



Road King Infrastructure Limited

路勁基建有限公司

(Incorporated in Bermuda with limited liability)

Stock Code: 1098



Investor Presentation

March 2020



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Agenda

Company and business overview

Company highlights

2019 Financial highlights

Recent developments

Q&A





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Road King Infrastructure Limited

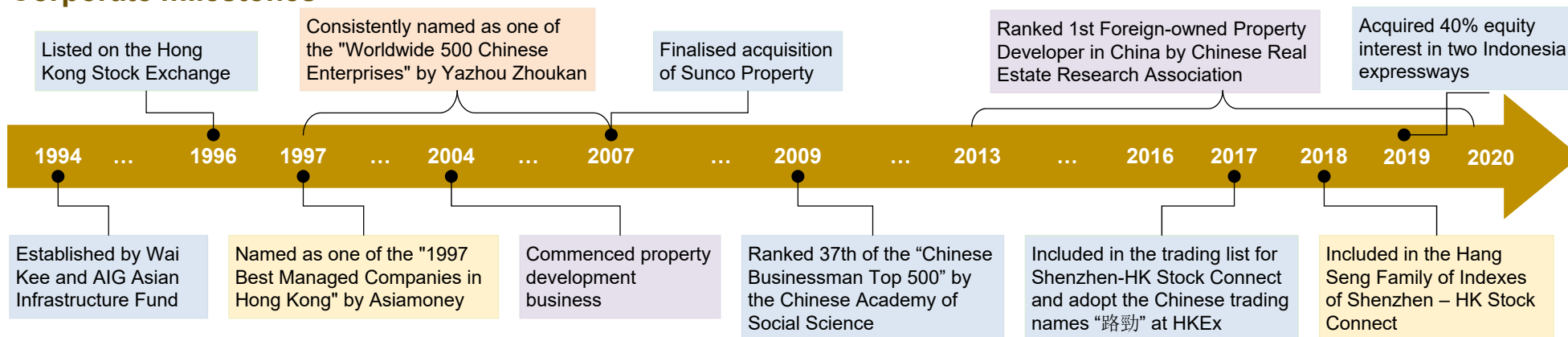
Company overview

- A prominent **property developer** in Mainland China and Hong Kong with land reserves of 7.35m sqm as of December 2019 mainly located in the Yangtze River Delta, Bohai Rim and Greater Bay Area regions
- A leading **toll road investor and operator** with over 25 years of experience. Its portfolio comprises five expressways spanning 340km across four provinces in Mainland China and two expressways spanning 206km in Indonesia as of December 2019
- Founded in 1994 and listed on SEHK (stock code: 1098) with a market capitalization of c. HK\$11.3bn as of 31 Dec 2019
- Honored as “No.1 of Best 10 China Foreign Estate Developers”, and “Best 35 China Real Estate Listed Companies with Strongest Comprehensive Strengths” for 8 consecutive years (2013-2020)

Shareholding structure (as at 31 Dec 19)



Corporate milestones





Agenda

- **Company and business overview**
- **Company highlights**
- **2019 Financial highlights**
- **Recent developments**
- **Q&A**

A leading premium developer of property and toll roads

Company Highlights

Progressive growth in property business

Property business

- ✓ A record high contracted sales of RMB38,691m in 2019 (20.4% increase from 2018)
- ✓ Maintain attractive profit margin at 35% in 2019
- ✓ Focus in Yangtze River Delta and Bohai Rim regions, with over 30 saleable projects
- ✓ Total land reserve of 7.35m sqm supporting 3-4 years development

Stable cash flows and expansion from toll road business

Toll road business

- ✓ Toll revenue from five expressways in PRC reached RMB3,162m in 2019
- ✓ Average Daily Traffic Volume of 260,000 vehicles for 2019
- ✓ Visible recurring cash flow generation
- ✓ 7 expressway projects spanning 546km in length
- ✓ Average remaining concession period of around 22 years

New business potential from investment and asset management business

Investment and asset management business

- ✓ Cultural attraction and tourism: Wuxi Meili project was completed by end of 2019 and acquired the land of first phase of the Zhengzhou Xinmi Project and contribute a land reserve of 250,000 sqm to the Group
- ✓ Entertainment and content development: continues to expand the businesses and the accumulated contracted sum amounted to RMB100m in 2019

★ Property projects

▲ Expressway projects





Agenda

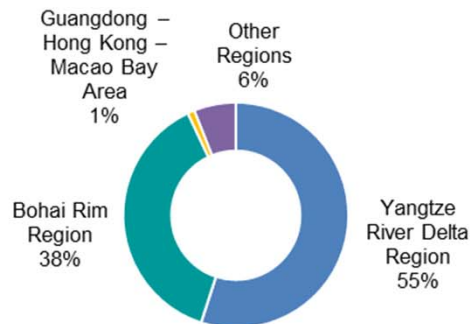
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1 Key highlights of 2019 financial results

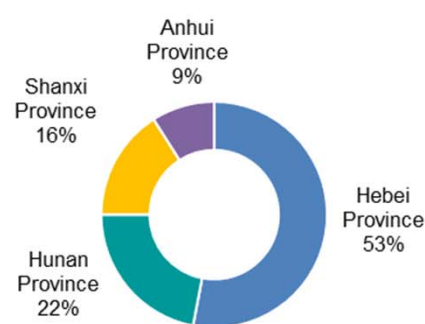
Summary of results

(HK\$ m)	For the year ended 31 December		% change
	2019	2018	
Revenue	21,495	22,365	-4%
Gross profit	7,509	10,064	-25%
Gross profit margin	35%	45%	-10 p.p.
Share results of joint ventures	1,167	973	+20 p.p.
Profit for the period	3,677	3,699	-
Profit attributable to owners of the Company	3,028	2,988	+1%
Net profit margin	17%	17%	-
Basic earnings per share (HK\$)	4.04	3.99	+1%
Net assets per share attributable to owners of the Company (HK\$)	25.18	23.22	+8%
Cash received from toll road projects	689	827	-17%
Net gearing ratio ¹ (%)	52%	35%	+17 p.p.

Property delivery in 2019 by location



Revenue from expressway projects in 2019 by location



Notes: ¹ Net gearing ratio = (Total debt - Total cash) / Total equity, where Total debt includes current and non-current bank and notes borrowings and Total cash includes pledged bank deposits, bank balances and cash
² Total revenue = Total revenue of the Group + Group's share of revenue of property joint ventures and associates + Group's share of toll revenue of infrastructure joint ventures

Results highlights for 2019

Revenue

- ✓ Total revenue² has increased to HK\$31,168m, representing 15% increase as compared to 2018
- ✓ Gross profit margin has down to 35% due to the decrease in the delivery of high profit margin projects (i.e. in Tianjin and Suzhou)

Profit

- ✓ Increase in share of results of JVs mainly contributed by increase in contributions of property projects
- ✓ Net Profit and net profit margin were maintained at the same level compared to last year

Cash received from toll road projects

- ✓ Decrease in cash received was impacted by the new distribution policies from Tangjin and Baojin Expressways

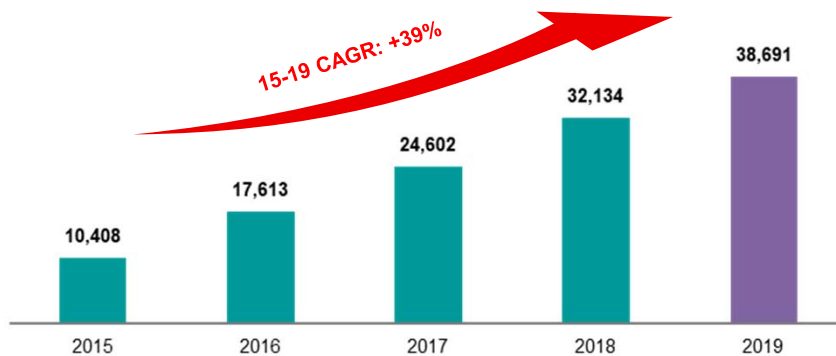
Gearing

- ✓ Net gearing ratio maintained at target level to deploy more resources to operations

1 Key highlights of 2019 financial results

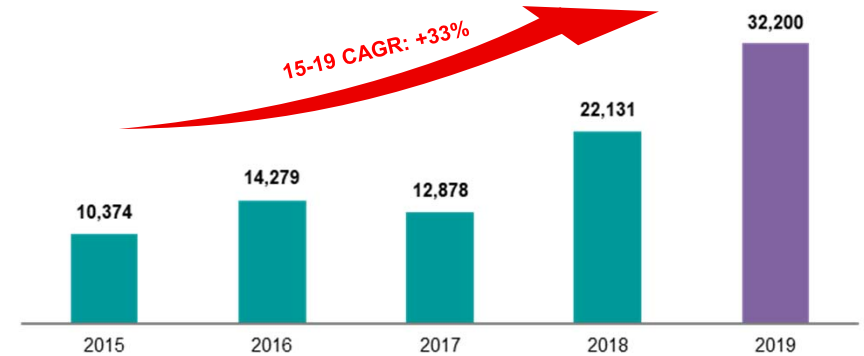
Robust sales momentum

Contracted sales (RMB m)

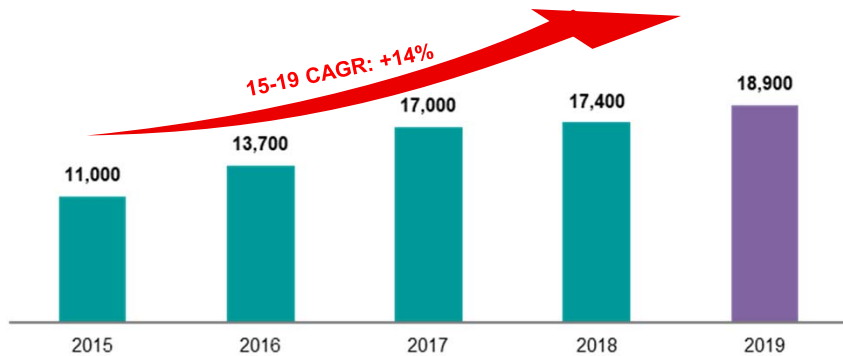


Proven execution ability in property delivery

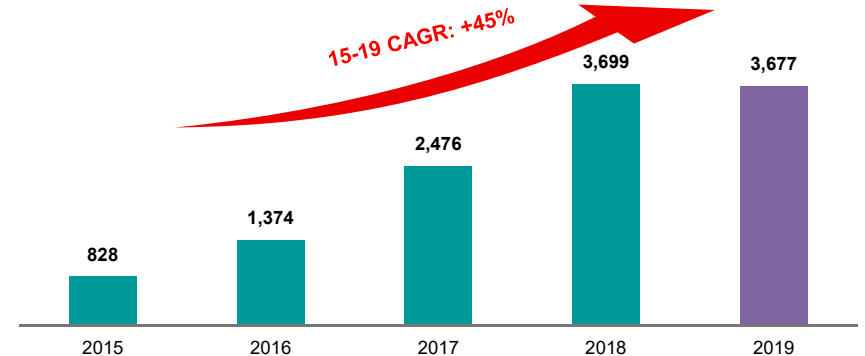
Property delivery (including JVs and associate projects) (RMB m)



ASP for property development business (RMB/sqm)



Net profit for the period (HK\$ m)



2 Income statement performance

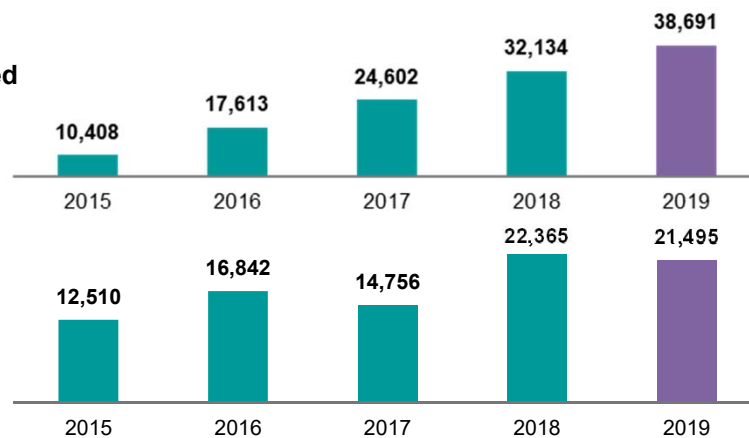
Contracted sales¹ and revenue

(RMB m)

Contracted sales

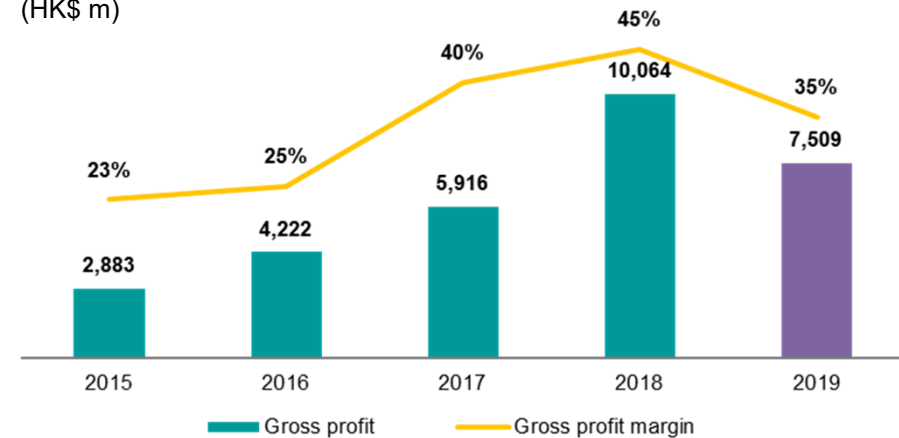
(HK\$ m)

Revenue



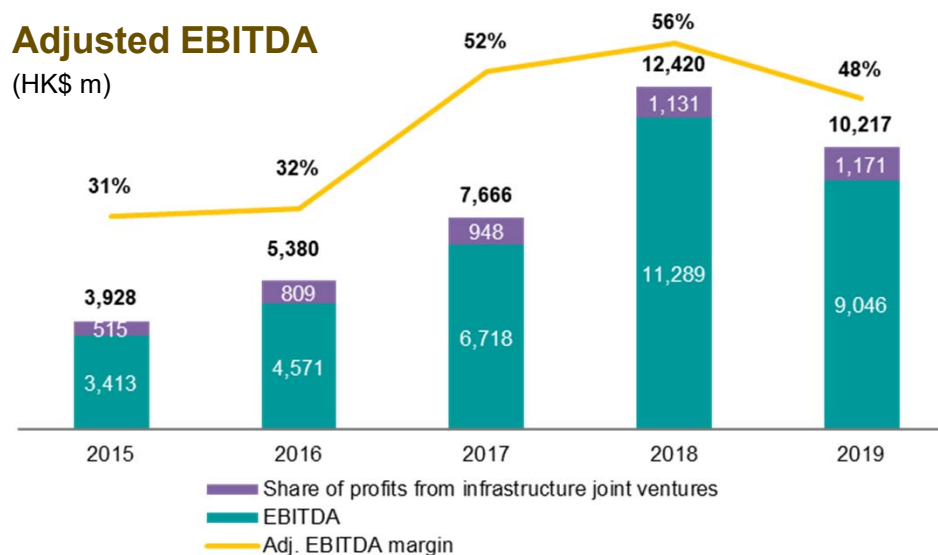
Gross profit

(HK\$ m)



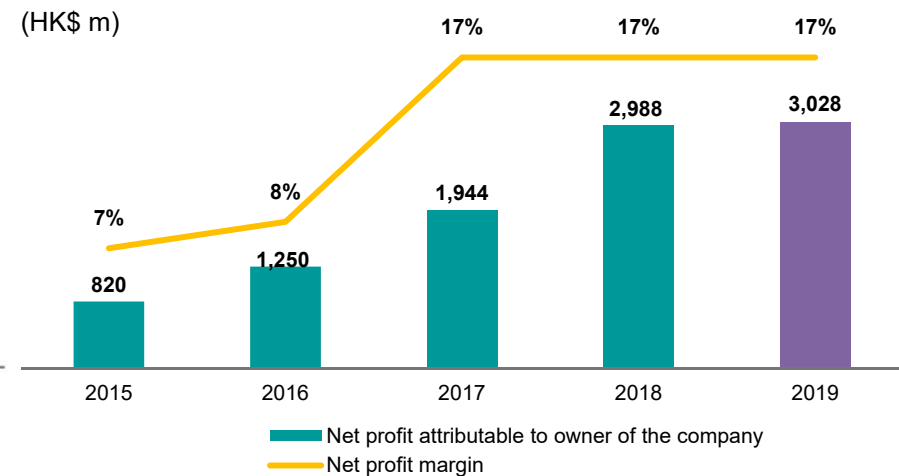
Adjusted EBITDA

(HK\$ m)



Net profit attributable to owners of the company

(HK\$ m)



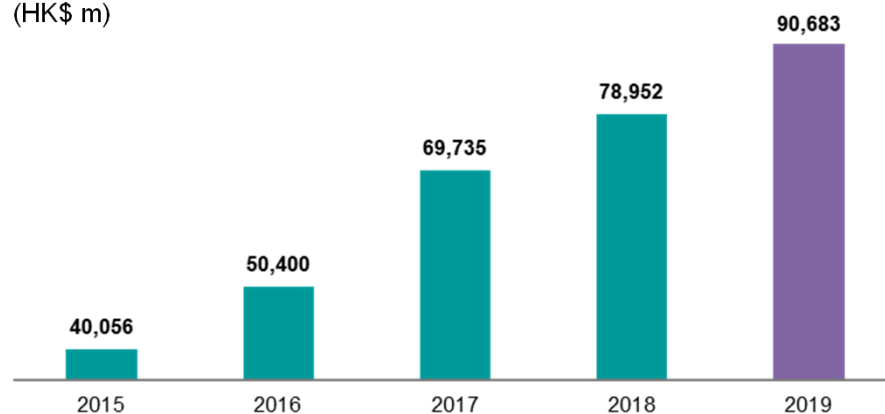
Note: ¹ Comprises contracted sales from projects of property segment and investment and asset management segment



3 Balance sheet structure

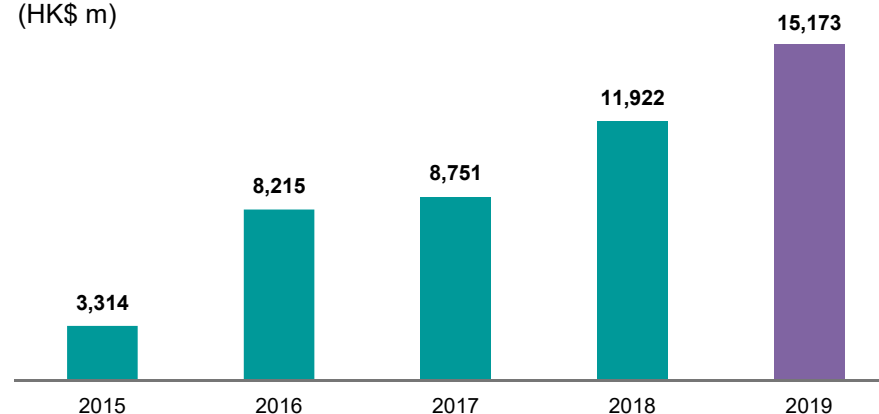
Total assets

(HK\$ m)



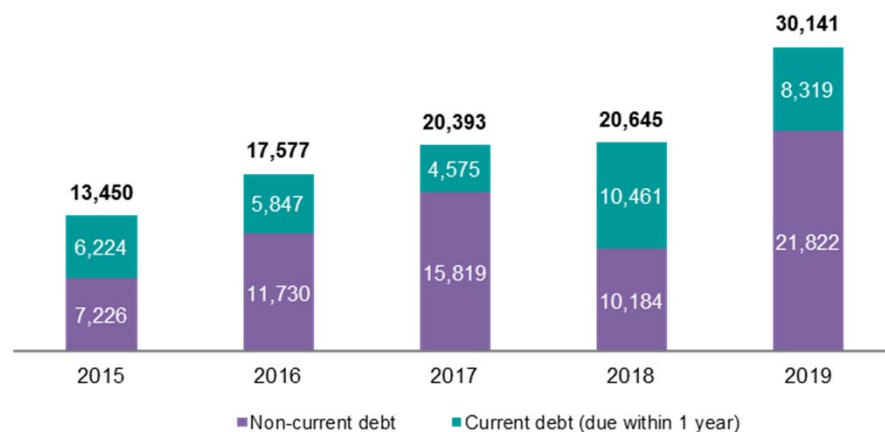
Total cash

(HK\$ m)



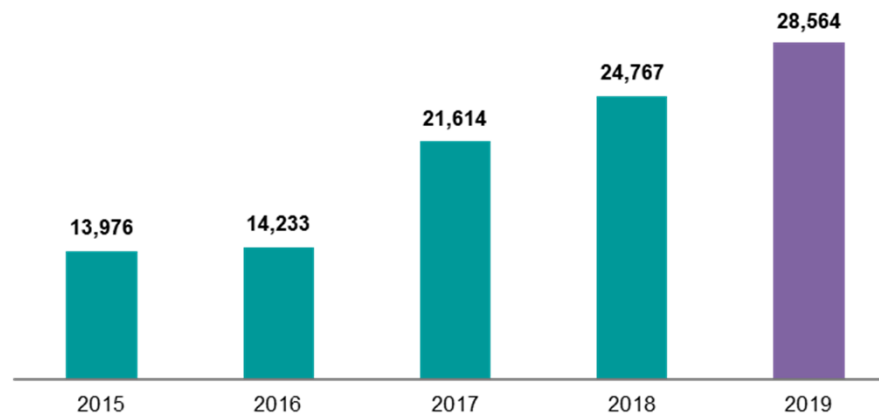
Total debt

(HK\$ m)



Total equity¹

(HK\$ m)



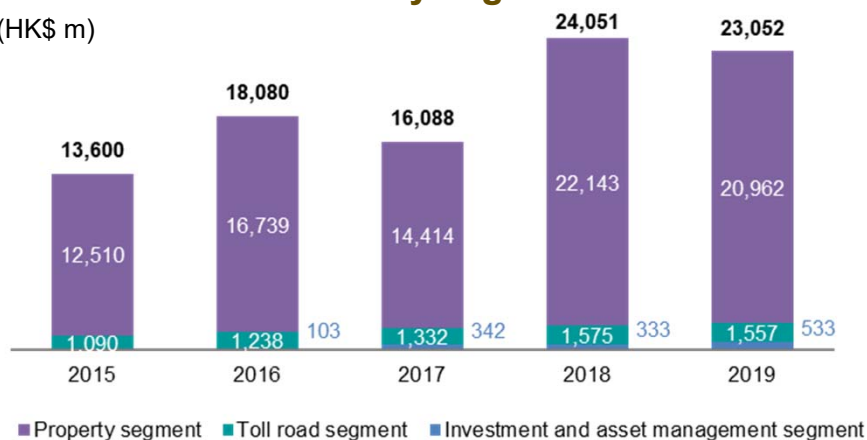
Note: ¹ Total equity includes perpetual capital securities



4 Segment performance

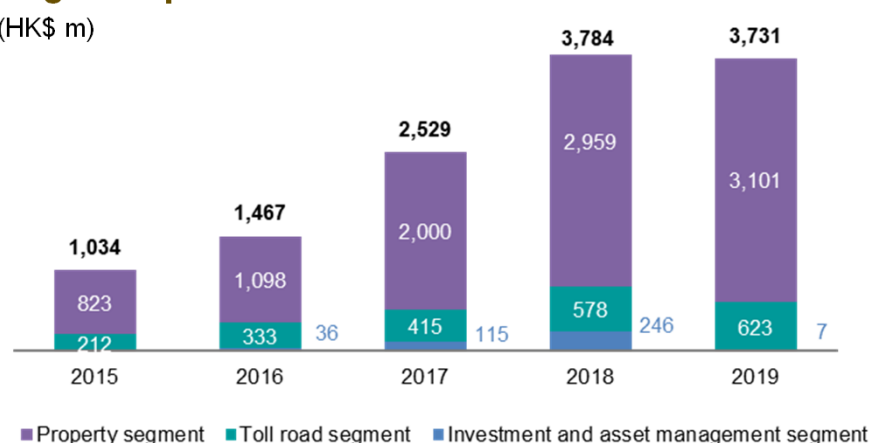
Revenue¹ breakdown by segment

(HK\$ m)



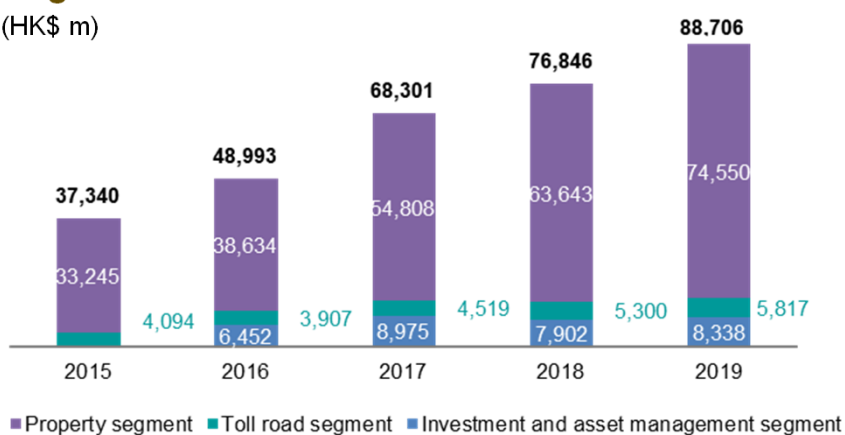
Segment profit

(HK\$ m)



Segment assets

(HK\$ m)

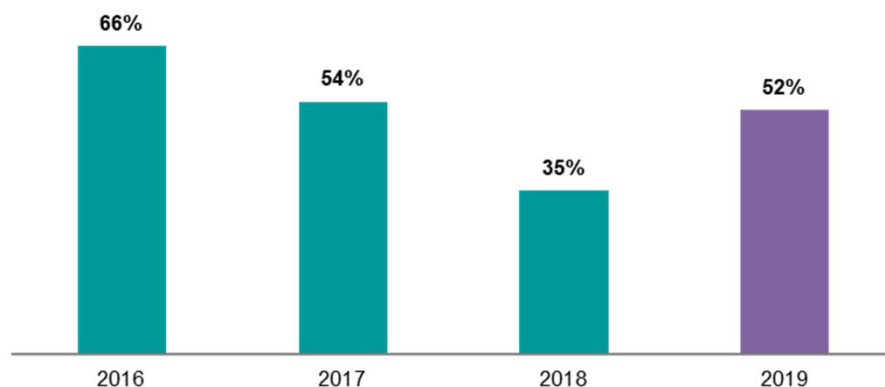


- Property segment remains the largest segment of the Group
- 83% of the profit and 84% of the assets contributed by property segment
- 17% of the profit and 7% of the assets contributed by toll road business

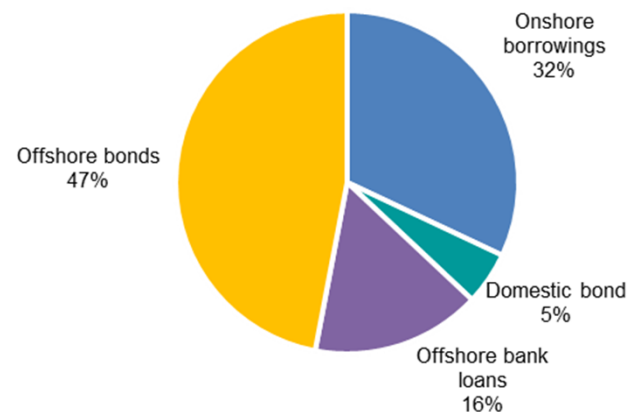
Note: ¹ Including share of revenue of joint ventures

5 Sound credit profile supported by low leverage

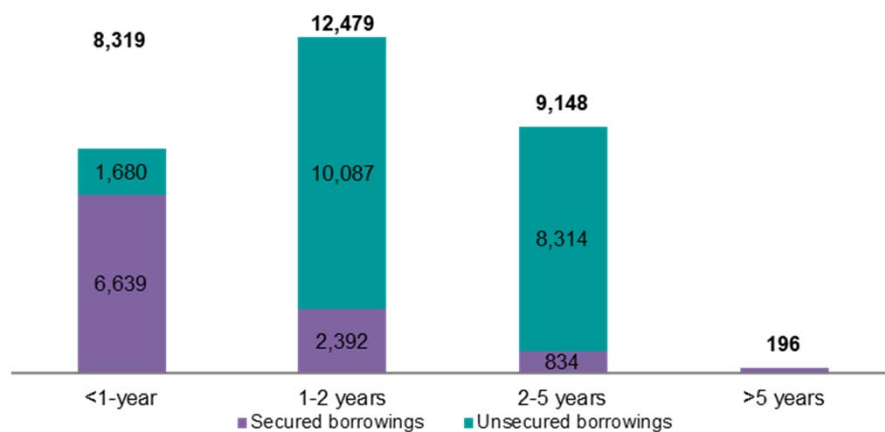
Net debt / Total equity ¹



Debt breakdown by type ²

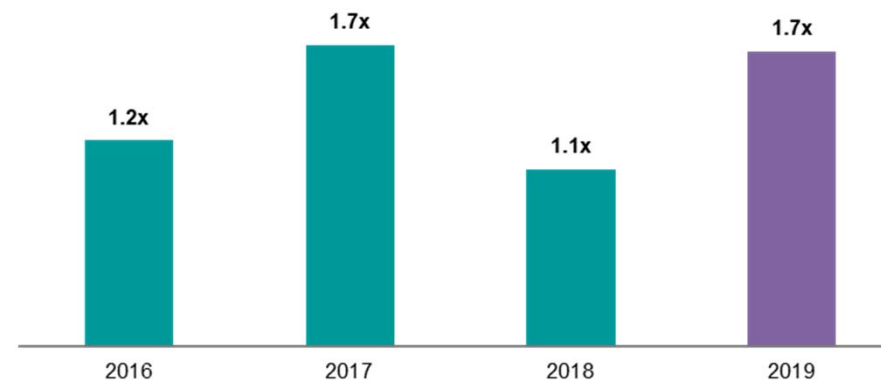


Debt maturity profile ² (HK\$ m)



Total borrowings: HK\$30,141m

Unrestricted cash ³ / ST debt



Notes: ¹ Total equity includes perpetual capital securities; ² As of 30 Jun 2019; ³ Bank balances and cash exclude the pledged bank deposits and restricted bank balance and cash for proceeds from pre-sale of properties





Agenda

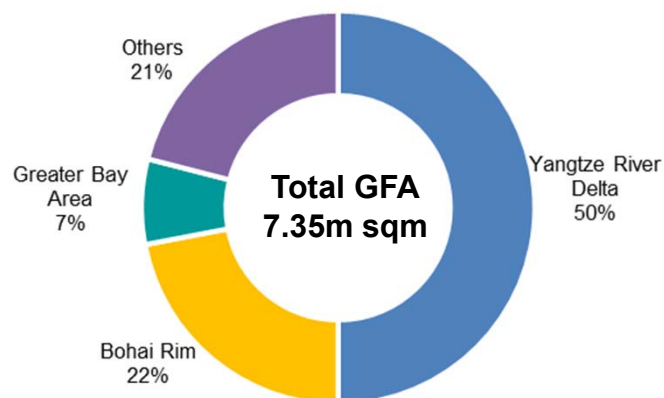
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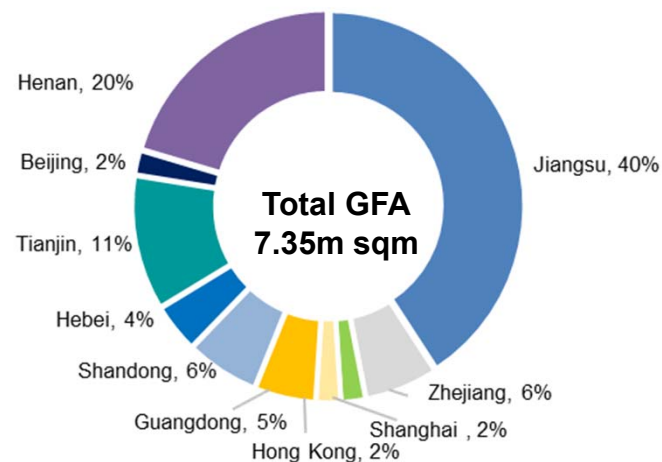
1 Strategically located high quality land bank

- ✓ The group has acquired 15 pieces of land with an aggregate floor area of 1.49m sqm in 2019 and land reserve was about 7.35m sqm as at 31 December 2019
- ✓ The property segment acquired 14 pieces of land for residential purpose, through listing-for-sale and co-development with competent enterprises in 2019, with an aggregate floor area of about 1,240,000 sqm
- ✓ The investment and asset management segment also acquired a piece of land in Zhengzhou with an aggregate floor area of 250,000 sqm for Cultural, Tourist and Commercial Business

2019 land bank by region



2019 land bank by province



1 Strategically located high quality land bank

New Land Acquisition in 2019

	Provinces/ City	Projects	Attributable interest	Land Area (sqm)	GFA (sqm)	Total Consideration (RMB'm)
Yangtze River Delta Region						
1)	Shanghai	RK Shanghai Style+	52.5%	36,000	61,000	1,034
2)	Shanghai	Waigang Project	65%	46,000	64,000	834
3)	Jiangsu/ Suzhou	Mu Du Project	51%	36,000	75,000	1,343
4)	Jiangsu/ Suzhou	Xiangcheng District Project	51%	79,000	155,000	1,734
5)	Jiangsu/ Changzhou	Yan Cheng Project	51%	108,000	164,000	2,090
6)	Jiangsu/ Nanjing	Qixia District Project	49%	39,000	69,000	910
7)	Jiangsu/ Wuxi	Xinwu District Project	51%	77,000	151,000	973
8)	Zhejiang/ Hangzhou	Yuhang District Project	100%	9,000	12,000	223
9)	Zhejiang/ Hangzhou	Chongxian C4 Project	49%	36,000	75,000	1,005
10)	Zhejiang/ Hangzhou	Chongxian C5 Project	60%	49,000	100,000	1,365
Bohai Rim Region						
11)	Beijing	RK Yun He Shang Yuan	100%	33,000	57,000	408
12)	Hebei	Guan Project Phase I	45%	13,000	18,000	35
Guangdong – Hong Kong – Macao Bay Area						
13)	Guangdong/ Guangzhou	Phoenix Residence	30%	58,000	154,000	2,595
Other regions						
14)	Henan/ Zhengzhou	Economic Development Zone Project	49.9%	24,000	82,000	359
15)	Henan/ Zhengzhou	RK Slow City (Central China)	51%	249,000	248,000	355

1 Strategically located high quality land bank

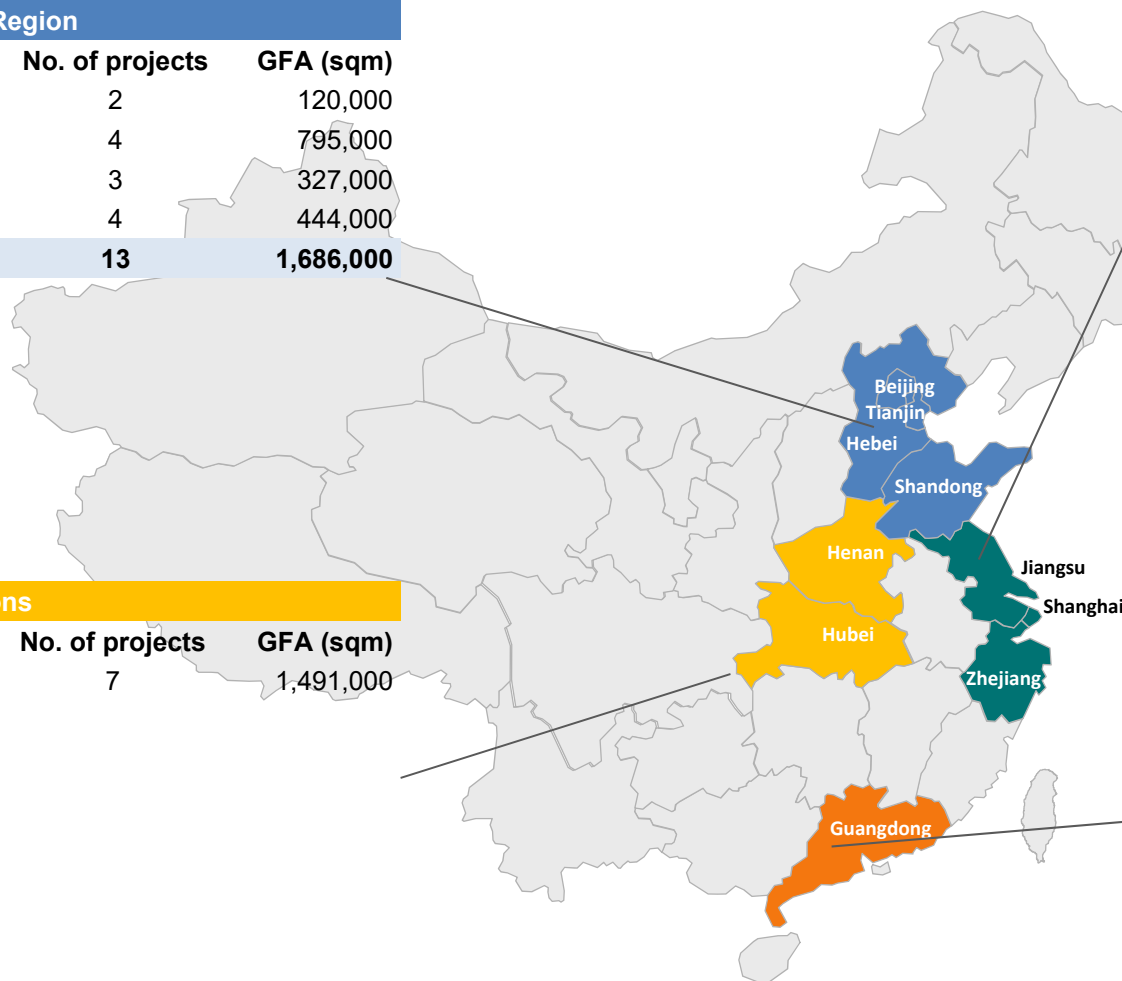
Total GFA: 7,350,000 sqm
2019 new acquired GFA: 1,485,000 sqm

Bohai Rim Region		
Province	No. of projects	GFA (sqm)
Beijing	2	120,000
Tianjin	4	795,000
Hebei	3	327,000
Shandong	4	444,000
Total	13	1,686,000

Yangtze River Delta		
Province	No. of projects	GFA (sqm)
Shanghai	3	261,000
Jiangsu	24	2,922,000
Zhejiang	6	471,000
Total	33	3,654,000

Other Regions		
Province	No. of projects	GFA (sqm)
Henan	7	1,491,000

Guangdong–Hong Kong–Macao Bay Area		
Province	No. of projects	GFA (sqm)
Guangdong	4	396,000
Hong Kong	3	118,000
Total	7	514,000

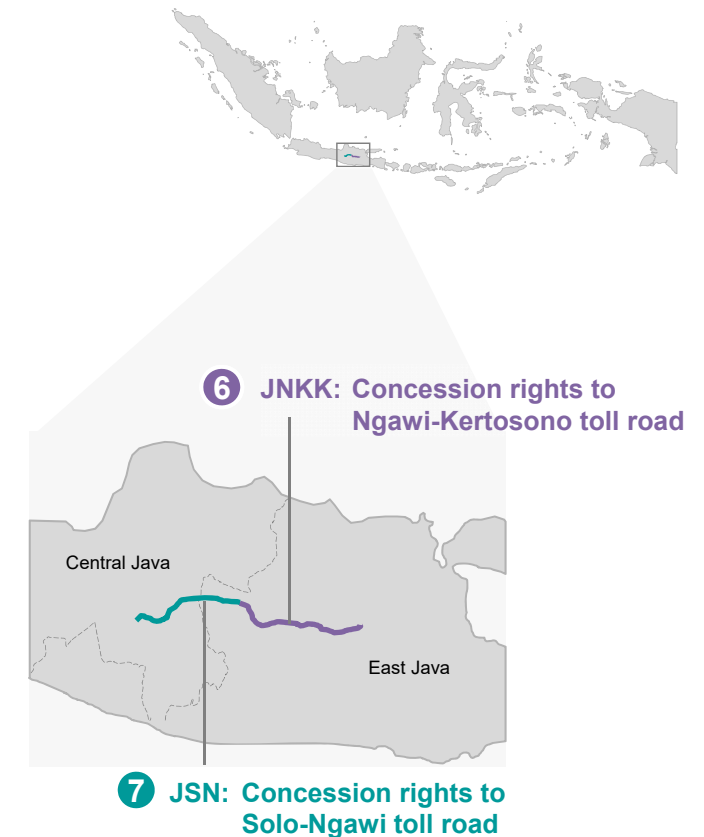


2 Substantial recurring income from toll road business

China



Indonesia

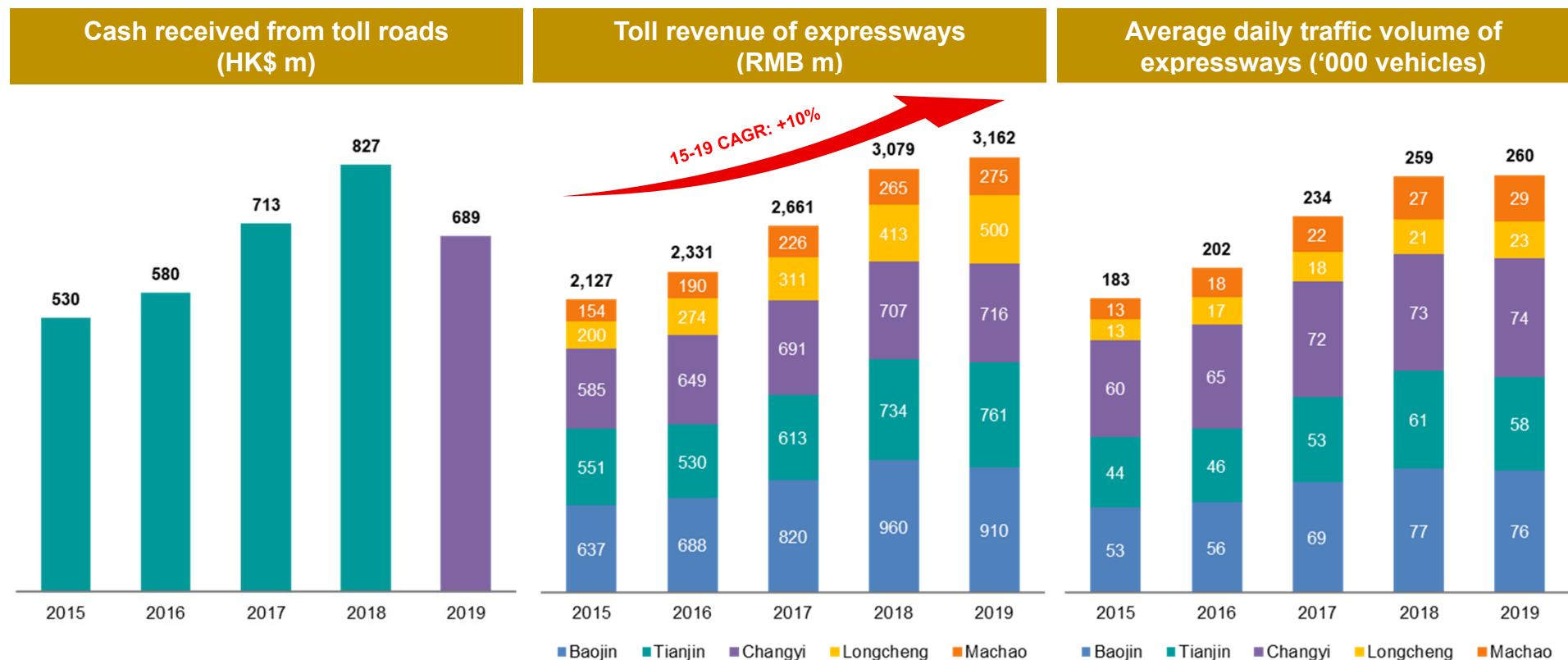


Diversified portfolio of 7 expressways – strategically located around the key national economic zones in China and Indonesia

Source: Company filings

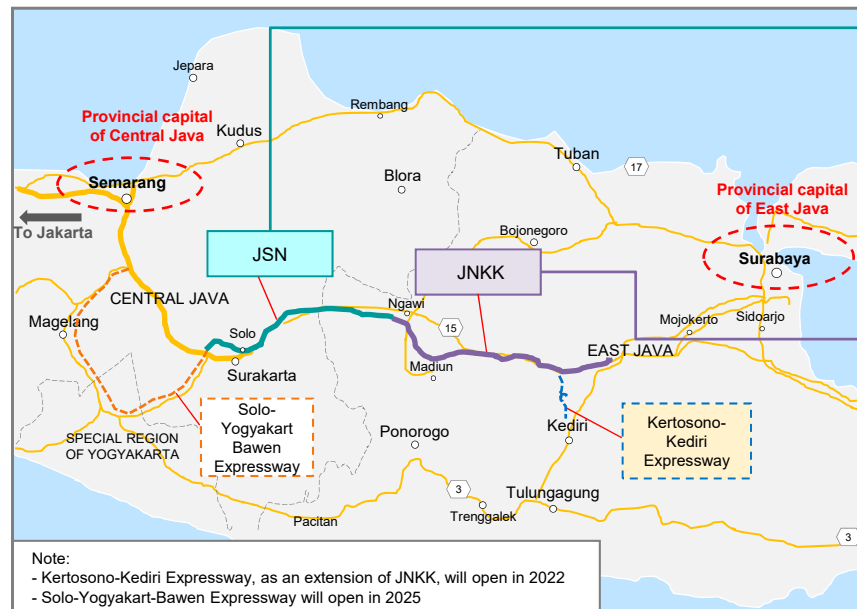
2 Substantial recurring income from toll road business

- ✓ Recurring cash flow stream – cash received from toll road JVs in 2019 was HK\$689m
- ✓ Total traffic volume in Mainland China reached 95m vehicles and the toll revenue reached RMB3,162m, representing an increase of 3% as compared to 2018
- ✓ The toll revenue and traffic volume of the two Indonesian expressways in 2019 were RMB520m and 30,183 vehicles respectively



2 Completion of acquisition of 40% interest in two Indonesian toll roads

Toll roads are part of the Trans-Java expressway network connecting key cities such as Jakarta to Surabaya



JSN: Concession rights to Solo-Ngawi toll road



- Total length of 91km
- Concession period up to 2056

JNKK: Concession rights to Ngawi-Kertosono toll road



- Total length of 115km
- Concession period up to 2066

- On 30 September 2019, Kings Key (an indirect subsidiary owned as to 75% by RKI) entered into conditional sale and purchase agreements with a subsidiary of Indonesian-listed PT Waskita Karya Tbk to which Kings Key agreed to purchase 40% equity interests in JSN and JNKK for an aggregate upfront consideration of Rp1,882 billion (approximately HK\$1,039.8m). Kings Key also purchases a shareholder's loan with accrued interest in one of the companies of approximately Rp289 billion (approximately HK\$160.1m)
- The acquisition was completed in December 2019
- As a result, Kings Key owns 40% of JSN and JNKK respectively, with existing shareholders PTJM and PTLMJ holding the remaining 40% and 20% in each of JSN and JNKK respectively

Note: JSN: PT Jasamarga Solo Ngawi, JNKK: PT Jasamarga Ngawi Kertosono Kediri, PTJM: PT Jasa Marga (Persero), PTLMJ: PT Lintas Marga Jawa



3 Impact of COVID - 19

Office (including home office) recommenced in early February 2020 for the preparation work

Property development business

- Substantial construction sites and sales offices have resumed to work in early March 2020
- The progress of 2020 property delivery is being closely monitored and the impact, if any, shall be manageable
- Impact of contracted sales is yet to be quantified but is expected to regain sales momentum
- Slight adjustment of government policies to release more liquidity to the property developers (i.e. allowing the earlier launch of pre-sales and release of the sales proceeds under monitoring)

Toll road business

- The Ministry of Transport of the PRC government announced on 16 February 2020 that there will be a general exemption for toll fees payment across the PRC till the work for prevention and control of epidemic ends
- The Group is monitoring the development of the outbreak and its corresponding impact



A Developer and Operator with Sustainable and Healthy Growth

Q&A Session



RK Shanghai Style Phase III in
Shanghai



RK Yanjiang Riverside in Suzhou



Machao Expressway in Anhui

