



**Road King Infrastructure Limited**

**路勁基建有限公司**

(incorporated in Bermuda with limited liability)

Stock Code: 1098

**Investor Presentation**

**August 2016**



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# *A Developer and Operator with Healthy , Sustainable Growth*

## Business overview and updates

## Q&A



RK Shanghai Villa in Shanghai



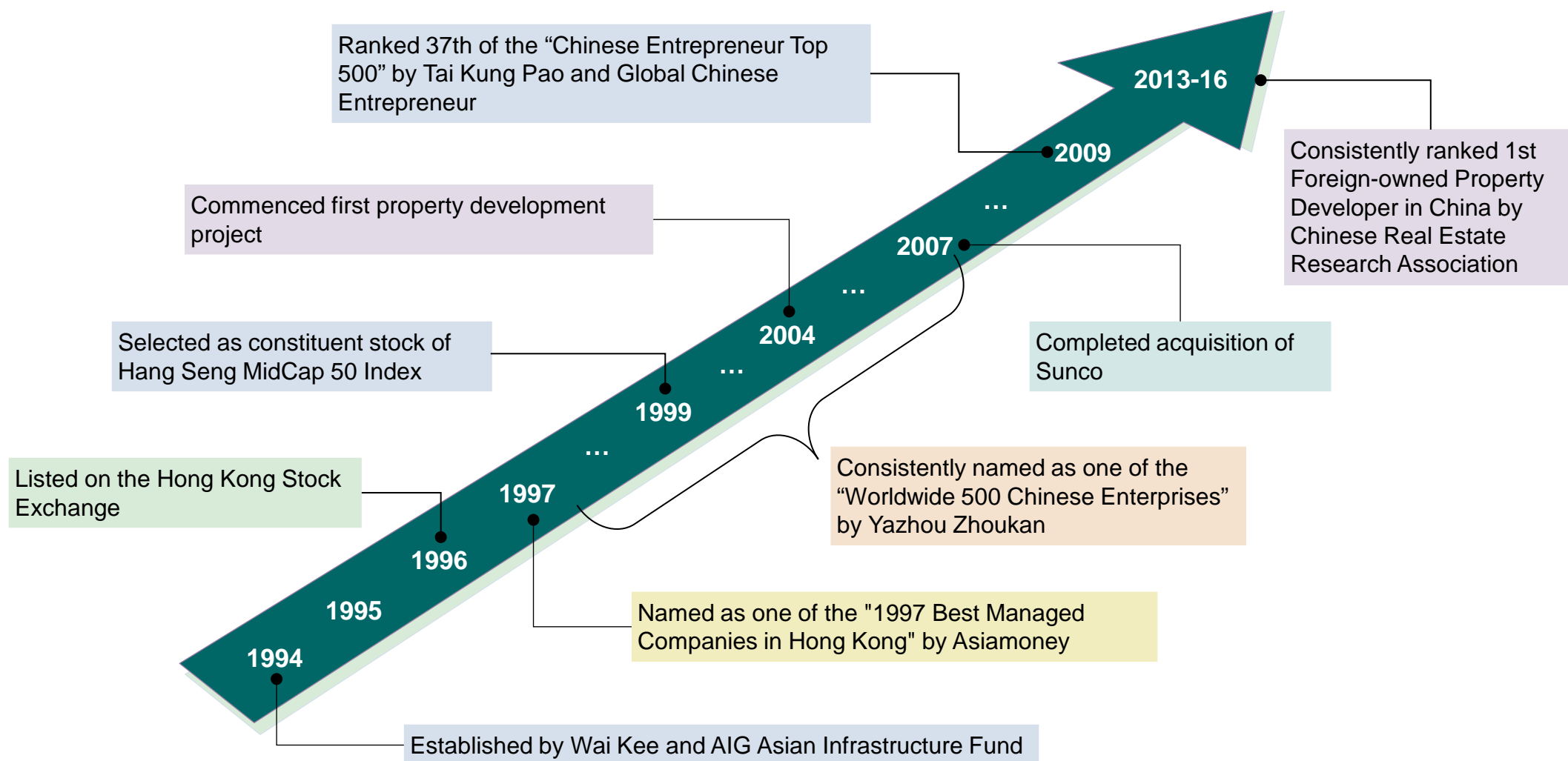
RK Hong Kong Times in Suzhou



Tangjin Expressway in Hebei



# Corporate milestones



# Business overview

Progressive growth in property development business

## Property development business

- ✓ Record high contracted sales in 1H2016
- ✓ Focusing on Yangtze River Delta and Bohai Rim regions, with over 30 saleable projects
- ✓ Concentrating in mass market such as first-time home buyers and upgraders



Stable cash flows with growing performance from toll road business

## Toll road business

- ✓ Consistent and stable cash flows
- ✓ 5 expressway projects spanning 340km in length and other highways
- ✓ Average remaining concession period of around 17 years

▲ Expressway projects

★ Property projects under development



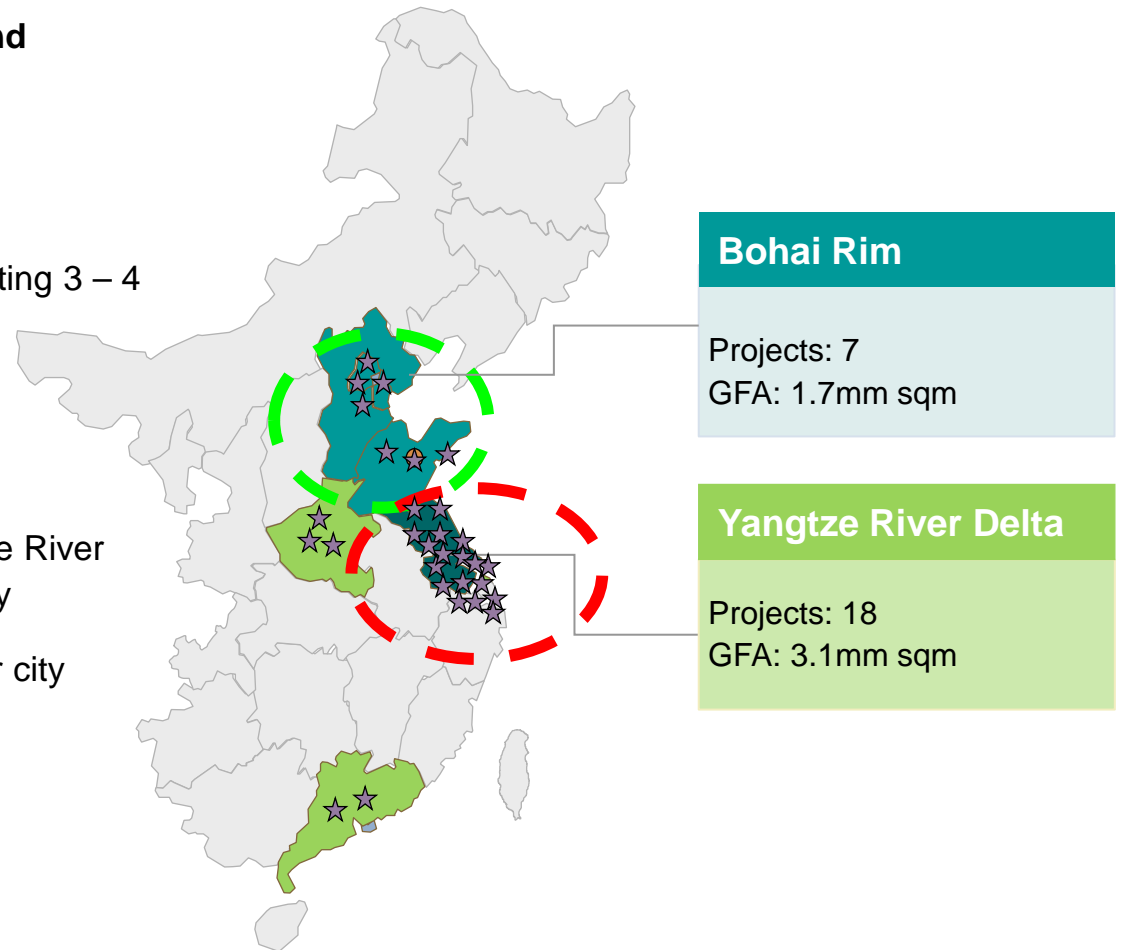
# Sustainable growth in property development business

## ✓ Solid pipeline with progressive growth and visibility

- Achieved record high contracted sales of RMB9.1bn in 1H2016
- Total land reserve of 5.5mm<sup>1</sup> sqm supporting 3 – 4 years development

## ✓ Strategically located land reserves

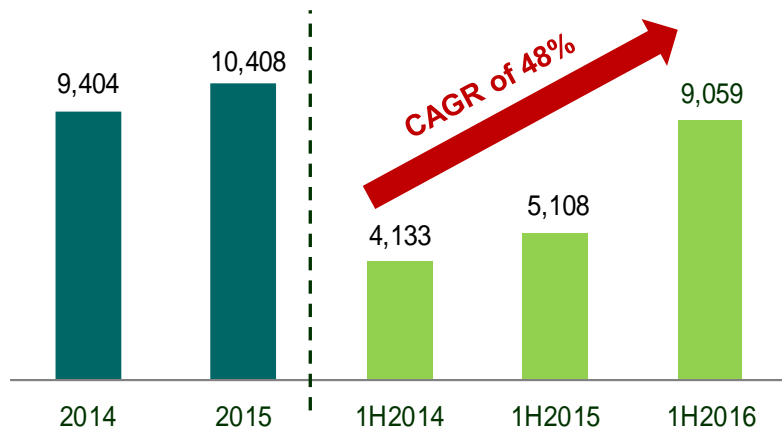
- 57%<sup>1</sup> and 31%<sup>1</sup> of GFA located in Yangtze River Delta and Bohai Rim Regions respectively
- Focus on easily accessible locations near city centers



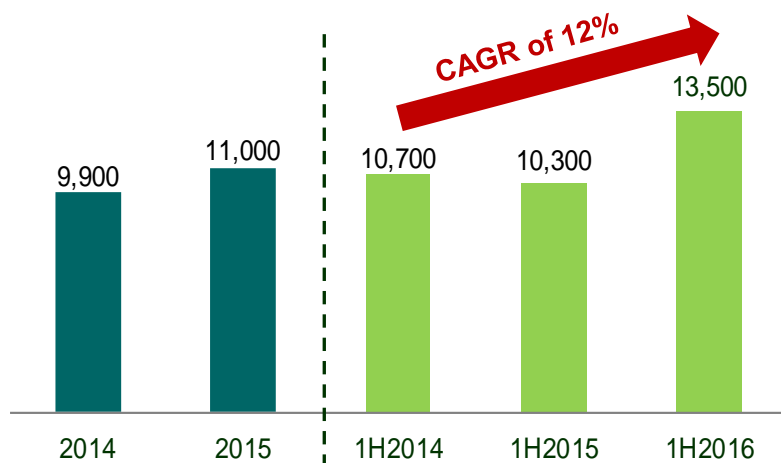
Note: <sup>1</sup> As of 30 June 2016

# Contracted sales

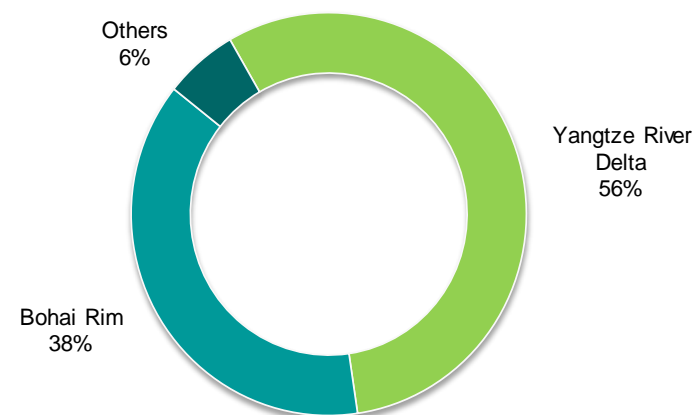
Contracted sales (RMB mm)



ASP (RMB/sqm)



Sales breakdown by region<sup>1</sup>



- ✓ Contracted sales and ASP increased by 77% and 31% respectively to RMB9.1bn and RMB13,500/sqm in 1H2016 over 1H2015
- ✓ Derived mainly from Tianjin, Shanghai and Suzhou

Note: <sup>1</sup> As of 30 June 2016

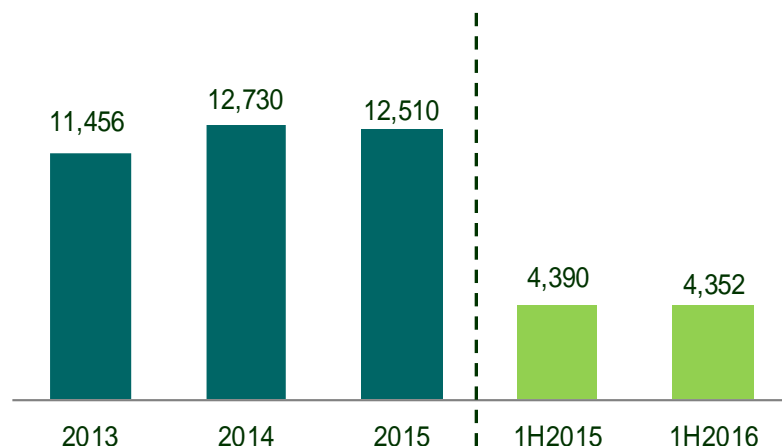


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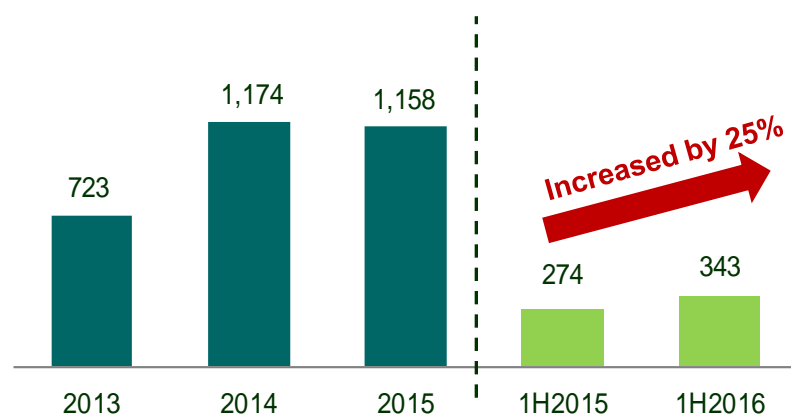


# Proven track record of strong property business performance

Revenue (HK\$ mm)

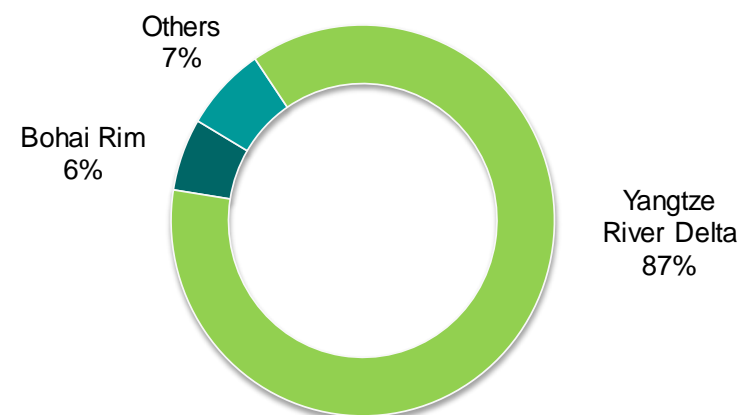


Operating profit<sup>1</sup> (HK\$ mm)



Note: <sup>1</sup> Excluding exchange impact  
<sup>2</sup> As of 30 June 2016

Revenue breakdown by region<sup>2</sup>

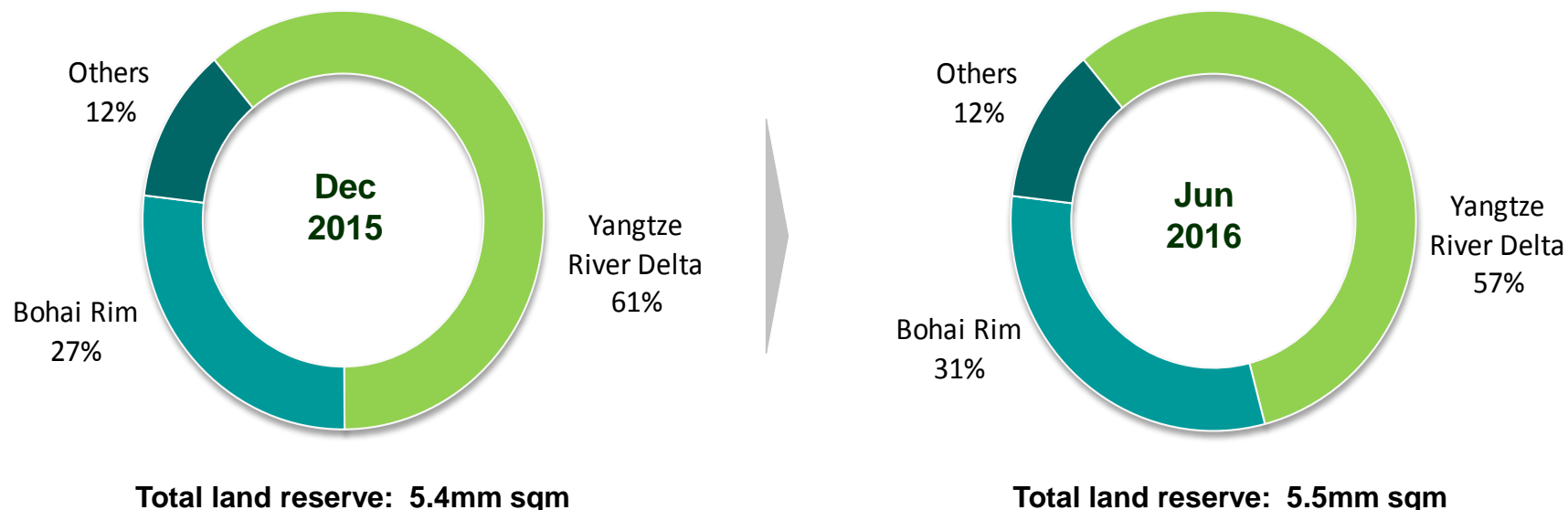


- ✓ Recorded revenue of HK\$4.4bn in 1H2016
- ✓ Operating profit increased by 25% to HK\$343mm in 1H2016 over 1H2015
- ✓ Yangtze River Delta remained as the major contributor to the revenue





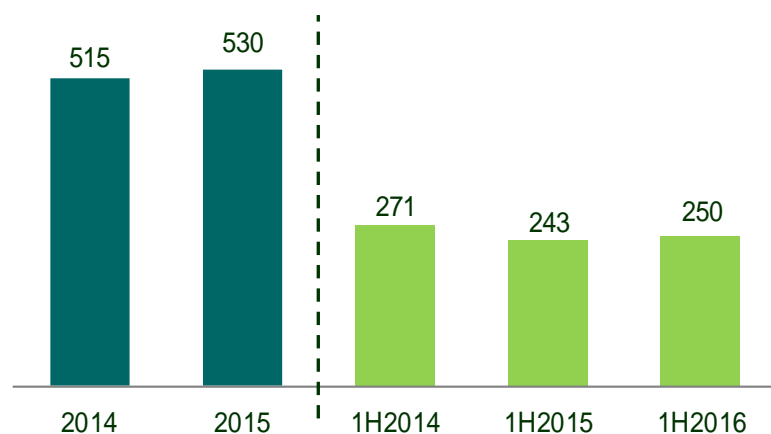
## Land reserve



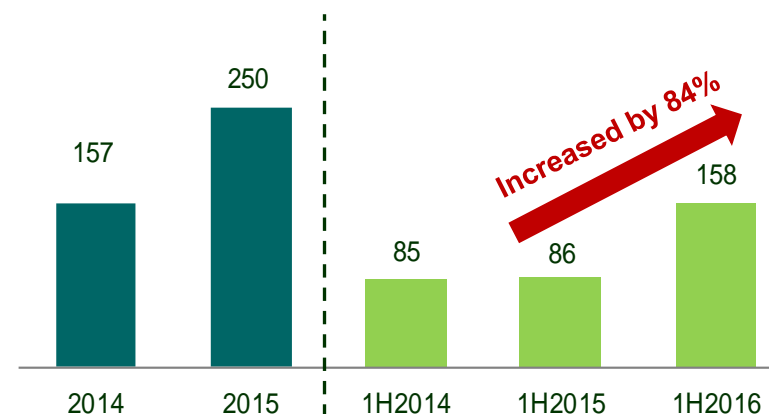
- ✓ As of 30 June 2016, property asset portfolio amounted to approximately HK\$35.2 billion, comprising a land reserve of 5.5 million sqm
- ✓ In the first half of 2016, acquired three pieces of land in Shanghai, Suzhou and Tianjin for residential developments, as well as a commercial project in Suzhou, with an aggregate floor area of 430,000 sqm
- ✓ Since June 2016, acquired another four pieces of land in Jinan and Shanghai, mainly for residential development, with a total planned GFA of approximately 432,000 sqm
- ✓ Demonstrated ability to replenish land bank in Tier 1 and 2 cities

# Maintain and further optimize our toll road business

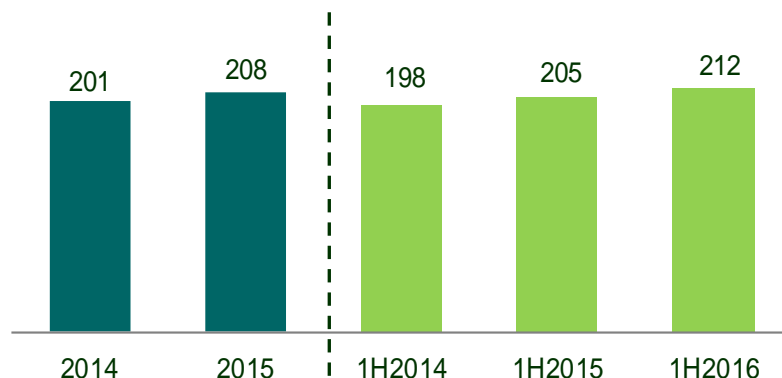
Cash received from toll road (HK\$ mm)



Share of toll road profit (HK\$ mm)



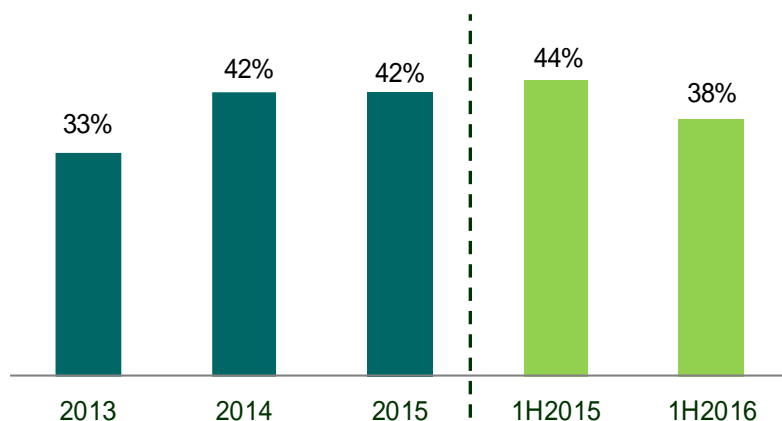
Average daily traffic volume of existing toll roads ('000 vehicles)



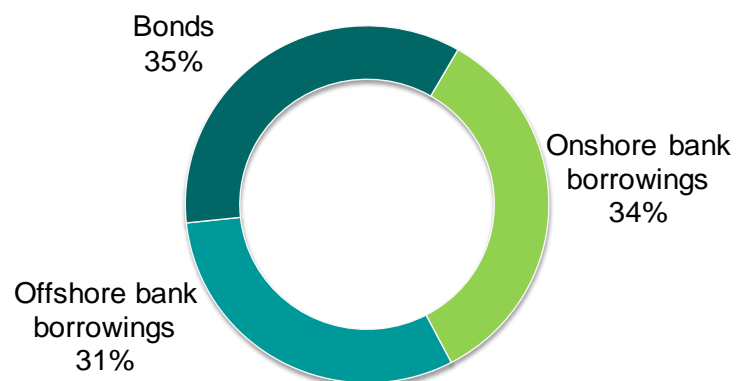
- ✓ Recurring cash flow stream of over HK\$500m each year – cash received from JV was HK\$250m in 1H2016
- ✓ Share of toll road profit soared by 84% to HK\$158m in 1H2016

# Stable leverage and diversified funding platform

Net debt / Net capitalization<sup>1</sup>



Type of borrowings<sup>3</sup>



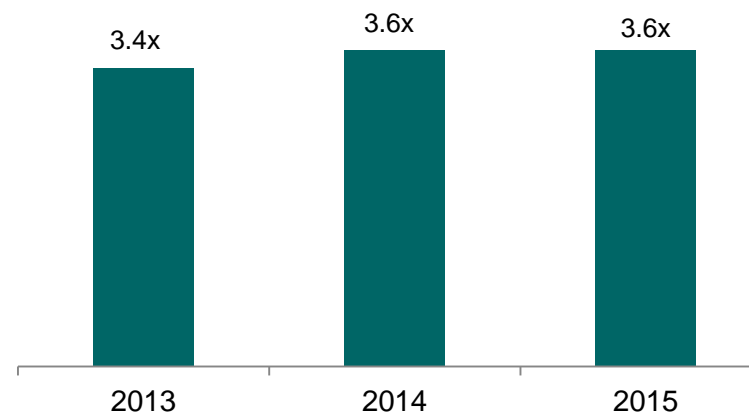
Note:

<sup>1</sup> Net debt / Net capitalization = net debt / (net debt + total equity)

<sup>2</sup> EBITDA is calculated based on the profit for the period of the Group but does not account for taxes, interest expenses, depreciation and amortization charges

<sup>3</sup> As at 30 June 2016

Total debt / EBITDA<sup>2</sup>



- ✓ **Stable leverage level – net debt/ net capitalization remained ~40% and reduced to 38% in 1H2016**
- ✓ **Total debt/EBITDA remained stable**
- ✓ **Diverse funding channel – obtained approval to issue domestic bonds totaling RMB2.5 bn in the PRC**



## Outlook

- ✓ **Maintain progressive revenue growth of 20-30%**
- ✓ **Further strengthen the resilience against the risks on exchange rate and financial markets fluctuations**
- ✓ **Enhance cooperation with business partners to capture better development opportunities**
  - Ping An Real Estate (平安不動產)
  - Hebei Construction & Investment Group (河北建設投資集團)
  - Nan Tong San Jian Investment Group (南通三建投資集團)
- ✓ **Continue focus on land replenishment in existing Tier-1 and 2 cities**
- ✓ **Further optimize toll road portfolio**
  - Focus on expressways



# *A Developer and Operator with Sustainable and Healthy Growth*

## Questions & Answers



RK Shanghai Style in Shanghai



RK Joo•Y Heights in Guangzhou



Machao Expressway in Anhui



## Appendix: Financial Highlights

(HK\$ mm)	FY2015	FY2014	1H2016	1H2015
Revenue	12,510	12,730	4,352	4,390
Gross profit	2,883	3,334	935	993
Gross profit margin	23%	26%	21%	23%
Profit attributable to owners of the Company	820	1,005	218	228
EBITDA <sup>1</sup>	3,732	4,160	1,348	1,461
Basic earnings per share (HK\$)	1.11	1.37	0.30	0.31
Dividend per share (HK\$)	0.48	0.58	0.13	0.13

Note: <sup>1</sup> EBITDA is calculated based on the profit for the period of the Company but does not account for taxes, interest expenses, depreciation and amortization charges; interest expense is the cash interest paid in the year/ period

## Appendix: Financial Highlights

(HK\$ mm)	FY2015	FY2014	1H2016
Total cash <sup>1</sup>	3,314	4,047	6,487
Total debt <sup>2</sup>	13,450	14,389	15,096
Gross gearing ratio <sup>3</sup>	96%	102%	109%
Net gearing ratio <sup>4</sup>	73%	74%	62%
Total debt / Total capitalization <sup>5</sup>	49%	51%	52%
Net debt/ Net capitalization <sup>6</sup>	42%	42%	38%
Total debt / EBITDA	3.6x	3.6x	3.9x <sup>7</sup>

Note: <sup>1</sup> Total cash includes pledged bank deposits and bank balances and cash

<sup>2</sup> Total debt includes current and non-current bank and notes borrowings

<sup>3</sup> Gross gearing ratio = total debt/ total equity

<sup>4</sup> Net gearing ratio = (total debt - total cash)/ total equity

<sup>5</sup> Total Capitalization = total debt + total equity

<sup>6</sup> Net Capitalization = (total debt – total cash) + total equity

<sup>7</sup> 1H2016 LTM EBITDA



## Appendix: Property Business – Land reserve

### Bohai Rim Region

Province	No. of projects	GFA
Pan-Beijing*	2	802,000
Tianjin	2	567,000
Shandong	3	330,000
<b>Total</b>	<b>7</b>	<b>1,699,000</b>

\* Including Longfang city

### Other Regions

Province	No. of projects	GFA
Henan	3	402,000
Guangdong	2	267,000
<b>Total</b>	<b>5</b>	<b>669,000</b>

### Yangtze River Delta

Province	No. of projects	GFA
Shanghai	5	436,000
Jiangsu	13	2,709,000
<b>Total</b>	<b>18</b>	<b>3,145,000</b>

**Total GFA: 5.5 million sqm<sup>1</sup>**

Note: <sup>1</sup> As of 30 June 2016





## Appendix: Toll Road Business - Expressways portfolio

### Shanxi

#### Longcheng Expressway

Length: 72km

Fund invested: RMB660mm

Road King's interest: 45%

### Hunan

#### Changyi Expressway

Length: 69km

Fund invested: RMB618mm

Road King's interest: 43%

### Hebei

#### Baojin Expressway

Length: 105km

Fund invested: RMB960mm

Road King's interest: 40%

#### Tangjin Expressway

Length: 58km

Fund invested: RMB799mm

Road King's interest: 45%

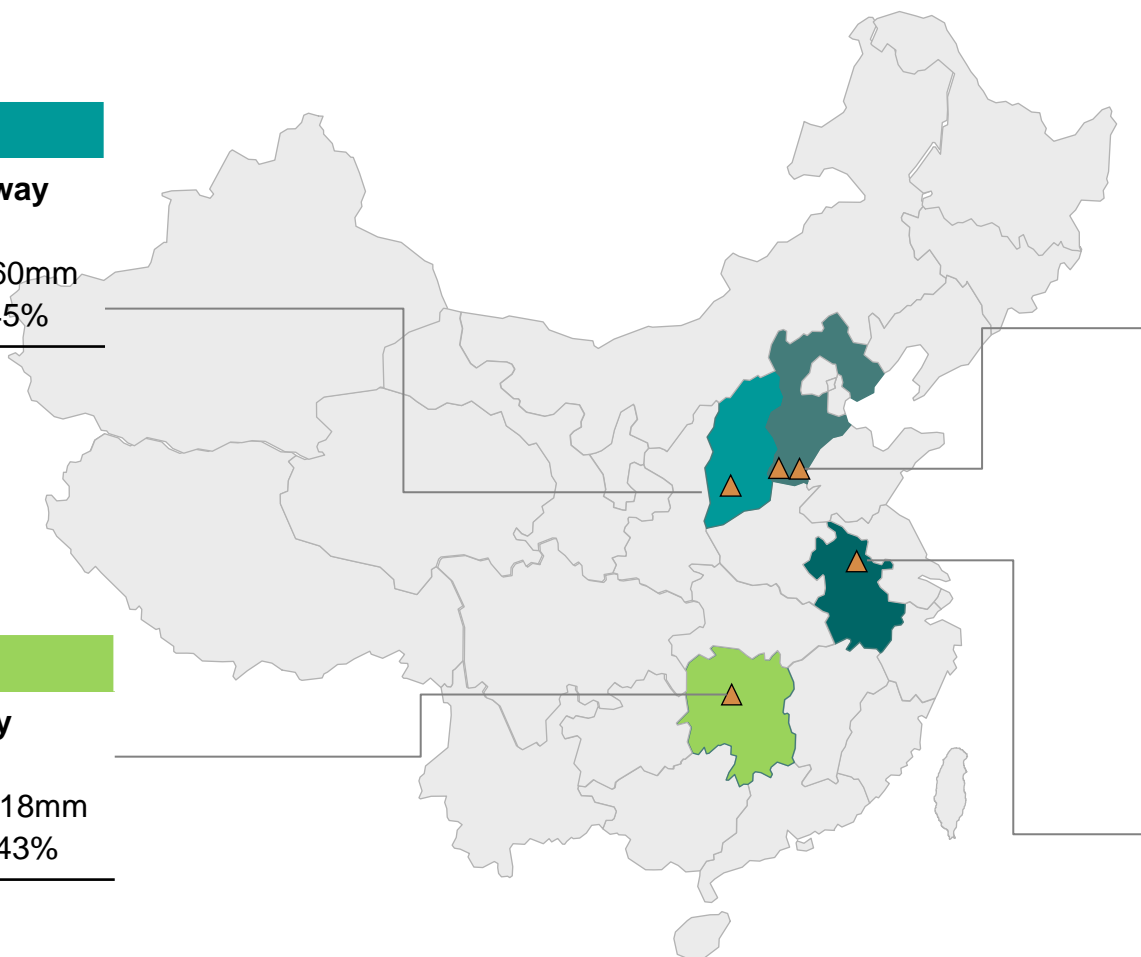
### Anhui

#### Machao Expressway

Length: 36km

Fund invested: RMB435mm

Road King's interest: 49%



Spanning 340km in length<sup>1</sup>

Note: <sup>1</sup> As of 30 June 2016

