ROAD KING INFRASTRUCTURE LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 1098)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 DECEMBER 2016

HIGHLIGHTS

	2016	2015
Property sales (including joint venture projects)	**RMB18,683 million**	RMB11,649 million
Operating profit after taxation (excluding exchange and related differences)	**HK$1,518 million**	HK$1,158 million
Equity attributable to owners of the Company	**HK$13,292 million**	HK$13,155 million
Total assets	**HK$50,400 million**	HK$40,056 million
Net assets per share attributable to owners of the Company	**HK$17.96**	HK$17.78
Earnings per share	**HK$1.69**	HK$1.11
Dividend per share (interim and proposed final)	**HK$0.68**	HK$0.48
Net gearing ratio	**66%**	73%

RESULTS

The Board of Directors (the "Board") of Road King Infrastructure Limited (the "Company") is pleased to announce the audited consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income of the Company and its subsidiaries (the "Group") for the year ended 31 December 2016 and consolidated statement of financial position of the Group as at 31 December 2016 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2016

	NOTES	**2016** *HK$'000*	2015 *HK$'000*
Revenue	3	**16,841,585**	12,509,646
Cost of sales		**(12,619,518)**	(9,626,650)
Gross profit		**4,222,067**	2,882,996
Interest income		**150,114**	86,557
Other income		**48,200**	43,708
Other gains and losses	5	**(66,268)**	(171,987)
Selling expenses		**(520,553)**	(367,459)
Administrative expenses		**(610,547)**	(518,964)
Share of result of an associate		**(1,689)**	–
Share of results of joint ventures	6	**395,553**	261,018
Finance costs	7	**(371,585)**	(233,346)
Profit before taxation	8	**3,245,292**	1,982,523
Income tax expenses	9	**(1,871,696)**	(1,154,213)
Profit for the year		**1,373,596**	828,310
Profit attributable to:			
Owners of the Company		**1,250,075**	820,005
Non-controlling interests		**123,521**	8,305
		1,373,596	828,310
Earnings per share	11		
–Basic		**HK$1.69**	HK$1.11
–Diluted		**HK$1.69**	HK$1.11

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016

	2016	2015
	HK$'000	*HK$'000*
Profit for the year	**1,373,596**	828,310
Other comprehensive expense		
Item that will not be reclassified subsequently to profit or loss:		
Exchange differences arising on translation to presentation currency	**(821,133)**	(547,096)
Total comprehensive income for the year	**552,463**	281,214
Total comprehensive income (expense) attributable to:		
Owners of the Company	**491,604**	305,405
Non-controlling interests	**60,859**	(24,191)
	552,463	281,214

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2016

	NOTES	2016 HK$'000	2015 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**42,531**	33,503
Investment properties		**2,468,194**	2,193,098
Interest in an associate		**799,192**	–
Interests in joint ventures		**4,564,980**	5,108,141
Deferred tax assets		**29,968**	56,229
Amounts due from joint ventures		**1,185,114**	1,596,933
Loan receivables		**261,959**	–
		9,351,938	8,987,904
Current assets			
Inventory of properties		**26,283,708**	25,247,436
Prepayment for land leases		**1,102,355**	480,201
Amounts due from joint ventures		**2,035,678**	179,366
Loan receivables		**200,634**	–
Debtors, deposits and prepayments	*12*	**2,231,787**	1,455,019
Prepaid income tax		**582,387**	392,726
Other financial assets		**396,918**	–
Pledged bank deposits		**165,909**	241,932
Bank balances and cash		**8,048,817**	3,071,723
		41,048,193	31,068,403
Total assets		**50,400,131**	40,056,307

	NOTES	2016 HK$'000	2015 HK$'000
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		**73,994**	73,994
Reserves		**13,217,837**	13,081,403
		13,291,831	13,155,397
Non-controlling interests		**940,797**	820,470
Total equity		**14,232,628**	13,975,867
Non-current liabilities			
Bank and other borrowings – due after one year		**11,729,547**	7,226,144
Loans from non-controlling interests of subsidiaries		**77,904**	180,000
Deferred tax liabilities		**649,305**	586,532
		12,456,756	7,992,676
Current liabilities			
Creditors and accrued charges	13	**6,784,521**	5,495,510
Amounts due to a joint venture and an associate		**717,659**	280,488
Deposits from pre-sale of properties		**8,747,284**	4,548,201
Income tax payable		**1,409,744**	895,891
Bank and other borrowings – due within one year		**5,847,427**	6,224,230
Loans from non-controlling interests of subsidiaries		**204,112**	374,741
Other financial liabilities		**–**	268,703
		23,710,747	18,087,764
Total equity and liabilities		**50,400,131**	40,056,307

NOTES:

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (the "HKFRS(s)") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Hong Kong Companies Ordinance.

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

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS

The Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time in the current year.

Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or disclosures set out in these consolidated financial statements.

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

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[1]
HKFRS 16	Leases[3]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to HKFRS 15	Clarifications to HKFRS 15 Revenue from Contracts with Customers[1]
Amendments to HKAS 7	Disclosure Initiative[4]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[4]

[1] Effective for annual periods beginning on or after 1 January 2018.
[2] Effective for annual periods beginning on or after a date to be determined.
[3] Effective for annual periods beginning on or after 1 January 2019.
[4] Effective for annual periods beginning on or after 1 January 2017.

Except as described below, the directors of the Company (the "Directors") anticipate that the application of the other new and amendments to HKFRSs will have no material impact on the consolidated financial statements of the Group.

HKFRS 15 "*Revenue from Contracts with Customers*"

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for goods and services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

In 2016, the HKICPA issued Clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The Directors anticipate that the application of HKFRS 15 in the future may result in more disclosures, however, the Directors do not anticipate that the application of HKFRS 15 will have a significant impact on the amount recognised in the Group's consolidated financial statements.

HKFRS 16 "*Leases*"

HKFRS 16, which upon the effective date will supersede HKAS 17 "Leases", introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under HKAS 17.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

Total operating lease commitments of the Group in respect of office premises as at 31 December 2016 amounted to HK$35,302,000, the Directors do not expect the adoption of HKFRS 16 as compared with the current accounting policy would result in significant impact on the Group's result, but it is expected that certain portion of these lease commitments will be required to be recognised in the consolidated statement of financial position in future as right-of-use assets and lease liabilities.

3. REVENUE

	2016	2015
	HK$'000	*HK$'000*
Revenue of the Group		
Sale of completed properties held for sale	**16,450,805**	12,205,731
Gross rental income from properties	**77,373**	66,911
Property management income	**313,407**	237,004
	16,841,585	12,509,646
Group's share of toll revenue of infrastructure joint ventures	**1,238,543**	1,090,009
Revenue of the Group and Group's share of toll revenue of infrastructure joint ventures	**18,080,128**	13,599,655

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 resources allocation and assessment of performance are as follows:

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

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

	2016			2015		
	Property development and investment	**Toll road**	**Total**	Property development and investment	Toll road	Total
	HK$'000	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue	**16,841,585**	**–**	**16,841,585**	12,509,646	–	12,509,646
Segment profit	**1,132,118**	**333,122**	**1,465,240**	822,582	211,696	1,034,278
Segment assets (including interests in joint ventures and an associate)	**40,076,979**	**3,563,906**	**43,640,885**	33,245,218	4,094,399	37,339,617
Segment liabilities	**(34,440,653)**	**(47,033)**	**(34,487,686)**	(24,431,923)	(32,175)	(24,464,098)

(a) Measurement

The accounting policies of the operating segments are the same as the Group's accounting policies.

Segment profit represents profit earned by each segment, which includes share of result of an associate, share of results of joint ventures, gain on disposal of interest in a joint venture, fair value gains on transfer of completed properties held for sale to investment properties, change in fair value of investment properties, change in fair value of other financial assets and liabilities, net exchange losses, 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 headquarters 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, interest in an associate, interests in joint ventures, inventory of properties, prepayment for land leases, amounts due from joint ventures, loan receivables, debtors, deposits and prepayments, prepaid income tax, other financial assets, pledged bank deposits, bank balances and cash and deferred tax assets which are directly attributable to the relevant reportable segment.

Segment liabilities include creditors and accrued charges, amounts due to a joint venture and an associate, deposits from pre-sale of properties, income tax payable, bank and other borrowings, loans from non-controlling interests of subsidiaries, other financial liabilities and deferred tax liabilities which are directly attributable to the relevant reportable segment.

Additions to non-current assets are the total costs incurred during the year to acquire segment assets that are expected to be used for more than one year and comprise purchase of property, plant and equipment, investment properties and capital contributions to joint ventures and an associate directly attributable to the segment.

(b) Reconciliation of total segment profit, total segment assets and total segment liabilities

	2016	2015
	HK$'000	*HK$'000*
Total segment profit	**1,465,240**	1,034,278
Unallocated items:		
Interest income	**4,498**	585
Corporate income	**71,703**	5,577
Corporate expenses	**(110,080)**	(183,301)
Finance costs	**(57,765)**	(24,988)
Income tax expenses	**–**	(320)
Share of losses of joint ventures	**–**	(3,521)
Consolidated profit for the year	**1,373,596**	828,310
Total segment assets	**43,640,885**	37,339,617
Unallocated assets:		
Property, plant and equipment	**79**	322
Interests in joint ventures	**–**	4,528
Deposits and prepayments	**2,361**	207,602
Other financial assets	**66,286**	–
Bank balances and cash	**6,690,520**	2,504,238
Consolidated total assets	**50,400,131**	40,056,307
Total segment liabilities	**(34,487,686)**	(24,464,098)
Unallocated liabilities:		
Accrued charges	**(135,059)**	(109,972)
Bank and other borrowings	**(1,544,758)**	(1,237,667)
Other financial liabilities	**–**	(268,703)
Consolidated total liabilities	**(36,167,503)**	(26,080,440)

(c) Other segment information

	2016				2015			
	Property development and investment	**Toll road**	**Unallocated**	**Consolidated Total**	Property development and investment	Toll road	Unallocated	Consolidated Total
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Amounts included in the measure of segment profit or segment assets:								
Interest income	**134,928**	**10,688**	**4,498**	**150,114**	71,015	14,957	585	86,557
Gain on disposal of interest in a joint venture	–	–	–	–	–	2,145	–	2,145
Fair value gains on transfer of completed properties held for sale to investment properties	–	–	–	–	62,735	–	–	62,735
Change in fair value of investment properties	**77,617**	–	–	**77,617**	92,936	–	–	92,936
Depreciation	**(13,855)**	**(249)**	**(201)**	**(14,305)**	(11,648)	(289)	(659)	(12,596)
Finance costs	**(310,736)**	**(3,084)**	**(57,765)**	**(371,585)**	(204,966)	(3,392)	(24,988)	(233,346)
Income tax expenses	**(1,846,170)**	**(25,526)**	–	**(1,871,696)**	(1,125,589)	(28,304)	(320)	(1,154,213)
Share of result of an associate	**(1,689)**	–	–	**(1,689)**	–	–	–	–
Share of results of joint ventures	**(13,117)**	**408,670**	–	**395,553**	(13,401)	277,940	(3,521)	261,018
Interest in an associate	**799,192**	–	–	**799,192**	–	–	–	–
Interests in joint ventures	**1,223,144**	**3,341,836**	–	**4,564,980**	1,474,899	3,628,714	4,528	5,108,141
Additions to non-current assets during the year	**1,973,471**	**165,743**	–	**2,139,214**	1,188,206	53	37	1,188,296

(d) Revenue from major products and services

The Group's revenue for the year mainly comprises sale of completed residential properties developed by the Group for sale purposes and rental income from investment properties.

(e) Information about geographical areas

All of the Group's revenue is attributable to customers in the People's Republic of China (the "PRC") and over 90% of the Group's total non-current assets (excluding deferred tax assets and loans to joint ventures) are located in the PRC and the remaining non-current assets are located in Hong Kong.

(f) Information about major customers

In view of the nature of the toll road business, there are no major customers. For the property business, there was no customer who accounted for over 10% of the total revenue generated from property development and investment business.

5. OTHER GAINS AND LOSSES

	2016	2015
	HK$'000	*HK$'000*
Net exchange losses	**(573,639)**	(201,736)
Change in fair value of other financial assets and liabilities	**429,357**	(128,273)
	(144,282)	(330,009)
Gain on disposal of interest in a joint venture	**–**	2,145
Gains on disposal of property, plant and equipment	**397**	206
Fair value gains on transfer of completed properties held for sale to investment properties	**–**	62,735
Change in fair value of investment properties	**77,617**	92,936
	(66,268)	(171,987)

6. SHARE OF RESULTS OF JOINT VENTURES

	2016	2015
	HK$'000	*HK$'000*
Share of profits of infrastructure joint ventures	**408,670**	277,940
Share of losses of other joint ventures	**(13,117)**	(16,922)
	395,553	261,018

7. FINANCE COSTS

	2016	2015
	HK$'000	*HK$'000*
Interest on borrowings	**1,136,178**	1,291,873
Premium paid for early redemption of senior notes	**77,552**	–
Other finance costs	**97,261**	124,149
	1,310,991	1,416,022
Less: Capitalised in properties under development for sale	**(939,406)**	(1,182,676)
	371,585	233,346

Borrowing costs capitalised during the year are calculated by applying a capitalisation rate of 7.23% (2015: 7.68%) per annum to expenditure on qualifying assets.

8. PROFIT BEFORE TAXATION

	2016	2015
	HK$'000	*HK$'000*
Profit before taxation has been arrived at after charging:		
Depreciation of property, plant and equipment	**15,004**	13,992
Less: Capitalised in properties under development for sale	**(699)**	(1,396)
	14,305	12,596
Minimum lease payments paid under operating lease rentals in respect of land and buildings	**19,161**	18,599
Salaries and other benefits	**587,397**	503,697
Provident fund scheme contributions, net of forfeited contributions of HK$287,000 (2015: HK$47,000)	**70,797**	74,159
Less: Capitalised in properties under development for sale	**(136,223)**	(135,313)
Total staff costs (excluding Directors' emoluments)	**521,971**	442,543
Audit fee	**3,980**	3,980
Cost of inventory of properties recognised as an expense	**12,327,100**	9,440,691
and after crediting:		
Bank interest income	**35,564**	28,855

9. INCOME TAX EXPENSES

	2016	2015
	HK$'000	*HK$'000*
Current tax:		
PRC enterprise income tax ("EIT")	**859,766**	678,074
PRC land appreciation tax ("LAT")	**791,185**	382,124
PRC withholding tax	**63,820**	127,485
	1,714,771	1,187,683
Deferred tax	**156,925**	(33,470)
	1,871,696	1,154,213

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 for LAT is estimated according to the requirements set forth in the relevant PRC tax laws and regulations which is charged at progressive rates ranging from 30% to 60% of the appreciation value, with certain allowable deductions.

10. DIVIDENDS PAID

	2016	2015
	HK$'000	*HK$'000*
2015 final dividend paid of HK$0.35 (2015: 2014 final dividend of HK$0.45) per share	**258,978**	332,971
2016 interim dividend paid of HK$0.13 (2015: 2015 interim dividend of HK$0.13) per share	**96,192**	96,192
	355,170	429,163

Subsequent to the end of the reporting period, a final dividend in respect of 2016 of HK$0.55 per share amounting to a total of approximately HK$407 million has been proposed by the Board on 13 March 2017. The amount has not been included as a liability in the consolidated financial statements as it was not declared before the end of the reporting period.

The amount of the proposed final dividend has been calculated on the basis of 740,186,566 shares in issue as at 13 March 2017.

11. EARNINGS PER SHARE

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

	2016	2015
	HK$'000	*HK$'000*
Earnings for the purposes of basic and diluted earnings per share attributable to owners of the Company	**1,250,075**	820,005

	Number of shares	Number of shares
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic earnings per share	**739,937**	736,706
Effect of dilutive potential ordinary shares:		
Share options	**–**	123
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**739,937**	736,829

The calculation of diluted earnings per share for the year ended 31 December 2016 did not assume the exercise of the Company's options as the exercise prices of the options were higher than the average market price of the Company's shares for the year.

12. DEBTORS, DEPOSITS AND PREPAYMENTS

	2016	2015
	HK$'000	*HK$'000*
Aged analysis of trade debtors, presented based on invoice dates (note (a)):		
Within 60 days	**146,517**	2,157
61 to 90 days	**1,014**	992
More than 90 days	**6,532**	7,547
	154,063	10,696
Deferred consideration on disposal of interests in joint ventures	**–**	176,555
Prepayment for land development cost	**515,438**	180,805
Deposits paid for acquisition of inventory of properties	**452,107**	280,487
Prepayment of business tax and other taxes	**327,629**	187,896
Other receivables, deposits and prepayments	**782,550**	618,580
	2,231,787	1,455,019

Notes:

(a) The debtors are mainly arisen from sale of properties. Consideration in respect of properties sold is paid in accordance with the terms of the related sale and purchase agreements, normally within 60 days from the agreements. Consideration will be fully received prior to the delivery of the properties to the property purchasers.

13. CREDITORS AND ACCRUED CHARGES

	2016	2015
	HK$'000	*HK$'000*
Aged analysis of creditors presented based on invoice date:		
Trade payables		
Within 60 days	**362,882**	116,469
61 to 90 days	**44,738**	51,780
More than 90 days	**509,970**	654,786
	917,590	823,035
Bills payables		
Within 60 days	**16,175**	48,943
61 to 90 days	**–**	34,268
More than 90 days	**42,226**	80,404
	58,401	163,615
Accrued construction costs	**4,198,020**	3,582,035
	5,174,011	4,568,685
Interest payable	**174,385**	92,661
Accrued taxes (other than EIT and LAT)	**227,191**	65,116
Consideration payable from acquisition of subsidiaries and joint ventures	**395,159**	–
Other payables	**813,775**	769,048
	6,784,521	5,495,510

14. TOTAL ASSETS LESS CURRENT LIABILITIES/NET CURRENT ASSETS

The Group's total assets less current liabilities at 31 December 2016 amounted to HK$26,689,384,000 (2015: HK$21,968,543,000). The Group's net current assets at 31 December 2016 amounted to HK$17,337,446,000 (2015: HK$12,980,639,000).

DIVIDEND

The Board has resolved to recommend a final dividend of HK$0.55 (2015: HK$0.35) per share for the year ended 31 December 2016 to the shareholders of the Company (the "Shareholders") whose names appear on the register of members of the Company on Friday, 26 May 2017, subject to approval of the Shareholders at the forthcoming annual general meeting. It is expected that the payment of the final dividend will be made on or before Friday, 16 June 2017, if approved.

CLOSURES OF REGISTER OF MEMBERS

To be eligible to attend and vote at the forthcoming annual general meeting

The register of members of the Company will be closed from Monday, 15 May 2017 to Thursday, 18 May 2017, both dates inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the forthcoming annual general meeting, 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 Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:00 p.m. on Friday, 12 May 2017 for registration.

To qualify for the proposed final dividend

The register of members of the Company will also be closed from Thursday, 25 May 2017 to Friday, 26 May 2017, both dates inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final 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 Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:00 p.m. on Wednesday, 24 May 2017 for registration.

BUSINESS REVIEW

Results for 2016

For the year ended 31 December 2016, property sales and toll revenue of the Group (including joint venture projects) were RMB18,683 million and RMB2,376 million respectively, amounting to RMB21,059 million in total, representing a significant increase of 52% as compared with 2015. The operating profit after tax for the year of 2016 (excluding exchange and related differences) was HK$1,518 million. Taking into account the exchange and related differences of HK$144 million (2015: HK$330 million) due to RMB depreciation, the profit for the year of 2016 was HK$1,374 million, representing an increase of HK$545 million or 66% as compared with 2015, with earnings per share of HK$1.69.

Property Business

In 2016, for the sake of improving the property market sentiment, the central and local governments of the PRC implemented various policies such as reducing interest rates and deposit reserve ratio and loosening austerity measures for the property market in the first three quarters. As a result, the property market has robusted, especially the market in tier 1 and tier 2 cities which recorded growth to various extent in different districts in both transaction volume and selling prices. Despite the strengthening of austerity measures of the property market in the fourth quarter by the government, the Group achieved remarkable results by adhering to its operating strategies of deeper exploitation and balancing turnover and profitability. In 2016, the Group's property sales (including joint venture projects) increased to RMB18,683 million, including the contracted sales of RMB17,613 million and outstanding subscribed sales of RMB1,070 million, representing an increase of 60% compared with 2015. The average selling price was RMB13,700 per sqm, representing an increase of 25% as compared with last year.

Set out below is an analysis of the performance of the Group's property business for 2016 and 2015:

	For the year ended 31 December	
	2016	2015
	HK$'million	*HK$'million*
Revenue	**16,842**	12,510
Gross profit	**4,222**	2,883
Selling and operating expenses	**(1,035)**	(813)
Profit for the year	**1,132**	823

In 2016, the revenue of the Group's property business was mainly contributed by the delivery of properties in Yangtze River Delta region. The total area delivered in 2016 was 1,204,000 sqm, with an average price of approximately RMB11,900 per sqm. Operating profit after taxation of the property business was HK$1,255 million. Taking into account the exchange and related differences of HK$123 million due to RMB depreciation, the profit for the year was HK$1,132 million.

Set out below is an analysis of the Group's property sales and delivery by region (including joint venture projects) for 2016:

	Sales		Delivery	
Regions	**Amount**	**Area**	**Amount**	**Area**
(Notes)	*RMB'million*	*sqm*	*RMB'million*	*sqm*
Yangtze River Delta	10,102	737,000	9,682	692,000
Bohai Rim	7,494	489,000	3,620	402,000
Other regions	1,087	133,000	977	110,000
Total – 2016	18,683	1,359,000	14,279	1,204,000
Total – 2015	11,649	1,055,000	10,374	1,006,000

Notes:

Yangtze River Delta region comprises Shanghai and Jiangsu Province.

Bohai Rim region comprises Beijing, Tianjin, Hebei Province and Shandong Province.

Other major regions comprise Henan Province and Guangdong Province.

For land reserve replenishment, the Group acquired fifteen pieces of land in the PRC and Hong Kong for residential and commercial development purpose, through listing-for-sale and acquisition in 2016, with an aggregate floor area of about 2,700,000 sqm. Among which, ten pieces of new land are jointly developed with well-established PRC enterprises. The Group believes that the cooperation would allow the Group to invest in larger projects, share higher profits and diversify the financial burden.

In view of the prospective future of the property market in Hong Kong, the Group, for the first time, acquired a land parcel with gross floor area of about 34,000 sqm, mainly for residential development in 2016. Further in February 2017, the Group successfully won the bid of phase I of the residential plot next to Wong Chuk Hang Station with a joint venture partner. With a gross floor area of about 54,000 sqm, the project is the first railway property development project on Hong Kong Island in almost 30 years. The Group will keep capturing new opportunities for developing the property business in Hong Kong.

The Group's land reserve includes properties under planning and construction, properties held for sale and properties held for investment. As at 31 December 2016, the Group's land reserve was approximately 7,000,000 sqm.

Toll Road Business

In 2016, the Group received cash distribution of HK$580 million from the toll road joint ventures, including the repayment of shareholders' loans. The Group's share of operating profits of toll road joint ventures increased from HK$250 million in 2015 to HK$383 million in 2016, mainly due to the stable growth in the traffic volume of Changyi Expressway and Baojin Expressway. In addition, the expressways acquired earlier, namely Longcheng Expressway and Machao Expressway, have become mature and recorded increases in both traffic volume and toll revenue, and achieving a breakeven position and become profit making respectively.

The traffic volume and toll revenue of the existing toll road projects for 2016 are as follows:

Project	**2016 Average Daily Traffic**	**Increase (Decrease)**	**2016 Toll Revenue**	**Increase (Decrease)**
	Vehicles	*%*	*RMB'million*	*%*
Expressways				
Baojin Expressway	56,000	6	688	8
Tangjin Expressway	46,000	4	530	(4)
Changyi Expressway	65,000	9	649	11
Longcheng Expressway	17,000	31	274	37
Machao Expressway	18,000	37	190	24
	202,000	10	2,331	10
Highways	17,000	(6)	45	(2)
	219,000	9	2,376	9

The total traffic volume and toll revenue of the Group's toll road projects reached 80 million vehicles and RMB2,376 million, respectively in 2016. Toll revenue from expressway projects accounted for 98% in the entire toll road portfolio in 2016, which was further increased as compared with 97% in 2015.

In 2016, the Group continued to divest the remaining Class I/II highway projects and the optimization of investment portfolio strategies was almost completed. Also, the Group has been seeking for new expressway projects with reasonable returns.

FINANCIAL REVIEW

Liquidity and Financial Resources

As at 31 December 2016, the equity attributable to owners of the Company was HK$13,292 million (2015: HK$13,155 million). Net asset per share attributable to owners of the Company was HK$17.96 (2015: HK$17.78).

As at 31 December 2016, the Group's total assets were HK$50,400 million (2015: HK$40,056 million) and bank balances and cash were HK$8,049 million (2015: HK$3,072 million), of which 83% was denominated in Renminbi and the remaining 17% was mainly denominated in US dollar or HK dollar.

The Group continues to adopt prudent financing and treasury policies. The Group's entire financing and treasury activities are managed and controlled centrally. The Group's related policies are implemented after taking collective and extensive consideration on liquidity risk, financial cost and exchange rate risk.

In 2016, the Group had issued two offshore US dollar guaranteed senior notes with an aggregate amount of US$950 million for refinancing the existing offshore borrowings with higher interest rates, as well as the issuance of the first tranche domestic bonds with an aggregate amount of RMB1,500 million with a term of three years, resulting in an increase in the Group's cash flow and reducing the finance cost.

Certain of the Group's loans were on a fixed rate basis, which included, among the others, the following notes:

(a) US$450 million 5% guaranteed senior notes due in 2019;

(b) RMB1,500 million 4.5% domestic bonds due in 2019; and

(c) US$500 million 4.7% guaranteed senior notes due in 2021.

In February 2017, the Group issued US$300 million senior guaranteed perpetual capital securities with a distribution rate of 7.95% per annum, which gave strong liquidity support to its business development in Hong Kong.

The Group will continue proactively to review and optimise its financing resources. In addition to tapping the debt and perpetual securities market, from time to time, the Group would also look at the option of separately listing a business segment (e.g. the expressway operations, currently under active consideration). Should the Company decide to proceed with any such proposal, the Company will make an appropriate announcement.

At 31 December 2016, the gross gearing ratio and the net gearing ratio of the Group were 123% and 66%, respectively. Gross gearing ratio represents the total interest bearing borrowings (excluding loans from non-controlling interests of subsidiaries) to the total equity, whereas net gearing ratio represents the difference of Group's total interest bearing borrowings (excluding loans from non-controlling interests of subsidiaries) and the bank balances and cash (including pledged bank deposits) to the total equity.

Interest coverage for the year under review was 10.85 times (2015: 10.93 times).

Charges on Assets

As at 31 December 2016, bank balances of HK$166 million (2015: HK$242 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 with carrying value of HK$5,099 million (2015: HK$3,446 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 Renminbi and US dollar but the cash flow is mainly generated from projects whose earnings are denominated in Renminbi. As a result, the Group is exposed to the foreign exchange risk on the fluctuation of Renminbi and US dollar. Since the reform of foreign exchange in August 2015, depreciation of RMB has been gradually intensified and fluctuation of exchange rate has become larger as compared with the past. For minimizing the impacts arisen from depreciation of RMB on the Group, the Group had entered in the capped forward contracts in respect of our US dollar guaranteed senior notes and US dollar denominated borrowings during the year, as a result, exchange and related differences for 2016 were decreased by approximately HK$186 million as compared with last year.

The Group's exposure to interest rate risk is mainly from fluctuation in interest rates relating to its borrowings denominated in Renminbi and US dollar. Although the monetary policies implemented by the PRC and the US governments continue to have a major impact on the Group's results and operation, 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 operation 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 closely monitor the above risks and may arrange hedging against the risks exposed as and when necessary and appropriate.

Contingent Liabilities

As at 31 December 2016, the Group had provided guarantees of HK$6,640 million (2015: HK$4,650 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.

In addition, the Group had provided guarantees of HK$773 million (2015: HK$845 million) to banks in connection with the banking facilities granted to the joint venture of the Group as at 31 December 2016.

Employees

Excluding the staff of joint ventures, the Group had 2,982 employees as at 31 December 2016. Expenditure on staff (excluding Directors' emoluments and share-based payment) amounted to HK$658 million (2015: HK$578 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 share option schemes. During the year, no share option was granted.

PROSPECT

In recent years, China's economy has been facing downward pressure but it still maintained a growth overall. The property industry is an important pillar of the economy. It is expected that the government will continue to maintain stability through its policies and implement specific austerity measures in different regions. The Group is optimistic about the outlook of China's property market. The Group will continue to adhere to its strategy for regional exploitation, adopt an operating strategy for striking a balance between profits and sales volume, develop market-oriented products through a well-developed managerial system, enhance the value-added services of property management, and improve products and services quality as well as brand recognition. Meanwhile, the Group will continue to work closely with its business partners to seek for better development opportunities. The Group believes that its market position and well-developed operation team have provided a solid foundation for the continuous expansion of the property business in the PRC. The Group will keep capturing new opportunities for developing the property business in Hong Kong.

The toll road business would provide the Group with steady cash flows. Leveraging on our experience over the past two decades, the Group's business will be run and grow in a stable trend.

REPURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE GROUP

During the year, Road King Infrastructure Finance (2012) Limited, a wholly-owned subsidiary of the Company, early redeemed all outstanding notes in the principal amount of US$350 million 9.875% guaranteed senior notes due 2017 (the "2017 Notes") on 22 September 2016 at the redemption price equal to 102.46875% of the outstanding principal amount of the 2017 Notes plus accrued and unpaid interest.

In addition, RKI Finance (2013) Limited, a wholly-owned subsidiary of the Company, redeemed all outstanding notes in the principal amount of RMB2,200 million 6% guaranteed senior notes due 2016 (the "2016 Notes") upon their maturity on 5 December 2016 at the redemption price equal to 100% of the outstanding principal amount of the 2016 Notes plus accrued and unpaid interest.

Subsequent to the redemptions, the 2017 Notes and 2016 Notes were delisted from The Stock Exchange of Hong Kong Limited (the "Stock Exchange") respectively.

Save as disclosed above, neither the Company nor any of its subsidiaries repurchased, sold or redeemed any of the Group's listed securities during the year ended 31 December 2016.

CORPORATE GOVERNANCE CODE

The Company has complied with the code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange throughout the year ended 31 December 2016.

REVIEW AND AUDIT OF ACCOUNTS

The consolidated financial statements of the Group for the year ended 31 December 2016 have been reviewed by the Audit Committee of the Company and audited by the Company's external auditor.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held at Jade and Lotus Rooms, 6th Floor, Marco Polo Hongkong Hotel, Harbour City, 3 Canton Road, Tsimshatsui, Kowloon, Hong Kong on Thursday, 18 May 2017 at 10:30 a.m. and the notice of annual general meeting will be published and despatched to the Shareholders in the manner as required by the Listing Rules.

PUBLICATION OF THE FINAL RESULTS AND ANNUAL REPORT

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

APPRECIATION

The Board would like to take this opportunity to express hearty gratitude to all Shareholders, business partners, and loyal and dedicated staff.

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

Hong Kong, 13 March 2017

As at the date of this announcement, the Board comprises Messrs. Zen Wei Pao, William, Zen Wei Peu, Derek, Ko Yuk Bing and Fong Shiu Leung, Keter as Executive Directors, Messrs. Lam Wai Hon, Patrick, Mou Yong and Dong Fang as Non-executive Directors and Mr. Lau Sai Yung, Dr. Chow Ming Kuen, Joseph, Mr. Tse Chee On, Raymond, Mr. Wong Wai Ho and Mr. Zhang Yongliang as Independent Non-executive Directors.