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## ROAD KING INFRASTRUCTURE LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 1098)

### ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2010

<b>FINANCIAL HIGHLIGHTS</b>	<b>Six months ended 30 June</b>	
	<b>2010</b> <i>HK\$</i>	<b>2009</b> <i>HK\$</i>
<b>Revenue</b>	<b>2,060 million</b>	2,464 million
<b>Average selling price based on delivery (per sq. m.)</b>	<b>10,600</b>	6,100
<b>Receipts from property sales</b>	<b>3,356 million</b>	2,735 million
<b>Gross profit margin</b>	<b>34%</b>	10%
<b>Profit attributable to owners of the Company</b>	<b>265 million</b>	255 million
<b>Earnings per share</b>	<b>0.36</b>	0.35
<b>Interim dividend per share</b>	<b>0.20</b>	0.20
	<b>30 June</b>	<b>31 December</b>
	<b>2010</b>	<b>2009</b>
	<i>HK\$</i>	<i>HK\$</i>
<b>Bank balances and cash</b>	<b>3,095 million</b>	2,887 million
<b>Net gearing ratio</b>	<b>34%</b>	34%
<b>Net assets per share attributable to owners of the Company</b>	<b>13.4</b>	13.3

## RESULTS

The Board of Directors (the “Board”) of Road King Infrastructure Limited (the “Company”) is pleased to announce the unaudited condensed consolidated income statement and unaudited condensed consolidated statement of comprehensive income of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2010, together with the comparative figures for the corresponding period in 2009, and the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2010 together with audited comparative figures as at 31 December 2009, as follows:

### CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2010

		Six months ended 30 June	
		2010	2009
		(Unaudited)	(Unaudited)
	NOTES	HK\$'000	HK\$'000
Revenue	3	2,059,624	2,464,196
Cost of sales		<u>(1,351,911)</u>	<u>(2,217,081)</u>
Gross profit		707,713	247,115
Interest income		14,687	9,928
Other income		25,923	31,157
Other gains and losses	5	31,692	93,592
Selling expenses		(68,810)	(46,302)
Operating expenses		(202,743)	(170,288)
Share of results of joint ventures	6	192,235	270,088
Finance costs	7	<u>(45,614)</u>	<u>(53,336)</u>
<b>Profit before taxation</b>	8	<b>655,083</b>	381,954
Income tax expenses	9	<u>(385,632)</u>	<u>(113,640)</u>
<b>Profit for the period</b>		<b><u>269,451</u></b>	<b><u>268,314</u></b>
<b>Profit attributable to:</b>			
Owners of the Company		265,465	255,091
Non-controlling interests		<u>3,986</u>	<u>13,223</u>
		<b><u>269,451</u></b>	<b><u>268,314</u></b>
<b>Earnings per share</b>	11		
– Basic		<u>HK\$0.36</u>	<u>HK\$0.35</u>
– Diluted		<u>HK\$0.36</u>	<u>HK\$0.35</u>

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2010

	Six months ended 30 June	
	2010 (Unaudited) <i>HK\$'000</i>	2009 (Unaudited) <i>HK\$'000</i>
<b>Profit for the period</b>	<b>269,451</b>	268,314
<b>Other comprehensive income</b>		
Exchange difference arising on translation to presentation currency	<u>22,535</u>	<u>87,003</u>
<b>Total comprehensive income for the period</b>	<b><u>291,986</u></b>	<b><u>355,317</u></b>
<b>Total comprehensive income attributable to:</b>		
Owners of the Company	<u>287,786</u>	340,500
Non-controlling interests	<u>4,200</u>	<u>14,817</u>
	<b><u>291,986</u></b>	<b><u>355,317</u></b>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2010

		<b>30 June</b>	31 December
		<b>2010</b>	2009
		(Unaudited)	(Audited)
	<i>NOTE</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		32,231	19,352
Investment properties		360,891	255,437
Interests in joint ventures		4,135,321	4,357,996
Loans to related companies		48,200	48,200
Deferred tax assets		30,405	31,506
Long-term receivables		317,815	542,603
Prepayment for acquisition of additional interest in a subsidiary		—	88,310
		<u>4,924,863</u>	<u>5,343,404</u>
<b>Current assets</b>			
Inventory of properties		13,651,539	12,953,468
Prepayment for land leases		1,052,385	222,334
Loan to a joint venture		64,432	64,286
Loans to related companies		—	3,300
Debtors, deposits and prepayments	12	535,736	330,951
Prepaid income tax		216,440	211,203
Pledged bank deposits		143,543	206,553
Bank balances and cash		3,094,819	2,887,090
		<u>18,758,894</u>	<u>16,879,185</u>
<b>Total assets</b>		<u><u>23,683,757</u></u>	<u><u>22,222,589</u></u>

		<b>30 June</b>	31 December
		<b>2010</b>	2009
		<b>(Unaudited)</b>	(Audited)
	<i>NOTE</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital		74,012	73,912
Reserves		<u>9,870,999</u>	<u>9,777,653</u>
		<b>9,945,011</b>	9,851,565
<b>Non-controlling interests</b>		<u>94,773</u>	<u>180,778</u>
<b>Total equity</b>		<u>10,039,784</u>	<u>10,032,343</u>
<b>Non-current liabilities</b>			
Bank and other borrowings – due after one year		5,226,363	5,199,953
Deferred tax liabilities		<u>171,132</u>	<u>153,886</u>
		<u>5,397,495</u>	<u>5,353,839</u>
<b>Current liabilities</b>			
Creditors and accrued charges	<i>13</i>	2,324,655	2,438,815
Deposits from pre-sale of properties		4,123,584	2,904,072
Income tax payable		410,876	292,195
Bank and other borrowings – due within one year		<u>1,387,363</u>	<u>1,201,325</u>
		<u>8,246,478</u>	<u>6,836,407</u>
<b>Total equity and liabilities</b>		<u>23,683,757</u>	<u>22,222,589</u>

Notes:

**1. BASIS OF PREPARATION**

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

**2. PRINCIPAL ACCOUNTING POLICIES**

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

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2009 except as described below.

In the current interim period, the Group has applied, for the first time, all the new and revised HKAS(s), Hong Kong Financial Reporting Standards (“HKFRS(s)”), amendments and interpretations (“HK(IFRIC) Int”) (hereinafter collectively referred to as the “new and revised HKFRSs”) issued by the HKICPA that are relevant to its operation and effective for accounting periods beginning on or after 1 January 2010.

*HKAS 27 (Revised 2008) “Consolidated and Separate Financial Statements”*

The application of HKAS 27 (Revised 2008) has resulted in a change in the Group’s accounting policies regarding increases or decreases in ownership interests in subsidiaries of the Group.

In prior years, in the absence of specific requirements in HKFRSs, increases in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised where appropriate; for decreases in interests in existing subsidiaries that did not involve a loss of control, the difference between the consideration received and the carrying amount of the share of net assets disposed of, was recognised in profit or loss. Under HKAS 27 (Revised 2008), all such increases or decreases are dealt with in equity, with no impact on goodwill or profit or loss.

When control of a subsidiary is lost as a result of a transaction, event or other circumstances, the revised standard requires that the Group derecognises all assets, liabilities and non-controlling interests at their carrying amount. Any retained interest in the former subsidiary is recognised at its fair value at the date the control is lost. A gain or loss on loss of control is recognised in profit or loss as the difference between the proceeds, if any, and these adjustments.

In January 2010, the Group has completed the acquisition of 5.28% additional equity interest in Sunco Property Holdings Company Limited (“Sunco Property”), a subsidiary of the Company engaged in investment holding, from Wai Kee Holdings Limited which has significant beneficial interest in the Company, at a cash consideration of HK\$88,310,000, which has been prepaid before 31 December 2009 and recognised as prepayment for acquisition of additional interest in a subsidiary under non-current assets as at 31 December 2009. After the acquisition, the Company’s interest in Sunco Property has been increased from 89.46% to 94.74%. The difference between the purchase consideration and the decrease in the carrying value of non-controlling interests of Sunco Property of HK\$1,895,000 has been recognised directly in equity (including in retained profits).

The application of other new and revised HKFRSs has had no material effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

The Group has not early applied the new and revised standards, amendments or interpretations, including but not limited to HKFRS 9, that have been issued but are not yet effective.

HKFRS 9 “Financial Instruments” introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The standard requires all recognised financial assets that are within the scope of HKAS 39 “Financial Instruments: Recognition and Measurement” to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group’s financial assets.

The directors of the Company (the “Directors”) anticipate that the application of the other new or revised standards, amendments or interpretations will not have material impact on the results and the financial position of the Group.

### 3. REVENUE

	<b>Six months ended 30 June</b>	
	<b>2010</b>	2009
	<b>HK\$’000</b>	HK\$’000
<b>Revenue of the Group</b>		
Sale of completed properties held for sale	<u><b>2,059,624</b></u>	<u>2,464,196</u>
<b>Group’s share of toll revenue of infrastructure joint ventures</b>	<u><b>388,186</b></u>	<u>578,537</u>
<b>Revenue of the Group and Group’s share of toll revenue of infrastructure joint ventures</b>	<u><b>2,447,810</b></u>	<u>3,042,733</u>

#### 4. SEGMENT INFORMATION

The Group's operating segments, based on the information reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of performance are as follows:

- Toll road – development, operation and management of toll roads through the infrastructure joint ventures
- Property development – development and sale of properties

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

	Six months ended 30 June 2010			Six months ended 30 June 2009		
	Property			Property		
	Toll road	development	Total	Toll road	development	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue	<u>–</u>	<u>2,059,624</u>	<u>2,059,624</u>	<u>–</u>	<u>2,464,196</u>	<u>2,464,196</u>
Segment profit	<u>91,792</u>	<u>240,463</u>	<u>332,255</u>	<u>235,177</u>	<u>60,671</u>	<u>295,848</u>
	At 30 June 2010			At 31 December 2009		
	Property			Property		
	Toll road	development	Total	Toll road	development	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets (including interests in joint ventures)	<u>4,150,884</u>	<u>16,729,828</u>	<u>20,880,712</u>	<u>4,376,361</u>	<u>15,305,633</u>	<u>19,681,994</u>

##### (a) Measurement

Segment profit represents profit earned by each segment, which includes share of results of joint ventures, gain on disposal of interest in a joint venture, impairment losses on interests in joint ventures, change in fair value of investment properties, relevant interest income and finance costs and income tax expenses attributable to the relevant segment but without allocation of headquarter income and expenses.

Segment assets include property, plant and equipment, investment properties, interests in joint ventures, long-term receivables, prepayment for acquisition of additional interest in a subsidiary, inventory of properties, prepayment for land leases, loan to a joint venture, debtors, deposits and prepayments, prepaid income tax, pledged bank deposits, bank balances and cash and deferred tax assets which are directly attributable to the relevant operating segment.

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

	Six months ended 30 June	
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Total segment profit</b>	<b>332,255</b>	295,848
Unallocated items:		
Interest income	1,498	1,453
Corporate income	2,155	23,313
Corporate expenses	(25,381)	(6,519)
Finance costs	(41,076)	(45,781)
	<u>269,451</u>	<u>268,314</u>
<b>Consolidated profit for the period</b>	<b>269,451</b>	268,314
	30 June	31 December
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Total segment assets</b>	<b>20,880,712</b>	19,681,994
Unallocated assets:		
Property, plant and equipment	425	600
Loans to related companies	48,200	51,500
Deposits and prepayments	3,816	4,453
Bank balances and cash	2,750,604	2,484,042
	<u>23,683,757</u>	<u>22,222,589</u>
<b>Consolidated total assets</b>	<b>23,683,757</b>	22,222,589

## 5. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Gains on disposal of interest in a joint venture	–	15,183
Losses on disposal of property, plant and equipment	(56)	(298)
Impairment losses on interests in joint ventures	(51,020)	–
Increase in fair value of investment properties	73,696	17,998
Net exchange gains	9,072	60,709
	<u>31,692</u>	<u>93,592</u>

## 6. SHARE OF RESULTS OF JOINT VENTURES

	Six months ended 30 June	
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Share of profits of infrastructure joint ventures before amortisation and taxation	348,137	411,539
Less share of: Amortisation of toll road operation rights	(90,760)	(90,907)
Current tax	(63,668)	(47,179)
Deferred tax	2,000	(8,900)
	<u>195,709</u>	<u>264,553</u>
Share of (loss) profit of other joint venture	(3,474)	5,535
	<u>192,235</u>	<u>270,088</u>

The current tax amount represents the Group's share of enterprise income tax attributable to the infrastructure joint ventures registered in the People's Republic of China (the "PRC").

Deferred tax has been provided for temporary differences between the carrying amount of toll road operation rights and the corresponding tax base used in the computation of taxable profits for the PRC infrastructure joint ventures. For the infrastructure joint ventures that enjoyed preferential rate of 15% or lower up to 31 December 2007, based on a grandfathering provision, the tax rate increases progressively to 25% over five years from 1 January 2008 onwards.

## 7. FINANCE COSTS

	Six months ended 30 June	
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on borrowings wholly repayable within five years	<b>160,208</b>	181,774
Other finance costs	<b>14,276</b>	20,307
	<b>174,484</b>	202,081
Less: Capitalised in properties under development for sale	<b>(128,870)</b>	(148,745)
	<b>45,614</b>	53,336

## 8. PROFIT BEFORE TAXATION

	Six months ended 30 June	
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit before taxation has been arrived at after charging:		
Depreciation of property, plant and equipment	<b>7,719</b>	16,249
Less: Capitalised in properties under development for sale	<b>(377)</b>	(773)
	<b>7,342</b>	15,476
and after crediting:		
Bank interest income	<b>8,620</b>	4,413

## 9. INCOME TAX EXPENSES

	Six months ended 30 June	
	2010	2009
	HK\$'000	HK\$'000
Current tax:		
PRC enterprise income tax ("EIT")	193,473	63,053
PRC land appreciation tax ("LAT")	147,729	41,533
PRC withholding tax	26,337	11,356
	<u>367,539</u>	<u>115,942</u>
Deferred tax:		
Current period	18,093	(2,302)
	<u>385,632</u>	<u>113,640</u>

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

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

The provision of LAT is estimated according to the requirements set forth in the relevant PRC tax laws and regulations.

## 10. DIVIDEND PAID

	Six months ended 30 June	
	2010	2009
	HK\$'000	HK\$'000
2009 final dividend paid of HK\$0.30 (six months ended 30 June 2009:		
2008 final dividend paid of HK\$0.20) per share	<u>222,035</u>	<u>147,785</u>

An interim dividend in respect of 2010 of HK\$0.20 (six months ended 30 June 2009: HK\$0.20) per share amounting to a total of HK\$148,000,000 (six months ended 30 June 2009: HK\$148,000,000) has been declared by the Board on 12 August 2010. This interim dividend has not been included as a liability in these condensed consolidated financial statements as it was declared after the end of the reporting period.

The amount of the interim dividend has been calculated on the basis of 740,116,566 shares in issue as at 12 August 2010.

## 11. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Earnings for the purposes of basic and diluted earnings per share attributable to the owners of the Company	<u>265,465</u>	<u>255,091</u>
	Six months ended 30 June	
	2010	2009
	<i>'000</i>	<i>'000</i>
Weighted average number of ordinary shares for the purpose of basic earnings per share	739,647	738,927
Effect of dilutive potential ordinary shares:		
Share options	<u>76</u>	<u>–</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>739,723</u>	<u>738,927</u>

The share options outstanding during the period ended 30 June 2009 had an anti-dilutive effect on the basic earnings per share because the exercise prices of the share options were higher than the average market prices of the shares of the Company in prior period.

## 12. DEBTORS, DEPOSITS AND PREPAYMENTS

	<b>30 June</b>	31 December
	<b>2010</b>	2009
	<b>HK\$'000</b>	<b>HK\$'000</b>
Aged analysis of debtors, presented based on invoice date ( <i>note (a)</i> ):		
Within 60 days	<b>16,505</b>	11,227
60 to 90 days	<b>179</b>	6,267
More than 90 days	<b>15,626</b>	14,263
	<b>32,310</b>	31,757
Deferred consideration on disposal of interest in a joint venture	<b>27,273</b>	27,211
Interest receivable	<b>1,614</b>	1,439
Prepayments of business tax and other taxes	<b>196,770</b>	115,904
Other receivables, deposits and prepayments ( <i>note (b)</i> )	<b>277,769</b>	154,640
	<b>535,736</b>	330,951

### Notes:

- (a) Debtors of the Group are mainly arisen from sale of properties. Considerations in respect of properties sold are received in accordance with terms of the related sales and purchase agreements, normally within 60 days from the agreements. Considerations under pre-sale contracts will be fully received prior to the delivery of the properties to the purchasers.
- (b) At 30 June 2010, included in other receivables, deposits and prepayments is an amount of HK\$160,341,000 (31 December 2009: HK\$31,746,000) representing the tender deposits paid to the local government or its agents in several provinces for the tender of several pieces of land through public auctions. The tender deposits will be refunded if the Group fails to acquire the pieces of land during the tender.

**13. CREDITORS AND ACCRUED CHARGES**

	<b>30 June</b>	31 December
	<b>2010</b>	2009
	<b>HK\$'000</b>	<b>HK\$'000</b>
Aged analysis of creditors, presented based on invoice date:		
Within 60 days	<b>111,714</b>	9,299
60 to 90 days	<b>27,363</b>	11,339
More than 90 days	<b>79,138</b>	99,722
	<b>218,215</b>	120,360
Accrued construction costs	<b>1,482,120</b>	1,872,993
	<b>1,700,335</b>	1,993,353
Interest payable	<b>65,239</b>	66,385
Accrued taxes (other than EIT and LAT)	<b>19,210</b>	15,595
Deferred consideration	<b>213,490</b>	–
Other accrued charges	<b>326,381</b>	363,482
	<b>2,324,655</b>	2,438,815

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

The Group's total assets less current liabilities at 30 June 2010 amounted to HK\$15,437,279,000 (31 December 2009: HK\$15,386,182,000). The Group's net current assets at 30 June 2010 amounted to HK\$10,512,416,000 (31 December 2009: HK\$10,042,778,000).

## **DIVIDEND**

The Board has resolved to declare an interim dividend of HK\$0.20 (2009: HK\$0.20) per share for the six months ended 30 June 2010 to the shareholders of the Company whose names appear in the register of members of the Company on 3 September 2010, Friday.

It is expected that the payment of interim dividend will be made on or before 15 September 2010, Wednesday.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from 1 September 2010, Wednesday to 3 September 2010, Friday, both days inclusive, during which period no transfer of shares will be registered for the purpose of determining entitlement to the interim dividend.

In order to qualify for the interim dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar in Hong Kong, Tricor Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:00 p.m. on 31 August 2010, Tuesday.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

The Group's financial position was consolidated in the first quarter of 2010 as a result of the Group's rigorous operating and financial management strategies, and the improvement of the transaction volume in the property market in the PRC. As at 30 June 2010, the Group had bank balances and cash of HK\$3,095 million (31 December 2009: HK\$2,887 million).

The profit attributable to owners of the Company for the six months ended 30 June 2010 was HK\$265 million (2009: HK\$255 million) and the earnings per share was HK\$0.36 (2009: HK\$0.35).

The Board has resolved to declare an interim dividend of HK\$0.20 per share.

### **Toll Road Business**

For the six months ended 30 June 2010, total traffic volume and toll revenue of toll road projects were 43 million vehicles and RMB934 million (equivalent to approximately HK\$1,059 million) respectively, whereas total traffic volume and toll revenue of toll road projects during the corresponding period in 2009 were 54 million vehicles and RMB1,167 million (equivalent to approximately HK\$1,313 million) respectively. Cash contribution from the Group's toll road business amounted to HK\$343 million (2009: HK\$444 million). The decrease in total traffic volume, toll revenue and cash contribution was mainly caused by the disposal of the Jihe Expressway (Eastern Section) in the second half of 2009. The stimulus policies imposed by the PRC government to revive the automobile industry and the recovery of economy led the traffic volume of the Group's remaining toll road projects to improve by 13% in the first half of the year, despite the effect of the disposal of the Jihe Expressway (Eastern Section).

## Property Business

As discussed in the Group's 2009 annual report, the Group remains cautiously optimistic on the mainland property market in 2010 as new control policies were implemented by the PRC government. On 17 April 2010, the PRC government imposed the most severe real estate control policy in history which closely monitored and restricted property speculation activities in the mainland market. As a result of the lower expectation of increment in property price and a growing "wait-and-see" sentiment adopted by customers, the demand and transaction volume in certain areas dropped significantly.

The Group had taken actions such as speeding up property sales and shortening receivable turnover in the first quarter. These actions helped the Group successfully achieve a growth in cash receipt from sales in the first half of 2010 even though the transaction volume dropped drastically in the second quarter. For the six months ended 30 June 2010, cash receipt generated from sales amounted to RMB2,953 million (excluding the joint venture project in Shanghai), representing an increment of 23% over the same period last year. Contracted sales of the Group in the first half of 2010 was RMB2,504 million or 325,000 sq. m. in gross floor area ("GFA") (excluding car park spaces) and the average selling price has since 2009 surged from approximately RMB6,800 per sq. m. to approximately RMB7,700 per sq. m. Set out below is an analysis of the Group's contracted sales by region for the first half of 2010:

<b>Location</b>	<b>Contracted Sales</b> <i>RMB'million</i>	<b>GFA Contracted</b> <i>sq. m.</i>
Northern China	830	87,000
Eastern China	1,033	133,000
Central China	534	100,000
Southern China	107	5,000

For the six months ended 30 June 2010, revenue and GFA delivered were RMB1,876 million and 198,000 sq. m. (excluding car park spaces) respectively. Set out below is an analysis of the Group's delivered properties by region:

<b>Location</b>	<b>Sales Recognised</b> <i>RMB'million</i>	<b>GFA Delivered</b> <i>sq. m.</i>
Northern China	302	25,000
Eastern China	881	107,000
Central China	201	38,000
Southern China	492	28,000

## DISPUTES IN CONNECTION WITH SUNCO PROPERTY

### Litigation in Hong Kong

The litigation proceedings against the former shareholders of Sunco Real Estate Investment Limited by the Group are still in progress. The Group will continue to pursue its claims in a manner that is in the interests of the Company and its shareholders as a whole.

## FINANCIAL REVIEW

### Liquidity and Financial Resources

The Group's total assets and owners' equity were HK\$23,684 million and HK\$9,945 million, respectively, as at 30 June 2010. Net asset value per share attributable to owners of the Company increased to HK\$13.4 (31 December 2009: HK\$13.3).

As at 30 June 2010, the Group's bank balances and cash were HK\$3,095 million (31 December 2009: HK\$2,887 million), of which 82% was denominated in Renminbi and the remaining 18% was denominated in US dollars or Hong Kong dollars.

### Financing Activities

The Group had drawn down several project loans in the PRC amounting to RMB461 million in aggregate and repaid project loans amounting to RMB354 million in aggregate during the reporting period. In addition, the Group had drawn down and repaid borrowings in Hong Kong amounting to HK\$293 million and HK\$215 million in aggregate, respectively.

### Debt and Gearing

The gearing ratio, representing the interest bearing bank borrowings to the owners' equity of the Group increased slightly from 65% as at 31 December 2009 to 67% as at 30 June 2010. The net gearing ratio, representing the difference of the Group's total bank borrowings and the bank balances and cash (including pledged bank deposits) to the owners' equity, remained at 34% as at 30 June 2010. Interest coverage was 18.9 times as at 30 June 2010.

As at 30 June 2010, the Group's total borrowings were HK\$6,614 million (31 December 2009: HK\$6,401 million). The maturity profile of the Group's total borrowings is set out as follows:

	<b>30 June 2010</b>	31 December 2009
	<b><i>HK\$'million</i></b>	<i>HK\$'million</i>
Repayable:		
Within one year	<b>1,387</b>	1,201
After one year but within two years	<b>3,431</b>	2,081
After two years but within five years	<b>1,796</b>	3,119
Total Borrowings	<b><u>6,614</u></b>	<u>6,401</u>

Other than the US\$200 million 6.25% fixed rate guaranteed notes due in 2011 and the US\$200 million 7.625% fixed rate senior notes due in 2014, the Group's borrowings were mainly on a floating rate basis.

## **Financing and Treasury Policies**

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 are made under collective but extensive considerations on liquidity risk, interest rate risk and exchange rate risk.

## **Charges on Assets**

As at 30 June 2010, bank balances of HK\$144 million (31 December 2009: HK\$207 million) were pledged as securities in favour of banks for mortgage facilities granted to customers of the Group's property projects and short-term credit facilities granted to the Group. In addition to these charged deposits, properties valued at HK\$2,169 million (31 December 2009: HK\$3,745 million) and the shares of certain subsidiaries were pledged as securities for certain loan facilities.

## **Exposure on Foreign Exchange Fluctuations**

The Group's borrowings are mainly denominated in US dollars but its cash flow is generated from projects whose earnings were denominated principally in Renminbi. As a result, the appreciation of Renminbi contributed to the Group's results for the six months ended 30 June 2010. Save for the aforesaid, the Group has no significant exposure to foreign exchange fluctuation and no hedging has been arranged on the abovementioned exposure.

## **Exposure on Interest Rates**

The interest rates of both Renminbi and US dollars have remained at a relative stable level since the outbreak of financial tsunami in 2008. The one-year interest rate for the Renminbi borrowings remained at 531 basis points as at 30 June 2010 while the London Interbank Offered Rate for US dollars raised slightly from 98 basis points at the end of 2009 to 117 basis points at the end of the reporting period.

The Group's borrowings are mainly denominated in Renminbi and US dollars. The Directors consider that the monetary policies implemented by the PRC and the US governments will continue to have a major impact on the Group's results and operations. No hedging has been arranged on the abovementioned exposure.

## **Contingent Liabilities**

As at 30 June 2010, the Group provided guarantees of HK\$3,959 million (31 December 2009: HK\$3,433 million) to banks in favour of its customers in respect of the mortgage loans provided by the banks to such customers for purchase of the Group's properties. The guarantees would be released when the customers pledge their property certificates as securities to the banks for the mortgage loans granted.

## **Employees**

Excluding the staff of joint ventures, the Group had 1,467 employees as at 30 June 2010. Expenditure on staff (excluding Directors' emoluments and share based payment) amounted to HK\$122 million. Employees are remunerated according to their performance and contribution. Other employee benefits include provident fund, insurance, medical cover and training programs, as well as a share option scheme. During the reporting period, 15,110,000 share options were granted to the Directors and employees under the Company's share option scheme adopted in May 2003.

## **PROSPECTS**

Due to global economic uncertainties, the Group believes that the stimulation of domestic consumption remains the key macroeconomic policy in China in the second half of the year. It is expected that these consumption-focused controls will continue to benefit industries such as automobile and infrastructure. The performance of toll road business of the Group will continue to improve. The Group will also continue to divest its portfolio of Class I/II highways and improve values of existing toll roads. The Group is currently carrying out feasibility studies for the acquisition of two expressway projects.

With the continuous development of urbanisation and growth of disposable income in the PRC, demand for residential properties will inevitably increase. The Group is confident and optimistic about the mainland real estate market. The Group strongly believes that undue increase in property price will have a negative impact on the long-term development of the Group and the property market as a whole. Whilst the recent control policies affect the Group's selling activities to a certain extent, we believe that, in the long run, healthy development of the mainland property market will definitely benefit such long-term property developer like ourselves. We are confident that the Group will be able to identify more development opportunities which fit our vision, target return, cash flow and capital requirements in the second half of 2010, further reinforcing the Group's position in the property market.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2010.

## **REVIEW OF ACCOUNTS**

The Audit Committee has reviewed the unaudited condensed consolidated financial statements for the six months ended 30 June 2010, including the accounting principles and practice adopted by the Group, in conjunction with the Company's external auditor.

## **CORPORATE GOVERNANCE**

The Company has complied with the code provisions set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2010, except for the deviation from code provision A.4.1 of the Code in respect of the service term of Non-executive Directors.

Code provision A.4.1 stipulates that Non-executive Directors should be appointed for a specific term, subject to re-election. None of the Non-executive Directors and Independent Non-executive Directors is appointed for a specific term. However, in accordance with Bye-law 87 of the Company's Bye-laws, at each annual general meeting, one-third of the Directors for the time being (or if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation. The Company considers that this is no less exacting than those provided in the Code.

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

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

## **APPRECIATIONS**

The Board would like to thank all the staff for their loyalty and diligence.

By order of the Board  
**Road King Infrastructure Limited**  
**Ko Yuk Bing**  
*Deputy Chairman, Managing Director  
and Chief Executive Officer*

Hong Kong, 12 August 2010

*As at the date of this announcement, the Board comprises Messrs. Zen Wei Pao, William, Ko Yuk Bing, Chan Kam Hung, Fong Shiu Leung, Keter and Zen Wei Peu, Derek as Executive Directors, Messrs. Guo Limin, Xu Ruxin and Lam Wai Hon, Patrick as Non-executive Directors and Messrs. Chow Shiu Kee, Stephen, Lau Sai Yung and Dr. Chow Ming Kuen, Joseph as Independent Non-executive Directors.*