



ROAD KING INFRASTRUCTURE LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 1098)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 DECEMBER 2007

FINANCIAL HIGHLIGHTS

	2007	2006	Change
Revenue: The Group and share of infrastructure joint ventures	HK\$3,689 million	HK\$1,739 million	+112%
Profit attributable to shareholders	HK\$851 million	HK\$705 million	+21%
Earnings per share	HK\$1.16	HK\$1.16	—
Proposed final dividend per share	HK\$0.28	HK\$0.26	+8%
Dividend per share (interim and proposed final)	HK\$0.52	HK\$0.48*	+8%
Equity attributable to shareholders of the Company	HK\$8,472 million	HK\$6,778 million	+25%
Cash and bank balances	HK\$2,091 million	HK\$1,137 million	+84%

* *excluding special interim dividend*

RESULTS

The Board of Directors (the “Board”) of Road King Infrastructure Limited (the “Company”) is pleased to announce the audited consolidated income statement of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2007 and the consolidated balance sheet of the Group as at 31 December 2007 as follows:

Consolidated Income Statement

For the year ended 31 December 2007

	Continuing operations		Discontinued operation		Total	
	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000
Revenue (Note 3)	2,407,770	514,072	—	38,167	2,407,770	552,239
Sales of completed properties held for sale	2,407,770	505,501	—	—	2,407,770	505,501
Sales of ginseng	—	—	—	38,167	—	38,167
	2,407,770	505,501	—	38,167	2,407,770	543,668
Cost of sales	(1,741,789)	(336,578)	—	(39,395)	(1,741,789)	(375,973)
Gross profit (loss)	665,981	168,923	—	(1,228)	665,981	167,695
Minimum income undertakings	—	8,571	—	—	—	8,571
Discount on acquisition of a subsidiary/ deemed acquisition of additional interest in a subsidiary	—	163,410	—	10,606	—	174,016
Interest income	96,189	38,234	—	8	96,189	38,242
Other income	420,886	101,935	—	472	420,886	102,407
Selling expenses	(91,506)	(21,003)	—	—	(91,506)	(21,003)
Operating expenses	(371,302)	(142,464)	—	(4,483)	(371,302)	(146,947)
Share of results of joint ventures (Note 4)	577,107	586,844	—	—	577,107	586,844
Share of result of an associate	12,267	—	—	—	12,267	—
Finance costs (Note 5)	(100,670)	(121,927)	—	(2,045)	(100,670)	(123,972)
Profit before taxation (Note 6)	1,208,952	782,523	—	3,330	1,208,952	785,853
Income tax expense (Note 7)	(342,811)	(75,535)	—	(8,595)	(342,811)	(84,130)
Profit (loss) for the year	866,141	706,988	—	(5,265)	866,141	701,723

	Continuing operations		Discontinued operation		Total	
	2007	2006	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Attributable to:						
Shareholders of the Company	851,067	706,988	—	(1,912)	851,067	705,076
Minority interests	15,074	—	—	(3,353)	15,074	(3,353)
	<u>866,141</u>	<u>706,988</u>	<u>—</u>	<u>(5,265)</u>	<u>866,141</u>	<u>701,723</u>
Dividends paid (Note 8)	<u>372,698</u>	<u>288,964</u>	<u>—</u>	<u>81,072</u>	<u>372,698</u>	<u>370,036</u>
Earnings per share (Note 9)						
From continuing and discontinued operations						
— Basic					<u>HK\$1.16</u>	<u>HK\$1.16</u>
— Diluted					<u>HK\$1.14</u>	<u>HK\$1.14</u>
From continuing operations						
— Basic					<u>HK\$1.16</u>	<u>HK\$1.16</u>
— Diluted					<u>HK\$1.14</u>	<u>HK\$1.14</u>

Consolidated Balance Sheet

At 31 December 2007

	2007 HK\$'000	2006 HK\$'000
ASSETS		
Non-current assets		
Property, plant and equipment	103,881	9,724
Prepaid lease payments for land	49,912	—
Interests in joint ventures	5,170,093	5,073,408
Loans to joint ventures	81,196	13,408
Loans to related companies	54,700	54,700
Deferred tax assets	81,862	9,576
Long-term receivables	433,132	31,484
Available-for-sale investments (Note 10)	592,821	—
	<u>6,567,597</u>	<u>5,192,300</u>
Current assets		
Inventory of properties	10,379,463	2,896,959
Advances for land leases	1,393,210	458,758
Prepaid lease payments for land	1,365	—
Debtors, deposits and prepayments	769,764	1,276,419
Prepaid income tax	226,432	—
Pledged deposits	231,583	24,018
Bank balances and cash	1,858,941	1,113,374
	<u>14,860,758</u>	<u>5,769,528</u>
Total assets	<u><u>21,428,355</u></u>	<u><u>10,961,828</u></u>
EQUITY AND LIABILITIES		
Equity attributable to shareholders of the Company		
Share capital	75,265	69,008
Reserves	8,397,151	6,708,560
	<u>8,472,416</u>	<u>6,777,568</u>
Minority interests	<u>151,527</u>	<u>—</u>
Total equity	<u>8,623,943</u>	<u>6,777,568</u>
Non-current liabilities		
Bank and other borrowings — due after one year	6,114,771	1,559,029
Deferred tax liabilities	69,155	5,885
	<u>6,183,926</u>	<u>1,564,914</u>
Current liabilities		
Creditors and accrued charges	1,663,877	603,075
Deposits from pre-sale of properties	4,127,823	383,494
Income tax payable	219,839	50,622
Bank and other borrowings — due within one year	608,947	1,582,155
	<u>6,620,486</u>	<u>2,619,346</u>
Total equity and liabilities	<u><u>21,428,355</u></u>	<u><u>10,961,828</u></u>

NOTES:

1. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied, for the first time, the following new standard, amendment and interpretations (“new HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), which are effective for the Group’s financial year beginning on 1 January 2007.

HKAS 1 (Amendment)	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC) - Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies
HK(IFRIC) - Int 8	Scope of HKFRS 2
HK(IFRIC) - Int 9	Reassessment of Embedded Derivatives
HK(IFRIC) - Int 10	Interim Financial Reporting and Impairment

The adoption of the new HKFRSs has resulted in the following areas:

- The impact of application of HKFRS 7 “Financial instruments: Disclosures” has been to expand the disclosures provided in the financial statements regarding the Group’s financial instruments, especially on the sensitivity analysis to market risk.
- The impact of application of HKAS 1 (Amendment) “Capital Disclosures” has been to disclose information regarding its objectives, policies and processes for managing capital.

The application of the remaining new HKFRSs has had no material effect on how the results and financial position for the current or prior accounting periods are prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has not early adopted the following new and revised standards, amendment or interpretations that have been issued but are not yet effective.

HKAS 1 (Revised)	Presentation of Financial Statements ¹
HKAS 23 (Revised)	Borrowing costs ¹
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ²
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations ¹
HKFRS 3 (Revised)	Business Combinations ²
HKFRS 8	Operating Segments ¹
HK(IFRIC) - Int 11	HKFRS 2 — Group and Treasury Share Transactions ³
HK(IFRIC) - Int 12	Service Concession Arrangements ⁴
HK(IFRIC) - Int 13	Customer Loyalty Programmes ⁵
HK(IFRIC) - Int 14	HKAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction ⁴

¹ Effective for annual periods beginning on or after 1 January 2009.

² Effective for annual periods beginning on or after 1 July 2009.

³ Effective for annual periods beginning on or after 1 March 2007.

⁴ Effective for annual periods beginning on or after 1 January 2008.

⁵ Effective for annual periods beginning on or after 1 July 2008.

The Group is in the process of making an assessment of the potential impact of these standards, amendment or interpretations. Other than the adoption of HK(IFRIC) - Int 12 “Service Concession Arrangements” which may have potential impact to the consolidated financial statements, the Directors of the Company so far concluded that the application of the remaining standards, amendment or interpretations will have no material impact on the consolidated financial statements of the Group. The Group is still not in the position to reasonably estimate the impact that may arise from the HK(IFRIC) - Int 12.

2. SEGMENTAL INFORMATION

The businesses based upon which the Group reports its primary segment information are as follows:

- | | | |
|----------------------|---|---|
| Toll road | — | investment in, development, operation and management of toll roads, bridges and expressways |
| Property development | — | development and sales of properties |

The Group's turnover and profit for the year ended 31 December 2007 by business activities are as follows:

	Continuing operations			Discontinued operation		Consolidated HK\$'000
	Toll road HK\$'000	Property development HK\$'000	Unallocated HK\$'000	Total HK\$'000	Ginseng HK\$'000	
2007						
Revenue	<u>—</u>	<u>2,407,770</u>	<u>—</u>	<u>2,407,770</u>	<u>—</u>	<u>2,407,770</u>
Segment result	(5,042)	438,028	—	432,986	—	432,986
Interest income	—	—	96,189	96,189	—	96,189
Corporate income	—	—	370,248	370,248	—	370,248
Corporate expenses	—	—	(179,175)	(179,175)	—	(179,175)
Share of results of joint ventures	574,835	2,272	—	577,107	—	577,107
Share of result of an associate	—	12,267	—	12,267	—	12,267
Finance costs	—	—	(100,670)	(100,670)	—	(100,670)
Profit before taxation				1,208,952	—	1,208,952
Income tax expense				(342,811)	—	(342,811)
Profit for the year				<u>866,141</u>	<u>—</u>	<u>866,141</u>
2006						
Revenue	<u>8,571</u>	<u>505,501</u>	<u>—</u>	<u>514,072</u>	<u>38,167</u>	<u>552,239</u>
Segment result	(7,598)	132,676	—	125,078	(5,239)	119,839
Discount on acquisition of a subsidiary/ deemed acquisition of additional interest in a subsidiary	—	163,410	—	163,410	10,606	174,016
Interest income	—	—	38,234	38,234	8	38,242
Corporate income	—	—	88,061	88,061	—	88,061
Corporate expenses	—	—	(97,177)	(97,177)	—	(97,177)
Share of results of joint ventures	587,142	(298)	—	586,844	—	586,844
Finance costs	—	—	(121,927)	(121,927)	(2,045)	(123,972)
Profit before taxation				782,523	3,330	785,853
Income tax expense				(75,535)	(8,595)	(84,130)
Profit (loss) for the year				<u>706,988</u>	<u>(5,265)</u>	<u>701,723</u>

3. REVENUE

An analysis of the Group's revenue for the year, for both continuing and discontinued operations, is as follows:

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Continuing operations		
Minimum income undertakings	—	8,571
Sales of completed properties held for sale	<u>2,407,770</u>	<u>505,501</u>
	<u>2,407,770</u>	<u>514,072</u>
Discontinued operation		
Farming and trading of ginseng goods	<u>—</u>	<u>38,167</u>
Total revenue of the Group	<u><u>2,407,770</u></u>	<u><u>552,239</u></u>
Share of toll revenue of infrastructure joint ventures	<u><u>1,281,524</u></u>	<u><u>1,186,650</u></u>
Revenue of the Group and share of revenue of infrastructure joint ventures	<u><u>3,689,294</u></u>	<u><u>1,738,889</u></u>

4. SHARE OF RESULTS OF JOINT VENTURES

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Continuing operations		
Share of post-acquisition profits of infrastructure joint ventures before amortisation and taxation	931,084	894,988
Less: amortisation of toll highway operation rights	(201,756)	(250,618)
current tax	(70,093)	(49,728)
deferred taxation	<u>(84,400)</u>	<u>(7,500)</u>
	574,835	587,142
Share of post-acquisition profit (loss) of other joint ventures	<u>2,272</u>	<u>(298)</u>
	<u><u>577,107</u></u>	<u><u>586,844</u></u>

The current tax amount represents the share of PRC income tax attributable to the PRC infrastructure joint ventures.

Deferred tax has been provided for temporary differences between the carrying amount of toll highway 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 enjoying preferential rate of 15% or lower, the new tax rate is progressively increasing to 25% over five years as grandfathering provision. The deferred tax balance has been adjusted to reflect the tax rates that are expected to apply to the respective periods when the asset is realised or the liability is settled. The details of change in tax rate are mentioned in note 7.

5. FINANCE COSTS

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Continuing operations		
Interest on:		
Borrowings wholly repayable within five years	311,430	136,610
Borrowings not wholly repayable within five years	<u>73,851</u>	<u>—</u>
Total borrowing costs	385,281	136,610
Other finance costs	<u>29,649</u>	<u>11,644</u>
	414,930	148,254
Less: amount capitalised in properties under development for sale	<u>(314,260)</u>	<u>(26,327)</u>
	<u>100,670</u>	<u>121,927</u>
Discontinued operation		
Interest on:		
Borrowings wholly repayable within five years	—	2,110
Less: amount capitalised	<u>—</u>	<u>(65)</u>
	<u>—</u>	<u>2,045</u>
	<u>100,670</u>	<u>123,972</u>

Borrowing costs capitalised during the year are calculated by applying an average capitalisation rate of 6.758% (2006: 6.25%) per annum to expenditure on qualifying assets.

6. PROFIT BEFORE TAXATION

	Continuing operations		Discontinued operation		Consolidated	
	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000
Profit before taxation has been arrived at after charging:						
Depreciation of property, plant and equipment	5,824	2,332	—	5,094	5,824	7,426
Less: capitalised in inventories and ginseng crops	—	—	—	(5,001)	—	(5,001)
Less: capitalised in properties under development for sale	(1,720)	(773)	—	—	(1,720)	(773)
	<u>4,104</u>	<u>1,559</u>	<u>—</u>	<u>93</u>	<u>4,104</u>	<u>1,652</u>
Operating lease rentals in respect of leasehold land, premises and equipment	4,293	3,853	—	4,889	4,293	8,742
Less: capitalised in inventories and ginseng crops	—	—	—	(4,715)	—	(4,715)
Less: capitalised in properties under development for sale	(888)	(673)	—	—	(888)	(673)
	<u>3,405</u>	<u>3,180</u>	<u>—</u>	<u>174</u>	<u>3,405</u>	<u>3,354</u>
Auditors' remuneration	3,974	2,505	—	—	3,974	2,505
Loss on disposal of property, plant and equipment	251	17	—	—	251	17
Share-based payments	66,783	34,408	—	—	66,783	34,408
Write-down of inventories	—	—	—	1,599	—	1,599
Fair value on financial guarantee contracts	22,000	—	—	—	22,000	—
Cost of inventories recognised as an expense	1,741,789	336,578	—	37,796	1,741,789	374,374
Share of tax of an associate	21,742	—	—	—	21,742	—
Staff costs (excluding directors' emoluments)	125,355	77,370	—	16,028	125,355	93,398
Provident fund scheme contributions, net of forfeited contributions of HK\$335,000 (2006: HK\$86,000)	9,298	1,989	—	14	9,298	2,003
Less: capitalised in inventories and ginseng crops	—	—	—	(12,791)	—	(12,791)
Less: capitalised in properties under development for sale	(17,447)	(10,383)	—	—	(17,447)	(10,383)
Total staff costs (excluding directors' emoluments)	<u>117,206</u>	<u>68,976</u>	<u>—</u>	<u>3,251</u>	<u>117,206</u>	<u>72,227</u>

	Continuing operations		Discontinued operation		Consolidated	
	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000
and after crediting:						
Bank interest income	40,454	37,334	—	8	40,454	37,342
Imputed interest income on long-term receivables	12,000	—	—	—	12,000	—
Amortisation of fair value on financial guarantee contracts	9,000	—	—	—	9,000	—
Gain on disposal of interest in an infrastructure joint venture	11,130	5,140	—	—	11,130	5,140
Gain on disposal of property, plant and equipment	—	—	—	46	—	46
Realised gain on disposal of listed equity securities	—	1,464	—	—	—	1,464
Realised gain on derivative financial instruments	—	672	—	—	—	672
Net exchange gain included in other income	358,675	85,745	—	381	358,675	86,126

7. INCOME TAX EXPENSE

	2007 HK\$'000	2006 HK\$'000
Continuing operations		
Current tax:		
PRC Enterprise income tax	150,727	51,579
PRC Land Appreciation Tax (“LAT”)	107,299	18,071
	<u>258,026</u>	<u>69,650</u>
Deferred taxation		
Current tax	80,021	5,885
Attributable to a change in tax rate	4,764	—
	<u>84,785</u>	<u>5,885</u>
	<u>342,811</u>	<u>75,535</u>
Discontinued operation		
Deferred taxation	—	8,595
	<u>342,811</u>	<u>84,130</u>

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

The PRC income tax of subsidiaries is calculated at prevailing PRC tax rates on the estimated profits for the year.

The provision of LAT is estimated according to the requirements set forth in the relevant PRC tax laws and regulations. LAT has been provided at ranges of progressive rates of the appreciation value, with certain allowable deductions. LAT for 2006 has been reclassified from cost of sales to income tax expense to conform with the current year's presentation. Accordingly, LAT payable for 2006 has been reclassified from other payable to income tax payable.

On 16 March 2007, the National People's Congress approved the Corporate Income Tax Law of the People's Republic of China (the "new CIT Law"), which is effective from 1 January 2008. According to the new CIT Law, both domestic and foreign invested enterprises will be subjected to a single income tax rate of 25%. The existing Tax Law of the People's Republic of China for Enterprises with Foreign Investment and Foreign Enterprises, and Provisional Regulations of the People's Republic of China on Enterprise Income Tax will be abolished simultaneously.

Detailed measures of the new CIT Law, specific provisions concerning the applicable income tax rates, computation of taxable income, as well as specific preferential tax treatments and their transitional provisions for the periods from 2007 and onwards have been issued in December 2007. The deferred tax balance has been adjusted to reflect the tax rates that are expected to be applied to the respective periods when the asset is realised or the liability is settled.

8. DIVIDENDS PAID

	2007	2006
	HK\$'000	HK\$'000
2006 final dividend paid of HK\$0.26 (2005: HK\$0.26) per share	192,790	156,350
2007 interim dividend paid of HK\$0.24 (2006: HK\$0.22) per share	179,908	132,614
2006 special interim dividend	<u>—</u>	<u>81,072</u>
	<u>372,698</u>	<u>370,036</u>

A final dividend in respect of 2007 of HK\$0.28 per share amounting to a total of approximately HK\$211,000,000 is proposed by the Board. This dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these consolidated financial statements. The amount will be accounted for as an appropriation of reserves in the year ending 31 December 2008.

The amount of the final dividend proposed has been calculated on the basis of 752,646,566 shares in issue as at 2 April 2008.

During the year ended 31 December 2006, the Company had distributed its entire interest in a former subsidiary by way of special interim dividend.

9. EARNINGS PER SHARE

From continuing and discontinued operations

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

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Earnings for the purposes of basic and diluted earnings per share attributable to the shareholders of the Company	<u>851,067</u>	<u>705,076</u>
	2007 <i>Number of shares</i>	2006 <i>Number of shares</i>
Weighted average number of ordinary shares for the purpose of basic earnings per share	736,404,000	608,390,000
Effect of dilutive potential ordinary shares:		
Share options	<u>8,597,000</u>	<u>8,349,000</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>745,001,000</u>	<u>616,739,000</u>

From continuing operations

The calculation of the basic and diluted earnings per share from continuing operations attributable to the shareholders of the Company is based on the following data:

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Earnings for the year attributable to the shareholders of the Company	851,067	705,076
Add: loss for the year from discontinued operation	<u>—</u>	<u>1,912</u>
Earnings for the purposes of basic earnings per share from continuing operations attributable to the shareholders of the Company	<u>851,067</u>	<u>706,988</u>

The denominators used are the same as those detailed above for basic and diluted earnings per share.

From discontinued operation

Basic loss per share for discontinued operation attributable to the shareholders of the Company is insignificant for both years.

10. AVAILABLE-FOR-SALE INVESTMENTS

After completion of the equity transaction in Sunco Property Holdings Company Limited (“Sunco Property”) in July 2007, the Group was unexpectedly not able to obtain effective control over two of the subsidiaries in Tianjin, namely 天津順馳新地置業有限公司 and 天津順馳融信置地有限公司 (collectively referred to as the “Tianjin Companies”).

Having taken PRC legal advice, the Group initiated civil proceedings in Tianjin district People’s Court to enforce its right. As the Group has strong evidence in support of the claim, the Group believes that it will be able to assume control of the Tianjin Companies as well as the assets thereof. The Group is now pushing for a court hearing date to be fixed.

As the Group has not yet obtained effective control or exercise significant influence over the operating and financing policies of the Tianjin Companies, the Tianjin Companies are not currently considered to be subsidiaries or associates of the Company and therefore they are accounted for as available-for-sale investments.

The audit opinion for the consolidated financial statements of the Group for the year ended 31 December 2007 has been modified in connection with the captioned issue and is extracted as follows:

“Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 December 2007 and of the Group’s profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Without qualifying our opinion we draw attention to notes 22 and 38 to the consolidated financial statements. The Group currently has not obtained effective control over 天津順馳新地置業有限公司 and 天津順馳融信置地有限公司 (collectively referred to as the “Tianjin Companies”) despite the fact that the board of directors of the Tianjin Companies was appointed by the Group, due to the circumstances described in note 22, and accordingly, the Group has not accounted for the Tianjin Companies as subsidiaries of the Group. The Group has commenced legal proceedings against the former management of the Tianjin Companies with a view to obtain effective control over these companies. The date of hearing has not been fixed at the date of this report. The directors, based on advice of the Group’s PRC legal adviser, are of the firm belief that the court ruling will be favourable to the Group and accordingly, the Group can assume effective control over the Tianjin Companies in the foreseeable future. However, as the eventual outcome of the court proceedings cannot be determined with certainty, there exist uncertainties which may affect the following:

- the Group being unable to obtain effective control over the Tianjin Companies or otherwise realise the underlying properties of the Tianjin Companies, thereby impacting the recoverability of the Group’s investments in these companies amounting to HK\$592,821,000.
- the banks seeking payment from the Group in relation to credit facilities to the Tianjin Companies amounting to HK\$315,789,000 as at 31 December 2007 which has been guaranteed by the Group as described in note 38, in the event that the Tianjin Companies are not in a position to repay the credit facilities by the maturity date in July 2008.

Other than the fair value of the guarantees amounting to HK\$22,000,000 as at the date the guarantee was initially given, no provision for any liability or impairment that may result has been made in the consolidated financial statements.”

DIVIDEND

The Board has resolved to recommend a final dividend of HK\$0.28 (2006: HK\$0.26) per ordinary share for the year ended 31 December 2007 to the shareholders of the Company whose names appear in the Register of Members of the Company on Monday, 26 May 2008, subject to approval of the shareholders at the forthcoming Annual General Meeting. It is expected that payment of the final dividend will be made on or before 30 May 2008.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Thursday, 22 May 2008 to Monday, 26 May 2008, both days inclusive, during which no transfer of shares will be registered. In order to qualify for the proposed final dividend, all transfers 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 Wednesday, 21 May 2008.

BUSINESS REVIEW

The Group's profit attributable to shareholders increased from HK\$705 million for 2006 to HK\$851 million for 2007, representing an increase of 21%. The stability of the profitable toll road business and the growing contribution from the property business contributed to the increase in the Group's earnings. The Board recommended a final dividend of HK\$0.28 per share. Together with the interim dividend of HK\$0.24 per share, the total dividend for 2007 is HK\$0.52 per share.

Toll Road Business

Total traffic volume and toll revenue of the Group's toll road projects in 2007 were 130 million vehicles and RMB2.3 billion respectively, representing an increase of 11% and 16%, respectively, as compared to those in 2006 (excluding the results of Foshan Guangzhou-Sanshui Expressway which was terminated in 2006). Cash generated from the toll road business amounted to HK\$767 million.

Benefited from the economic growth in China, the Group's expressways continued to perform well in 2007 with annual toll revenue increased by 24%. Total revenue and cashflow generated from the expressway projects represented 67% and 65% respectively, of those of the Group and such proportions are expected to increase in the future.

In 2007, the Group disposed of 25% of the equity interest in Provincial Highway 307 Bengbu Huaihe Bridge Highway, Provincial Highway 307 Bengbu Huaiyuan-Mengcheng Highway and Bengbu Chaoyanglu Huaihe Highway Bridge in the Anhui Province, of which the Group owned 60% equity interest prior to the disposal. The Group intends to dispose of the remaining 35% interest in the near future. In addition, the Group entered into a framework agreement in 2007 to dispose of its interest in Yulin-Gongguan Highway and certain assets of Yulin City Ring Roads in Guangxi Zhuang Autonomous Region. The transaction is expected to be completed in 2009. These disposals are in line with the Group's strategy to dispose of Class I/II highway projects to enhance investment returns.

The Group did not commit any investment in new expressway project in 2007 due to the uncertainties in the regulatory approval procedures. However, the Group is still in the process of evaluating and negotiating several new expressway projects. Upon the clarification of the procedures, the Group will consider to materialise new investments.

Property Business

The Group's revenue in property development (recorded in accordance with the accounting principles generally accepted in Hong Kong) surged substantially from HK\$506 million in 2006 to HK\$2,408 million in 2007 and total contracted sales and pre-sales of properties in 2007 amounted to about 444,000 sq.m. in aggregate (comprising only the results of the Group's wholly-owned projects and the projects of Sunco Property since it was acquired in July 2007).

In 2007, the Group's seven wholly-owned property development projects, namely Parkrise and Parkvista in Guangzhou; Royal City, Vista Panorama and Grand Metropolis in Changzhou; and Phoenix City in Suzhou, had achieved satisfactory progress; with the selling price of the projects in Guangzhou far exceeded the original expectation, the Changzhou projects well perceived by the locals, and the gradual integration of the operation of Phoenix City into the Group's stringent management systems and thus improving its development.

Acquisition of Sunco Property

In 2006, the Group announced its plan to acquire projects of the Sunco group in phases. The Group completed the acquisition of 49% equity interest in Sunco Property in January 2007. In July 2007, the Group increased its shareholding in Sunco Property to 88.5%. After a series of transactions and restructuring, the Group's property projects are now operated under the brand of RK Properties. Together with certain new investments made in the second half of 2007, the landbank of the Group reached 6.1 million sq.m. as of 31 December 2007.

Spin-off of Property Business

On 21 November 2007, the Group announced that it had submitted to The Stock Exchange of Hong Kong Limited (the "Stock Exchange") a proposal to spin-off its property business. The Group believes that the spin-off can (i) improve the segregation of focus in respect of each of the toll road and property business; (ii) attract investors with different profile; and (iii) realise the value of the property business.

The Group is currently in discussion with the Stock Exchange in respect of the spin-off proposal. The Group will also follow closely, and assess, the impact on the financial markets caused by the sub-prime mortgage crisis on the spin-off proposal. Further announcement will be made as and when appropriate.

Disputes with the former major shareholders of Sunco Property and former management of the Tianjin Companies

Litigations in Hong Kong

Subsequent to the completion of the acquisition of Sunco Property as well as the exercise of the option to acquire Sunco Real Estate Investment Limited (“Sunco Real Estate”) on behalf of an independent third party in 2007 pursuant to the option agreement signed in early 2007, the Group and the purchaser of Sunco Real Estate discovered that the former major shareholders of Sunco Property (the “Former Sunco Major Shareholders”) had not disclosed all liabilities and payment obligations. Both parties have therefore jointly taken legal actions and filed claims for compensation amounting to approximately RMB600 million in aggregate.

Subsequent to the Group commencing legal proceedings in respect of the claims above, it was noted that the Former Sunco Major Shareholders had issued a writ against the Group disputing the procedures for the acquisition of certain projects, which the Group considers groundless.

The Group is currently pursuing its claims vigorously. Further announcement will be made as and when appropriate.

Litigations in the PRC

Please refer to note 10 to the consolidated balance sheet of this announcement for the details of the Group’s litigations in the PRC.

FINANCIAL REVIEW

Liquidity and financial resources

As at 31 December 2007, shareholders’ funds increased to HK\$8,472 million (31 December 2006: HK\$6,778 million). The increase was mainly due to the share placement of 45,000,000 ordinary shares at HK\$12.2 each in March 2007 and profit earned during the year. Net assets per share increased to HK\$11.5 (31 December 2006: HK\$9.8).

As at 31 December 2007, the Group’s total assets were HK\$21,428 million (31 December 2006: HK\$10,962 million) and cash and bank balances (including pledged deposits) were HK\$2,091 million (31 December 2006: HK\$1,137 million), of which 90% were denominated in Renminbi, 7% were denominated in US dollars and the remaining 3% were denominated in HK dollars. In addition, there were mainly unutilised facilities of US\$100 million and RMB150 million as at 31 December 2007.

Financing activities

To finance investments in property projects and strengthen the financial position of the Group, the Group had undertaken the following major financing activities in addition to the aforementioned share placement during the year ended 31 December 2007:

- (a) upgraded the syndicated bank loans from US\$170 million to US\$220 million in May 2007;
- (b) issued US\$200 million fixed rate notes and US\$150 million floating rate notes in May 2007; and
- (c) arranged a term loan facility of US\$100 million in December 2007.

Debt and gearing

The gearing ratio of the Group increased from 46% at the end of 2006 to 79% as at 31 December 2007 as a result of the issue of fixed and floating rate notes as well as the upgrade of the syndicated bank loans. Interest coverage was 16.4 times (2006: 9.9 times).

As at 31 December 2007, the Group's total borrowings were HK\$6,724 million (2006: HK\$3,141 million). The maturity profile of the Group's total borrowings is set out as follows:

	As at 31 December	
	2007	2006
	HK\$'million	HK\$'million
Repayable:		
Within one year	609	1,582
After one year but within two years	602	—
After two years but within five years	4,008	1,559
After five years	<u>1,505</u>	<u>—</u>
Total borrowings	<u><u>6,724</u></u>	<u><u>3,141</u></u>

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

Financing and treasury policies

The Group continued to adopt prudent financing and treasury policies. All the 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 refinancing risk, interest rate risk and exchange rate risk.

Charges on assets

As at 31 December 2007, bank balances of RMB220 million were pledged as security in favour of banks for mortgage facilities granted to buyers of the Group's property projects. In addition to these charged deposits, properties valued at RMB1,357 million were pledged as security for certain loan facilities granted to property projects, and the shares of the intermediate subsidiaries holding interests in Baoding-Tianjin Expressway, Shenzhen Airport-Heao Expressway, Eastern Section and Hefei-Yeji Highway with aggregate net asset value of not less than US\$220 million were charged to secure for the syndicated bank loan of US\$220 million.

Exposure on foreign exchange fluctuations

The Group's borrowings are mainly denominated in US dollars but its cashflow is generated from projects denominated principally in Renminbi. As at 31 December 2007, 90% of the cash and bank balances was denominated in Renminbi and the remaining 10% was denominated in US dollars or Hong Kong dollars. The continuous appreciation of Renminbi had contributed to the Group's results. Save for the aforesaid, the Group has no significant exposure to foreign exchange fluctuation.

Exposure on interest rate

Following the introduction of austerity measures by the PRC Government and the measures implemented by the US Government in light of the sub-prime crisis, interest rates for the Renminbi and US dollars borrowings diverged rapidly and significantly in 2007. The one-year interest rate for Renminbi borrowings increased 22% from 612 basis points as at 1 January 2007 to 747 basis points as at 31 December 2007 while the London Interbank Offered Rate reduced by 22% from 544 basis points to 422 basis points during the same period.

Since the Group's borrowings are mainly denominated in Renminbi and US dollars, interest payments have been affected by interest rate fluctuations although to a certain extent the effect of higher interest payments from the Renminbi borrowings is offset by lower interest payments from the US dollars borrowings. The Directors consider that the monetary policies implemented by the PRC and the US Governments will continue to have a major impact on the results and operation of the Group.

Material future capital commitments

As at 31 December 2007, the Group's major capital commitments amounted to HK\$476 million.

Contingent liabilities

As at 31 December 2007, the Group provided guarantees of RMB3,102 million and RMB300 million in favour of its customers for their purchases of the Group's properties and a financial institution to provide credit facilities to the unconsolidated subsidiaries in Tianjin, respectively. The guarantees provided by the Group in favour of the customers will be released when the customers pledge their real estate certificates as securities to banks for the mortgage loans granted.

EMPLOYEES

Excluding the staff of joint ventures, the total number of employees of the Group (including the employees of the Tianjin subsidiaries) was 1,467 as at 31 December 2007. Expenditure on staff (excluding Directors' emoluments) amounted to HK\$135 million. Employees are remunerated according to their performance and contribution. Other employee benefits include but not limited to provident fund, insurance, medical cover and training programs, as well as share option scheme. In 2007, 19,500,000 share options were granted to Directors and employees under the Company's share option scheme adopted in May 2003.

PROSPECTS

The toll road and the property businesses both leverage on the Group's experience and relationship in the PRC and are complementary in characteristics, thus helping the Group to diversify the operation risk.

The toll road business brings stable cash inflow to the Group and serves as a robust source of profit. The Group will continue to explore opportunities to divest Class I/II highway portfolio to maximise the value of the toll road business and to identify new expressway projects.

The property business will focus on resolving the legacy issues of the acquired projects and consolidating the management team. The Group also plans to impose stringent construction and sales programs, improve management and control systems, and look for new development opportunities.

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

During the year ended 31 December 2007, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the company's listed securities.

CORPORATE GOVERNANCE

The Company is committed to the establishment of good corporate government practices and procedures.

The Company has complied throughout the year ended 31 December 2007 with the code provisions set out in the Code on Corporate Governance Practices (the "Code") listed in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") except code provision A.4.1 that Non-executive Directors of the Company are not appointed for a specific term but are subject to retirement by rotation and re-election at the Company's annual general meetings in accordance with Bye-law 87 of the Company's Bye-laws. The Company considers that this corporate governance practice is no less exacting than those provided in the Code.

The Audit Committee has reviewed the financial statements for the year ended 31 December 2007, including the accounting principles and practice adopted by the Group, in conjunction with the Company's external auditors.

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held at Beijing Suite 1, 3rd Floor, Prince Marco Polo Hotels, Harbour City, 23 Canton Road, Tsimshatsui, Kowloon, Hong Kong on Monday, 26 May 2008 at 2:30 p.m. and the notice of Annual General Meeting will be published and dispatched to the shareholders in the manner as required by the Listing Rules.

PUBLICATION OF THE FINAL RESULTS AND ANNUAL REPORT

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

APPRECIATION

The Directors would like to take this opportunity to express our hearty gratitude to our shareholders, business partners, and loyal and dedicated staff.

By Order of the Board
Road King Infrastructure Limited
Zen Wei Pao, William
Chairman

Hong Kong, 8 April 2008

As at the date of this announcement, the board of Directors 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. Hu Aimin and Zhang Yijun as Non-executive Directors and Messrs. Chan Hing Chiu, Vincent, Chow Shiu Kee, Stephen and Lau Sai Yung as Independent Non-executive Directors.