ROAD KING INFRASTRUCTURE LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 1098)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2011

FINANCIAL HIGHLIGHTS

	Six months ended 30 June	
	2011	2010
	HK$	*HK$*
Revenue	**2,884 million**	2,060 million
Receipts from property sales	**3,117 million**	3,356 million
Cash receipt from toll road joint ventures	**389 million**	343 million
Profit attributable to owners of the Company	**363 million**	265 million
Consolidated EBITDA	**922 million**	860 million
Earnings per share	**0.49**	0.36
Interim dividend per share	**0.22**	0.20
	30 June 2011	31 December 2010
	HK$	*HK$*
Bank balances and cash	**3,456 million**	5,230 million
Equity attributable to owners of the Company	**10,739 million**	10,288 million
Net assets per share attributable to owners of the Company	**14.5**	13.9

RESULTS

The Board of Directors (the "Board") of Road King Infrastructure Limited (the "Company") is pleased to announce the unaudited condensed consolidated income statement and unaudited condensed consolidated statement of comprehensive income of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2011, together with the comparative figures for the corresponding period in 2010, and the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2011 together with audited comparative figures as at 31 December 2010, as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2011

		Six months ended 30 June	
		2011	2010
		(Unaudited)	(Unaudited)
	NOTES	***HK$'000***	*HK$'000*
Revenue	*3*	**2,884,167**	2,059,624
Cost of sales		**(2,232,631)**	(1,351,911)
Gross profit		**651,536**	707,713
Interest income		**16,391**	14,687
Other income		**11,638**	25,923
Other gains and losses	*5*	**231,890**	31,692
Selling expenses		**(89,085)**	(68,810)
Operating expenses		**(237,263)**	(202,743)
Share of results of joint ventures	*6*	**175,835**	192,235
Finance costs	*7*	**(90,816)**	(45,614)
Profit before taxation	*8*	**670,126**	655,083
Income tax expenses	*9*	**(313,109)**	(385,632)
Profit for the period		**357,017**	269,451
Profit (loss) attributable to:			
Owners of the Company		**363,313**	265,465
Non-controlling interests		**(6,296)**	3,986
		357,017	269,451
Earnings per share	*11*		
– Basic		**HK$0.49**	HK$0.36
– Diluted		**HK$0.49**	HK$0.36

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2011

	Six months ended 30 June	
	2011	2010
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Profit for the period	**357,017**	269,451
Other comprehensive income		
Exchange difference arising on translation to presentation currency	**262,360**	22,535
Total comprehensive income for the period	**619,377**	291,986
Total comprehensive income (expense) attributable to:		
Owners of the Company	**621,855**	287,786
Non-controlling interests	**(2,478)**	4,200
	619,377	291,986

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2011

	NOTES	**30 June 2011 (Unaudited)** *HK$'000*	31 December 2010 (Audited) *HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**61,262**	60,043
Investment properties		**1,196,810**	715,386
Prepayment for land leases		**618,642**	–
Interests in joint ventures		**3,686,334**	3,855,047
Deposit paid for capital contribution to a joint venture		**238,095**	–
Deferred tax assets		**13,753**	6,500
Long-term receivables		**90,375**	110,634
		5,905,271	4,747,610
Current assets			
Inventory of properties		**15,545,897**	14,496,917
Prepayment for land leases		**4,327,239**	1,783,378
Loan to a joint venture		**45,000**	43,649
Loan to a related company		**–**	23,400
Debtors, deposits and prepayments	*12*	**584,992**	974,810
Prepaid income tax		**380,484**	196,694
Pledged bank deposits		**158,838**	189,546
Bank balances and cash		**3,456,446**	5,230,371
		24,498,896	22,938,765
Total assets		**30,404,167**	27,686,375

	NOTES	30 June 2011 (Unaudited) HK$'000	31 December 2010 (Audited) HK$'000
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		**74,193**	74,193
Reserves		**10,665,152**	10,213,942
		10,739,345	10,288,135
Non-controlling interests		**257,583**	115,663
Total equity		**10,996,928**	10,403,798
Non-current liabilities			
Bank and other borrowings – due after one year		**5,759,227**	5,686,644
Loans from non-controlling interests of a subsidiary		**231,429**	–
Deferred tax liabilities		**367,072**	283,470
		6,357,728	5,970,114
Current liabilities			
Creditors and accrued charges	*13*	**2,769,595**	2,419,010
Deposits from pre-sale of properties		**5,400,072**	5,213,949
Income tax payable		**695,162**	676,081
Bank and other borrowings – due within one year		**4,184,682**	3,003,423
		13,049,511	11,312,463
Total equity and liabilities		**30,404,167**	27,686,375

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 and with the Hong Kong Accounting Standard ("the HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies and methods of computation 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 2010 except as described below.

In the current interim period, the Group has applied, for the first time, the following new and revised HKAS(s), Hong Kong Financial Reporting Standards ("HKFRS(s)"), amendments and interpretations ("HK(IFRIC) – Int") (hereinafter collectively referred to as the "new and revised HKFRSs") issued by the HKICPA:

HKFRSs (Amendments)	Improvements to HKFRSs 2010
HKAS 24 (Revised 2009)	Related Party Disclosures
HKAS 32 (Amendments)	Classification of Rights Issues
HK(IFRIC) – Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments

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

The Group has not early applied the following new and revised standards and amendments that have been issued but are not yet effective.

HKFRS 1 (Amendments)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[1]
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets[1]
HKFRS 9	Financial Instruments[4]
HKFRS 10	Consolidated Financial Statements[4]
HKFRS 11	Joint Arrangements[4]
HKFRS 12	Disclosure of Interests in Other Entities[4]
HKFRS 13	Fair Value Measurement[4]
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income[3]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[2]
HKAS 19 (Revised 2011)	Employee Benefit[4]
HKAS 27 (as revised in 2011)	Separate Financial Statements[4]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[4]

[1] Effective for annual periods beginning on or after 1 July 2011
[2] Effective for annual periods beginning on or after 1 January 2012
[3] Effective for annual periods beginning on or after 1 July 2012
[4] Effective for annual periods beginning on or after 1 January 2013

The amendments to HKAS 12 "Deferred Tax: Recovery of Underlying Assets" mainly deal with the measurement of deferred tax for investment properties that are measured using the fair value model in accordance with HKAS 40 "Investment Property". Based on the amendments, for the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties measured using the fair value model, the carrying amounts of the investment properties are presumed to be recovered through sale, unless the presumption is rebutted in certain circumstances. The directors of the Company ("Directors") anticipate that the application of the amendments to HKAS 12 may have an impact on deferred tax recognised for investment properties that are measured using the fair value model. The Group is in the process of quantifying the potential financial impact on deferred tax recognised for investment properties that are measured using the fair value model.

The Directors anticipate that the application of the other new and revised standards and amendments will have no material impact on the results and the financial position of the Group.

3. REVENUE

	Six months ended 30 June	
	2011	2010
	HK$'000	*HK$'000*
Revenue of the Group		
Sale of completed properties held for sale	**2,884,167**	2,059,624
Group's share of toll revenue of infrastructure joint ventures	**439,460**	388,186
Revenue of the Group and Group's share of toll revenue of infrastructure joint ventures	**3,323,627**	2,447,810

4. SEGMENT INFORMATION

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

Toll road	– development, operation and management of toll roads through the infrastructure joint ventures
Property development and investment	– development of properties for sale and for rental income and/or capital appreciation

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

	Six months ended 30 June 2011			Six months ended 30 June 2010		
	Toll road	**Property development and investment**	**Total**	Toll road	Property development and investment	Total
	HK$'000	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue	**–**	**2,884,167**	**2,884,167**	–	2,059,624	2,059,624
Segment profit	**29,083**	**373,017**	**402,100**	91,792	240,463	332,255

	At 30 June 2011			At 31 December 2010		
	Toll road	**Property development and investment**	**Total**	Toll road	Property development and investment	Total
	HK$'000	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*
Segment assets (including interests in joint ventures)	**3,880,022**	**23,431,891**	**27,311,913**	3,992,321	18,816,164	22,808,485

(a) ***Measurement***

Segment profit represents profit earned by each segment, which includes share of results of joint ventures, impairment losses on interests in joint ventures, fair value gains on transfer of completed properties held for sale to investment properties, change in fair value of investment properties, depreciation of property, plant and equipment, relevant interest income and finance costs and income tax expenses attributable to the relevant segment but without allocation of headquarter income and expenses.

Segment revenue comprises revenue from external customers. There was no inter-segment revenue.

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

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

	Six months ended 30 June	
	2011	2010
	HK$'000	*HK$'000*
Total segment profit	**402,100**	332,255
Unallocated items:		
Interest income	**3,764**	1,498
Corporate income	**50,892**	2,155
Corporate expenses	**(13,390)**	(25,381)
Finance costs	**(86,349)**	(41,076)
Consolidated profit for the period	**357,107**	269,451

	30 June 2011	31 December 2010
	HK$'000	*HK$'000*
Total segment assets	**27,311,913**	22,808,485
Unallocated assets:		
Property, plant and equipment	**702**	789
Loan to a related company	**–**	23,400
Deposits and prepayments	**1,474**	3,067
Bank balances and cash	**3,090,078**	4,850,634
Consolidated total assets	**30,404,167**	27,686,375

5. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2011	2010
	HK$'000	*HK$'000*
Impairment losses on interests in joint ventures	**(60,000)**	(51,020)
Gains (losses) on disposal of property, plant and equipment	**216**	(56)
Fair value gains on transfer of completed properties held for sale to investment properties	**159,437**	–
Change in fair value of investment properties	**22,275**	73,696
Net exchange gains	**109,962**	9,072
	231,890	31,692

6. SHARE OF RESULTS OF JOINT VENTURES

	Six months ended 30 June	
	2011	2010
	HK$'000	*HK$'000*
Share of profits of infrastructure joint ventures before amortisation and taxation	**300,363**	348,137
Less share of: Amortisation of toll road operation rights	**(101,163)**	(90,760)
Income tax	**(54,550)**	(61,668)
	144,650	195,709
Share of profit (loss) of other joint venture	**31,185**	(3,474)
	175,835	192,235

7. FINANCE COSTS

	Six months ended 30 June	
	2011	2010
	HK$'000	*HK$'000*
Interest on borrowings wholly repayable within five years	**320,644**	160,208
Other finance costs	**27,651**	14,276
	348,295	174,484
Less: Capitalised in properties under development for sale	**(257,479)**	(128,870)
	90,816	45,614

8. PROFIT BEFORE TAXATION

	Six months ended 30 June 2011 HK$'000	2010 HK$'000
Profit before taxation has been arrived at after charging:		
Depreciation of property, plant and equipment	**5,928**	7,719
Less: Capitalised in properties under development for sale	**(419)**	(377)
	5,509	7,342
and after crediting:		
Bank interest income	**14,192**	8,620

9. INCOME TAX EXPENSES

	Six months ended 30 June 2011 HK$'000	2010 HK$'000
Current tax:		
PRC enterprise income tax ("EIT")	**106,030**	193,473
PRC land appreciation tax ("LAT")	**123,368**	147,729
PRC withholding tax	**16,969**	26,337
	246,367	367,539
Deferred tax:		
Current period	**66,742**	18,093
	313,109	385,632

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

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

The provision of LAT is estimated according to the requirements set forth in the relevant tax laws and regulations of the People's Republic of China (the "PRC").

10. DIVIDEND PAID

	Six months ended 30 June 2011 HK$'000	2010 HK$'000
2010 final dividend paid of HK$0.23 (six months ended 30 June 2010: 2009 final dividend paid of HK$0.30) per share	**170,645**	222,035

An interim dividend in respect of 2011 of HK$0.22 (six months ended 30 June 2010: HK$0.20) per share amounting to a total of approximately HK$163 million (six months ended 30 June 2010: HK$148 million) has been declared by the Board on 16 August 2011. This interim dividend has not been included as a liability in these condensed consolidated financial statements as it was declared after the end of the reporting period.

The amount of the interim dividend has been calculated on the basis of 741,934,566 shares in issue as at 16 August 2011.

11. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2011	2010
	HK$'000	*HK$'000*
Earnings for the purposes of basic and diluted earnings per share attributable to the owners of the Company	**363,313**	265,465
	Number of shares	Number of shares
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic earnings per share	**741,935**	739,647
Effect of dilutive potential ordinary shares:		
Share options	**9**	76
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**741,944**	739,723

12. DEBTORS, DEPOSITS AND PREPAYMENTS

	30 June 2011	31 December 2010
	HK$'000	*HK$'000*
Aged analysis of trade debtors, presented based on invoice date (note):		
Within 60 days	**3,656**	48,073
60 to 90 days	**675**	6,277
More than 90 days	**8,451**	11,778
	12,782	66,128
Deferred consideration on disposal of interest in a joint venture	**–**	27,713
Interest receivable	**–**	335
Refundable tender deposits for acquisition of land and toll road project	**74,405**	517,321
Prepayments of business tax and other taxes	**259,336**	210,969
Other receivables, deposits and prepayments	**238,469**	152,344
	584,992	974,810

Note: The debtors are mainly arisen from sale of properties. Considerations in respect of properties sold are received in accordance with terms of the related sales and purchase agreements, normally within 60 days from the agreements. Considerations under pre-sale contracts will be fully received prior to the delivery of the properties to the purchasers.

13. CREDITORS AND ACCRUED CHARGES

	30 June 2011 *HK$'000*	31 December 2010 *HK$'000*
Aged analysis of creditors, presented based on invoice date:		
Within 60 days	**15,556**	47,916
60 to 90 days	**25,819**	2,045
More than 90 days	**136,009**	103,795
	177,384	153,756
Accrued construction costs	**1,949,633**	1,724,120
	2,127,017	1,877,876
Interest payable	**160,234**	132,229
Accrued taxes (other than EIT and LAT)	**22,776**	23,615
Other accrued charges	**459,568**	385,290
	2,769,595	2,419,010

14. TOTAL ASSETS LESS CURRENT LIABILITIES/NET CURRENT ASSETS

The Group's total assets less current liabilities at 30 June 2011 amounted to HK$17,354,656,000 (31 December 2010: HK$16,373,912,000). The Group's net current assets at 30 June 2011 amounted to HK$11,449,385,000 (31 December 2010: HK$11,626,302,000).

DIVIDEND

The Board has resolved to declare an interim dividend of HK$0.22 (2010: HK$0.20) per share for the six months ended 30 June 2011 to the shareholders of the Company whose names appear in the register of members of the Company on 2 September 2011, Friday.

It is expected that the payment of interim dividend will be made on or before 30 September 2011, Friday.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 1 September 2011, Thursday to 2 September 2011, Friday, both days inclusive, during which period no transfer of shares will be registered for the purpose of determining entitlement to the interim dividend.

In order to qualify for the interim dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar in Hong Kong, Tricor Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:00 p.m. on 31 August 2011, Wednesday.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The profit attributable to the owners of the Company for the six months ended 30 June 2011 was HK$363 million, representing a surge of 37%, as compared with HK$265 million of the corresponding period last year, and earnings per share was HK$0.49 (2010: HK$0.36).

In the first half of 2011, the PRC's economy kept on growing at a steady pace. According to the National Bureau of Statistics of the PRC, the Gross Domestic Product registered a year-on-year growth of approximately 9.6%. The acceleration of the pace of economic transition and structural change by the PRC government, the relocation of industries to the inland provinces, along with the increase in the disposable income of urban and rural residents have led to the growth of passenger and freight turnover of the Group's toll roads and expanded the clientele for the property development business.

The PRC government continues to enforce a series of austerity measures introduced last year as macroeconomic controlling policies with the prime priority to curb inflation. It also carries on launching new measures to control the property market, including the enforcement of the restrictions on house purchasing and home mortgage loan lending, and the increases in initial down payment ratio and interest rates. These policies posed serious impacts on the property market, leading to the decline in the transaction volume of housing in a number of major cities in the first half of the year. Nonetheless, the Group managed to maintain a stable sales income as a result of a diversified geographic and business portfolio.

TOLL ROAD BUSINESS

Traffic Volume and Toll Revenue

Project	Average Daily Traffic January to June 2011	Change	Toll Revenue January to June 2011	Change
	Vehicles	*%*	*RMB'million*	*%*
Expressways				
Baojin Expressway	40,000	7	343	4
Tangjin Expressway	41,000	37	321	37
Changyi Expressway	35,000	19	191	12
	116,000	20	855	16
Highways	141,000	5	190	3
	257,000	11	1,045	14

The Group's toll road business continued to be driven by the expressway projects in the first half of 2011. The average daily traffic and toll revenue were 257,000 vehicles and RMB1,045 million respectively, representing an increment of 11% and 14% over the corresponding period last year. In addition to the economic growth, the completion of repair and maintenance works of the highways connecting to Tangjin Expressway also contributed to the rebound of income derived from that toll road.

Overview of New Project

In April this year, the Group entered into a capital contribution agreement and a joint venture agreement with certain PRC partners for the joint construction, investment, operation and management of Longcheng Expressway project in Jinzhong City, Shanxi Province. Formal approvals from the relevant government authorities were obtained in June for the set up of the new joint venture company and the Group is now in the process of injecting capital thereto. Longcheng Expressway is a 71.6 kilometres six-lane expressway located at the southeast of Taiyuan City, Shanxi Province. It starts at Yuci Longbai Village which locates at the east of Taiyuan City and connects with Taijiu Expressway, and ends at Chengzhao in Qixian which connects with Dayun Expressway.

Upon completion, Longcheng Expressway will become the southeast section of the outer-ring road of the city centre of Taiyuan and Jinzhong, carrying the eastbound freight transport traffic from southern Shanxi Province and Shaanxi Province to the Bohai region. Currently, the construction of the project is over 50% completed. It is expected that the expressway will commence operation by the end of this year or early next year.

Disposal of Highway Project

During the reporting period, the Group maintained its strategies to optimise the portfolio of the toll road business. In June 2011, the Group, in catering for the development of the Taiyuan City, Shanxi Province, agreed to withdraw from the Taiyu Highway and obtained a compensation payment of RMB25 million. Such disposal is consistent with the Group's strategy and has minimal impacts on its overall financial results.

PROPERTY BUSINESS

Contracted Sales and Delivered Properties

Set out below is an analysis of the Group's contracted sales and delivered properties (excluding car parking spaces) by region for the first half of 2011:

	Contracted Sales		Properties Delivered	
Regions *(Notes)*	**Amount** *RMB'million*	**Gross Floor Area ("GFA")** *sqm*	**Amount** *RMB'million*	**GFA** *sqm*
Northern China	717	75,000	124	18,000
Eastern China	1,356	123,000	1,864	271,000
Central China	300	30,000	353	73,000
Southern China	38	2,000	89	6,000
Total	2,411	230,000	2,430	368,000

Notes:

Northern China comprises Beijing, Tianjin, Hebei Province and Shandong Province.
Eastern China comprises Shanghai and Jiangsu Province.
Central China comprises Henan Province and Hubei Province.
Southern China represents Guangdong Province.

The average selling price of the Group's contracted sales for the first half of 2011 exceeded RMB10,000 per sqm, representing an increase of over 30% as compared with that of the corresponding period last year.

The Group's revenue from delivery of properties for the period under review amounted to HK$2,884 million, representing a growth of 40% over the revenue of HK$2,060 million achieved in the same period last year. This year's growth was mainly due to an increase in the delivery of newly completed projects and pre-sold properties, with the total delivered area increased to 392,000 sqm in the current period from 202,000 sqm in the same period last year. As a result of the increase in revenue, profit after taxation derived from the property development business for the period under review increased notably to HK$373 million from HK$240 million in the same period last year, representing a growth of 55%.

Overview of New Projects

In respect of the Group's new projects, Huadu Project in Guangzhou, Lihu Project in Wuxi, Waigang Project in Shanghai and Changping Project in Beijing are respectively named as "J.o.Y. Heights", "The Providence", "Northern Suburb Manor" and "RK World City". The construction of the first phase of the aforesaid projects has or will be commenced in the second and third quarters of 2011.

During the period under review, the Group has fully settled the land premium of the above new projects.

Landbank

The Group's landbank includes properties under planning and construction, properties held for sale and properties held for investment. As at 30 June 2011, the Group's landbank had an attributable GFA of over 4.87 million sqm.

Disputes in connection with Sunco Property Holdings Company Limited

The relevant claims have been transferred to the Tianjin Municipal Government for mediation and the negotiation process is underway. Further announcement will be made after a concrete arrangement has been reached.

FINANCIAL REVIEW

Liquidity and Financial Resources

As at 30 June 2011, the equity attributable to the owners of the Company increased to HK$10,739 million (31 December 2010: HK$10,288 million). The increase was mainly attributable to the profit generated during the period. Net assets per share attributable to the owners of the Company increased to HK$14.5 (31 December 2010: HK$13.9).

As at 30 June 2011, the Group's total assets were HK$30,404 million (31 December 2010: HK$27,686 million) and bank balances and cash were HK$3,456 million (31 December 2010: HK$5,230 million), of which 62% was denominated in Renminbi and the remaining 38% was mainly denominated in US dollars or HK dollars.

Financing Activities

During the period under review, the Group had issued RMB1,300 million of 6.0% fixed rate guaranteed senior notes and drawn down several project loans in the PRC amounting to RMB752 million in aggregate. These new borrowings were offset by the repayment of certain bank loans in Hong Kong and the PRC.

Debt and Gearing

As at 30 June 2011, the Group's total borrowings were HK$9,944 million (31 December 2010: HK$8,690 million). The maturity profile of the Group's total borrowings is set out as follows:

	30 June 2011 *HK$'million*	31 December 2010 *HK$'million*
Repayable:		
Within one year	**4,185**	3,003
After one year but within two years	**–**	1,510
After two years but within five years	**5,759**	4,177
Total Borrowings	**9,944**	8,690

Due to the aforesaid financing activities, the gross gearing ratio, representing interest bearing borrowings to the equity attributable to the owners of the Company, increased from 84% at the end of 2010 to 93% at 30 June 2011. The net gearing ratio, representing the difference of Group's total interest bearing borrowings and the bank balances and cash (including pledged bank deposits) to the owners' equity of the Company, also increased from 32% at the end of 2010 to 59% as at 30 June 2011 as a result of the settlements of the land premium of the projects in Beijing, Shanghai and Wuxi. As soon as the repayment obligations are met in the second half of 2011 as scheduled, including the redemption of the outstanding 6.25% fixed rate guaranteed notes due in July 2011, the gearing ratios would be gradually reduced.

Other than the following notes, the Group's borrowings are mainly on a floating rate basis:

(a) US$200 million 6.25% fixed rate guaranteed notes due in 2011 (already redeemed on 15 July 2011);
(b) US$200 million 7.625% fixed rate senior notes due in 2014;
(c) US$350 million 9.5% fixed rate guaranteed senior notes due in 2015; and
(d) RMB1,300 million 6.0% fixed rate guaranteed senior notes due in 2014.

Interest coverage for the reporting period was 10.2 times (30 June 2010: 18.9 times).

Financing and Treasury Policies

The Group continues to adopt prudent financing and treasury policies. The entire Group's financing and treasury activities are centrally managed and controlled. Implementation of the Group's related policies is made under collective but extensive considerations on liquidity risk, financing cost and exchange rate risk.

Charges on Assets

As at 30 June 2011, bank balances of HK$159 million (31 December 2010: HK$190 million) were pledged as security in favour of banks for certain mortgage facilities granted to customers of the Group's property projects and short-term credit facilities granted to the Group. In addition to these charged bank deposits, properties valued at HK$1,433 million (31 December 2010: HK$1,322 million) were pledged as securities for certain loan facilities.

Exposure on Foreign Exchange Fluctuations and Interest Rates

The Group's borrowings are mainly denominated in US dollars but the cash flow is generated from projects whose earnings were denominated principally in Renminbi. As a result, the Group is exposed to foreign currency risk on the fluctuation of US dollars.

The Group's exposure to interest rate risk results from fluctuation in interest rates for its borrowings denominated in Renminbi and US dollars. The Directors consider that the monetary policies implemented by the PRC and the US governments will continue to have a major impact on the Group's results and operations.

Save for the aforesaid, the Group has no significant exposure to foreign exchange risk and interest rate risk. The Group will continue to monitor its exposure to these risks closely and may arrange hedging against the risks exposed when necessary and appropriate.

Contingent Liabilities

As at 30 June 2011, the Group had provided guarantees of HK$5,109 million (31 December 2010: HK$4,490 million) to banks in favour of its customers in respect of the mortgage loans provided by the banks to such customers for purchase of the Group's properties. The guarantees would be released after the customers have pledged their property certificates as securities to the banks for the mortgage loans granted.

Employees

Excluding the staff of joint ventures, the Group had 1,679 employees as at 30 June 2011. Expenditure on staff (excluding Directors' emoluments and share based payment) amounted to HK$150 million. Employees are remunerated according to their performance and contribution. Other employee benefits include provident fund, insurance, medical cover and training programs, as well as a share option scheme. During the reporting period, no share option was granted.

PROSPECTS

Under the fierce austerity measures exerted by the PRC Government, the Group expects that the money supply in the PRC will continue to be tightened in the second half of the year. This will render the liquidity problems faced by various regions and enterprises becoming more acute, possibly creating favourable investment opportunities for the Group.

The Group will continue to dispose of certain Class I and Class II highways and increase the proportion of expressway assets in its portfolio to optimise and enhance the toll road business. The Group believes that new business opportunities will arise from time to time as the demand for capital is building up in the market.

The Group anticipates that the PRC government will continue to implement stringent austerity measures on the property industry in the second half of 2011. However, with the long established prudent investment strategy and cautious management approach, it is expected that these measures will not have a significant impact on the Group's operations. Furthermore, after years of experience and integration, the Group is confident that the contribution from the property business will continue to improve. Given the right situation, the Group will further acquire new pieces of land to replenish its landbank should there be appropriate opportunities which fit into the Group's cashflow, return target and development strategies.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2011.

Subsequent to the reporting period, Road King Infrastructure Finance (2004) Limited, a wholly-owned subsidiary of the Company, redeemed all the outstanding principal amount of its US$200 million 6.25% fixed rate guaranteed notes due 2011 (the "Notes") on 15 July 2011 (being the maturity date of the Notes") at the redemption price equal to 100% of the outstanding principal amount of the Notes, which is US$162,231,000 plus accrued interest of US$5,069,718.75 (the "Redemption").

Following the completion of the Redemption, the Notes were cancelled and delisted from the official list of the Singapore Exchange Securities Trading Limited ("SGX-ST") by the SGX-ST.

REVIEW OF ACCOUNTS

The Audit Committee has reviewed the condensed consolidated financial statements for the six months ended 30 June 2011, including the accounting principles and practices adopted by the Group, in conjunction with the Company's external auditor.

CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2011, except for the deviation from code provision A.4.1 of the Code in respect of the service term of Non-executive Directors.

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

PUBLICATION OF THE INTERIM RESULTS AND INTERIM REPORT

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

ACKNOWLEDGEMENT

On behalf of the Board, we would like to express our sincere gratitude to our business partners, customers and shareholders for their enduring support, and thank all employees for their dedication and hard work.

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

Hong Kong, 16 August 2011

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