenue	(b)	5,721,664	(111,414)	5,610,250
Cost of sales	(b)	(3,029,012)	111,414	(2,917,598)
Finance costs	(a)	(280,817)	127,250	(153,567)

Notes:

- (a) At 30 June 2018, significant financing component on property sales contracts of HK\$753,715,000 were recognised in the contract liabilities under HKFRS 15 and the amount included the portion that was eligible to be capitalised to inventory of properties amounting to HK\$570,445,000 and the remaining portion of HK\$183,270,000 was not eligible for capitalisation to inventory of properties, which included in it HK\$57,077,000 was recognised in retained profits, HK\$127,250,000 was recognised in finance costs for the current period and HK\$1,057,000 was recognised in translation reserve.
- (b) During the period ended 30 June 2018, the amount of significant financing component on property sales contracts amounting to HK\$111,414,000 included in the inventory of properties and contract liabilities has been transferred to revenue and costs of sales respectively upon the transfer of the control of the properties to the buyers.

Notes to the Condensed Consolidated Financial Statements (continued)

For the six months ended 30 June 2018

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.2 Impacts and changes in accounting policies of application on HKFRS 9 “Financial Instruments”

In the current period, the Group has applied HKFRS 9 “Financial Instruments” and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses (“ECL”) for financial assets and other items (for example, financial guarantee contracts) and 3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9. i.e. applied the classification and measurement requirements (including impairment) retrospectively to instruments that have not been derecognised as at 1 January 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. The difference between carrying amounts as at 31 December 2017 and the carrying amounts as at 1 January 2018 are recognised in the retained profits and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 “Financial Instruments: Recognition and Measurement”.

2.2.1 Key changes in accounting policies resulting from application of HKFRS 9

Classification and measurement of financial assets

Trade debtors arising from contracts with customers are initially measured in accordance with HKFRS 15.

All recognised financial assets that are within the scope of HKFRS 9 are subsequently measured at amortised cost or fair value, including unquoted equity investments measured at cost less impairment under HKAS 39.

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (“FVTOCI”):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.2 Impacts and changes in accounting policies of application on HKFRS 9 “Financial Instruments” (Continued)

2.2.1 Key changes in accounting policies resulting from application of HKFRS 9 (Continued)

Classification and measurement of financial assets (Continued)

All other financial assets are subsequently measured at fair value through profit or loss (“FVTPL”), except that at the date of initial application/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income (“OCI”) if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 “Business Combinations” applies.

In addition, the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the “other gains and losses” line item.

The Directors reviewed and assessed the Group’s financial assets as at 1 January 2018 based on the facts and circumstances that existed at that date. Changes in classification and measurement on the financial assets under HKFRS 9 have no significant impact to the Group.

Impairment under ECL model

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including trade debtors, loan receivables, amounts due from joint ventures and lease receivables). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents that ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL (“12m ECL”) represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade debtors and lease receivables. The ECL on these assets are assessed individually for debtors with significant balances and/or collectively using a provision matrix with appropriate groupings.

Notes to the Condensed Consolidated Financial Statements (continued)

For the six months ended 30 June 2018

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.2 Impacts and changes in accounting policies of application on HKFRS 9 “Financial Instruments” (Continued)

2.2.1 Key changes in accounting policies resulting from application of HKFRS 9 (Continued)

Impairment under ECL model (Continued)

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument’s external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor’s ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor’s ability to meet its debt obligations.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.2 Impacts and changes in accounting policies of application on HKFRS 9 “Financial Instruments” (Continued)

2.2.1 Key changes in accounting policies resulting from application of HKFRS 9 (Continued)

Impairment under ECL model (Continued)

Significant increase in credit risk (Continued)

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee, the Group considers changes in the risk that the specified debtor will default on the contract.

The Group considers that default has occurred when the instrument is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information.

Generally, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

For a financial guarantee contract, the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, the expected losses are the present value of the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

For ECL on financial guarantee contracts for which the effective interest rate cannot be determined, the Group will apply a discount rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows but only if, and to the extent that, the risks are taken into account by adjusting the discount rate instead of adjusting the cash shortfalls being discounted.

Notes to the Condensed Consolidated Financial Statements (continued)

For the six months ended 30 June 2018

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.2 Impacts and changes in accounting policies of application on HKFRS 9 “Financial Instruments” (Continued)

2.2.1 Key changes in accounting policies resulting from application of HKFRS 9 (Continued)

Impairment under ECL model (Continued)

Measurement and recognition of ECL (Continued)

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables where the corresponding adjustment is recognised through a loss allowance account.

For financial guarantee contracts, the loss allowances are recognised at the higher of the amount of the loss allowance determined in accordance with HKFRS 9, and the amount initially recognised less, where appropriate, cumulative amount of income recognised over the guarantee period.

As at 1 January 2018, the Directors reviewed and assessed the Group’s existing financial assets for impairment in accordance with the requirements of HKFRS 9. The Directors consider there is no material impact to the Group’s financial results and position.

2.3 Impacts and changes in accounting policies of application on Amendments to HKAS 40 “Transfers of Investment Property”

The amendments clarify that a transfer to, or from, investment property necessitates an assessment of whether a property meets, or has ceased to meet, the definition of investment property, supported by evidence that a change in use has occurred. The amendments further clarify that situations other than the ones listed in HKAS 40 may evidence a change in use, and that a change in use is possible for properties under construction (i.e. a change in use is not limited to completed properties).

At the date of initial application, the Group assessed the classification of certain properties based on conditions existed at that date, there is no impact to the classification at 1 January 2018.

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

Notes to the Condensed Consolidated Financial Statements (continued)

For the six months ended 30 June 2018

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.4 Impacts on opening condensed consolidated statement of financial position arising from the application of the new standard

	31 December 2017 (Audited) HK\$'000	HKFRS 15 HK\$'000	1 January 2018 (Restated) HK\$'000
Non-current assets			
Items with no adjustments	19,491,584	–	19,491,584
Current assets			
Inventory of properties	30,216,830	389,468	30,606,298
Items with no adjustments	20,027,044	–	20,027,044
	50,243,874	389,468	50,633,342
Total assets	69,735,458	389,468	70,124,926
Capital and reserves			
Share capital	74,814	–	74,814
Reserves	15,560,264	(57,077)	15,503,187
Equity attributable to owners of the Company	15,635,078	(57,077)	15,578,001
Perpetual capital securities	4,633,096	–	4,633,096
Non-controlling interests of subsidiaries	1,346,252	–	1,346,252
Total equity	21,614,426	(57,077)	21,557,349
Non-current liabilities	16,602,807	–	16,602,807
Current liabilities			
Deposits from pre-sale of properties	15,356,682	(15,356,682)	–
Contract liabilities	–	15,803,227	15,803,227
Items with no adjustments	16,161,543	–	16,161,543
	31,518,225	446,545	31,964,770
Total equity and liabilities	69,735,458	389,468	70,124,926

Notes to the Condensed Consolidated Financial Statements (continued)

For the six months ended 30 June 2018

3. REVENUE

3A. Disaggregation of the Group's Revenue from Contracts with Customers

By segment	Six months ended 30 June 2018		
	Property development and investment HK\$'000	Investment and asset management HK\$'000	Total HK\$'000
Types of goods or services			
Property sale	5,356,752	11,667	5,368,419
Property management income	190,467	–	190,467
Total revenue from contracts with customers	5,547,219	11,667	5,558,886
Geographical market			
Mainland China	5,547,219	11,667	5,558,886
Timing of revenue recognition			
Goods recognised at a point in time	5,356,752	11,667	5,368,419
Services recognised over time	190,467	–	190,467
Total revenue from contracts with customers	5,547,219	11,667	5,558,886

3B. Total Revenue of the Group

	Note	Six months ended 30 June	
		2018 HK\$'000	2017 HK\$'000
Property sale and management income	3A	5,558,886	3,104,801
Gross rental and other income from properties		58,088	39,720
Fund investment income		104,690	21,119
Total revenue of the Group		5,721,664	3,165,640
Group's share of revenue of property joint ventures		1,156,554	–
Group's share of toll revenue of infrastructure joint ventures		763,633	631,584
Revenue of the Group and Group's share of revenue of joint ventures		7,641,851	3,797,224

Notes to the Condensed Consolidated Financial Statements (continued)

For the six months ended 30 June 2018

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
Investment and asset management	–	property development and investment, integrated with funds, cultural attraction and tourism, entertainment and content development businesses

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 2018				Six months ended 30 June 2017			
	Property development and investment HK\$'000	Toll road HK\$'000	Investment and asset management HK\$'000	Total HK\$'000	Property development and investment HK\$'000 (Restated)	Toll road HK\$'000	Investment and asset management HK\$'000 (Restated)	Total HK\$'000
Segment revenue	5,604,127	–	117,537	5,721,664	3,059,600	–	106,040	3,165,640
Segment profit	915,155	269,646	8,596	1,193,397	138,682	200,618	45,489	384,789
	At 30 June 2018				At 31 December 2017			
	Property development and investment HK\$'000	Toll road HK\$'000	Investment and asset management HK\$'000	Total HK\$'000	Property development and investment HK\$'000	Toll road HK\$'000	Investment and asset management HK\$'000	Total HK\$'000
Segment assets (including interests in joint ventures and an associate)	63,575,037	4,425,875	7,641,561	75,642,473	54,807,629	4,518,538	8,975,235	68,301,402
Segment liabilities	(50,253,717)	(66,225)	(3,582,025)	(53,901,967)	(42,422,077)	(66,585)	(4,071,992)	(46,560,654)

Notes to the Condensed Consolidated Financial Statements (continued)

For the six months ended 30 June 2018

4. SEGMENT INFORMATION (CONTINUED)

(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 liabilities/assets, net exchange (losses) gains, gains (losses) on disposal of interests in subsidiaries and a joint venture, 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 total 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 prepayments, 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 joint ventures and an associate, contract liabilities/deposits from pre-sale of properties, income tax payable, bank and other borrowings and deferred tax liabilities which are directly attributable to the relevant reportable segment.

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

	Six months ended 30 June	
	2018	2017
	HK\$'000	HK\$'000
Total segment profit	1,193,397	384,789
Unallocated items:		
Interest income	2,287	1,497
Corporate income	93	12,736
Corporate expenses	(21,354)	(5,370)
Finance costs	(14,786)	(19,033)
Consolidated profit for the period	1,159,637	374,619

Notes to the Condensed Consolidated Financial Statements (continued)

For the six months ended 30 June 2018

4. SEGMENT INFORMATION (CONTINUED)

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

	30 June 2018 HK\$'000	31 December 2017 HK\$'000
Total segment assets	75,642,473	68,301,402
Unallocated assets:		
Property, plant and equipment	25	50
Deposits and prepayments	17,577	6,656
Other financial assets	–	1,177
Bank balances and cash	1,495,007	1,426,173
Consolidated total assets	77,155,082	69,735,458
Total segment liabilities	(53,901,967)	(46,560,654)
Unallocated liabilities:		
Accrued charges	(2,231)	(105,733)
Bank and other borrowings	(1,547,687)	(1,454,645)
Other financial liabilities	(1,911)	–
Consolidated total liabilities	(55,453,796)	(48,121,032)

5. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2018 HK\$'000	2017 HK\$'000
Net exchange (losses) gains	(93,394)	183,228
Change in fair value of other financial liabilities/assets	(7,852)	(84,265)
	(101,246)	98,963
Gain on disposal of interest in a joint venture	33,330	–
Net loss on disposal of subsidiaries	(339)	–
Gains on disposal of property, plant and equipment	198	652
Fair value gains on transfer of completed properties held for sale to investment properties	–	337
Change in fair value of investment properties	41,023	70,178
	(27,034)	170,130

Notes to the Condensed Consolidated Financial Statements (continued)

For the six months ended 30 June 2018

6. SHARE OF RESULTS OF JOINT VENTURES

	Six months ended 30 June	
	2018	2017
	HK\$'000	HK\$'000
Share of profits of infrastructure joint ventures before amortisation and taxation	572,631	473,264
Less share of: Amortisation of toll road operation rights	(126,563)	(111,384)
Income tax expenses	(106,645)	(89,072)
	339,423	272,808
Share of profits (losses) of other joint ventures	98,731	(43,102)
	438,154	229,706

7. FINANCE COSTS

	Six months ended 30 June	
	2018	2017
	HK\$'000	HK\$'000
Interest on borrowings	618,277	543,969
Other interest and finance costs	213,460	81,001
	831,737	624,970
Less: Capitalised in properties under development for sale	(550,920)	(468,501)
	280,817	156,469

8. PROFIT BEFORE TAXATION

	Six months ended 30 June	
	2018	2017
	HK\$'000	HK\$'000
Profit before taxation has been arrived at after charging:		
Depreciation of property, plant and equipment	19,226	7,780
Less: Capitalised in properties under development for sale	(435)	(372)
	18,791	7,408
and after crediting:		
Bank interest income	23,966	20,805

Notes to the Condensed Consolidated Financial Statements (continued)

For the six months ended 30 June 2018

9. INCOME TAX EXPENSES

	Six months ended 30 June	
	2018	2017
	HK\$'000	HK\$'000
Current tax:		
PRC enterprise income tax ("EIT")	589,362	214,258
PRC land appreciation tax ("LAT")	689,680	101,345
PRC withholding tax	33,408	15,744
	1,312,450	331,347
Deferred tax:		
Current period	76,534	61,325
	1,388,984	392,672

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	
	2018	2017
	HK\$'000	HK\$'000
2017 final dividend paid of HK\$0.78 (six months ended 30 June 2017:		
2016 final dividend paid of HK\$0.55) per share	584,483	409,962

An interim dividend in respect of 2018 of HK\$0.30 (six months ended 30 June 2017: HK\$0.15) per share amounting to a total of approximately HK\$225 million (six months ended 30 June 2017: HK\$112 million) was declared by the Board of Directors on 17 August 2018. 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 749,336,566 shares in issue as at 17 August 2018.

Notes to the Condensed Consolidated Financial Statements (continued)

For the six months ended 30 June 2018

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	
	2018	2017
	HK\$'000	HK\$'000
Earnings for the purposes of basic and diluted earnings per share attributable to owners of the Company	808,123	283,879
	Number of shares '000	Number of shares '000
Weighted average number of ordinary shares for the purpose of basic earnings per share	748,749	742,281
Effect of dilutive potential ordinary shares:		
Share options	304	1,161
Weighted average number of ordinary shares for the purpose of diluted earnings per share	749,053	743,442

12. INVESTMENT PROPERTIES

	HK\$'000
Completed properties, at fair value	
At 1 January 2018	2,583,810
Addition during the period	2,977
Disposal during the period	(6,248)
Change in fair value recognised in profit or loss	41,023
Exchange difference arising on translation to presentation currency	(6,478)
At 30 June 2018	2,615,084

The fair values of completed investment properties at 30 June 2018 and 31 December 2017 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 (continued)

For the six months ended 30 June 2018

13. INTERESTS IN JOINT VENTURES

	30 June 2018 HK\$'000	31 December 2017 HK\$'000
Interests in infrastructure joint ventures		
Cost of investments	4,649,355	4,782,431
Return of cost of investments (note (a))	(2,987,361)	(3,255,204)
Share of post-acquisition profits, net of dividends received	999,794	1,114,770
Exchange adjustments	743,676	767,568
	3,405,464	3,409,565
Interests in property and other joint ventures		
Cost of investments	5,218,777	3,026,197
Share of post-acquisition profits (losses), net of dividends received	109,275	(15,996)
Exchange adjustments	20,031	44,843
	5,348,083	3,055,044
	8,753,547	6,464,609

Notes:

- (a) Pursuant to the joint venture agreements, the infrastructure joint ventures distribute the cash surplus to the Group and the other venturers based on the agreed net cash distribution. The actual amount of cash distribution varies from time to time and depends on the toll road performance, the amount of operating expenses and capital expenditure incurred by the joint ventures.
- (b) In March 2017, the Group entered into an undertaking agreement with an independent third party (the land provider) pursuant to which the Company undertakes for a prompt settlement of 50% of the outstanding debts incurred by a joint venture of the Group for a property development project in Hong Kong. The remaining 50% of the outstanding debts incurred by the joint venture is borne by the joint venture partner. At 30 June 2018, the carrying amount of the liabilities of the joint venture undertaken by the Group was approximately HK\$2,711,601,000 (31 December 2017: HK\$2,709,000,000).
- (c) During the period ended 30 June 2018, the Group disposed a joint venture 路勁滙通文化旅遊產業發展有限公司 engaging in property development in the PRC at a cash consideration of HK\$153,978,000, resulting in a gain on disposal of interest in joint venture amounting to HK\$33,330,000. The Group had amount due to the joint venture of HK\$56,413,000 prior to the disposal, the net cash received by the Group from the disposal was HK\$97,565,000.
- (d) During the period ended 30 June 2018, a wholly-owned infrastructure subsidiary of the Company was deregistered and its underlying investment in the infrastructure joint venture was derecognized without significant financial impact to the Group.

14. INVENTORY OF PROPERTIES

	30 June 2018 HK\$'000	31 December 2017 HK\$'000
Completed properties held for sale	4,124,878	5,541,357
Properties under development for sale (note)	26,256,194	24,675,473
	30,381,072	30,216,830

Note: Included in the amounts are properties under development for sale of HK\$15,994,084,000 (31 December 2017: HK\$18,749,868,000) 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 (continued)

For the six months ended 30 June 2018

15. AMOUNTS DUE FROM JOINT VENTURES

	30 June 2018 HK\$'000	31 December 2017 HK\$'000
Current portion	6,238,926	6,622,181
Non-current portion	11,159,388	8,270,231
	17,398,314	14,892,412

The amounts due from joint ventures are all unsecured and the Group expects to receive the current portion within twelve months from the end of the reporting period based on the development and pre-sales status of the property projects of property joint ventures and the performance of the infrastructure joint ventures. Included in the balances at 30 June 2018, HK\$4,412,618,000 (31 December 2017: HK\$4,538,584,000) were interest-free and the remaining portion were interest bearing either at fixed rate or variable rate by reference to lending rate set by the People's Bank of China.

16. DEBTORS, DEPOSITS AND PREPAYMENTS

	30 June 2018 HK\$'000	31 December 2017 HK\$'000
Aged analysis of trade debtors, presented based on invoice dates (note (a)):		
Within 60 days	11,276	22,036
61 to 90 days	2,247	1,093
More than 90 days	34,475	34,163
	47,998	57,292
Prepayment for land development cost (note (b))	627,949	574,470
Deposits paid for acquisition of inventory of properties (note (c))	722,090	468,631
Prepayment of value added tax and other taxes	1,162,747	786,497
Prepayment for property, plant and equipment and investment properties	70,200	70,020
Other receivables, deposits and prepayments	835,778	1,195,456
Total debtors, deposits and prepayments	3,466,762	3,152,366
Less: Amounts classified as non-current assets	(70,200)	(70,020)
Amounts classified as current assets	3,396,562	3,082,346

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.

16. DEBTORS, DEPOSITS AND PREPAYMENTS (CONTINUED)

Notes: (Continued)

- (b) In January 2016, the Group entered into an agreement with certain independent third parties who own certain pieces of industrial land in Jinan, the PRC (the "Contracting Parties") pursuant to which the Group will pay not more than RMB500,000,000 to the Contracting Parties to settle the debts of Contracting Parties and for the severance payments and labour compensation of the Contracting Parties such that the land can be cleared up and changed its use from industrial to residential purpose and put into public auction. At 30 June 2018, prepayment of land development cost of HK\$593,824,000 (31 December 2017: HK\$516,454,000) has been made. Pursuant to the agreement, the prepayment will be refunded and a daily interest of 0.03% on the prepaid amount will be received, if the Group cannot obtain the land through the public auction. Based on the progress of the project, the public auction is expected to be launched within one year.

At 30 June 2018, the Group has also paid HK\$34,125,000 (31 December 2017: HK\$58,016,000) to certain independent third parties for the land development cost in the PRC. The amounts will be fully refunded if the land bidding is not successful and the land public auction is expected to be launched within one year from the end of the reporting period.

- (c) The amount at 30 June 2018 represents deposits for acquisition of property development projects in the PRC, which will be fully refunded if the Group cannot acquire the land/property projects successfully.

17. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

Pledged bank deposits of HK\$225,474,000 (31 December 2017: HK\$198,337,000) 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\$2,501,085,000 (31 December 2017: HK\$1,421,357,000) 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\$1,136,406,000 (31 December 2017: HK\$625,759,000) according to the relevant requirements of the PRC local government. The remaining cash of HK\$1,364,679,000 (31 December 2017: HK\$795,598,000) is received mainly from the bank loans for property development.

Bank balances carry interest at market rates which range from 0.01% to 3.7% (31 December 2017: 0.01% to 1.85%) per annum.

Notes to the Condensed Consolidated Financial Statements (continued)

For the six months ended 30 June 2018

18. SHARE CAPITAL

	Number of shares	HK\$'000
Authorised:		
Ordinary shares of HK\$0.1 each	20,000,000,000	2,000,000
7.5% convertible preference shares of HK\$0.1 each	518,380	52
Issued and fully paid:		
Ordinary shares		
At 1 January 2018	748,136,566	74,814
Issue of shares upon exercise of share options	1,200,000	120
At 30 June 2018	749,336,566	74,934

19. PERPETUAL CAPITAL SECURITIES

	30 June 2018 HK\$'000	31 December 2017 HK\$'000
2017 February perpetual capital securities (note)	2,349,816	2,349,619
2017 June perpetual capital securities (note)	2,283,479	2,283,477
	4,633,295	4,633,096

Note:

In February 2017 and June 2017, two wholly-owned subsidiaries of the Company issued US\$300 million 7.95% senior guaranteed perpetual capital securities ("2017 February perpetual capital securities") and US\$300 million 7% senior guaranteed perpetual capital securities ("2017 June perpetual capital securities") respectively at issue price of 100% of the principal amounts. Both capital securities were then listed on the Singapore Exchange Securities Trading Limited ("Singapore Exchange") and guaranteed by the Company for the due payment. Distributions are paid semi-annually in arrears and can be deferred at the discretion of the issuers. The perpetual capital securities have no fixed maturity and are redeemable at the issuers' option at their principal amounts together with any accrued, unpaid or deferred distributions. While any distributions are unpaid or deferred, the Company cannot declare or, pay dividends or make distributions or similar periodic payments in respect of, or repurchase, redeem or otherwise acquire any securities of lower or equal rank, which includes the ordinary shares of the Company. Additional information for the capital securities is as follows:

List of perpetual capital securities	Listing date	First call date*
2017 February perpetual capital securities	20 February 2017	17 February 2022
2017 June perpetual capital securities	27 June 2017	23 June 2022

* The issuers may redeem the perpetual capital securities on or after the first call date.

Notes to the Condensed Consolidated Financial Statements (continued)

For the six months ended 30 June 2018

20. BANK AND OTHER BORROWINGS

		30 June 2018	31 December 2017
	Notes	HK\$'000	HK\$'000
2016 August guaranteed senior notes	(a)	3,551,788	3,463,900
2016 September guaranteed senior notes	(b)	3,886,309	3,809,324
2016 Domestic bonds	(c)	1,766,271	1,769,751
Bank loans	(d)	9,402,946	8,248,606
Other loans	(e)	2,121,900	3,101,786
		20,729,214	20,393,367
The maturity of the above loans is as follows:			
Unsecured borrowings repayable*:			
Within one year		297,064	–
More than one year but not exceeding two years		5,570,953	4,576,838
More than two years but not exceeding five years		7,661,607	8,553,850
		13,529,624	13,130,688
Secured borrowings repayable*:			
Within one year		3,918,672	4,194,643
More than one year but not exceeding two years		1,684,976	1,431,548
More than two years but not exceeding five years		673,519	985,190
More than five years		242,423	271,298
		6,519,590	6,882,679
Carrying amount of unsecured bank loan that is repayable within one year and contains a repayable on demand clause		680,000	380,000
Total borrowings		20,729,214	20,393,367
Less: Amounts classified as current liabilities		(4,895,736)	(4,574,643)
Amounts due over one year shown and classified as non-current liabilities		15,833,478	15,818,724

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

Notes to the Condensed Consolidated Financial Statements (continued)

For the six months ended 30 June 2018

20. BANK AND OTHER BORROWINGS (CONTINUED)

Notes:

- (a) The 2016 August guaranteed senior notes with an outstanding principal amount of US\$450,000,000 (31 December 2017: US\$450,000,000) are listed on the Stock Exchange and were issued in August 2016. The notes, bearing interest at a fixed rate of 5% per annum, will mature in August 2019.
- (b) The 2016 September guaranteed senior notes with an outstanding principal amount of US\$500,000,000 (31 December 2017: US\$500,000,000) are listed on the Stock Exchange and were issued in September 2016. The notes, bearing interest at a fixed rate of 4.7% per annum, will mature in September 2021.
- (c) The 2016 Domestic bonds with an outstanding principal amount of RMB1,500,000,000 (31 December 2017: RMB1,500,000,000) are listed on the Shanghai Stock Exchange, bearing interest at a fixed rate of 4.5% per annum and have a term of five years. At the end of the third year of issuance, the Group has the option to adjust the coupon rate, while the investors are entitled to require the Group to repurchase the bonds at the principal amount.
- (d) At 30 June 2018, bank loans with carrying amount of HK\$5,169,135,000 (31 December 2017: HK\$3,955,821,000) bear a floating interest rate based on PBOC plus a specified margin, ranging from 4.28% to 6.65% (31 December 2017: 4.28% to 6.88%) per annum. At 30 June 2018, bank loans with carrying amount of HK\$1,004,145,000 (31 December 2017: HK\$1,375,000,000) bear interest at a fixed rate ranging from 6% to 6.3% (31 December 2017: 6% to 6.3%) per annum. Interest rates on the remaining bank loans, which carry at floating interest rates based on either Hong Kong Interbank Offered Rate ("HIBOR") or London Interbank Offered Rate ("LIBOR") plus a specified margin, ranging from 2.02% to 4.89% (31 December 2017: 2.05% to 4.67%) per annum.
- (e) At 30 June 2018, other loans with carrying amount of HK\$2,121,900,000 (31 December 2017: HK\$3,101,786,000) bear interest at a fixed rate ranging from 6% to 18% (31 December 2017: 6.79% to 9.8%) per annum and are mainly borrowed from certain trust companies.

21. CREDITORS AND ACCRUED CHARGES

	30 June 2018 HK\$'000	31 December 2017 HK\$'000
Aged analysis of creditors presented based on invoice dates:		
Trade payables		
Within 60 days	216,577	237,027
61 to 90 days	133,808	11,366
More than 90 days	791,628	685,625
	1,142,013	934,018
Bills payables		
Within 60 days	97,530	89,579
61 to 90 days	7,382	15,476
More than 90 days	10,689	27,381
	115,601	132,436
Accrued construction costs	4,841,579	5,187,082
	6,099,193	6,253,536
Accrued taxes (other than EIT and LAT)	520,229	385,347
Consideration payable from acquisition of subsidiaries and joint ventures	356,036	356,884
Other payables	1,262,353	1,366,479
	8,237,811	8,362,246

Notes to the Condensed Consolidated Financial Statements (continued)

For the six months ended 30 June 2018

22. 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:

	30 June 2018 HK\$'000	31 December 2017 HK\$'000
Bank balances and cash	9,976,124	8,552,217
Less: Restricted bank balances-proceeds from pre-sale of properties (note 17)	(1,136,406)	(625,759)
	8,839,718	7,926,458

23. DISPOSAL OF SUBSIDIARIES

- (a) In February 2018, the Group entered into sale and purchase agreements to dispose of its 40% equity interest in 溧陽宏景房地產開發有限公司 (“溧陽宏景”), a wholly-owned subsidiary of the Company to an independent party (the “JV Partner”), at a total cash consideration of RMB312,818,000 (equivalent to HK\$371,518,000) in which, HK\$142,518,000 is for the acquisition of equity and HK\$229,000,000 is for the acquisition of shareholder’s loan. The subsidiary is engaging in property development business in Changzhou, the PRC. After the disposal, 溧陽宏景 is accounted for a joint venture of the Group as all the board resolutions require the unanimous consent by the joint venture partners. The gain on disposal of the subsidiary amounting to HK\$556,000 was recognised in profit or loss.
- (b) In 2018, the Group entered into a sale and purchase agreement to dispose of its 51% equity interest in 常州宏耀房地產開發有限公司 (“常州宏耀”), a wholly-owned subsidiary of the Company to an independent party, at a cash consideration of RMB190,000,000 (equivalent to HK\$225,653,000). The subsidiary is engaging in property development business in Changzhou, the PRC. After the disposal, 常州宏耀 is accounted for a joint venture of the Group as all the board resolutions require the unanimous consent by the joint venture partners. The loss on disposal of the subsidiary amounting to HK\$895,000 was recognised in profit or loss.

Notes to the Condensed Consolidated Financial Statements (continued)

For the six months ended 30 June 2018

23. DISPOSAL OF SUBSIDIARIES (CONTINUED)

The aggregate net assets of the disposed subsidiaries at the dates of disposal were as follows:

	HK\$'000
Property, plant and equipment	389
Deferred tax assets	296
Inventory of properties	1,270,212
Debtors, deposits and prepayments	9,144
Prepaid income tax	123
Bank balances and cash	215,028
Creditors and accrued charges	(53,481)
Deposits from pre-sale of properties	(74,065)
Amounts due to the Group	(568,682)
	798,964
Net loss on disposal of subsidiaries:	
Total cash considerations	597,171
Less: Shareholder's loan assumed by the JV Partner	(229,000)
Add: Fair value of retained interests in joint ventures	430,454
Less: Net assets of subsidiaries disposed of	(798,964)
	(339)
Net cash inflow arising on disposal:	
Cash consideration received	597,171
Bank balances and cash disposed of	(215,028)
	382,143

24. CONTINGENT LIABILITIES

At 30 June 2018, the Group provided guarantees of HK\$9,144,304,000 (31 December 2017: HK\$7,918,683,000) to banks in favour of its customers in respect of the mortgage loans provided by the banks to such customers for the purchase of the Group's developed properties. These guarantees provided by the Group to the banks 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 2018, the Group provided guarantee of HK\$3,591,539,000 (31 December 2017: HK\$2,611,467,000) to banks in connection with the banking facilities granted to joint ventures. The Directors consider that the fair value of such guarantee on initial recognition is insignificant as the joint ventures have strong net asset position and the default risk is low.

The details of undertakings of a property joint venture provided by the Group are disclosed in note 13.

Notes to the Condensed Consolidated Financial Statements (continued)

For the six months ended 30 June 2018

25. PLEDGE OF ASSETS

At the end of the reporting period, other than the pledged bank deposits as disclosed in note 17, the Group's inventory of properties of HK\$5,007,990,000 (31 December 2017: HK\$5,514,837,000) were pledged to banks to secure the banking facilities granted to the Group.

26. RELATED PARTY TRANSACTIONS

The Group also had transactions with the following related parties during the period:

Related parties	Nature	Six months ended 30 June	
		2018 HK\$'000	2017 HK\$'000
Expressway joint ventures	Interest income	2,005	3,085
Property and other joint ventures	Interest income	391,311	135,768
Non-controlling interests of subsidiaries	Interest income	8,541	2,942
Non-controlling interests of subsidiaries	Interest expenses	–	4,281

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

On 28 March 2018, the Company and 南通三建控股有限公司 (“南通三建”), a joint venture partner, entered into a guarantee agreement jointly and severally guarantee a borrowing of RMB850,000,000 to 上海雋築置業有限公司 (“上海雋築”), an indirectly owned joint venture of the Company. The borrowing is provided by Everbright Xinglong Trust Co., Ltd., an independent third party. 南通三建 indirectly holds 40% equity interests and a wholly-owned subsidiary of the Company holds 60% equity interest of 上海雋築. The total commitment of the Company to 上海雋築 constitutes a connected transaction of the Company.

During the period ended 30 June 2018, Build King Holdings Limited (“Build King”), a listed subsidiary of a substantial shareholder of the Company, has provided construction services to the Group and the total amount of construction costs paid by the Group for the period ended 30 June 2018 was HK\$50,300,000 and the construction costs payable to Build King at 30 June 2018 was HK\$40,974,000, including in trade payables. These transactions constitute continuing connected transaction of the Company under the Listing Rules.

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	
	2018 HK\$'000	2017 HK\$'000
Short-term employment benefits	151,134	78,742
Post-employment benefits	3,181	3,091
	154,315	81,833

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

Notes to the Condensed Consolidated Financial Statements (continued)

For the six months ended 30 June 2018

27. TOTAL ASSETS LESS CURRENT LIABILITIES/NET CURRENT ASSETS

The Group's total assets less current liabilities at 30 June 2018 amounted to HK\$38,405,520,000 (31 December 2017: HK\$38,217,233,000). The Group's net current assets at 30 June 2018 amounted to HK\$14,607,570,000 (31 December 2017: HK\$18,725,649,000).

28. CAPITAL COMMITMENTS

	30 June 2018 HK\$'000	31 December 2017 HK\$'000
Capital injection into joint ventures contracted for but not provided in the condensed consolidated financial statements	108,076	407,256

29. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and input used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

Financial assets and financial liabilities	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)
	30 June	31 December		
	2018	2017		
	HK\$'000	HK\$'000		
Foreign currency forward contracts classified as financial (liabilities) assets at FVTPL in the condensed consolidated statement of financial position	(1,911)	5,889	Level 2	<ul style="list-style-type: none"> – Discounted cash flow. – The fair value is provided by counterparty financial institutions, which is measured using discounted cash flow analysis. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contracted forward rate, discounted at a rate that reflects the credit risk of various counterparties.

During the six months ended 30 June 2018 and 2017, 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 (continued)

For the six months ended 30 June 2018

29. 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 2018 and 31 December 2017 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 2018		31 December 2017	
	Carrying amount HK\$'000	Fair value HK\$'000	Carrying amount HK\$'000	Fair value HK\$'000
2016 August guaranteed senior notes	3,551,788	3,474,900	3,463,900	3,528,658
2016 September guaranteed senior notes	3,886,309	3,607,500	3,809,324	3,835,540
2016 Domestic bonds	1,766,271	1,739,809	1,769,751	1,745,882

30. EVENT AFTER THE END OF THE REPORTING PERIOD

On 2 August 2018, the Company, RKE International Holdings Limited ("RKE"), a wholly-owned subsidiary of the Company and Asia Belt and Road Expressway Company Limited (the "Independent Investor") entered into a subscription agreement, pursuant to which the Independent Investor will subscribe 166,666,667 shares of RKE at a subscription price of HK\$2,000 million and the shareholding in RKE indirectly held by the Company will decrease from 100% to 75% accordingly. The transaction has not been completed at date of this report and the completion is conditional upon the fulfilment or waiver of certain conditions. Details of the transaction was set out in the announcement of the Company dated 2 August 2018.



Report on Review of Condensed Consolidated Financial Statements

TO THE BOARD OF DIRECTORS OF ROAD KING INFRASTRUCTURE LIMITED

(incorporated in Bermuda with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Road King Infrastructure Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages F-1 to F-35, which comprise the condensed consolidated statement of financial position as of 30 June 2018 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 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

17 August 2018



Road King Infrastructure Limited