ROAD KING INFRASTRUCTURE LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 1098)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 DECEMBER 2017

HIGHLIGHTS

	2017	2016
Property sales (including joint venture projects)	**RMB26,304 million**	RMB18,683 million
Profit for the year	**HK$2,476 million**	HK$1,374 million
Equity attributable to owners of the Company	**HK$15,635 million**	HK$13,292 million
Total assets	**HK$69,735 million**	HK$50,400 million
Bank balances and cash	**HK$8,552 million**	HK$8,049 million
Net assets per share attributable to owners of the Company	**HK$20.90**	HK$17.96
Earnings per share	**HK$2.61**	HK$1.69
Dividend per share (interim and proposed final)	**HK$0.93**	HK$0.68
Gross profit margin	**40%**	25%
Net gearing ratio	**54%**	66%

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 2017 and consolidated statement of financial position of the Group as at 31 December 2017 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2017

	NOTES	**2017** *HK$'000*	2016 *HK$'000*
Revenue	*3*	**14,755,770**	16,841,585
Cost of sales		**(8,840,203)**	(12,619,518)
Gross profit		**5,915,567**	4,222,067
Interest income		**379,747**	150,114
Other income		**60,261**	48,200
Other gains and losses	*5*	**264,731**	(66,268)
Selling expenses		**(507,291)**	(520,553)
Administrative expenses		**(769,625)**	(610,547)
Share of result of an associate		**(9,598)**	(1,689)
Share of results of joint ventures	*6*	**470,963**	395,553
Finance costs	*7*	**(363,367)**	(371,585)
Profit before taxation	*8*	**5,441,388**	3,245,292
Income tax expenses	*9*	**(2,965,394)**	(1,871,696)
Profit for the year		**2,475,994**	1,373,596
Profit for the year attributable to:			
Owners of the Company		**1,943,703**	1,250,075
Owners of perpetual capital securities		**246,621**	–
Non-controlling interests		**285,670**	123,521
		2,475,994	1,373,596
Earnings per share	*11*		
– Basic		**HK$2.61**	HK$1.69
– Diluted		**HK$2.61**	HK$1.69

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017

	2017	2016
	HK$'000	*HK$'000*
Profit for the year	**2,475,994**	1,373,596
Other comprehensive income (expense)		
Item that will not be reclassified subsequently to profit or loss:		
Exchange differences arising on translation to presentation currency	**916,692**	(821,133)
Total comprehensive income for the year	**3,392,686**	552,463
Total comprehensive income for the year attributable to:		
Owners of the Company	**2,806,710**	491,604
Owners of perpetual capital securities	**246,621**	–
Non-controlling interests	**339,355**	60,859
	3,392,686	552,463

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2017

	NOTES	**2017** **HK$'000**	2016 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**121,137**	42,531
Investment properties		**2,583,810**	2,468,194
Interest in an associate		**825,405**	799,192
Interests in joint ventures		**6,464,609**	4,564,980
Deferred tax assets		**40,907**	29,968
Amounts due from joint ventures		**8,270,231**	1,185,114
Loan receivables		**1,115,465**	261,959
Long-term prepayments	*12*	**70,020**	–
		19,491,584	9,351,938
Current assets			
Inventory of properties		**30,216,830**	26,283,708
Prepayment for land leases		**186,524**	1,102,355
Amounts due from joint ventures		**6,622,181**	2,035,678
Loan receivables		**744,203**	200,634
Debtors, deposits and prepayments	*12*	**3,082,346**	2,231,787
Prepaid income tax		**635,347**	582,387
Other financial assets		**5,889**	396,918
Pledged bank deposits		**198,337**	165,909
Bank balances and cash		**8,552,217**	8,048,817
		50,243,874	41,048,193
Total assets		**69,735,458**	50,400,131

	NOTES	2017 HK$'000	2016 HK$'000
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		**74,814**	73,994
Reserves		**15,560,264**	13,217,837
		15,635,078	13,291,831
Perpetual capital securities		**4,633,096**	–
Non-controlling interests		**1,346,252**	940,797
Total equity		**21,614,426**	14,232,628
Non-current liabilities			
Bank and other borrowings		**15,818,724**	11,729,547
Loans from non-controlling interests of subsidiaries		**–**	77,904
Deferred tax liabilities		**784,083**	649,305
		16,602,807	12,456,756
Current liabilities			
Creditors and accrued charges	13	**8,362,246**	6,784,521
Amounts due to joint ventures and an associate		**779,411**	717,659
Deposits from pre-sale of properties		**15,356,682**	8,747,284
Income tax payable		**2,445,243**	1,409,744
Bank and other borrowings		**4,574,643**	5,847,427
Loans from non-controlling interests of subsidiaries		**–**	204,112
		31,518,225	23,710,747
Total equity and liabilities		**69,735,458**	50,400,131

NOTES:

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (the "HKFRSs") 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 REVISED 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 12	As part of the Annual Improvements to HKFRSs 2014 – 2016 Cycle
Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses

Except as described below, 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 the disclosures set out in these consolidated financial statements.

Amendments to HKAS 7 *"Disclosure Initiative"*

The Group has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. In addition, the amendments also require disclosures on changes in financial assets if cash flows from those financial assets were, or future cash flows will be, included in cash flows from financing activities.

Specifically, the amendments require the following to be disclosed (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

Consistent with the transition provisions of the amendments, the Group has not disclosed comparative information for the prior year. Apart from the additional disclosure of the reconciliation between the opening and closing balances of the mentioned items, the application of these amendments has had no impact on the Group's consolidated financial statements.

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

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers and the related Amendments[1]
HKFRS 16	Leases[3]
HKFRS 17	Insurance Contracts[4]
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments[2]
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 9	Prepayment Features with Negative Compensation[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[3]
Amendments to HKAS 40	Transfers of Investment Property[1]
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014 – 2016 Cycle[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 – 2017 Cycle[3]

[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 2021.*

Except as described below, the Directors anticipate that the application of all other new and amendments to HKFRSs and Interpretations will have no material impact on the consolidated financial statements of the Group in the foreseeable future.

HKFRS 9 *"Financial Instruments"*

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of HKFRS 9 which are relevant to the Group are:

- all recognised financial assets that are within the scope of HKFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at fair value through other comprehensive income. All other financial assets are measured at their fair value at subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss;

- in relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39 "Financial Instruments: Recognition and Measurement". The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Based on the Group's financial instruments and risk management policies as at 31 December 2017, the Directors anticipate the following potential impact on initial application of HKFRS 9:

Classification and measurement

All financial assets and financial liabilities will continue to be measured on the same bases as are currently measured under HKAS 39.

Impairment

In general, the Directors anticipate that the application of the expected credit loss model of HKFRS 9 will result in earlier provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised costs and other items that subject to the impairment provisions upon application of HKFRS 9 by the Group. If the expected credit loss model were to be applied, the accumulated amount of impairment loss to be recognised by the Group as at 1 January 2018 may be slightly increased as compared to the accumulated amount recognised under HKAS 39 mainly attributable to expected credit losses provision on loan receivables, amounts due from joint ventures and debtors, deposits and prepayments. If further impairment is recognised under expected credit loss model, it may reduce the opening retained profits and increase the deferred tax assets at 1 January 2018.

Based on the assessment by the Directors, they anticipate that the application of HKFRS 9 will have no material financial impacts on the results and the financial position 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 have assessed the impact on application of HKFRS 15 and anticipate an impact on revenue from the sale of properties and the following areas:

- The Group has considered all the relevant facts and circumstances in assessing whether the property sales contracts contain significant financing component, including the difference between the amount of promised consideration and the cash selling price of the property; and the combined effect of the expected length of time between the Group transferring the property to the customer and the customer paying for the property and the prevailing interest rates in the relevant market. The Group has applied the practical expedient in HKFRS 15 and has not considered the financing component of contracts which are expected to be completed within one year from the date of payment made by customers. Based on the assessment of the Directors, the significant financing component included in the property sales contracts would not have material impact on the retained earnings of the Group at 1 January 2018. However, it may have potential financial impact on the opening balance of inventory of properties and pre-sale deposits of the Group at 1 January 2018.

- Currently, the Group expensed off the costs associated with obtaining the property sales contracts with customers. Under the requirement of HKFRS 15, incremental costs of obtaining a contract is eligible for capitalisation as deferred contract costs if they meet certain criteria. Based on the assessment of the Directors, the amount of deferred contract costs at 1 January 2018 was insignificant to the Group.

In addition, the application of HKFRS 15 in future may result in more disclosures in the consolidated financial statements.

The Directors intend to apply the limited retrospective method with cumulative effect of initial application recognised in opening balance of equity at 1 January 2018.

HKFRS 16 *"Leases"*

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 "Leases" and the related Interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by leases, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents upfront prepaid lease payments as investing cash flows in relation to leasehold lands for owned use and those classified as investment properties while other operating lease payments are presented as operating cash flows. Upon application of HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and interest portion which will be both presented as financing cash flows by the Group.

In contrast to lessee accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 December 2017, the Group has non-cancellable operating lease commitments of HK$34,943,000. A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon application of HKFRS 16, the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases.

Furthermore, the application of new requirements may result in changes in measurement, presentation and disclosures as indicated above.

3. REVENUE

	2017	2016
	HK$'000	*HK$'000*
Revenue of the Group		
Sale of completed properties held for sale	**14,097,717**	16,450,805
Gross rental income from properties	**130,563**	77,373
Property management income	**392,859**	313,407
Fund management and investment income and others	**134,631**	–
	14,755,770	16,841,585
Group's share of toll revenue of infrastructure joint ventures	**1,332,329**	1,238,543
Revenue of the Group and Group's share of toll revenue of infrastructure joint ventures	**16,088,099**	18,080,128

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
Investment and asset management *(note)*	–	property development and investment, integrated with funds, cultural attractions, tourism and indoor entertainment businesses

No operating segments have been aggregated in arriving at the reportable segments of the Group.

Note: In 2017, the Group increased the resources allocation and contribution to a newly established investment and asset management segment. Comparing with the traditional property development business, this segment targets on the property investment opportunities based on the collaboration with other business partners and mainly financed by using fund structure. The property development business may be integrated with the cultural attractions, tourism and indoor entertainment businesses. It becomes the new operating and reporting segment of the Group in 2017 and the comparative segment information has been amended accordingly to achieve consistent presentation in both years.

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

	2017				2016			
	Property development and investment *HK$'000*	**Toll road** *HK$'000*	**Investment and asset management** *HK$'000*	**Total** *HK$'000*	Property development and investment *HK$'000* (restated)	Toll road *HK$'000*	Investment and asset management *HK$'000* (restated)	Total *HK$'000*
Segment revenue	**14,414,002**	**–**	**341,768**	**14,755,770**	16,738,585	–	103,000	16,841,585
Segment profit	**1,999,848**	**414,595**	**114,856**	**2,529,299**	1,096,118	333,122	36,000	1,465,240
Segment assets (including interests in joint ventures and an associate)	**54,807,629**	**4,518,538**	**8,975,235**	**68,301,402**	38,633,945	3,907,356	6,452,000	48,993,301
Segment liabilities	**(42,422,077)**	**(66,585)**	**(4,071,992)**	**(46,560,654)**	(31,379,653)	(47,033)	(3,061,000)	(34,487,686)

(a) Measurement

The accounting policies of the operating and reportable 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, gains on disposal of subsidiaries, 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, net exchange gains (losses), depreciation of property, plant and equipment, relevant interest income, 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, long-term prepayments, 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 joint ventures and an associate, deposits from pre-sale of properties, income tax payable, bank and other borrowings, loans from non-controlling interests of subsidiaries 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 directly attributable to the segment.

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

	2017	2016
	HK$'000	*HK$'000*
		(restated)
Total segment profit	**2,529,299**	1,465,240
Unallocated items:		
Interest income	**3,051**	4,498
Corporate income	**183**	–
Corporate expenses	**(6,435)**	(38,377)
Finance costs	**(50,104)**	(57,765)
Consolidated profit for the year	**2,475,994**	1,373,596
Total segment assets	**68,301,402**	48,993,301
Unallocated assets:		
Property, plant and equipment	**50**	79
Deposits and prepayments	**6,656**	2,361
Other financial assets	**1,177**	66,286
Bank balances and cash	**1,426,173**	1,338,104
Consolidated total assets	**69,735,458**	50,400,131
Total segment liabilities	**(46,560,654)**	(34,487,686)
Unallocated liabilities:		
Accrued charges	**(105,733)**	(135,059)
Bank and other borrowings	**(1,454,645)**	(1,544,758)
Consolidated total liabilities	**(48,121,032)**	(36,167,503)

(c) Other segment information

	2017					2016				
	Property development and investment	**Toll road**	**Investment and asset management**	**Unallocated**	**Consolidated total**	Property development and investment	Toll road	Investment and asset management	Unallocated	Consolidated total
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	*HK$'000* (restated)	*HK$'000*	*HK$'000* (restated)	*HK$'000*	*HK$'000*
Amounts included in the measure of segment profit or segment assets:										
Interest income	**345,328**	**7,742**	**23,626**	**3,051**	**379,747**	113,572	10,688	21,356	4,498	150,114
Gains on disposal of subsidiaries	**29,393**	**–**	**27,338**	**–**	**56,731**	–	–	–	–	–
Fair value gains on transfer of completed properties held for sale to investment properties	**–**	**–**	**1,374**	**–**	**1,374**	–	–	–	–	–
Change in fair value of investment properties	**(9,426)**	**–**	**121,379**	**–**	**111,953**	61,391	–	16,226	–	77,617
Depreciation	**(12,873)**	**(233)**	**(368)**	**(50)**	**(13,524)**	(12,535)	(249)	(1,320)	(201)	(14,305)
Finance costs	**(278,789)**	**–**	**(34,474)**	**(50,104)**	**(363,367)**	(307,111)	(3,084)	(3,625)	(57,765)	(371,585)
Income tax expenses	**(2,861,550)**	**(27,636)**	**(76,208)**	**–**	**(2,965,394)**	(1,832,778)	(25,526)	(13,392)	–	(1,871,696)
Share of result of an associate	**–**	**–**	**(9,598)**	**–**	**(9,598)**	–	–	(1,689)	–	(1,689)
Share of results of joint ventures	**(35,917)**	**533,994**	**(27,114)**	**–**	**470,963**	(4,633)	408,670	(8,484)	–	395,553
Interest in an associate	**–**	**–**	**825,405**	**–**	**825,405**	–	–	799,192	–	799,192
Interests in joint ventures	**2,281,303**	**3,409,565**	**773,741**	**–**	**6,464,609**	756,224	3,341,836	466,920	–	4,564,980
Additions to non-current assets during the year	**1,524,708**	**107**	**365,208**	**–**	**1,890,023**	324,028	165,743	1,649,443	–	2,139,214

(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.

(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 85% of the Group's total non-current assets (excluding deferred tax assets) 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 and investment and asset management business, there was no customer who accounted for over 10% of the total revenue generated from the relevant operating and reportable segments.

5. OTHER GAINS AND LOSSES

	2017	2016
	HK$'000	*HK$'000*
Net exchange gains (losses)	**443,442**	(573,639)
Change in fair value of other financial assets	**(349,528)**	429,357
	93,914	(144,282)
Gains on disposal of subsidiaries	**56,731**	–
Gains on disposal of property, plant and equipment	**759**	397
Fair value gains on transfer of completed properties held for sale to investment properties	**1,374**	–
Change in fair value of investment properties	**111,953**	77,617
	264,731	(66,268)

6. SHARE OF RESULTS OF JOINT VENTURES

	2017	2016
	HK$'000	*HK$'000*
Share of profits of infrastructure joint ventures before amortisation and taxation	**948,451**	809,184
Less share of: Amortisation of toll road operation rights	**(229,718)**	(256,385)
Income tax expenses	**(184,739)**	(144,129)
	533,994	408,670
Share of losses of other joint ventures	**(63,031)**	(13,117)
	470,963	395,553

7. FINANCE COSTS

	2017	2016
	HK$'000	*HK$'000*
Interest on borrowings	**1,116,685**	1,107,129
Interest on loans from non-controlling interests of subsidiaries	**4,321**	29,049
Premium paid for early redemption of senior notes	**–**	77,552
Other finance costs	**142,154**	97,261
	1,263,160	1,310,991
Less: Capitalised in properties under development for sale	**(899,793)**	(939,406)
	363,367	371,585

Borrowing costs capitalised during the year are calculated by applying a capitalisation rate of 5.10% (2016: 7.23%) per annum to expenditure on qualifying assets.

8. PROFIT BEFORE TAXATION

	2017	2016
	HK$'000	*HK$'000*
Profit before taxation has been arrived at after charging:		
Depreciation of property, plant and equipment	**14,350**	15,004
Less: Capitalised in properties under development for sale	**(826)**	(699)
	13,524	14,305
Minimum lease payments paid under operating lease rentals in respect of land and buildings	**19,388**	19,161
Salaries and other benefits	**699,963**	587,397
Provident fund scheme contributions, net of forfeited contributions of HK$53,000 (2016: HK$287,000)	**99,624**	70,797
Less: Capitalised in properties under development for sale	**(179,986)**	(136,223)
Total staff costs (excluding Directors' emoluments)	**619,601**	521,971
Audit fee	**4,000**	3,980
Cost of inventory of properties recognised as an expense	**8,474,068**	12,327,100
and after crediting:		
Bank interest income	**48,929**	35,564

9. INCOME TAX EXPENSES

	2017	2016
	HK$'000	*HK$'000*
Current tax:		
PRC enterprise income tax ("EIT")	**1,177,316**	859,766
PRC land appreciation tax ("LAT")	**1,625,210**	791,185
PRC withholding tax	**70,350**	63,820
	2,872,876	1,714,771
Deferred tax	**92,518**	156,925
	2,965,394	1,871,696

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

	2017	2016
	HK$'000	*HK$'000*
2016 final dividend paid of HK$0.55 (2016: 2015 final dividend of HK$0.35) per share	**409,962**	258,978
2017 interim dividend paid of HK$0.15 (2016: 2016 interim dividend of HK$0.13) per share	**111,966**	96,192
	521,928	355,170

Subsequent to the end of the reporting period, a final dividend in respect of 2017 of HK$0.78 per share amounting to a total of approximately HK$584 million has been proposed by the Board on 8 March 2018. 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 748,286,566 shares in issue as at 8 March 2018.

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:

	2017	2016
	HK$'000	*HK$'000*
Earnings for the purposes of basic and diluted earnings per share attributable to owners of the Company	**1,943,703**	1,250,075

	2017 Number of shares *'000*	2016 Number of shares *'000*
Weighted average number of ordinary shares for the purpose of basic earnings per share	**744,645**	739,937
Effect of dilutive potential ordinary shares:		
Share options	**1,043**	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**745,688**	739,937

The calculation of diluted earnings per share for the year ended 31 December 2016 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 for the prior year.

12. DEBTORS, DEPOSITS AND PREPAYMENTS

	2017 *HK$'000*	2016 *HK$'000*
Aged analysis of trade debtors, presented based on invoice dates *(note (a))*:		
Within 60 days	**22,036**	146,517
61 to 90 days	**1,093**	1,014
More than 90 days	**34,163**	6,532
	57,292	154,063
Prepayment for land development cost	**574,470**	515,438
Deposits paid for acquisition of inventory of properties	**468,631**	452,107
Prepayment of business tax and other taxes	**786,497**	327,629
Prepayment for property, plant and equipment and investment properties	**70,020**	77,600
Other receivables, deposits and prepayments	**1,195,456**	704,950
Total debtors, deposits and prepayments	**3,152,366**	2,231,787
Less: Amounts classified as non-current assets	**(70,020)**	–
Amounts classified as current assets	**3,082,346**	2,231,787

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. For most of the property projects, consideration will be fully received prior to the delivery of the properties to the property purchasers.

13. CREDITORS AND ACCRUED CHARGES

	2017	2016
	HK$'000	*HK$'000*
Aged analysis of creditors presented based on invoice date:		
Trade payables		
Within 60 days	**237,027**	362,882
61 to 90 days	**11,366**	44,738
More than 90 days	**685,625**	509,970
	934,018	917,590
Bills payables		
Within 60 days	**89,579**	16,175
61 to 90 days	**15,476**	–
More than 90 days	**27,381**	42,226
	132,436	58,401
Accrued construction costs	**5,187,082**	4,198,020
	6,253,536	5,174,011
Interest payable	**170,625**	174,385
Accrued taxes (other than EIT and LAT)	**385,347**	227,191
Consideration payable from acquisition of subsidiaries and joint ventures	**356,884**	395,159
Other payables	**1,195,854**	813,775
	8,362,246	6,784,521

14. TOTAL ASSETS LESS CURRENT LIABILITIES/NET CURRENT ASSETS

The Group's total assets less current liabilities at 31 December 2017 amounted to HK$38,217,233,000 (2016: HK$26,689,384,000). The Group's net current assets at 31 December 2017 amounted to HK$18,725,649,000 (2016: HK$17,337,446,000).

DIVIDEND

The Board has resolved to recommend a final dividend of HK$0.78 (2016: HK$0.55) per share for the year ended 31 December 2017 to the shareholders of the Company (the "Shareholders") whose names appear on the register of members of the Company on Tuesday, 29 May 2018, 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, 29 June 2018, 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 Tuesday, 15 May 2018 to Friday, 18 May 2018, both dates inclusive, during which period no transfer of shares of the Company 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 Monday, 14 May 2018 for registration.

To qualify for the proposed final dividend

The register of members of the Company will also be closed from Monday, 28 May 2018 to Tuesday, 29 May 2018, both dates inclusive, during which period no transfer of shares of the Company 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 Friday, 25 May 2018 for registration.

BUSINESS REVIEW

Results of the Group for 2017

For the year ended 31 December 2017, property sales and toll revenue of the Group (including joint venture projects) were RMB26,304 million and RMB2,661 million respectively, amounting to RMB28,965 million in total, representing a significant increase of 38% as compared with 2016. The profit for each business segment of the Group also experienced a growth in 2017. The profit for the year of 2017 was HK$2,476 million, representing an increase of HK$1,102 million or 80% as compared with 2016, with earnings per share of HK$2.61.

For land reserve replenishment, the Group acquired 19 pieces of land for residential and commercial development purpose, through listing-for-sale and acquisition in 2017, with an aggregate floor area of about 2,420,000 sqm. As at 31 December 2017, the Group's land reserves increased to 8,330,000 sqm.

Business segments analysis

i) Property Segment

Since the fourth quarter of 2016, the central and local governments of Mainland China progressively implemented specific austerity measures based on regional property development markets. The property market is more sophisticated as a result of tightening austerity measures including introducing criteria on land auction, tightened home purchase restrictions and mortgage in different regions in 2017. Nonetheless, in 2017, the Group achieved remarkable results in property sales by adhering to its operating strategy of balancing turnover and profitability. The property sales (including joint venture projects) increased to RMB24,242 million, including the contracted sales of RMB22,914 million and outstanding subscribed sales of RMB1,328 million. Property sales of the Group for 2017 surged by about 30% as compared with 2016 and were mainly concentrated in Yangtze River Delta Region (representing about 65% of the total property sales). The average selling price per sqm was approximately RMB17,000, representing an increase of about 24% as compared with last year.

Set out below is an analysis of the performance of the Group's property segment for 2017:

	HK$'million
Revenue	14,414
Gross profit	5,697
Selling and operating expenses	(1,011)
Profit for the year	2,000

In 2017, revenue of the Group's property segment was mainly contributed by the delivery of properties in Yangtze River Delta Region, which represented about 74% of the total revenue. The average price per sqm was approximately RMB14,200, representing an increase of about 20% as compared with 2016. Gross profit margin was significantly increased from 25% to approximately 40%. Profit of the property segment was approximately HK$2,000 million, representing a surge of 82% comparing to last year.

Set out below is an analysis of the property segment's property sales and delivery by region (including joint venture projects) for 2017:

	Sales		Delivery	
Regions	**Amount**	**Area**	**Amount**	**Area**
(Notes)	*RMB'million*	*sqm*	*RMB'million*	*sqm*
Yangtze River Delta Region	15,815	955,000	9,493	628,000
Bohai Rim Region	6,268	316,000	2,672	168,000
Guangdong-Hong Kong-Macao Bay Area	1,586	71,000	110	16,000
Other regions	573	87,000	513	89,000
Total	24,242	1,429,000	12,788	901,000

Notes:

Yangtze River Delta Region comprises Shanghai and Jiangsu Province.
Bohai Rim Region comprises Beijing, Tianjin, Hebei Province and Shandong Province.
Guangdong-Hong Kong-Macao Bay Area comprises Guangdong Province.
Other regions comprise Henan Province.

The Group's property segment acquired 18 pieces of land for residential and commercial development purpose, through listing-for-sale and acquisition in 2017. Among which, 15 pieces of new land are joint venture projects. The Group believes that the cooperation with competent enterprises would enable the Group to invest in scalable projects, share higher returns and diversify the financial burden.

During the year, the Group acquired three pieces of land in Hangzhou and Jiaxing for the first time, further optimising its setup in Yangtze River Delta Region. Moreover, it is also the first time the Group acquired two projects in Shunde in Guangdong-Hong Kong-Macao Bay Area and the Group has been further awarded the tender of two projects in Hong Kong, including Wong Chuk Hang Station Package One and Gold Coast projects.

In January 2018, the Group, together with its business partner further acquired a land parcel in Yuhuatai District, Nanjing for residential development. The site area and the floor area of the project are 34,000 sqm and 100,000 sqm, respectively.

The Group's land reserve includes properties under planning and construction, properties held for sale and properties held for investment. As at 31 December 2017, the property segment's land reserve was approximately 6,570,000 sqm.

ii) Toll Road Segment

In 2017, the Group received cash distribution of HK$713 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 (net of income tax and withholding tax) increased from HK$383 million in 2016 to HK$506 million in 2017, mainly attributable to the significant growth in overall toll revenue. Both Tangjin Expressway and Baojin Expressway recorded a significant growth in traffic volume during the year. In addition, Longcheng Expressway and Machao Expressway recorded a strong growth in both traffic volume and toll revenue, as they are close to the end of nurturing stage. The profit increased accordingly.

The traffic volume and toll revenue of the expressway projects for 2017 are as follows:

Projects	**Average Daily Traffic**	**Increase**	**Toll Revenue**	**Increase**
	Vehicles	*%*	*RMB'million*	*%*
Baojin Expressway	68,900	23	820	19
Tangjin Expressway	53,000	15	613	16
Changyi Expressway	72,000	11	691	6
Longcheng Expressway	17,900	5	311	14
Machao Expressway	22,300	24	226	19
Total	234,100	16	2,661	14

The total traffic volume and toll revenue of the Group's expressway projects reached 85 million vehicles and RMB2,661 million, respectively in 2017, representing an increase of 16% and 14%, respectively, comparing with that of 2016.

In 2017, the Group has suspended the proposed spin-off of expressway business due to market condition and pricing factors. However, the Group will keep tracking on the market sentiment. The Group will also continue to explore and invest in expressway projects located in Mainland China and one belt one road countries with reasonable returns so as to form a solid foundation for the Group's mid-to-long-term development.

iii) Investment and Asset Management Segment

The Group accelerated the expansion of the investment and asset management business in 2017, including property funds, cultural attractions, tourism and indoor entertainment businesses. The Group also acquired several property projects through the above businesses for property development. As at 31 December 2017, the investment and asset management segment's land reserve was approximately 1,760,000 sqm.

In 2017, the projects of investment and asset management segment (including joint venture projects) achieved property sales of RMB2,062 million, including the contracted sales of RMB1,688 million and outstanding subscribed sales of RMB374 million. Profit of the investment and asset management segment increased to HK$115 million.

The Group will continue to explore new property business models (including property funds and property related businesses) to identify new opportunities and drivers for profit growth under controllable risks.

FINANCIAL REVIEW

Liquidity and Financial Resources

As at 31 December 2017, the equity attributable to owners of the Company was HK$15,635 million (2016: HK$13,292 million). Net assets per share attributable to owners of the Company was HK$20.90 (2016: HK$17.96).

As at 31 December 2017, the Group's total assets were HK$69,735 million (2016: HK$50,400 million) and bank balances and cash were HK$8,552 million (2016: HK$8,049 million), of which 74% was denominated in Renminbi and the remaining 26% was mainly denominated in US dollars or HK dollars.

In 2017, the Group issued the following two offshore senior guaranteed perpetual capital securities, which provide strong support to its business development in Hong Kong:

(a) US$300 million 7.95% senior guaranteed perpetual capital securities issued in February; and

(b) US$300 million 7% senior guaranteed perpetual capital securities issued in June.

During the year, in addition to the issuance of above two offshore perpetual capital securities (included in total equity), the Group also drew down various offshore bank loans and property development loans in Hong Kong and Mainland China in an aggregate amount equivalent to HK$10,425 million. The new drawdowns were partially offset by repayment of certain bank loans.

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. Going forward, the Group continues to maintain its financials healthily and explore and broaden financing channels, so as to manage financing costs and enhance cash flows of the Group.

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.

The net gearing ratio of the Group decreased significantly from 66% as of last year to 54% as at 31 December 2017. Meanwhile, the net capitalisation ratio dropped from 40% as of last year to 35%. Net gearing ratio represents the difference between the Group's total interest bearing borrowings (excluding loans from non-controlling interests of subsidiaries) and the bank balances and cash (including pledged bank deposits) ("Net Debt") to the total equity. The net capitalisation ratio represents the Net Debt to the sum of Net Debt and total equity.

Interest coverage for the year under review was 17.15 times (2016: 10.85 times).

During the year, the Group entered into an undertaking agreement with an independent third party pursuant to which the Group undertakes for a prompt settlement of 50% of the outstanding debts incurred by a joint venture which the Group holds 50% of equity interest. At 31 December 2017, the carrying amount of the liabilities of the joint venture undertaken by the Group was about HK$2,709 million.

Charges on Assets

As at 31 December 2017, bank balances of HK$199 million (2016: HK$166 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$5,515 million (2016: HK$5,099 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, fluctuation of Renminbi has been intensified as compared with the past. For minimising the impacts arisen from fluctuation of exchange rate of Renminbi on the Group, the Group has entered into capped forward swap contracts for parts of offshore debts as well as engaged in Hong Kong dollar assets.

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 Mainland China 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 2017, the Group had provided guarantees of HK$7,919 million (2016: HK$6,640 million) to banks in respect of the mortgage loans of the purchasers of the Group's properties. The guarantees would be released after the purchasers have pledged their property ownership certificates as securities to the banks for the mortgage loans granted.

In addition, the Group had provided guarantees of HK$2,611 million (2016: HK$773 million) for banking facilities granted to the joint ventures of the Group as at 31 December 2017.

Employees

Excluding the staff of joint ventures, the Group had 3,649 employees as at 31 December 2017 (2016: 2,982 employees). Expenditure on staff (excluding Directors' emoluments and share-based payment) amounted to HK$800 million (2016: HK$658 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 scheme. During the year, no share option was granted.

PROSPECT

The Central government has repeatedly reaffirmed the positioning of the domestic real estate sector. It is expected the austerity measures would be effective and implemented for some time. As a pillar industry, the real estate industry in Mainland China has undoubtedly supported economic growth, hence the Group stays optimistic in regards to its long-term prospects. Through years of development, the Group has developed a well-established system on management, comprehensively trained management team and sound market position. The management and operations team will continue to adopt a practical approach and follow the business strategy to strike a balance between profitability and sales volume. To establish the Group as a more widely recognized property developer, it will continue to research and develop market-oriented products to boost the sales. The Group will optimise the land reserve portfolio in Mainland China and Hong Kong in a cautious manner and seek for more development opportunities with business partners.

The toll road business provides the Group with steady cash flows and is expected to maintain stable development.

REPURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE GROUP

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 2017.

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 of Hong Kong Limited (the "Stock Exchange") throughout the year ended 31 December 2017.

REVIEW AND AUDIT OF ACCOUNTS

The consolidated financial statements of the Group for the year ended 31 December 2017 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 Friday, 18 May 2018 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
Co-Chairman

Hong Kong, 8 March 2018

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. 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.