

路勁基建有限公司

Road King Infrastructure Limited

2013 Interim Results Presentation



16 AUGUST 2013

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A Property Developer with Stable Growth and Sustainable Profit Potential

Business overview and update

Financial review

Q&A



Business overview



Stable growth and Sustainable profit potential

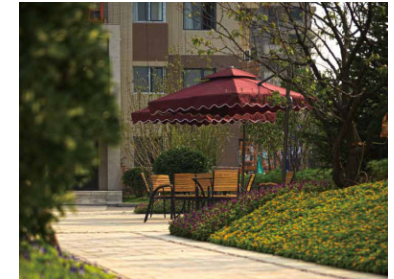
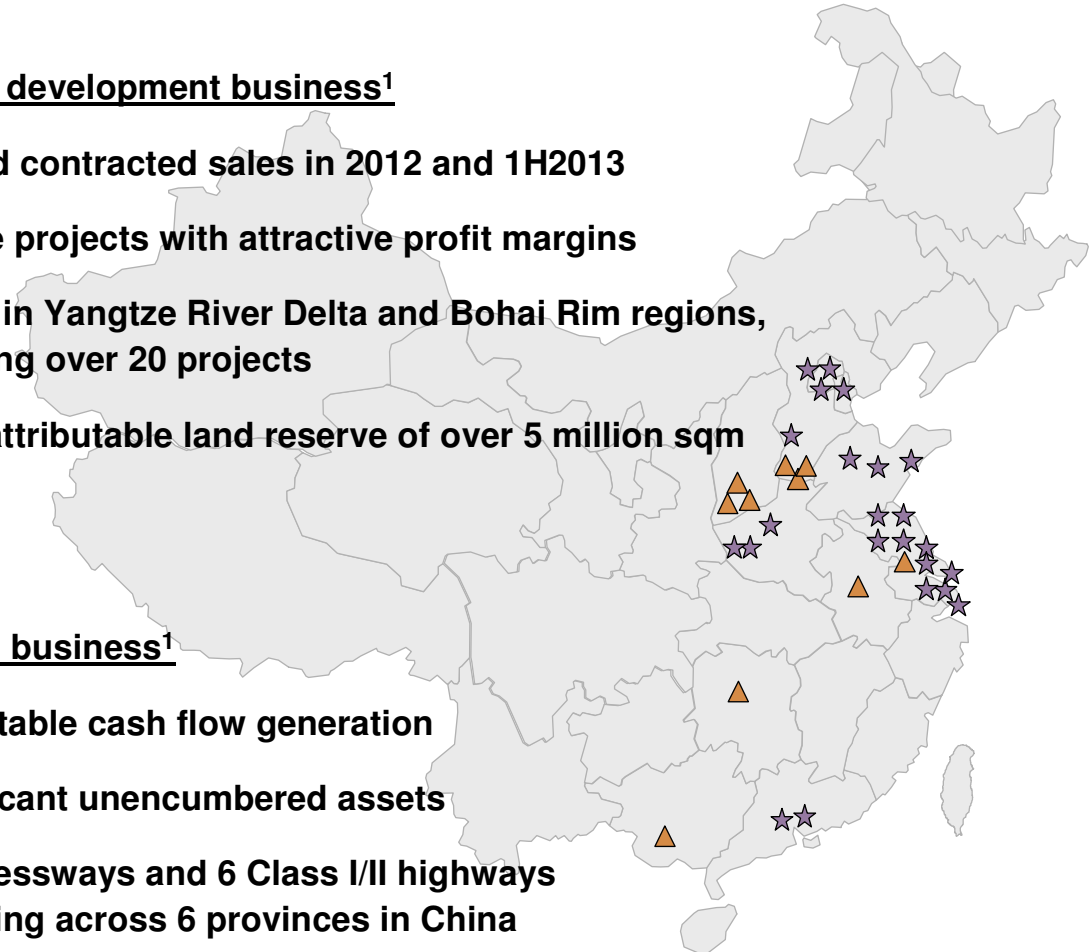
Property development business¹

- ✓ Record contracted sales in 2012 and 1H2013
- ✓ Mature projects with attractive profit margins
- ✓ Focus in Yangtze River Delta and Bohai Rim regions, covering over 20 projects
- ✓ Total attributable land reserve of over 5 million sqm

Predictable recurring cash flow

Toll road business¹

- ✓ Predictable cash flow generation
- ✓ Significant unencumbered assets
- ✓ 4 expressways and 6 Class I/II highways spanning across 6 provinces in China



Note: ¹ Operational data as of 30 June 2013

▲ Toll road projects

★ Property projects under development

Sustainable growth in property development business



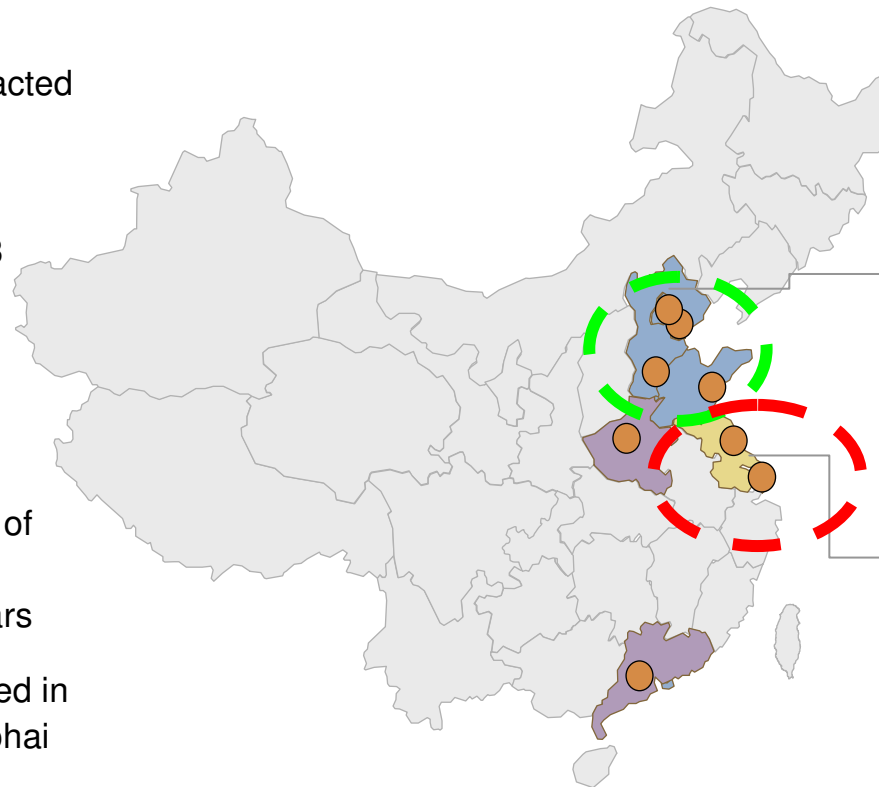
High growth in sales and visible pipeline

- Achieved record high contracted sales in 2012 and 1H2013
- A total of one million sqm is available for sale in 2H2013



Sufficient and strategically located land reserves

- Total attributable land bank of over 5 million sqm¹ for maintaining approx. 3-4 years
- 61% and 21% of GFA located in Yangtze River Delta and Bohai Rim Regions, respectively



Bohai Rim

Projects: 8
GFA: 1,125,000 sqm

Yangtze River Delta

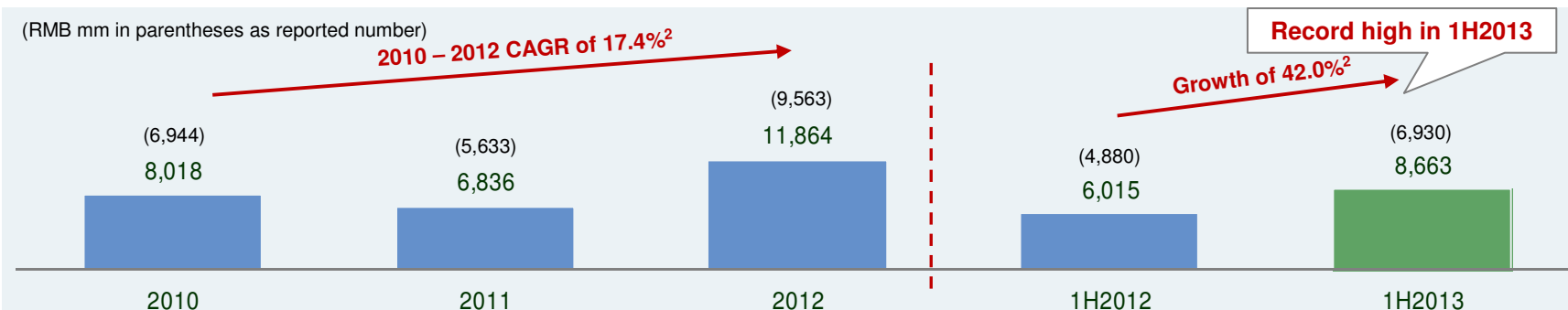
Projects: 12
GFA: 3,255,000 sqm

Note: ¹ As of 30 June 2013

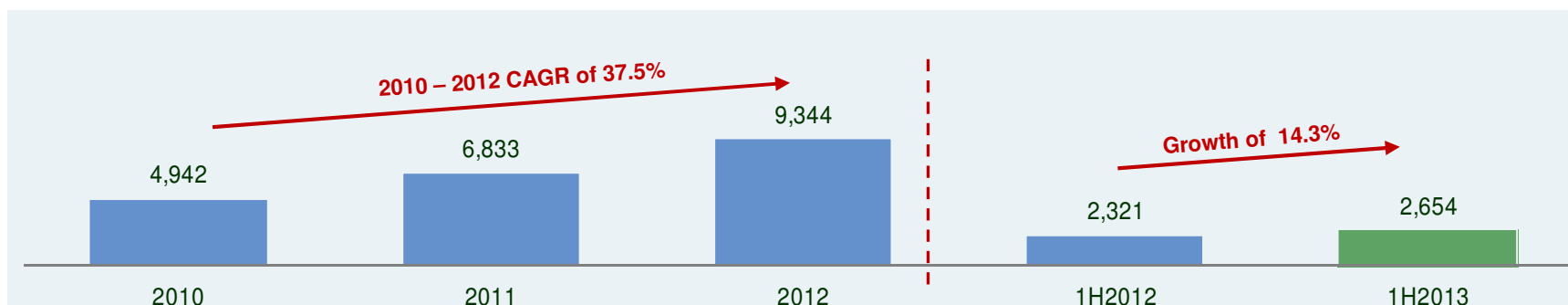
Achieved record high contracted sales in 2012 and 1H2013



Contracted sales (HK\$ mm¹)



Revenue (HK\$ mm)



Note: ¹ The contracted sales number for 1H2012 and 1H2013 is in RMB in the public filings and converted to HK\$ by using RMB/ HK\$ exchange rate of 0.812 for 1H2012 and 0.800 for 1H2013

² Contracted sales growth in RMB



Continue to replenish land reserve to support future development

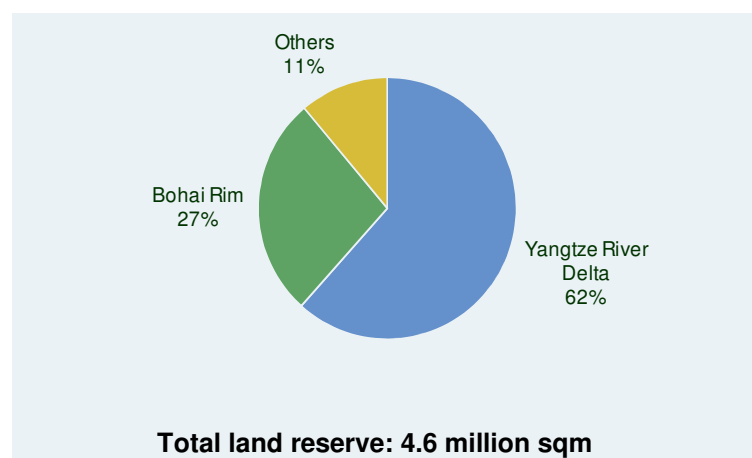


- Acquired five pieces of land with a total GFA of 1.4 million sqm in 2013 at an average cost of RMB1,500/sqm

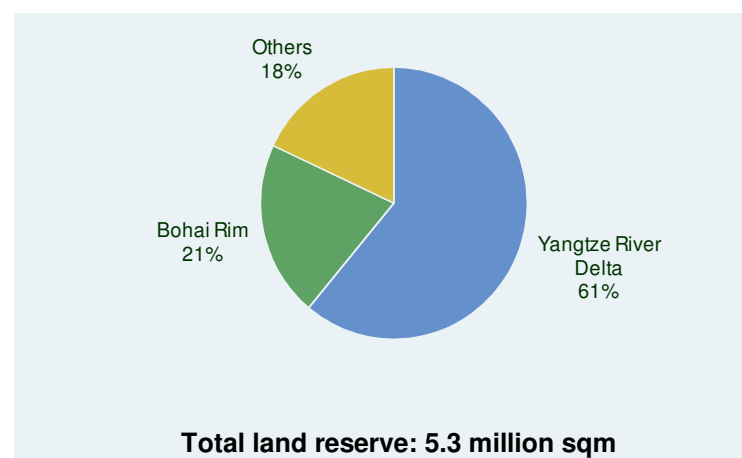
Location	Nature	Land area (sqm)	Attributable interest	Planned GFA (sqm)
Luoyang	Residential	147,000	100%	392,000
Zhenjiang	Residential	98,000	100%	126,000
Changzhou	Residential	95,000	100%	236,000
Shanghai	Residential	61,000	75%	130,000
Zhenjiang	Residential	256,000	100%	522,000

Land reserve breakdown

2012



1H2013



Focus on residential projects and concentrate on areas with high growth potential



- Focus on residential projects and target first-time home buyers and upgraders
- Concentrate on Yangtze River Delta and Bohai Rim regions at easily accessible sites and established town centers
- Maintain gross margin at high 20% with increasing efficiency and inventory turnover
- Enhance brand loyalty with superior product quality
- Target annual growth of at least 20%
- Maintain 3 – 4 years of landbank

Established and further optimized toll road business



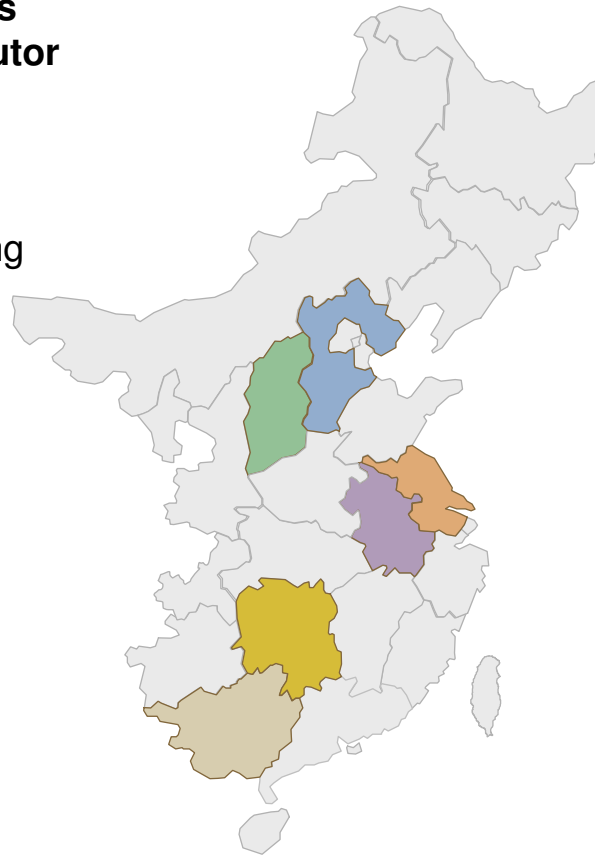
Long established toll road business served as stable cash flow contributor

- 20 years of industry experiences
- A portfolio of 4 expressways and 6 Class I/II highway projects spanning across 6 provinces in the PRC
- “Cash cow” with no major capex needed on existing projects



Further optimized the toll road portfolio

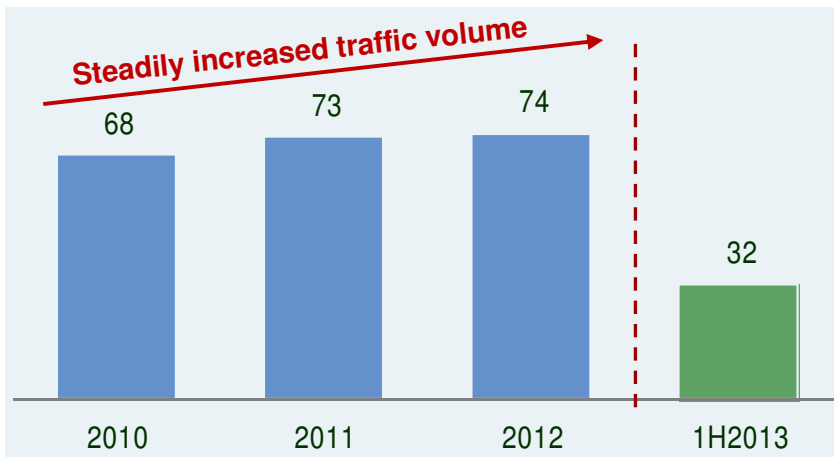
- Focus on expressways
- Strategically disposing of Class I/II highways



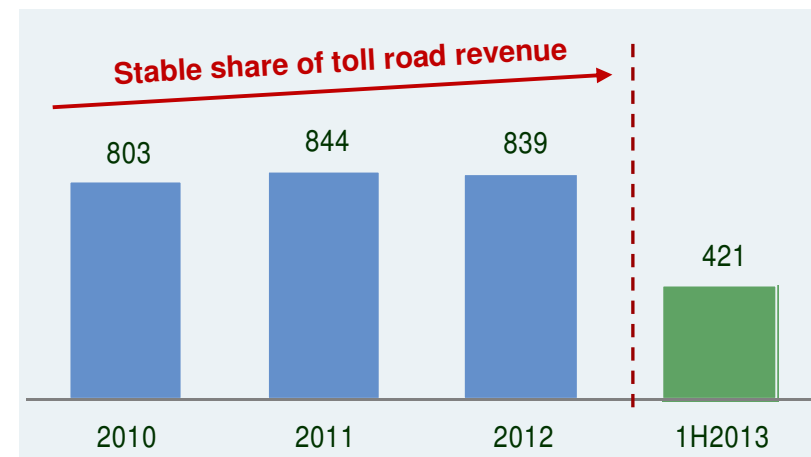
Toll road business remains a reliable cash flow contributor

- Cash flow from toll roads remains unencumbered (except for the new Longcheng Expressway) and is available to service offshore debt
- Predictable and recurring cash flow of HK\$500 – 600 million per annum from toll road projects
- Expressway projects contributed over 85% of the total toll revenue in 2012 and over 90% in 1H2013
- Increasing cash distribution ratios for Baojin Expressway by the end of 2013
- Disposal of Hefei-Yeji Highway and Hefei-Huainan Highway in Anhui province and a toll station of Yulin Project in 1H2013

Total traffic volume of existing toll roads
(mm vehicles)



Share of toll road revenue
(HK\$ mm)





A Property Developer with Stable Growth and Sustainable Profit Potential

Business overview and update

Financial review

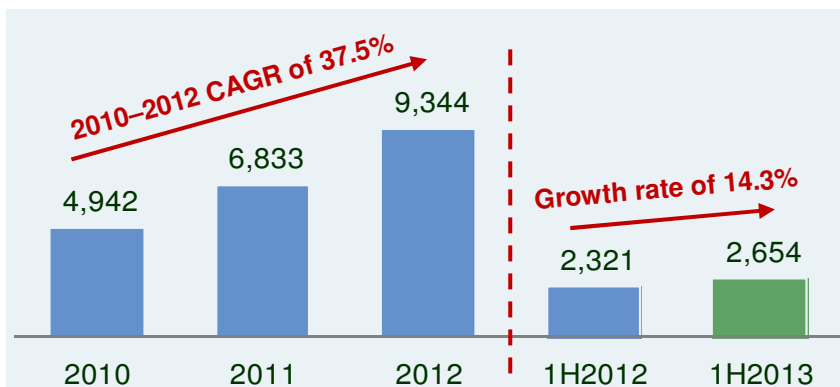
Q&A



Proven track record of strong business performance



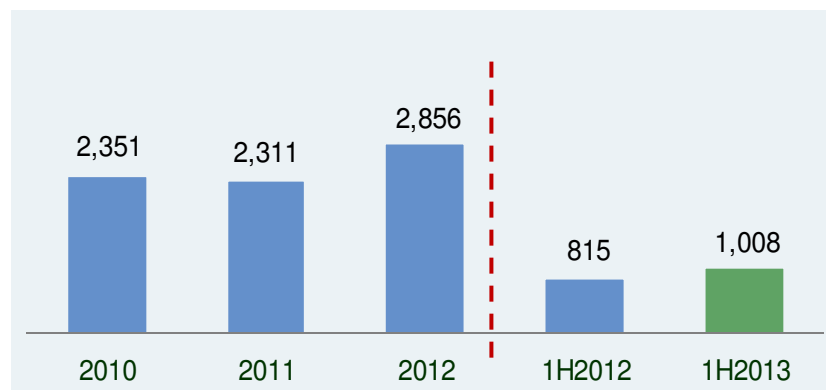
Revenue (HK\$ mm)



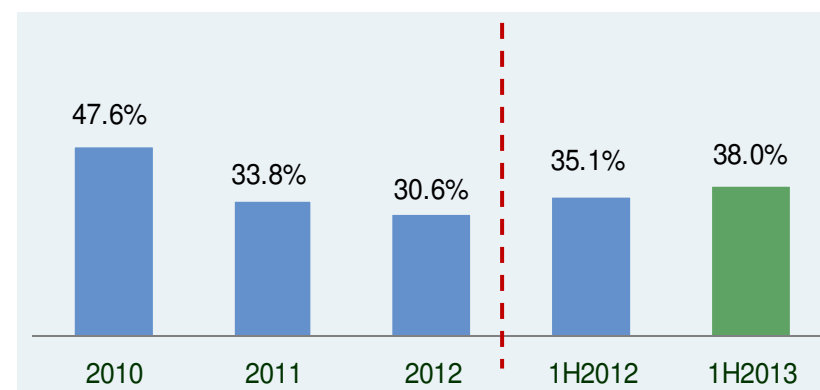
Profit for the year (HK\$ mm)



EBITDA¹ (HK\$ mm)



EBITDA¹ margin



Note: ¹ EBITDA is calculated through profit for the year adjusted for finance cost, income tax expenses both for the Group and the toll road joint ventures, and depreciation of both the property business and toll road operation rights using the Group's depreciation policy

Proven track record of strong business performance

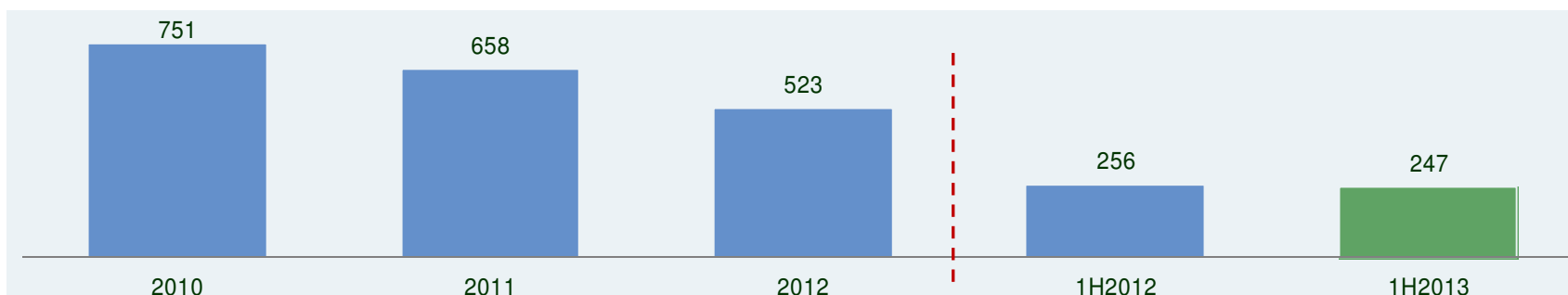
- **Property development business – achieved record high contracted sales, increasing 42% over 1H2012**

Contracted sales (HK\$ mm¹)



- **Toll road business – stable and recurring cash flow**

Cash received from toll road (HK\$ mm)



Note: ¹ The contracted sales number for 1H2012 and 1H2013 is in RMB in the public filings and converted to HK\$ by using RMB/ HK\$ exchange rate of 0.812 for 1H2012 and 0.800 for 1H2013

² Contracted sales growth in RMB



Significantly solidified liquidity position and steadily reduced leverage position

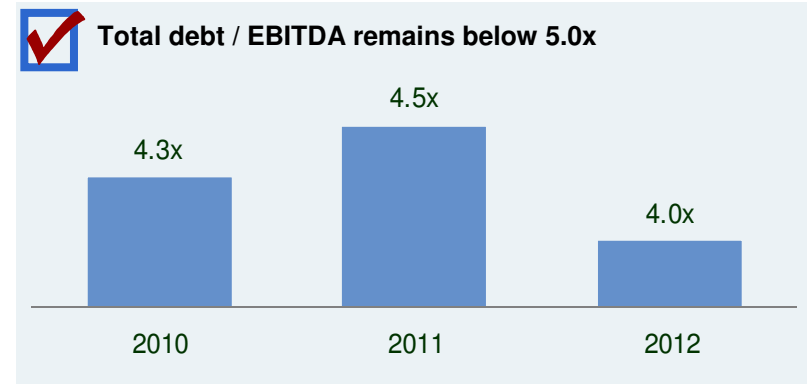


Total cash / short-term debt¹ (HK\$ mm)



Note: ¹ Includes pledged bank deposits and short-term debt including bank and other borrowings and loans from non-controlling interest of a subsidiary

Total debt² / EBITDA



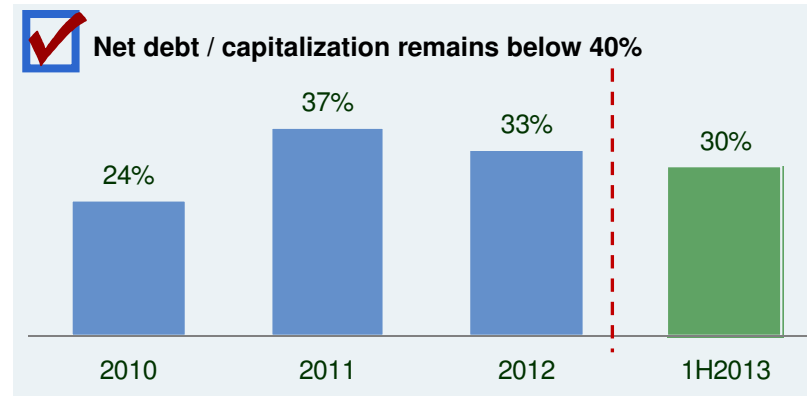
Note: ² Total debt = bank and other borrowings + loans from non-controlling interests of a subsidiary

Termed out debt maturity profile³ (HK\$ mm)



Note: ³ As of 30 June 2013

Net debt⁴ / capitalization






Note: ⁴ Net debt = total debt – bank balances and cash (includes pledged bank deposits)

Strengthening financial profile

Financial snapshot (HK\$ mm)

	2011 ¹	2012	1H2012	1H2013
Contracted sales	6,836	11,864	6,015	8,663
Contracted sales (GSA '000 sqm)	580	1,019	540	646
Property revenue	6,833	9,344	2,321	2,654
Gross profit	1,911	2,718	699	929
Gross margin (%)	28.0%	29.1%	30.1%	35.0%
Cash flow from toll road joint ventures	658	523	256	247
EBITDA ²	2,311	2,856	815	1,008
Profit attributable to owners of the company	735	818	228	255
Basic earnings per share (HK\$)	0.99	1.10	0.31	0.34
Dividend per share (HK\$)	0.46	0.46	0.16	0.18
Cash	3,421	5,337	4,190	6,407
Total short-term debt	3,500	3,370	2,722	5,336
Total debt	10,151	11,360	9,614	11,692
Net debt	6,730	6,023	5,424	5,285
Total equity	11,349	12,223	11,533	12,529
Equity attributable to owners of the company	11,072	11,793	11,254	11,945
Net asset per share (HK\$)	14.9	15.9	15.2	16.9
<i>Key ratios</i>				
EBITDA / interest expense	3.5x	3.7x	N.A.	N.A.
Total debt / EBITDA	4.5x	4.0x	N.A.	N.A.
Net debt / capitalization	37.2%	33.0%	32.0%	29.7%
Total cash / short-term debt	1.0x	1.6x	1.5x	1.2x
Dividend payout ratio	46.5%	41.8%	51.6%	52.9%

Key observations

-  Outstanding property business performance through 2012 and in 1H2013
 - Substantial growth of 71%³ and 42%³ in contracted sales performance over 2011 and over 1H2012, respectively
 - Delivered completed properties in line with predetermined schedule
-  Stable gross margin
-  Predictable cash flow stream from toll roads
-  Stable dividend payout
-  Strong and stable operating cash flow
-  Robust liquidity, cash of over HK\$6.4 billion
-  Closely monitored leverage position

Note: ¹ The figures were restated based on the prevailing HKGAAP requirements

² EBITDA is calculated through profit for the year adjusted for finance cost, income tax expenses both for the Group and the toll road joint ventures, and depreciation of both the property business and toll road operation rights using the Group's depreciation policy

³ Contracted sales growth in RMB



Key notes



Sustainable growth in property development business

- Record high contracted sales in 1H2013, reaching HK\$8.7 billion (RMB6.9 billion), an increase of 42% comparing with 1H2012 despite continuing austerity measures in the sector
- Proven execution capability by delivering 888,000 sqm in 2012, increasing by 21% over 2011 with sales recognized amounting to HK\$9,344 mm in 2012, increasing by 37% over 2011
- Disciplined evaluation of land replenishment for maintaining approx. 3-4 years land bank

Stable recurring cash flows from established toll road business

- Established business with 20 years of experience and with proven track record under the same management in toll road business
- Continued to be the “cash cow”: over HK\$500 million net cash received per annum and HK\$247 million in 1H2013
- Share of toll road revenue remains stable at HK\$839 million in 2012 and HK\$421 million in 1H2013. Expressway projects are expected to contribute to a higher proportion of the total toll revenue

Prudent and proactive financial management

- Strong business performance and achieving sufficient liquidity while reducing leverage in 1H2013
- Proactive management of debt maturity profile
- Diversified financing channels through banks and capital markets



A Property Developer with Stable Growth and Sustainable Profit Potential

Questions & Answers