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ROAD KING INFRASTRUCTURE LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code: 1098)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2012

HIGHLIGHTS

	Six months ended 30 June	
	2012	2011
	HK$	*HK$*
		(restated)#
Revenue	**2,321 million**	2,884 million
Receipts from property sales	**5,549 million**	3,117 million
Profit attributable to owners of the Company	**228 million**	316 million
Consolidated EBITDA	**815 million**	922 million
Earnings per share	**0.31**	0.43
Interim dividend per share	**0.16**	0.22

	30 June	31 December
	2012	2011
	HK$	*HK$*
		(restated)#
Bank balances and cash (included pledged bank deposits)	**4,190 million**	3,421 million
Total assets	**34,758 million**	31,732 million
Equity attributable to owners of the Company	**11,254 million**	11,072 million
Net assets per share attributable to owners of the Company	**15.2**	14.9
Net gearing ratio (percent)	**48%**	61%

Certain comparative figures have been restated to reflect the effect of adoption of the amendments to HKAS 12. Details of which could be referred to note 2 to the financial statements.

RESULTS

The Board of Directors (the "Board") of Road King Infrastructure Limited (the "Company") announces 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 2012, together with the comparative figures for the corresponding period in 2011, and the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2012 together with audited comparative figures as at 31 December 2011, as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2012

		Six months ended 30 June	
		2012	2011
		(Unaudited)	(Unaudited)
	NOTES	***HK$'000***	*HK$'000*
			(restated)
Revenue	*3*	**2,320,901**	2,884,167
Cost of sales		**(1,621,436)**	(2,232,631)
Gross profit		**699,465**	651,536
Interest income		**18,064**	16,391
Other income		**5,010**	11,638
Other gains and losses	*5*	**119,415**	231,890
Selling expenses		**(120,105)**	(89,085)
Operating expenses		**(216,068)**	(237,263)
Share of results of joint ventures	*6*	**148,883**	175,835
Finance costs	*7*	**(82,250)**	(90,816)
Profit before taxation	*8*	**572,414**	670,126
Income tax expenses	*9*	**(346,030)**	(360,175)
Profit for the period		**226,384**	309,951
Profit (loss) attributable to:			
Owners of the Company		**228,122**	316,247
Non-controlling interests		**(1,738)**	(6,296)
		226,384	309,951
Earnings per share	*11*		
— Basic		**HK$0.31**	HK$0.43
— Diluted		**HK$0.31**	HK$0.43

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2012

	Six months ended 30 June	
	2012	2011
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
		(restated)
Profit for the period	**226,384**	309,951
Other comprehensive (expense) income		
Exchange difference arising on translation to presentation currency	**(20,552)**	262,360
Total comprehensive income for the period	**205,832**	572,311
Total comprehensive income (expense) attributable to:		
Owners of the Company	**203,495**	574,789
Non-controlling interests	**2,337**	(2,478)
	205,832	572,311

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 June 2012

	NOTES	30 June 2012 (Unaudited) HK$'000	31 December 2011 (Audited) HK$'000 (restated)
ASSETS			
Non-current assets			
Property, plant and equipment		**54,774**	56,093
Investment properties		**1,987,113**	1,697,470
Prepayment for land leases		**—**	648,220
Interests in joint ventures		**4,169,394**	4,207,599
Deferred tax assets		**18,669**	3,144
Loan to a joint venture		**67,697**	45,202
Long-term receivables		**95,984**	94,559
		6,393,631	6,752,287
Current assets			
Inventory of properties		**22,945,117**	17,085,092
Prepayment for land leases		**—**	3,585,282
Loan to a joint venture		**86,207**	—
Debtors, deposits and prepayments	*12*	**783,083**	583,525
Prepaid income tax		**359,944**	305,296
Pledged bank deposits		**221,481**	236,881
Bank balances and cash		**3,968,529**	3,183,826
		28,364,361	24,979,902
Total assets		**34,757,992**	31,732,189

	NOTES	30 June 2012 (Unaudited) HK$'000	31 December 2011 (Audited) HK$'000 (restated)
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		**74,193**	74,193
Reserves		**11,179,868**	10,998,123
		11,254,061	11,072,316
Non-controlling interests		**279,249**	276,912
Total equity		**11,533,310**	11,349,228
Non-current liabilities			
Bank and other borrowings — due after one year		**6,891,578**	6,651,422
Loans from non-controlling interests of a subsidiary		**113,054**	268,689
Deferred tax liabilities		**617,962**	546,810
		7,622,594	7,466,921
Current liabilities			
Creditors and accrued charges	*13*	**3,557,630**	3,292,837
Deposits from pre-sale of properties		**8,130,229**	4,939,851
Income tax payable		**957,634**	1,099,539
Bank and other borrowings — due within one year		**2,722,000**	3,499,636
Loans from non-controlling interests of a subsidiary		**159,606**	—
Other financial liabilities		**74,989**	84,177
		15,602,088	12,916,040
Total equity and liabilities		**34,757,992**	31,732,189

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 and derivative financial liabilities, 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 2011 except as described below.

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA:

Amendments to HKFRS 7	Disclosures — Transfers of Financial Assets
Amendments to HKAS 12	Deferred Tax: Recovery of Underlying Assets

Except for the amendment to HKAS 12 as described below, the application of the amendments to HKFRS 7 in the current period has had no material impact on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

Amendments to HKAS 12 "Deferred Tax: Recovery of Underlying Assets"

Under the amendments to HKAS 12 "Deferred Tax: Recovery of Underlying Assets", investment properties that are measured using the fair value model in accordance with HKAS 40 "Investment Property" are presumed to be recovered through sale for the purposes of measuring deferred taxes, unless the presumption is rebutted in certain circumstances.

The Group measures its investment properties using the fair value model. As a result of the application of the amendments to HKAS 12, the directors of the Company ("the Directors") reviewed the Group's investment property portfolios and concluded that for certain of the Group's investment properties, their carrying amounts will be recovered through sale, and that for the other investment properties of the Group, the properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time and therefore that the presumption set out in the amendments to HKAS 12 is rebutted by the Group in respect of these properties.

As a result of the application of the amendments to HKAS 12, the Group recognised additional deferred taxes in respect of those investment properties situated in the PRC which are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time and are subject to land appreciation tax on disposal of these investment properties. Previously, the Group did not recognise deferred tax relating to land appreciation tax on changes in fair value of those investment properties on the basis that the deferred tax was measured based on the assumption that the carrying amounts of these properties would be recovered through use.

The amendments to HKAS 12 have been applied retrospectively, resulting in the Group's deferred tax liabilities being increased by HK$126,956,000 as at 31 December 2011, with the corresponding adjustment being recognised as a deduction of retained profits. In addition, the application of the amendments has resulted in the Group's income tax expenses for the six months ended 30 June 2012 and 30 June 2011 being increased by HK$12,805,000 and HK$47,066,000 respectively and hence resulted in the profit for the six months ended 30 June 2012 and 30 June 2011 being decreased by HK$12,805,000 and HK$47,066,000 respectively.

Summary of the effects of the adoption of amendments to HKAS 12

The effect of the adoption of amendments to HKAS 12 described above on the condensed consolidated income statement for the current and prior period is as follows:

	Six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
Increase in income tax expenses and decrease in profit for the period	**12,805**	47,066

The effect of the adoption of amendments to HKAS 12 described above on the condensed consolidated statement of financial position as at 1 January 2011 and 31 December 2011 is as follows:

	As at 1 January 2011 (originally stated)	**Amendments to HKAS 12 adjustments**	**As at 1 January 2011 (restated)**	**As at 31 December 2011 (originally stated)**	**Amendments to HKAS 12 adjustments**	**As at 31 December 2011 (restated)**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Deferred tax liabilities, total effects on net assets	(283,470)	(43,963)	(327,433)	(419,854)	(126,956)	(546,810)
Retained profits, total effects on equity	4,283,549	(43,963)	4,239,586	4,825,352	(126,956)	4,698,396

The effect of the adoption of amendments to HKAS 12 described above on the Group's basic and diluted earnings per share for the current and prior period is as follows:

	Basic earnings per share Six months ended 30 June		**Diluted earnings per share Six months ended 30 June**	
	2012	2011	**2012**	2011
	HK$	*HK$*	***HK$***	*HK$*
Figures before adjustments	**0.33**	0.49	**0.33**	0.49
Amendments to HKAS 12 adjustments	**(0.02)**	(0.06)	**(0.02)**	(0.06)
Figures after adjustments	**0.31**	0.43	**0.31**	0.43

The Group has not early applied the new and revised HKFRSs that have been issued but are not yet effective. The following amendments to HKFRSs have been issued after the date the consolidated financial statements for the year ended 31 December 2011 were authorised for issuance and are not yet effective:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009–2011 Cycle[1]
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance[1]

[1] Effective for annual periods beginning on or after 1 January 2013

The Directors anticipate that the application of the above amendments to HKFRSs will have no material impact on the results and the financial position of the Group.

3. REVENUE

	Six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
Revenue of the Group		
Sale of completed properties held for sale	**2,263,725**	2,861,159
Gross rental income from properties	**16,251**	5,467
Others	**40,925**	17,541
	2,320,901	2,884,167
Group's share of toll revenue of infrastructure joint ventures	**407,433**	439,460
Revenue of the Group and Group's share of toll revenue of infrastructure joint ventures	**2,728,334**	3,323,627

4. SEGMENT INFORMATION

The Group's operating segments, based on the information reported to the Group's chief operating decision maker for the purpose 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 potential 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 2012			Six months ended 30 June 2011		
	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*
					(restated)	(restated)
Segment revenue	**—**	**2,320,901**	**2,320,901**	—	2,884,167	2,884,167
Segment profit	**97,002**	**150,076**	**247,078**	29,083	268,385	297,468

	At 30 June 2012			At 31 December 2011		
	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)	**4,265,416**	**27,434,689**	**31,700,105**	4,231,055	25,068,574	29,299,629

(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, long-term receivables, inventory of properties, prepayment for land leases, loans to joint ventures, 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 reportable segment.

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

	Six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
		(restated)
Total segment profit	**247,078**	297,468
Unallocated items:		
Interest income	**1,595**	3,764
Corporate income	**9,742**	50,892
Corporate expenses	**(5,880)**	(13,390)
Finance costs	**(26,151)**	(28,783)
Consolidated profit for the period	**226,384**	309,951

	30 June	31 December
	2012	2011
	HK$'000	*HK$'000*
Total segment assets	**31,700,105**	29,299,629
Unallocated assets:		
Property, plant and equipment	**1,903**	2,128
Deposits and prepayments	**1,244**	1,755
Bank balances and cash	**3,054,740**	2,428,677
Consolidated total assets	**34,757,992**	31,732,189

5. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
Impairment losses on interests in joint ventures	**—**	(60,000)
Gains on disposal of property, plant and equipment	**210**	216
Fair value gains on transfer of completed properties held for sale to investment properties	**35,366**	159,437
Change in fair value of investment properties	**50,000**	22,275
Change in fair value of other financial liabilities	**(2,987)**	—
Net exchange gains	**36,826**	109,962
	119,415	231,890

6. SHARE OF RESULTS OF JOINT VENTURES

	Six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
Share of:		
Profits of infrastructure joint ventures before amortisation and taxation	**297,801**	300,363
Less: Amortisation of toll road operation rights	**(95,072)**	(101,163)
Income tax expenses	**(60,047)**	(54,550)
	142,682	144,650
Profit of other joint venture	**6,201**	31,185
	148,883	175,835

7. FINANCE COSTS

	Six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
Interest on borrowings wholly repayable within five years	**361,971**	320,644
Other finance costs	**33,193**	27,651
	395,164	348,295
Less: Capitalised in properties under development for sale	**(312,914)**	(257,479)
	82,250	90,816

8. PROFIT BEFORE TAXATION

	Six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
Profit before taxation has been arrived at after charging:		
Depreciation of property, plant and equipment	**5,748**	5,928
Less: Capitalised in properties under development for sale	**(699)**	(419)
	5,049	5,509
and after crediting:		
Bank interest income	**14,520**	14,192

9. INCOME TAX EXPENSES

	Six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
		(restated)
Current tax:		
PRC enterprise income tax ("EIT")	**193,477**	106,030
PRC land appreciation tax ("LAT")	**89,669**	123,368
PRC withholding tax	**15,756**	16,969
	298,902	246,367
Deferred tax:		
Current period	**47,128**	113,808
	346,030	360,175

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"), which is charged at progressive rates ranging from 30% to 60% of the appreciation value, with certain allowable deductions.

10. DIVIDEND PAID

	Six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
2011 final dividend paid of HK$0.24 (six months ended 30 June 2011: 2010 final dividend paid of HK$0.23) per share	**178,064**	170,645

An interim dividend in respect of 2012 of HK$0.16 (six months ended 30 June 2011: HK$0.22) per share amounting to a total of approximately HK$119 million (six months ended 30 June 2011: HK$163 million) has been declared by the Board on 13 August 2012. 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 13 August 2012.

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	
	2012	2011
	HK$'000	*HK$'000*
		(restated)
Earnings for the purposes of basic and diluted earnings per share attributable to the owners of the Company	**228,122**	316,247
	Number of shares	Number of shares
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic earnings per share	**741,935**	741,935
Effect of dilutive potential ordinary shares: Share options *(note)*	**—**	9
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**741,935**	741,944

Note: The calculation of diluted earnings per share for the six months ended 30 June 2012 did not assume the exercise of the Company's share options as the exercise prices of the share options were higher than the average market price of the Company's shares during the period.

12. DEBTORS, DEPOSITS AND PREPAYMENTS

	30 June 2012	31 December 2011
	HK$'000	*HK$'000*
Aged analysis of trade debtors, presented based on invoice date *(note)*:		
Within 60 days	**2,564**	2,109
60 to 90 days	**1,443**	—
More than 90 days	**9,731**	5,595
	13,738	7,704
Refundable tender deposits for acquisition of land	**61,577**	60,680
Prepayment of business tax and other taxes	**379,324**	203,135
Other receivables, deposits and prepayments	**328,444**	312,006
	783,083	583,525

Note: The debtors are mainly arisen from sale of properties. Consideration in respect of properties sold is paid in accordance with terms of the related sales and purchase agreements, normally within 60 days from the agreements. Consideration 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 2012 *HK$'000*	31 December 2011 *HK$'000*
Aged analysis of creditors, presented based on invoice date:		
Within 60 days	**118,361**	90,576
60 to 90 days	**10,766**	12,267
More than 90 days	**198,983**	138,688
	328,110	241,531
Accrued construction costs	**2,620,679**	2,455,115
	2,948,789	2,696,646
Interest payable	**120,085**	126,154
Accrued taxes (other than EIT and LAT)	**26,353**	27,339
Other accrued charges	**462,403**	442,698
	3,557,630	3,292,837

14. TOTAL ASSETS LESS CURRENT LIABILITIES/NET CURRENT ASSETS

The Group's total assets less current liabilities at 30 June 2012 amounted to HK$19,155,904,000 (31 December 2011: HK$18,816,149,000). The Group's net current assets at 30 June 2012 amounted to HK$12,762,273,000 (31 December 2011: HK$12,063,862,000).

DIVIDEND

The Board has resolved to declare an interim dividend of HK$0.16 (2011: HK$0.22) per share for the six months ended 30 June 2012 to the shareholders of the Company whose names appear in the register of members of the Company on 31 August 2012, Friday.

It is expected that the payment of interim dividend will be made on or before 14 September 2012, Friday.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 30 August 2012, Thursday to 31 August 2012, 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 29 August 2012, Wednesday.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The profit attributable to the owners of the Company for the six months ended 30 June 2012 was HK$228 million (2011 (restated): HK$316 million), and earnings per share was HK$0.31 (2011 (restated): HK$0.43).

In the first half of 2012, the toll road business remained stable and the contracted sales of the property business surged substantially as compared with the corresponding period of last year. Despite these, with the slowdown in the appreciation of Renminbi against Hong Kong dollars in the first half of 2012, the Group's exchange gain was reduced, driving the profit attributable to the owners of the Group for the period to be lower than that of last year.

Toll Road Business

The profit of the Group's toll road business for the first half of 2012 was comparable with that of the corresponding period last year. During the period under review, traffic volume and toll revenue of the expressway projects were slightly affected by the downturn of the steel industry in the Tangshan region and the surface improvement works undertaken by the Changyi Expressway.

The average daily traffic volume of the existing portfolio in the first half of the year was approximately 197,000 vehicles and toll revenue was RMB944 million. Following the stabilisation of the output of the mining activities in the Tangshan region and completion of the surface improvement works of the Changyi Expressway in the second half of this year, it is anticipated that the traffic volume and toll revenue will recover.

The construction work for Shanxi Longcheng Expressway, 45% equity interest of which was acquired in 2011, has been completed. Traffic and toll collection commenced in mid-July.

In June 2011, five regulatory departments, namely the Ministry of Transport, the National Development and Reform Commission, the Ministry of Finance, the Ministry of Supervision and the Office of Redressing Malpractices, State Council issued the "Notice of Specific Rectification program for toll roads". The Group considers that the potential impact of this policy is confined to certain highway projects, and the effect on the Group will not be material as the entire highway portfolio only accounts for around 20% of the Group's overall toll revenue. The Group will continue its established strategy to negotiate with the local government for compensation for withdrawing from each of the individual highway projects.

Property Business

The PRC economy and the business environment as a whole was stable in the first half of 2012. The existing macroeconomic austerity measures on the property market were still being implemented and no additional control policy was introduced. In order to stimulate the growth of export, investment and consumption, the PRC government has adopted various monetary easing policies to increase the liquidity in the market. These policies have varied positive impacts on the property development business in different regions of the country.

Since the fourth quarter of 2011, the Group had made market-orientated adjustments to its sales strategies in response to the then austerity measures prevailing in the economy. As a result, approximately RMB4,770 million in contracted sales (including those of a joint venture project, but excluding car parking spaces) were recorded in the first half of 2012, representing a substantial growth of around 95% as compared with the corresponding period of last year. The total amount of contracted sales made in this year is expected to be substantially higher than that of 2011.

In the first half of 2012, the Group delivered completed properties closely to the predetermined schedule, and based on the accounting standards, recorded a revenue of HK$2,321 million (2011: HK$2,884 million), representing a 20% decrease over that of last year. The area delivered (excluding car parking spaces) was reduced from 368,000 square metres ("sqm") in the corresponding period last year to 226,000 sqm in the review period, but the gross profit margin in the first half of the year was still over 30%, reaching HK$699 million (2011: HK$652 million). It is expected that delivery of completed properties in the second half of the year will reach 600,000 sqm.

Given the income generated by the appreciation of Renminbi and the fair value gain on investment properties in the first half of the year was less than the corresponding period of last year, the profit after taxation contributed by the property business was reduced to HK$150 million (2011 (restated): HK$268 million).

Land Reserve

The Group's land reserve includes properties under planning and construction, properties held for sale and properties held for investment. As at 30 June 2012, the Group's land reserve had an attributable gross floor area of over 4.40 million sqm.

Financial Review

Liquidity and Financial Resources

As at 30 June 2012, the equity attributable to the owners of the Company increased to HK$11,254 million (31 December 2011 (restated): HK$11,072 million). Net assets per share attributable to the owners of the Company increased to HK$15.2 (31 December 2011 (restated): HK$14.9).

As at 30 June 2012, the Group's total assets were HK$34,758 million (31 December 2011: HK$31,732 million) and bank balances and cash were HK$3,969 million (31 December 2011: HK$3,184 million), of which 92% was denominated in Renminbi and the remaining 8% was mainly denominated in US dollars or HK dollars.

Financing Activities

During the period under review, the Group redeemed the outstanding US$150 million floating rate guaranteed notes in May 2012, and drew down several bank loans in Hong Kong and property development loans in the PRC amounting to HK$1,429 million in aggregate.

Debt and Gearing

The gross gearing ratio, representing interest bearing borrowings to the equity attributable to the owners of the Company, decreased to 85% at 30 June 2012 (31 December 2011 (restated): 92%). 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 decreased to 48% as at 30 June 2012 (31 December 2011 (restated): 61%) as a result of the redemption of the outstanding US$150 million floating rate guaranteed notes in May 2012 and the increase in proceeds received from pre-sale of properties in the first half of 2012.

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

(a) RMB1,300 million 6.0% guaranteed senior notes due 2014;

(b) US$200 million 7.625% guaranteed notes due 2014; and

(c) US$350 million 9.5% guaranteed senior notes due 2015.

Interest coverage for the reporting period was 9.9 times (30 June 2011 (restated): 10.2 times).

Financing and Treasury Policies

The Group continues 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 is made under collective but extensive considerations on liquidity risk, financing cost and exchange rate risk.

Charges on Assets

As at 30 June 2012, bank balances of HK$221 million (31 December 2011: HK$237 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$1,844 million (31 December 2011: HK$1,830 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 and Renminbi but the cash flow is generated from projects with earnings denominated principally in Renminbi. As a result, the Group is exposed to foreign currency risk on the fluctuation of US dollars against Renminbi.

The Group's exposure to interest rate risk results mainly from fluctuation in interest rates relating to its borrowings denominated in US dollars and Renminbi. Although the monetary policies implemented by the PRC and the US governments continue to have a major impact on the Group's results and operations, the Directors consider that the interest rate fluctuation caused by the fluidity and instability of the global economy and financial systems also has an impact on the operations of the Group.

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 2012, the Group had provided guarantees of HK$4,058 million (31 December 2011: HK$4,696 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 1,903 employees as at 30 June 2012. Expenditure on staff (excluding Directors' emoluments) amounted to HK$202 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

The Board is confident of the future development of the PRC. Hence, the Group will continue to take root in the mainland and develop further and cultivate deeper in the sectors in which the Group currently operates.

The Group expects that the toll road business will perform steadily in the second half of the year. The Group will continue to optimise its toll road portfolio and will actively seek for new investment opportunities of expressway projects. The Group is currently in negotiation with a number of new projects and targets to expand its expressway portfolio at reasonable prices as and when appropriate.

With respect to the property business, the Group will maintain the effective sales approach adopted in the first half of the year and accelerate receivable and inventory turnover rates in order to support future development. The Group is currently evaluating several new projects in a few cities and targets to replenish a certain amount of landbank in the second half of the year.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE GROUP

Road King Infrastructure Finance (2007) Limited, a wholly-owned subsidiary of the Company, redeemed all the outstanding principal amount of US$150 million floating rate guaranteed notes due 2012 ("2012 Notes") on 14 May 2012 (being the maturity date of the 2012 Notes) at the redemption price equal to 100% of the outstanding principal amount of the 2012 Notes, which was US$149,000,000 plus accrued interest of US$1,026,610 (the "Redemption").

Subsequent to the Redemption, the 2012 Notes were cancelled and delisted from the official list of the Singapore Exchange Securities Trading Limited.

Save as the above, neither the Company nor any of its subsidiaries repurchased, sold or redeemed any of the Group's listed securities during the six months ended 30 June 2012.

REVIEW OF ACCOUNTS

The Audit Committee has reviewed the condensed consolidated financial statements for the six months ended 30 June 2012, including the accounting principles and practices adopted by the Group, in conjunction with the Company's external auditor.

CORPORATE GOVERNANCE CODE

Saved as disclosed below, the Company has complied with the code provisions set out in the Code on Corporate Governance Practices (effective until 31 March 2012) and Corporate Governance Code (effective from 1 April 2012) (collectively, the "Code") as stated in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited throughout the six months ended 30 June 2012.

Code provision A.4.1 stipulates that Non-executive Directors should be appointed for a specific term, subject to re-election. Prior to 22 June 2012, none of the Non-executive Directors and Independent Non-executive Directors of the Company was appointed for a specific term but, 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.

On 16 May 2012, each Non-executive Director, except for Mr. Guo Limin who resigned on 22 June 2012, and Independent Non-executive Director entered into a letter of appointment with the Company in respect of their individual service term, subject to re-election. Mr. Lu Hua who was appointed as a Non-executive Director on 22 June 2012 has also entered into a letter of appointment with the Company in respect of his service term, subject to re-election, upon the appointment. Code provision A.4.1 has been complied with since 22 June 2012.

In respect of code provision A.6.7, two Non-executive Directors did not attend the annual general meeting of the Company held on 15 May 2012 due to other business commitments.

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 and Chief Executive Officer

Hong Kong, 13 August 2012

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, Zen Wei Peu, Derek and Xu Ruxin as Executive Directors, Messrs. Lu Hua 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.