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ROAD KING INFRASTRUCTURE LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 1098)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2020

HIGHLIGHTS

	Six months ended 30 June	
	2020	2019
Property sales (including joint venture and associate projects)	**RMB20,448 million**	RMB22,030 million
Property delivery (including joint venture and associate projects)	**RMB11,694 million**	RMB8,418 million
Toll revenue from expressway toll roads	**RMB837 million**	RMB1,596 million
Profit for the period	**HK$792 million**	HK$1,200 million
Earnings per share	**HK$0.57**	HK$1.16
Interim dividend per share	**HK$0.20**	HK$0.30
	30 June 2020	31 December 2019
Total assets	**HK$94,805 million**	HK$90,683 million
Bank balances and cash	**HK$14,983 million**	HK$14,451 million
Equity attributable to owners of the Company	**HK$18,325 million**	HK$18,866 million
Net assets per share attributable to owners of the Company	**HK$24.45**	HK$25.18

RESULTS

The Board of Directors (the "Board") of Road King Infrastructure Limited (the "Company") announces the unaudited condensed consolidated statement of profit or loss and unaudited condensed consolidated statement of profit or loss and other comprehensive income of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2020, together with the comparative figures for the corresponding period in 2019 and the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2020 together with audited comparative figures as at 31 December 2019, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2020

		Six months ended 30 June	
		2020	2019
		(Unaudited)	(Unaudited)
	NOTES	***HK$'000***	*HK$'000*
Revenue	*3*	**8,184,358**	6,855,630
Cost of sales		**(5,591,447)**	(4,128,259)
Gross profit		**2,592,911**	2,727,371
Interest income		**196,893**	315,762
Other income		**48,716**	57,270
Other gains and losses	*5*	**(96,613)**	19,818
Selling expenses		**(280,294)**	(270,358)
Administrative expenses		**(496,972)**	(486,136)
Share of results of associates		**(2,731)**	(8,539)
Share of results of joint ventures	*6*	**206,687**	409,912
Finance costs	*7*	**(554,500)**	(490,474)
Profit before taxation	*8*	**1,614,097**	2,274,626
Income tax expenses	*9*	**(822,457)**	(1,074,621)
Profit for the period		**791,640**	1,200,005
Profit attributable to:			
Owners of the Company		**430,034**	868,335
Owners of perpetual capital securities		**264,587**	174,915
Non-controlling interests of subsidiaries		**97,019**	156,755
		791,640	1,200,005
Earnings per share	*11*		
– Basic		**HK$0.57**	HK$1.16
– Diluted		**N/A**	N/A

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2020

	Six months ended 30 June	
	2020	2019
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Profit for the period	**791,640**	1,200,005
Other comprehensive (expense) income		
Item that may be reclassified subsequently to profit or loss:		
Fair value losses on hedging instruments designated in cash flow hedges	**(95,429)**	–
Item that will not be reclassified subsequently to profit or loss:		
Exchange difference arising on translation to presentation currency	**(245,521)**	17,156
Other comprehensive (expense) income for the period	**(340,950)**	17,156
Total comprehensive income for the period	**450,690**	1,217,161
Total comprehensive income attributable to:		
Owners of the Company	**118,211**	885,491
Owners of perpetual capital securities	**264,587**	174,915
Non-controlling interests of subsidiaries	**67,892**	156,755
	450,690	1,217,161

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2020

	NOTES	**30 June 2020 (Unaudited) HK$'000**	31 December 2019 (Audited) HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**176,118**	183,361
Right-of-use assets		**142,343**	162,712
Investment properties		**3,868,612**	3,813,082
Interests in associates		**1,279,617**	908,599
Interests in joint ventures		**12,282,222**	11,898,547
Amounts due from joint ventures		**6,964,848**	7,216,954
Loan receivables		**1,037,083**	1,043,766
Financial assets at fair value through profit or loss ("FVTPL")		**388,332**	361,567
Deferred tax assets		**189,384**	133,505
Long-term prepayments	*12*	**–**	36,867
		26,328,559	25,758,960
Current assets			
Inventory of properties		**43,416,301**	39,320,944
Prepayment for land leases		**1,681,718**	2,142,964
Amounts due from joint ventures		**2,404,826**	3,243,624
Amounts due from non-controlling interests of subsidiaries		**1,191,497**	–
Loan receivables		**501,051**	426,168
Debtors, deposits and prepayments	*12*	**2,533,288**	3,310,290
Prepaid income tax		**1,505,578**	1,170,993
Financial assets at FVTPL		**172,532**	136,086
Pledged bank deposits		**86,709**	721,760
Bank balances and cash		**14,982,863**	14,450,838
		68,476,363	64,923,667
Total assets		**94,804,922**	90,682,627

	NOTES	30 June 2020 (Unaudited) HK$'000	31 December 2019 (Audited) HK$'000
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		**74,934**	74,934
Reserves		**18,249,910**	18,791,115
		18,324,844	18,866,049
Perpetual capital securities		**6,953,636**	6,961,919
Non-controlling interests of subsidiaries		**3,907,480**	2,736,049
Total equity		**29,185,960**	28,564,017
Non-current liabilities			
Bank and other borrowings		**21,879,473**	21,822,290
Deferred tax liabilities		**1,096,311**	1,058,752
Derivative financial instruments		**95,429**	–
Lease liabilities		**124,465**	141,566
		23,195,678	23,022,608
Current liabilities			
Creditors and accrued charges	*13*	**9,130,271**	10,400,432
Amounts due to joint ventures and associates		**2,662,793**	2,897,818
Amounts due to non-controlling interests of subsidiaries		**1,798,509**	2,763,049
Contract liabilities		**10,474,430**	8,481,912
Lease liabilities		**28,369**	27,087
Income tax payable		**5,171,756**	5,797,741
Bank and other borrowings		**12,727,031**	8,319,005
Other financial liabilities		**430,125**	408,958
		42,423,284	39,096,002
Total equity and liabilities		**94,804,922**	90,682,627

Notes:

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The condensed 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.

Other than changes in accounting policies resulting from application of new and amendments to HKFRSs and application of certain accounting policies which became relevant to the Group, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2020 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2019.

In the current interim period, the Group has applied the Amendments to References to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

The application of the Amendments to References to the Conceptual Framework in HKFRS Standards and the amendments to HKFRSs in the current period has had no material impact on the Group's financial positions and performance for the current and prior periods.

In addition, the Group has applied the following accounting policies which became relevant to the Group in the current interim period.

Hedge accounting

The Group designates certain derivatives as hedging instruments for cash flow hedges.

At the inception of the hedging relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Assessment of hedging relationship and effectiveness

For hedge effectiveness assessment, the Group considers whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

Cash flow hedges

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion, if any, is recognised immediately in profit or loss.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. Furthermore, if the Group expects that some or all of the loss accumulated in the cash flow hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

Discontinuation of hedge accounting

The Group discontinues hedge accounting prospectively only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. Discontinuing hedge accounting can either affect a hedging relationship in its entirety or only a part of it (in which case hedge accounting continues for the remainder of the hedging relationship).

For cash flow hedge, any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transactions is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

3. REVENUE

(a) Revenue from contracts with customers

By segment	Six months ended 30 June 2020			Six months ended 30 June 2019		
	Property development and investment	**Investment and asset management**	**Total**	Property development and investment	Investment and asset management	Total
	HK$'000	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*
Types of goods or services						
Property sales	**7,793,003**	**91,600**	**7,884,603**	6,474,097	–	6,474,097
Property management and other service income	**227,370**	**4,276**	**231,646**	223,987	6,406	230,393
Total	**8,020,373**	**95,876**	**8,116,249**	6,698,084	6,406	6,704,490
Geographical market						
Mainland China	**8,020,373**	**95,876**	**8,116,249**	6,698,084	6,406	6,704,490
Timing of revenue recognition						
Goods recognised at a point in time	**7,793,003**	**91,600**	**7,884,603**	6,474,097	–	6,474,097
Services recognised over time	**227,370**	**4,276**	**231,646**	223,987	6,406	230,393
Total	**8,020,373**	**95,876**	**8,116,249**	6,698,084	6,406	6,704,490

(b) Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information

By segment	Six months ended 30 June 2020			Six months ended 30 June 2019		
	Property development and investment	**Investment and asset management**	**Total**	Property development and investment	Investment and asset management	Total
	HK$'000	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*
Revenue from contracts with customers *(note 3(a))*	**8,020,373**	**95,876**	**8,116,249**	6,698,084	6,406	6,704,490
Fund investment income	**–**	**16,965**	**16,965**	–	82,950	82,950
Gross rental and other income from commercial properties	**49,991**	**1,153**	**51,144**	58,290	9,900	68,190
Other revenue	**49,991**	**18,118**	**68,109**	58,290	92,850	151,140
Total revenue of the Group *(note 4)*	**8,070,364**	**113,994**	**8,184,358**	6,756,374	99,256	6,855,630

(c) Total Revenue of the Group

	Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
Property sales and service income	**8,116,249**	6,704,490
Fund investment income	**16,965**	82,950
Gross rental and other income from commercial properties	**51,144**	68,190
Total revenue of the Group	**8,184,358**	6,855,630
Group's share of revenue of property joint ventures and associates	**2,710,513**	1,729,108
Group's share of toll revenue of infrastructure joint ventures	**398,030**	792,934
Revenue of the Group and Group's share of revenue of the joint ventures and associates	**11,292,901**	9,377,672

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
Investment and asset management	–	property development and investment, integrated with funds, cultural, tourist and commercial, entertainment and content development businesses

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

	Six months ended 30 June 2020				Six months ended 30 June 2019			
	Property development and investment	Toll road	Investment and asset management	Total	Property development and investment	Toll road	Investment and asset management	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue	**8,070,364**	**–**	**113,994**	**8,184,358**	6,756,374	–	99,256	6,855,630
Segment profit (loss)	**1,060,164**	**5,008**	**(226,818)**	**838,354**	965,637	343,582	(102,743)	1,206,476

	At 30 June 2020				At 31 December 2019			
	Property development and investment	Toll road	Investment and asset management	Total	Property development and investment	Toll road	Investment and asset management	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment assets (including interests in joint ventures and associates)	**78,567,612**	**5,558,140**	**8,210,307**	**92,336,059**	74,550,446	5,816,752	8,338,346	88,705,544
Segment liabilities	**(60,192,148)**	**(307,127)**	**(3,061,533)**	**(63,560,808)**	(56,494,074)	(374,406)	(3,455,149)	(60,323,629)

(a) Measurement

Segment profit (loss) represents profit or loss generated from each segment, which includes share of results of associates, share of results of joint ventures, net (losses) gains on disposals/written off of property, plant and equipment, impairment loss on long-term prepayments, fair value (losses) gains on transfer of completed properties held for sale to investment properties, change in fair value of investment properties, change in fair value of financial assets at FVTPL, net exchange losses, depreciation of property, plant and equipment, depreciation of right-of-use assets, interest expenses on lease liabilities, 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 total revenue from external customers. There was no inter-segment revenue.

Segment assets include property, plant and equipment, right-of-use assets, investment properties, interests in associates, interests in joint ventures, long-term prepayments, inventory of properties, prepayment for land leases, amounts due from joint ventures, amounts due from non-controlling interests of subsidiaries, loan receivables, debtors, deposits and prepayments, prepaid income tax, financial assets at FVTPL, 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, lease liabilities, amounts due to joint ventures and associates, amounts due to non-controlling interests of subsidiaries, contract liabilities, income tax payable, bank and other borrowings, other financial liabilities, derivative financial instruments and deferred tax liabilities which are directly attributable to the relevant reportable segment.

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

	Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
Total segment profit	**838,354**	1,206,476
Unallocated items:		
Interest income	**9,510**	25,080
Corporate income	**–**	7,522
Corporate expenses	**(14,963)**	(7,083)
Finance costs	**(41,261)**	(31,990)
Consolidated profit for the period	**791,640**	1,200,005

	30 June	31 December
	2020	2019
	HK$'000	*HK$'000*
Total segment assets	**92,336,059**	88,705,544
Unallocated assets:		
Property, plant and equipment	**6**	10
Right-of-use assets	**29,924**	32,731
Deposits and prepayments	**25,782**	18,093
Financial assets at FVTPL	**20,249**	13,610
Bank balances and cash	**2,392,902**	1,912,639
Consolidated total assets	**94,804,922**	90,682,627
Total segment liabilities	**(63,560,808)**	(60,323,629)
Unallocated liabilities:		
Accrued charges	**(5,491)**	(6,800)
Bank and other borrowings	**(2,021,800)**	(1,754,805)
Lease liabilities	**(30,863)**	(33,376)
Consolidated total liabilities	**(65,618,962)**	(62,118,610)

5. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
Net exchange losses	**(56,090)**	(7,437)
Change in fair value of financial assets at FVTPL – relating to the foreign currency forward contracts	**66,858**	31,020
	10,768	23,583
Net (losses) gains on disposals/written off of property, plant and equipment	**(9)**	952
Impairment loss on long-term prepayments	**(36,626)**	(34,286)
Fair value (losses) gains on transfer of completed properties held for sale to investment properties	**(7,038)**	3,796
Change in fair value of investment properties	**(63,708)**	25,773
	(96,613)	19,818

6. SHARE OF RESULTS OF JOINT VENTURES

	Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
Share of profits of infrastructure joint ventures before amortisation and taxation	**147,651**	612,069
Less share of:		
Amortisation of toll road operation rights	**(129,386)**	(127,048)
Income tax expenses	**(10,095)**	(107,433)
	8,170	377,588
Share of profits of other joint ventures	**198,517**	32,324
	206,687	409,912

7. FINANCE COSTS

	Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
Interest on borrowings	**1,187,605**	777,914
Interest on lease liabilities	**4,266**	3,522
Other interest and finance costs	**108,513**	234,381
	1,300,384	1,015,817
Less: Capitalised in properties under development for sale	**(745,884)**	(525,343)
	554,500	490,474

8. PROFIT BEFORE TAXATION

	Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
Profit before taxation has been arrived at after charging:		
Depreciation of right-of-use assets	**20,431**	16,051
Depreciation of property, plant and equipment	**13,440**	9,277
	33,871	25,328
Less: Capitalised in properties under development for sale	**(123)**	(328)
	33,748	25,000
and after crediting:		
Bank interest income	**61,698**	64,800

9. INCOME TAX EXPENSES

	Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
Current tax:		
PRC enterprise income tax ("EIT")	**537,183**	489,046
PRC land appreciation tax ("LAT")	**281,375**	483,542
PRC withholding tax	**–**	19,042
	818,558	991,630
Deferred tax:		
Current period	**3,899**	82,991
	822,457	1,074,621

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

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

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

10. DIVIDEND PAID

	Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
2019 final dividend paid of HK$0.88 (six months ended 30 June 2019: 2018 final dividend paid of HK$0.88) per share	**659,416**	659,416

An interim dividend in respect of 2020 of HK$0.20 (six months ended 30 June 2019: HK$0.30) per share amounting to a total of approximately HK$150 million (six months ended 30 June 2019: HK$225 million) was declared by the Board of Directors on 18 August 2020. This interim dividend has not been included as a liability in these condensed consolidated financial statements as it was declared after the end of the reporting period.

The amount of the interim dividend was calculated on the basis of 749,336,566 shares in issue as at 18 August 2020.

11. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
Earnings for the purposes of basic earnings per share attributable to owners of the Company	**430,034**	868,335
	Number of shares	Number of shares
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic earnings per share	**749,337**	749,337

No diluted earnings per share for the six months ended 30 June 2020 and 2019 were presented as there were no dilutive potential ordinary shares in issue for both interim periods.

12. DEBTORS, DEPOSITS AND PREPAYMENTS

	30 June 2020	31 December 2019
	HK$'000	*HK$'000*
Aged analysis of trade debtors, presented based on invoice dates *(note (a))*:		
Within 60 days	**50,384**	38,702
61 to 90 days	**14,279**	5,281
More than 90 days	**62,953**	44,715
Trade debtors from contracts with customers derived from goods and services	**127,616**	88,698
Prepayment for land development cost	**550,661**	555,556
Deposits paid for acquisition of inventory of properties *(note (b))*	**1,006,674**	1,915,051
Prepayment of value added tax and other taxes	**195,545**	138,468
Prepayment for property, plant and equipment and investment properties	**–**	36,867
Other receivables, deposits and prepayments	**652,792**	612,517
Total debtors, deposits and prepayments	**2,533,288**	3,347,157
Less: Amounts classified as non-current assets	**–**	(36,867)
Amounts classified as current assets	**2,533,288**	3,310,290

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 to 90 days from the agreements. Consideration will be fully received prior to the delivery of the properties to the property purchasers.

(b) Subsequent to the reporting period, the tender deposit of HK$387,666,000 has been transferred to the inventory of property.

13. CREDITORS AND ACCRUED CHARGES

	30 June 2020	31 December 2019
	HK$'000	*HK$'000*
Aged analysis of creditors presented based on invoice dates:		
Trade payables		
Within 60 days	**781,366**	836,751
61 to 90 days	**54,404**	31,576
More than 90 days	**888,926**	1,115,718
	1,724,696	1,984,045
Bills payables		
Within 60 days	**4,885**	5,375
61 to 90 days	**10**	5,146
More than 90 days	**1,116**	6,388
	6,011	16,909
Accrued construction costs	**4,433,862**	4,786,513
	6,164,569	6,787,467
Accrued taxes (other than EIT and LAT)	**703,092**	718,887
Consideration payable from acquisition of subsidiaries and joint ventures	**433,183**	969,825
Dividend payable to non-controlling interest of subsidiaries	**199,119**	225,000
Other payables	**1,630,308**	1,699,253
	9,130,271	10,400,432

14. TOTAL ASSETS LESS CURRENT LIABILITIES/NET CURRENT ASSETS

The Group's total assets less current liabilities at 30 June 2020 amounted to HK$52,381,638,000 (31 December 2019: HK$51,586,625,000). The Group's net current assets at 30 June 2020 amounted to HK$26,053,079,000 (31 December 2019: HK$25,827,665,000).

DIVIDEND

The Board has resolved to declare an interim dividend of HK$0.20 (2019: HK$0.30) per share for the six months ended 30 June 2020 to the shareholders of the Company whose names appear on the register of members of the Company on Friday, 4 September 2020.

It is expected that the payment of the interim dividend will be made on or before Wednesday, 30 September 2020.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 3 September 2020 to Friday, 4 September 2020, both dates inclusive, during which period no transfer of shares of the Company will be registered for the purpose of determining the entitlement to the interim dividend.

In order to qualify for the interim dividend, all transfers of shares of the Company accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar in Hong Kong, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:00 p.m. on Wednesday, 2 September 2020 for registration.

BUSINESS REVIEW

Results for the first half of 2020

For the first half of 2020, property sales and toll revenue of the Group (including joint venture and associate projects) were RMB20,448 million equivalent and RMB837 million equivalent respectively, totaling RMB21,285 million. Due to the impact from the COVID-19 pandemic, the profit for the first half of 2020 and the profit attributable to owners of the Company decreased to HK$792 million and HK$430 million, respectively, with earnings per share of HK$0.57 and net assets per share of HK$24.45.

Business Overview

For the first half of 2020, the central government of Mainland China reaffirmed its policy of "house is for living, not for speculating" and maintained tightened financial regulations on the real estate industry. In order to address the impacts from the COVID-19 pandemic, upholding the strategy of "differentiated policies for various cities" and sticking to the regulation policy of tightening home purchase restrictions and restrictions on prices and mortgage, most of the local governments, in a more flexible manner, rolled out favourable policies for both the supply and demand sides to regulate the real estate market, so as to maintain the stable operation of the real estate market.

The real estate market in Mainland China was hit hard due to the outbreak of the pandemic at the beginning of the year, and then gradually improved in the second quarter following the effective containment of the pandemic, albeit notable difference in market performance of various cities. By closely following the market trend and adhering to the operating principle of ensuring a balance between sales volume and profitability, the operation team of the Group concerted their efforts and recorded property sales in Mainland China (including joint venture and associate projects) of RMB19,571 million in the first half of 2020, comprising the contracted sales of RMB17,451 million and outstanding subscribed sales of RMB2,120 million. Due to the outbreak of the COVID-19 pandemic, property sales were suspended for nearly two months. However, with the effort of the operation team to drive sales, the sales only dropped by 11% as compared to that of the corresponding period last year, with an average selling price of approximately RMB20,000 per sqm.

In the first half of 2020, property delivery of the Group (including joint venture and associate projects) in Mainland China were approximately RMB11,694 million, representing an increase of 39% as compared with the corresponding period of last year. The delivery mainly concentrated in Yangtze River Delta Region. The average selling price was approximately RMB16,200 per sqm. Gross profit margin was approximately 32%. Profit of the property segment reached HK$1,060 million.

For land reserve replenishment, the Group acquired four pieces of land in Changzhou, Suzhou and Beijing for residential purpose through listing-for-sale and/or co-development with competent enterprises in the first half of the year, with an aggregate floor area of 313,000 sqm. As of 30 June 2020, the Group has a land reserve of 7,010,000 sqm in total, of which, the total area of properties pre-sold but yet to be delivered was 1,930,000 sqm. In July 2020, the Group further acquired four pieces of land for residential purpose through listing-for-sale, with an aggregate floor area of 438,000 sqm.

The three projects in Hong Kong are going on well, among which, a total of 96 units of Crescent Green in Yuen Long were sold in the first half of the year with a sales amount of HK$967 million and are expected to be delivered for occupancy by the end of the year. The sales office of the residential development atop Wong Chuk Hang MTR Station is under construction, which is expected to launch for presale of the project in the second half of the year. For So Kwun Wat Project in Tuen Mun, it is expected that the foundation work will be completed in the second half of the year, and the superstructure work will commence.

In the first half of 2020, the average daily traffic volume and toll revenue of the Group's expressway projects (including projects in Mainland China and Indonesia) reached 268,500 vehicles and an amount equivalent to RMB837 million respectively, representing an increase of 2% and a decrease of 48% as compared with the corresponding period of last year. Due to the extension for another 9 days of the toll-free period during the Chinese New Year holidays this year in Mainland China as a result of the outbreak of COVID-19 and the implementation of toll-free policy for 79 consecutive days from 17 February to 5 May, the toll revenue of the expressway projects in Mainland China recorded a decrease. After the resumption of toll fee collection from 6 May, the toll revenue has gradually restored to normal. The expressways recently acquired in Indonesia were also affected by the outbreak of COVID-19 during the period. As a result of the decrease in toll revenue in Mainland China and Indonesia, the Group's share of profits of infrastructure joint ventures decreased to HK$8 million for the first half of 2020, representing a significant decrease as compared with that of the corresponding period last year.

To ensure sufficient working capital for the expressway projects in Mainland China, the Group received cash distribution of approximately HK$19 million from the expressway joint ventures (including the repayment of shareholder loans) in the first half of 2020. After the resumption of toll fee collection from the beginning of May, the Group will receive normal level of cash distribution from its expressway joint ventures in the second half of the year, thereby continuing to contribute stable cash flow to the Group.

The COVID-19 pandemic also caused the drop in market rent rate and hence resulted in the decrease in fair value of investment properties and additional losses sustained from the poor performance of the non-core businesses during the period. The COVID-19 pandemic has imposed, to varying degrees, impacts on the investment mode, consumption habit, travel pattern and working style in the long run. The Group is conducting an in-depth review of its businesses and will, based on the review results, make appropriate adjustments to the non-core businesses such as property fund, cultural, tourist and commercial, entertainment and content development businesses.

FINANCIAL REVIEW

Liquidity and Financial Resources

As at 30 June 2020, the equity attributable to owners of the Company was HK$18,325 million (31 December 2019: HK$18,866 million). Net assets per share attributable to owners of the Company was HK$24.45 (31 December 2019: HK$25.18).

As at 30 June 2020, the Group's total assets were HK$94,805 million (31 December 2019: HK$90,683 million) and bank balances and cash were HK$14,983 million (31 December 2019: HK$14,451 million), of which 71% was denominated in Renminbi and the remaining 29% was mainly denominated in US dollar or HK dollar.

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 will continue to maintain healthy treasury strategy and explore and broaden financing channels, so as to manage financing costs and enhance cash flows of the Group.

During the period under review, the Group drew down various offshore guaranteed senior notes, offshore bank loans and project development loans in Hong Kong and Mainland China in an aggregate amount equivalent to HK$9,218 million. The drawdown of new loans was partially offset by repayment of certain bank loans.

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

(a) US$500 million 4.7% guaranteed senior notes;

(b) US$400 million 7.75% guaranteed senior notes (subsequent to the reporting period, US$15 million was cancelled following the repurchase);

(c) US$400 million 7.875% guaranteed senior notes;

(d) RMB1,500 million 7% domestic bonds;

(e) US$480 million 6.7% guaranteed senior notes; and

(f) US$300 million 5.9% guaranteed senior notes (issued in March 2020).

Apart from the above loans, the Group issued the following three senior guaranteed perpetual capital securities:

(a) US$300 million 7.95% senior guaranteed perpetual capital securities;

(b) US$300 million 7% senior guaranteed perpetual capital securities; and

(c) US$300 million 7.75% senior guaranteed fixed-spread perpetual capital securities.

As at 30 June 2020, the net gearing ratio and the net capitalisation ratio of the Group were 67% and 40% respectively. 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.

Charges on Assets

As at 30 June 2020, bank balances of HK$87 million (31 December 2019: HK$722 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 pledged bank deposits, properties with carrying value of HK$10,223 million (31 December 2019: HK$8,548 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. For minimising the impacts arisen from fluctuation of exchange rate between US dollar and Renminbi on the Group, the Group has entered into range forward swap contracts for parts of offshore US dollar debts. The Group will pay close attention to the impact of changes in Sino-US trade relations on exchange rate fluctuations, and will align foreign currency forward contracts to hedge the foreign exchange risks, when appropriate.

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. For minimising the impacts arisen from the fluctuation of the US dollar interest rate, the Group has entered into interest rate swap contracts for parts of offshore US dollar obligations.

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 30 June 2020, the Group had provided guarantees of HK$8,721 million (31 December 2019: HK$7,977 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.

The Group had provided guarantees of HK$2,651 million (31 December 2019: HK$3,002 million) for banking facilities granted to the joint ventures of the Group as at 30 June 2020.

In addition, the Group entered into the undertaking agreement with an independent third party in 2017. Pursuant to which, the Group undertakes for a prompt settlement of 50% of the outstanding debts incurred by the property development joint venture, in which the Group held 50% of equity interest. As at 30 June 2020, the carrying amount of the liabilities undertaken by the Group amounted to approximately HK$2,736 million (31 December 2019: HK$2,729 million).

Employees

Excluding the staff of joint ventures and associates, the Group had 5,007 employees as at 30 June 2020. Expenditure on staff (excluding Directors' emoluments and share-based payment) for the period under review amounted to HK$552 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 period under review, no share option was granted.

WORK PLAN

With the gradual containment of the pandemic, it is expected that the property market in Mainland China will recover in the second half of the year with stable and mildly increasing land supply. However, it is also expected that the central and local governments will continue to strictly abide by major austerity measures such as tightening home purchase restrictions, restriction on prices and "city-specific policies", so as to sustain stable operation of the real estate market. COVID-19 and the international environment have certain impacts on the PRC economy in the short term, but real estate industry, as a pillar industry in Mainland China, still supports economic growth in the long term. The Group stays cautiously optimistic in regards to the outlook of property business development in Mainland China.

Through years of development, the Group's property business has a well-established model, a well-functioned management system, a seasoned and dedicated operation team and a sound market position. In the second half of the year, the property management and operation team of the Group will continue its pragmatic approach and adhere to the operating strategy of striking a balance between profitability and sales volume, as well as striving to maintain the sales volume and the profit target. To establish the Group as a more widely recognised property enterprise, it will continue to research and develop market-oriented products and promote the brand name of the Group. The Group will also continue to increase toll road assets and make adjustments to optimise its non-core businesses.

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 six months ended 30 June 2020.

Subsequent to the reporting period and up to the date of this announcement, an aggregate principal amount of US$15 million of US$400 million 7.75% guaranteed senior notes due 2021 issued by RKPF Overseas 2019 (B) Limited was cancelled following the repurchase by the Company.

REVIEW OF ACCOUNTS

The Audit Committee of the Company has reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2020, including the accounting principles and practices adopted by the Group, in conjunction with the Company's external auditor.

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 six months ended 30 June 2020.

PUBLICATION OF THE INTERIM RESULTS AND INTERIM REPORT

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

ACKNOWLEDGEMENT

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

By Order of the Board
Road King Infrastructure Limited
Zen Wei Peu, Derek
Co-Chairman

Hong Kong, 18 August 2020

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 Messrs. Lau Sai Yung, Tse Chee On, Raymond and Wong Wai Ho as Independent Non-executive Directors.