ROAD KING INFRASTRUCTURE LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 1098)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2008

FINANCIAL HIGHLIGHTS

	Six months ended 30 June		
	2008	2007	*% increase*
Revenue: The Group and share of infrastructure joint ventures	**HK$3,952 million**	HK$916 million	+331%
Profit attributable to shareholders	**HK$464 million**	HK$310 million	+50%
Earnings per share	**HK$0.62**	HK$0.43	+44%

RESULTS

The Board of Directors (the "Board") of Road King Infrastructure Limited (the "Company") is pleased to announce the unaudited condensed consolidated income statement of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2008, together with the comparative figures for the corresponding period in 2007, and the unaudited condensed consolidated balance sheet of the Group as at 30 June 2008 together with audited comparative figures as at 31 December 2007, as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2008

	NOTE	**2008** **(Unaudited)** **HK$'000**	2007 *(Unaudited)* *HK$'000*
Revenue	*3*	**3,102,273**	307,763
Cost of sales		**(2,711,413)**	(236,893)
Gross profit		**390,860**	70,870
Interest income		**11,453**	62,209
Other income		**296,468**	68,981
Selling expenses		**(52,483)**	(16,897)
Operating expenses		**(273,505)**	(69,417)
Share of results of joint ventures	*5*	**436,984**	360,994
Share of results of an associate		**—**	29
Finance costs	*6*	**(81,068)**	(128,884)
Profit before taxation	*7*	**728,709**	347,885
Income tax expense	*8*	**(223,649)**	(38,311)
Profit for the period		**505,060**	309,574
Attributable to:			
Shareholders of the Company		**463,767**	309,574
Minority interests		**41,293**	—
		505,060	309,574
Dividend paid	*9*	**210,752**	192,214
Earnings per share	*10*		
— Basic		**HK$0.62**	HK$0.43
— Diluted		**HK$0.62**	HK$0.42

CONDENSED CONSOLIDATED BALANCE SHEET

At 30 June 2008

	NOTE	**30 June 2008 *(Unaudited)* *HK$'000***	31 December 2007 *(Audited)* *HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**162,523**	103,881
Prepaid lease payments for land		**51,964**	49,912
Interests in joint ventures		**5,396,944**	5,170,093
Loans to joint ventures		**85,707**	81,196
Loans to related companies		**54,700**	54,700
Deferred tax assets		**39,472**	81,862
Long-term receivables		**614,505**	433,132
Available-for-sale investments	*11*	**625,756**	592,821
		7,031,571	6,567,597
Current assets			
Inventory of properties		**10,786,278**	10,379,463
Prepayment for land leases		**1,409,651**	1,393,210
Prepaid lease payments for land		**1,441**	1,365
Debtors, deposits and prepayments		**689,090**	769,764
Prepaid income tax		**257,254**	226,432
Pledged deposits		**283,758**	231,583
Bank balances and cash		**853,552**	1,858,941
		14,281,024	14,860,758
Total assets		**21,312,595**	21,428,355

	30 June 2008 (Unaudited) HK$'000	31 December 2007 (Audited) HK$'000
EQUITY AND LIABILITIES		
Equity attributable to shareholders of the Company		
Share capital	**75,269**	75,265
Reserves	**9,114,539**	8,397,151
	9,189,808	8,472,416
Minority interests	**184,118**	151,527
Total equity	**9,373,926**	8,623,943
Non-current liabilities		
Bank and other borrowings — due after one year	**5,900,818**	6,114,771
Deferred tax liabilities	**122,850**	69,155
	6,023,668	6,183,926
Current liabilities		
Creditors and accrued charges	**1,688,262**	1,663,877
Deposits from pre-sale of properties	**2,393,981**	4,127,823
Income tax payable	**194,088**	219,839
Bank and other borrowings — due within one year	**1,638,670**	608,947
	5,915,001	6,620,486
Total equity and liabilities	**21,312,595**	21,428,355

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 Hong Kong Accounting Standard 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.

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 2007.

In the current interim period, the Group has applied, for the first time, new interpretations ("new Interpretations") issued by the HKICPA, which are effective for the Group's financial year beginning on 1 January 2008.

The Directors have made an assessment on the impact of the new Interpretations, especially the HK(IFRIC) - Int 12 "Service Concession Arrangements", and concluded that the adoption of these new Interpretations had no material effect on the results or financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

The Group has not early applied the following new or revised standards, amendments 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]
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[1]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations[1]
HKFRS 3 (Revised)	Business Combinations[2]
HKFRS 8	Operating Segments[1]
HK(IFRIC) - Int 13	Customer Loyalty Programmes[3]

[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 July 2008

The adoption of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions. The Directors of the Company 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

	Six months ended 30 June	
	2008	2007
	HK$'000	*HK$'000*
Revenue of the Group		
Sales of completed properties held for sale	**3,102,273**	307,763
Share of toll revenue of infrastructure joint ventures	**850,214**	608,269
Revenue of the Group and share of revenue of infrastructure joint ventures	**3,952,487**	916,032

4. 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 revenue and profit for the six months ended 30 June 2008 and 2007 by business activities are as follows:

	Toll road	Property development	Unallocated	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
For the six months ended 30 June 2008				
Revenue	**—**	**3,102,273**	**—**	**3,102,273**
Segment results	**(7,728)**	**142,289**	**—**	**134,561**
Interest income	**—**	**—**	**11,453**	**11,453**
Corporate income	**—**	**—**	**262,973**	**262,973**
Corporate expenses	**—**	**—**	**(36,194)**	**(36,194)**
Share of results of joint ventures	**428,561**	**8,423**	**—**	**436,984**
Finance costs	**—**	**—**	**(81,068)**	**(81,068)**
Profit before taxation				**728,709**
Income tax expense				**(223,649)**
Profit for the period				**505,060**

	Toll road	Property development	Unallocated	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
For the six months ended 30 June 2007				
Revenue	—	307,763	—	307,763
Segment results	4,002	29,026	—	33,028
Interest income	—	—	62,209	62,209
Corporate income	—	—	60,847	60,847
Corporate expenses	—	—	(40,338)	(40,338)
Share of results of joint ventures	360,872	122	—	360,994
Share of results of an associate	—	29	—	29
Finance costs	—	—	(128,884)	(128,884)
Profit before taxation				347,885
Income tax expense				(38,311)
Profit for the period				309,574

5. SHARE OF RESULTS OF JOINT VENTURES

	Six months ended 30 June	
	2008	2007
	HK$'000	*HK$'000*
Share of post-acquisition profits of infrastructure joint ventures before amortisation and taxation	**590,055**	498,643
Less: amortisation of toll highway operation rights	**(106,363)**	(96,470)
current tax	**(50,381)**	(37,551)
deferred taxation	**(4,750)**	(3,750)
	428,561	360,872
Share of post-acquisition profits of other joint ventures	**8,423**	122
	436,984	360,994

The current tax amount represents the share of PRC enterprise 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 that enjoyed preferential rate of 15% or lower, the new tax rate is progressively increasing to 25% over five years as grandfathering provision.

6. FINANCE COSTS

	Six months ended 30 June	
	2008	2007
	HK$'000	*HK$'000*
Interest on:		
Borrowings wholly repayable within five years	**174,111**	107,927
Borrowings not wholly repayable within five years	**60,356**	15,624
Total borrowing costs	**234,467**	123,551
Other finance costs	**12,493**	15,680
	246,960	139,231
Less: amount capitalised in properties under development for sale	**(165,892)**	(10,347)
	81,068	128,884

7. PROFIT BEFORE TAXATION

	Six months ended 30 June	
	2008	2007
	HK$'000	*HK$'000*
Profit before taxation has been arrived at after charging:		
Depreciation of property, plant and equipment	**4,753**	1,746
Less: capitalised in properties under development for sale	**(711)**	(687)
	4,042	1,059
Amortisation of prepaid lease payments for land	**707**	—
Cost of inventories recognised as an expense	**2,711,413**	236,893
Loss on disposal of property, plant and equipment	**267**	—
and after crediting:		
Gain on disposal of interest in an infrastructure joint venture	**—**	11,130
Gain on disposal of property, plant and equipment	**—**	329
Net exchange gain	**262,042**	55,121

8. INCOME TAX EXPENSE

	Six months ended 30 June	
	2008	2007
	HK$'000	*HK$'000*
Current tax		
PRC enterprise income tax	**82,068**	20,551
PRC Land Appreciation Tax ("LAT")	**42,996**	9,420
	125,064	29,971
Deferred taxation		
Current year	**60,585**	8,340
Withholding tax	**38,000**	—
	98,585	8,340
	223,649	38,311

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

The PRC enterprise income tax of subsidiaries is calculated at 25% (six months ended 30 June 2007: 33%) statutory tax rate.

The provision of LAT is estimated according to the requirements set forth in the relevant PRC tax laws and regulations. LAT for the six months ended 30 June 2007 has been reclassified from cost of sales to income tax expense to conform with the current period's presentation.

Deferred tax has been provided for (i) fair value adjustment on properties under development; (ii) temporary differences between the carrying amounts and the tax base of properties under development for sale, arising from the capitalisation of certain interest expenses in properties under development for sale in consolidation level; and (iii) the tax losses.

According to a joint circular of Ministry of Finance and State Administration of Taxation Cai Shui [2008] No.1, dividend distributed out of the profits generated since 1 January 2008 held by the PRC entity shall be subject to PRC enterprise income tax pursuant to Articles 3 and 27 of the Income Tax Law Concerning Foreign Investment Enterprises and Foreign Enterprises and Article 91 of the Detailed Rules for the Implementation of the Income Tax Law for Enterprises with Foreign Investment and Foreign Enterprises. Deferred tax liability of HK$38,000,000 on the undistributed earnings of subsidiaries and joint ventures has been charged to the condensed consolidated income statement for the six months ended 30 June 2008.

9. DIVIDEND PAID

	Six months ended 30 June	
	2008	2007
	HK$'000	*HK$'000*
2007 final dividend paid of HK$0.28 (six months ended 30 June 2007: 2006 final dividend paid of HK$0.26) per share	**210,752**	192,214

An interim dividend in respect of 2008 of HK$0.05 (six months ended 30 June 2007: HK$0.24) per share amounting to a total of HK$38,000,000 (six months ended 30 June 2007: HK$180,000,000) has been approved by the Board on 21 August 2008. This interim dividend has not been included as a liability in these interim financial statements.

The amount of the interim dividend has been calculated on the basis of 752,686,566 shares in issue as at 21 August 2008.

10. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2008	2007
	HK$'000	*HK$'000*
Earnings for the purposes of basic and diluted earnings per share attributable to the shareholders of the Company	**463,767**	309,574

	30 June 2008	30 June 2007
	Number of shares	*Number of shares*
Weighted average number of ordinary shares for the purpose of basic earnings per share	**752,656,000**	722,268,000
Effect of dilutive potential ordinary shares:		
Share options	**1,386,000**	10,373,000
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**754,042,000**	732,641,000

11. AVAILABLE-FOR-SALE INVESTMENTS

As detailed in notes 22 and 32 of the Group's annual financial statements for the year ended 31 December 2007, 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") would have become indirect subsidiaries of the Company.

The PRC legal counsel had confirmed that the legal procedures in respect of the acquisition of the Tianjin Companies had been completed and the acquisition was legally enforceable under the relevant laws in the PRC. However, the Group has not yet obtained effective control over the Tianjin Companies despite the fact that the Board of Directors of the Tianjin Companies was appointed by the Group as the former management of the Tianjin Companies has not yet allowed the representatives of the Group to access the office of the Tianjin Companies, and has not yet handed over the official seals, the books and records as well as other relevant documents of the Tianjin Companies. Without such access of official seals and books and records, the Group has not yet effectively obtained control of the Tianjin Companies.

The Group has implemented certain preventive measures to preserve the assets of the Tianjin Companies including, but not limited to, (i) issuing a warning letter to the former management preventing them from taking any actions which will be detrimental to the Tianjin Companies; (ii) publishing a notice in a local newspaper in Tianjin to alert the public to take extra care when entering into any transactions with the Tianjin Companies; and (iii) issuing warning letters to the relevant banks in Tianjin to alert them to take extra care when entering into mortgage transactions with the customers and any other bank transactions with the Tianjin Companies.

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. Accordingly, the financial statements of the Tianjin Companies have not been consolidated into the Group's condensed consolidated financial statements. The investments in the Tianjin Companies have been recorded at cost less impairment as at 30 June 2008 and 31 December 2007 because the investments are unquoted equity shares whose range of reasonable fair value estimates is so significant that the Directors are of the opinion that the fair values cannot be measured reliably. Based on the impairment review on the investments in the Tianjin Companies, in the opinion of the Directors of the Company, no impairment on the investment cost in the Tianjin Companies is considered as necessary.

The Group commenced legal proceedings in the Tianjin Nankai District People's Court in October 2007 to enforce its rights and to assume effective control over the Tianjin Companies. However, the legal proceedings against the former management of the Tianjin Companies have been temporarily suspended during the current interim period on the basis that unspecified facts which relate to those proceedings may overlap with unspecified matters under investigation by Tianjin authorities. Based on the advice of the Group's PRC legal adviser, the Group is taking steps to lift the suspension for the legal proceedings, which, if successful, will result in the effective continuation of the Group's legal proceedings against the former management of the Tianjin Companies. 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 will be able to assume effective control over the Tianjin Companies in the foreseeable future. The Group will continue its best endeavours to pursue the lawsuit in order to assume effective control over the Tianjin Companies.

In connection with the above, the following paragraphs were included in the report on review of interim financial information issued by Deloitte Touche Tohmatsu.

"**CONCLUSION**

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Without qualifying our review conclusion we draw attention to notes 15 and 25 to the condensed 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 15, 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. However, the legal proceedings against the former management of the Tianjin Companies are temporarily suspended on the basis that unspecified facts which relate to those proceedings may overlap with unspecified matters under investigation by Tianjin authorities. The operation and financial position of the Tianjin Companies under control of the former management of Tianjin Companies are likely to be in jeopardy, if the present circumstances of the Tianjin Companies are prolonged. Based on the advice of the Group's People's Republic of China ("PRC") legal advisor, the Group is taking steps to lift the suspension for the legal proceedings, which, if successful, will result in the effective continuation of the Group's legal proceedings against the former management of the Tianjin Companies. 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 will be able to assume effective control over the Tianjin Companies in the foreseeable future. Accordingly, in the opinion of the Directors of the Company, no impairment on the investment cost in the Tianjin Companies is considered as necessary. However, as the timing of re-opening of the court hearing and the eventual outcome of the court proceedings cannot be determined with certainty, there exist significant 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$625,756,000.

- the banks seeking payment from the Group in relation to credit facilities to the Tianjin Companies amounting to HK$333,333,000 as at 30 June 2008 which has been guaranteed by the Group as described in note 25, in the event that the Tianjin Companies are not in a position to repay the credit facilities by the maturity date in June 2009.

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

DIVIDEND

The Board has resolved to declare an interim dividend of HK$0.05 (2007: HK$0.24) per share for the six months ended 30 June 2008 to the shareholders of the Company whose names appear in the Register of Members of the Company on 26 September 2008, Friday.

It is expected that the payment of interim dividend will be made on or before 15 October 2008, Wednesday.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 24 September 2008, Wednesday to 26 September 2008, Friday, both days inclusive, during which period no transfer of shares will be registered.

In order to qualify for the interim dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrars in Hong Kong, Tricor Secretaries Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:00 p.m. on 23 September 2008, Tuesday.

BUSINESS REVIEW

The unaudited profit attributable to shareholders of the Company for the six months ended 30 June 2008 was HK464 million (2007: HK$310 million), representing a growth of 50% to that of the corresponding six months in 2007. Earnings per share for the six months ended 30 June 2008 was HK$0.62 (2007: HK$0.43).

Toll Road Business

For the first half of 2008, total traffic volume and toll revenue of toll road projects were 63 million vehicles (2007: 63 million) and RMB1,295 million (2007: RMB1,101 million), respectively. Cash contributed from the Group's toll road business amounted to HK$510 million. Compared to the same period of 2007, toll revenue increased 18% and total traffic volume and toll revenue of the Group's expressway projects raised 14% and 40%, respectively.

In line with the Group's long-term development strategy, the Group entered into an agreement in July 2008 to dispose of the Group's entire interest in a Class I highway located in Luoding city, Guangdong, namely the National Highway 324 Luoding-Chonghua Highway. The transaction is proceeding and expected to contribute reasonable profit to the Group.

Property Business

(a) ***PRC property market in the first half of 2008***

The market and economic conditions and government's policies had impacted the PRC property market in the first half of 2008. Property transactions in the PRC dropped over 20% compared to the corresponding period of 2007, and property prices had dropped to some extent in many cities. However, PRC's economy continued to perform strongly in the first half of 2008 as GDP growth was above 10%. The Directors believe that the market will remain challenging in the second half of 2008 and there is still downward pressure on the sale volume and prices but remain optimistic about the long term prospect of the sector.

(b) ***Operational review***

During the period under review, the Group had 26 property projects in the PRC. For the six months ended 30 June 2008, revenue and total GFA delivered were HK$3,102 million and 479,000 sqm, respectively. Total pre-sales were HK$1,171 million or 178,000 sqm in GFA during the period. The overall performance was however affected by unfavorable market factors and only a thin profit was recorded.

During the period, majority of the area under development and sales were attributable to the projects in Guangzhou, Changzhou, Suzhou and Beijing.

Guangzhou, Guangdong Province

The Group has three projects in Guangzhou, namely Parkrise, Parkvista Phases I and II.

All residential units of Parkrise have already been sold out and delivered. There remain only limited retail shops and parking spaces available for sale.

Parkvista Phases I and II are located in a high-end residential and commercial area in Eastern Zhujiang New City, Guangzhou. The total area of Parkvista Phase I sold and delivered is 35,000 sqm. Pre-sale of Phase II is expected to commence in the second half of 2008.

Changzhou, Jiangsu Province

The project in Changzhou consists of three developments, namely Royal City, Vista Panorama and Grand Metropolis, in the central urban zone of Wujin District.

Delivery of Phase 1 of Royal City continued in the first half of 2008 and pre-sales of Vista Panorama received satisfactory response. Grand Metropolis is a commercial complex. The first phase is an international supermarket store with GFA of 25,000 sqm and is expected to open in the second half of 2008.

Suzhou, Jiangsu Province

The Group has two projects in Suzhou, namely Phoenix City and The Heaven by Lakeside. Both projects are three-phase residential and commercial project and are located in the Suzhou Industrial Park. Phase 1 of Phoenix City is expected to be completed in second half of 2008 to early 2009. Construction of Phase 2 is expected to start in the second half of 2008. The initial two phases of The Heaven by Lakeside have already been completed and delivered. Phase 3 is now under construction and pre-sale.

Beijing

The Group has four projects in Beijing, namely Songs & Sea, Forest Creek, Blues International Apartments and Jianguomen Project.

Songs & Sea is a nine-phase large-scale residential and commercial development project located at the north of Daxing District in Beijing. Delivery of Phase 5 commenced in June 2008 and construction and pre-sales of the remaining phases are underway.

Forest Creek is a low density residential development project located at the Changping District of Beijing. Phases 1 & 2 of the project have been completed. Construction of phase 3 is underway. Pre-sale is expected to commence in the second half of 2008.

Blues International Apartments is a residential and commercial development project located at the Fengtai District of Beijing. Delivery started in the first half of 2008. There remain only limited residential units, retail shops and parking spaces available for sale.

Jianguomen Project is located at the Dongcheng District of Beijing. Initial planning works of the project have been started.

(c) ***Spin-off of Property Group***

The Group is reviewing the desirability, viability and timetable, for the implementation of the spin-off proposal of its property business, in light of the capital market in the first half of 2008.

(d) ***Disputes with the former management of the two subsidiaries in Tianjin and the former major shareholders of Sunco Property***

Litigations in the PRC

As disclosed in the Company's announcement dated 30 July 2008 (the "Announcement"), the Group has not yet secured effective management control of the Tianjin Companies. As such, the Group has initiated litigation proceedings against the former management team of the Tianjin Companies. However, the proceedings have been suspended by the Tianjin Nankai District People's Court due to unspecified facts relating to proceedings that may overlap with unspecified matters under investigation by Tianjin authorities. Having received PRC legal advice on the matter, the Group is taking steps in the effective continuation of the litigation proceedings as early as possible.

As at 30 June 2008, the Group had provided guarantees in favour of banks to provide credit facilities to the Tianjin Companies, amounting to RMB300 million (equivalent to HK$333 million). The bank loans are secured by properties including land and properties under development for sale held by the Tianjin Companies. The maturity dates of the facilities have been extended to June 2009.

Litigations in Hong Kong

In April 2008, the Hong Kong court consolidated the two sets of litigation proceedings in Hong Kong initiated by the Group and a third party (together, the "Plaintiffs") against three former major shareholders of Sunco, and that by two of them against the Plaintiffs. The litigation is still at an early stage. The Group will continue to pursue its claims diligently.

The Group has considered alternative means of seeking appropriate early resolution. To that end, the Group has engaged in discussions initiated by the former major shareholders of Sunco. No resolution has been reached yet as the Directors consider that it is not in the interests of the Company to accede to unreasonable settlement demands.

Details of the above litigations are set out in the Announcement. Further announcement will be made by the Company as and when appropriate.

FINANCIAL REVIEW

Financial resources and liquidity

The Group's total assets and net assets amounted to HK$21,313 million and HK$9,374 million, respectively as of 30 June 2008. The net asset value per share was HK$12.5 (31 December 2007: HK$11.5). During the reporting period, the Group's total cash receipt from toll road projects was HK$510 million (2007: HK$456 million). As at 30 June 2008, the Group's bank balances and cash (including pledged deposits) totaled HK$1,137 million (31 December 2007: HK$2,091 million).

Debt and gearing

The gearing ratio of the Group increased from 79% at the end of 2007 to 82% as at 30 June 2008 as a result of the drawdown of US$97.7 million in the first half of 2008. Interest coverage was 10.8 times as at 30 June 2008.

As at 30 June 2008, the Group's total borrowings were HK$7,539 million (31 December 2007: HK$6,724 million). The maturity profile of the Group's total borrowings is set out as follows:

	As at 30 June 2008 *HK$' million*	As at 31 December 2007 *HK$' million*
Repayable:		
Within one year	**1,639**	609
After one year but within two years	**620**	602
After two years but within five years	**3,755**	4,008
After five years	**1,525**	1,505
Total borrowings	**7,539**	6,724

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 30 June 2008, bank balances of HK$284 million were pledged as security in favour of banks for mortgage facilities granted to the buyers of the Group's properties and short-term credit facilities granted to the Group. In addition to these charged deposits, properties valued at HK$1,282 million were pledged as security for certain loan facilities granted to these projects. The shares of the intermediate subsidiaries holding interests in Baojin Expressway, Jihe Expressway (eastern section) and Heye Highway with aggregate net asset value of not less than US$220 million were charged to secure the syndicated loan facility 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 30 June 2008, 89% of cash and bank balances was denominated in Renminbi and the remaining 11% 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

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 a lower interest payments from US dollar borrowings. The Directors consider that the monetary policies implemented by the PRC and the US Governments will continue to have certain impact on the results and operation of the Group.

Contingent liabilities

As at 30 June 2008, the Group provided guarantees of HK$3,475 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 developed properties and guarantees of RMB300 million (equivalent to HK$333 million) to banks in relation to the credit facilities granted to the Group's unconsolidated subsidiaries in Tianjin. The guarantees related to the customers' mortgage loans would be released upon receiving the building ownership certificate of the respective property by the banks from the customers as pledge for security to the mortgage loans granted.

Employees

Excluding the staff of joint ventures, the total number of employees of the Group was 1,497 as at 30 June 2008.

PROSPECTS

The Group's toll road projects, in particular the expressway projects, achieved good results in the first half of 2008. The Group will continue to explore new opportunities, including acquiring new expressway projects and divesting the Class I/II highway projects, when appropriate.

The PRC property sector is now in a transitional period as it has been affected by the market condition and government policies. However, the Directors are optimistic with the long-term prospect of the sector and believe that appropriate correction is beneficial to the industry in the long term and can provide opportunities to certain players including the Group. The Group takes additional caution in making new investment decisions. Nonetheless, the Group will exploit this opportunity to enhance and strengthen its operation in light of future expansion.

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

During the period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The Audit Committee has reviewed with management and external auditors the accounting principles and policies adopted by the Group and the unaudited interim financial statements for the six months ended 30 June 2008.

APPOINTMENT OF AUDIT COMMITTEE MEMBER AND REMUNERATION COMMITTEE MEMBER

The Board is pleased to announce that Mr. Choy Kwok Hung, Patrick ("Mr. Choy"), an Independent Non-executive Director of the Company, has been appointed as a member of the Audit Committee and the Remuneration Committee with effect from 21 August 2008. Mr. Choy is entitled to a fee of HK$95,000 per annum for acting as a member of the Audit Committee and a fee of HK$40,000 per annum for acting as a member of the Remuneration Committee in addition to a director's fee of HK$180,000 per annum.

After the said appointment, the composition of each of the Audit Committee and the Remuneration Committee is as follows:

Audit Committee

Mr. Lau Sai Yung *(Chairman)*
Mr. Chow Shiu Kee, Stephen
Dr. Chow Ming Kuen, Joseph
Mr. Choy Kwok Hung, Patrick

Remuneration Committee

Mr. Chow Shiu Kee, Stephen *(Chairman)*
Mr. Zen Wei Pao, William
Mr. Lau Sai Yung
Dr. Chow Ming Kuen, Joseph
Mr. Choy Kwok Hung, Patrick

CORPORATE GOVERNANCE

The Company has complied with the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2008, with a deviation from code provision A.4.1 of the Code in respect of the service term of Non-executive Directors.

Under code provision A.4.1, Non-executive Directors should be appointed for a specific term and subject to re-election. None of the Non-executive Directors of the Company were appointed for a specific term. This constitutes a deviation from code provision A.4.1 of the Code. However, one-third of the Directors of the Company for the time being (or if their number is not a multiple of three, the number nearest to but not less than one-third) are subject to the retirement by rotation at each annual general meeting under the Bye-laws of the Company. As such, 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 dispatched to the shareholders of the Company and published on the aforesaid websites in due course.

APPRECIATION

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
Managing Director and
Chief Executive Officer

Hong Kong, 21 August 2008

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 of the Company, Messrs. Hu Aimin and Zhang Yijun as Non-executive Directors of the Company and Messrs. Chow Shiu Kee, Stephen, Lau Sai Yung, Dr. Chow Ming Kuen, Joseph and Mr. Choy Kwok Hung, Patrick as Independent Non-executive Directors of the Company.