

路勁基建有限公司

Road King Infrastructure Limited

(incorporated in Bermuda with limited liability)

Stock Code: 1098

2014 Interim Results Presentation



August 2014



Disclaimer

This presentation is strictly confidential and may not be copied, published, distributed or transmitted to any person, in whole or in part, by any medium or in any form for any purpose.

The information in this presentation is being provided by Road King Infrastructure Limited (the “Company”) and its subsidiaries (together with the Company, the “Group”) and solely for the use at this presentation.

This presentation has been prepared for informational purposes only. This presentation does not constitute or form part of, and should not be construed to be, directly or indirectly, an offer to sell or issue or invitation to purchase or subscribe for any securities of the Group or affiliates in any jurisdiction, or an inducement to enter into investment activity. No part, or all, of this presentation shall form the basis of, or be relied on in connection with, any contract or investment decision in relation to any securities of the Group.

This presentation contains forward-looking statements based on currently held beliefs, expectation of future events and assumptions of the management of the Group as of the respective dates indicated herein. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, financial condition, performance or achievements of the Group or industry results to differ materially from those expressed or implied by such forward-looking statements. There can be no assurance that the results and events contemplated by the forward-looking statement will in fact occur or that assumptions are correct. The Group disclaims any obligation to update or otherwise revise these forward-looking statements to reflect future events or developments.

This presentation includes measures of financial performance which are not measures of financial performance under Hong Kong Financial Reporting Standards (“HKFRS”), such as “EBITDA”. These measures are presented because the Company believes they are useful measures to determine the Company’s operating cash flow and historical ability to meet debt service and capital expenditure requirements. However, they should not be considered as an alternative to cash flows from operating activities, a measure of liquidity or an alternative to net profit or indicators of the Company’s operating performance on any other measure of performance derived in accordance with HKFRS. Because they are not HKFRS measures, they may not be comparable to similarly titled measures presented by other companies.

By attending this presentation you acknowledge that you will be solely responsible for your own assessment of the market and the market position of the Group and that you will conduct your own analysis and be solely responsible for forming your own view of the potential future performance of the business of the Group. Any decision to purchase securities in the context of a proposed offering of securities, if any, should be made solely on the basis of information contained in an offering circular or prospectus prepared in relation to such an offering.

This presentation speaks as of as at the date as of which they are made. Neither the delivery of this presentation nor any further discussions of the Group with any of the recipients shall, under any circumstances, create any implication that there has been no change in the affairs of the Group since that date.

By participating in this presentation or reading the presentation slides, you agree to be bound by the foregoing limitations.



A Developer and Operator with Sustainable and Healthy Growth

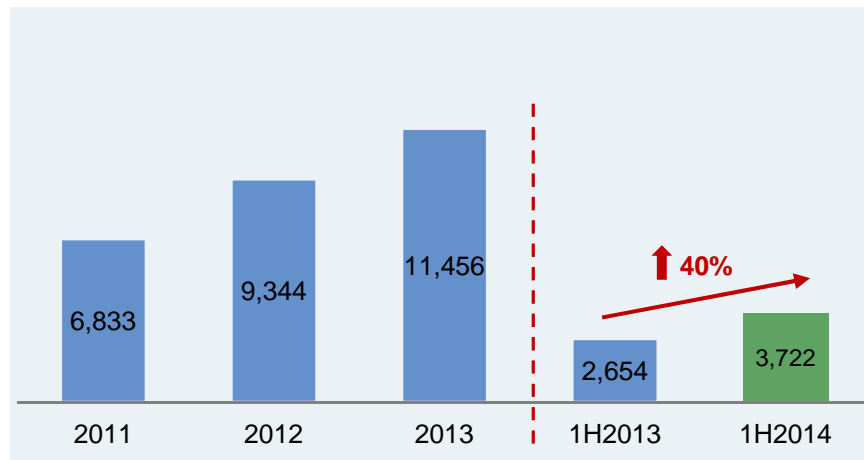
Updates

Q&A

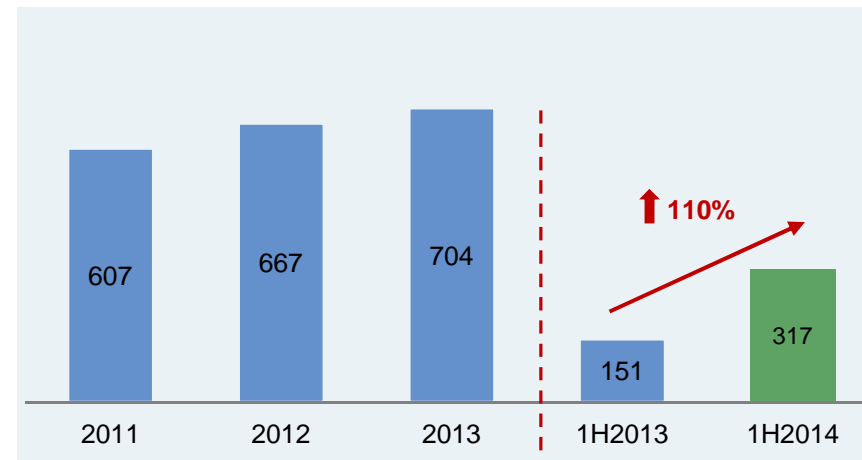


Progressive growth in property development business

Revenue (HK\$ mm)



Operating earnings¹ (HK\$ mm)



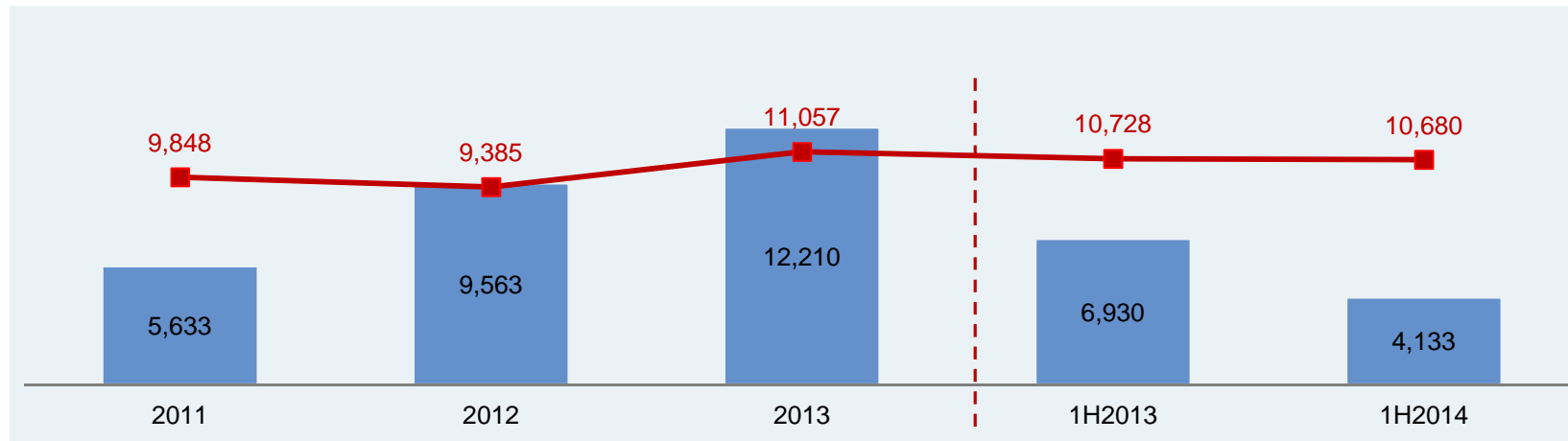
Note: ¹ Operating earnings represent profit attributable to owners of the Company before exchange differences (included the related fair value adjustment)

- ✓ Revenue recognized amounting to HK\$3,722 mm in 1H2014, increasing by 40% over 1H2013
- ✓ 110% increase in operating earnings
- ✓ Maintain stable gross profit margin in 1H2014 (27%) VS 2013 (26%) despite poor market conditions



Progressive growth in property development business

Contracted sales (RMB mm)



- ✓ Maintaining an ASP of above RMB10,000/sqm for contracted sales despite austerity measures and downturn of the property sector
- ✓ No immediate need to push up sales
- ✓ Sales pattern in line with predetermined schedule

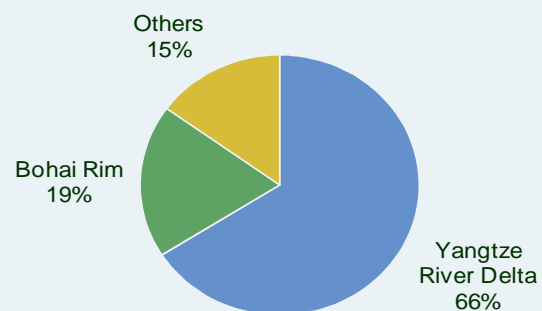




Land reserve in focus area

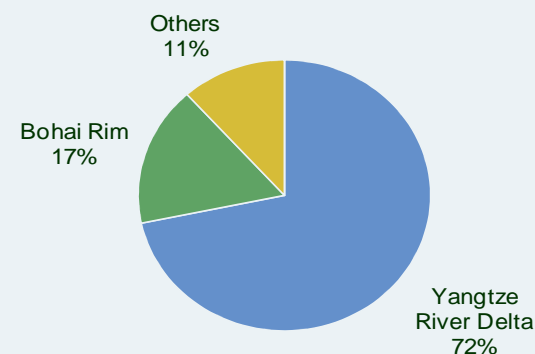
Land reserve

Dec 2013



Total land reserve: 5.6 million sqm

Jun 2014



Total land reserve: 5.7 million sqm

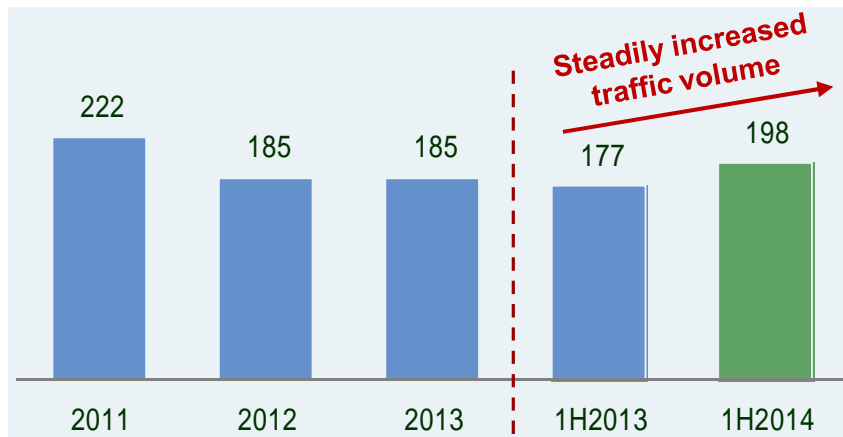
- ✓ Land reserve of over 5.7 mm sqm for 3 – 4 years development
- ✓ In 1H2014, additional three pieces of land in Yangtze River Delta region with an aggregate saleable area of about 452,000 sqm were acquired

Location	Attributable interest	Saleable area (sqm)	Consideration (RMB mm)
Suzhou	100%	84,000	770
Wuxi	100%	92,000	382
Changzhou	100%	276,000	534

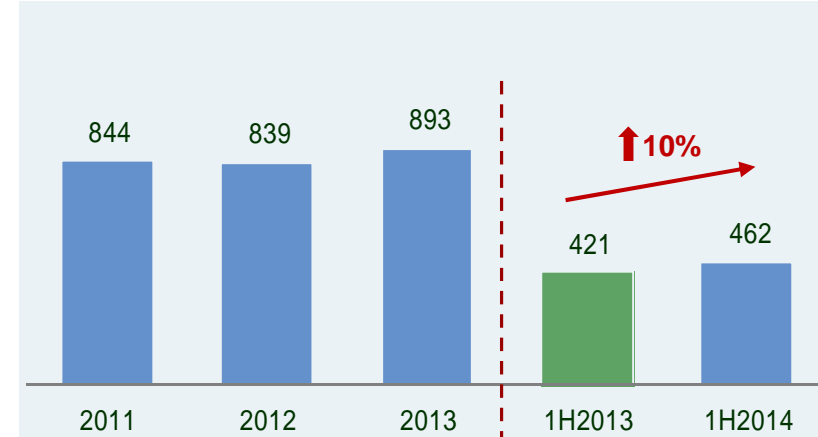


Enhanced toll road portfolio

Average daily traffic volume of existing toll roads (mm vehicles)



Share of toll road revenue (HK\$ mm)



- ✓ 5 expressways spanning over 340km in length
- ✓ Enhanced toll road portfolio through the acquisition of Anhui Machao Expressway
- ✓ Predictable cash flow stream – cash received from JV was HK\$245 mm in 1H2014
- ✓ The average daily traffic volume and toll revenue of the Group's existing toll road portfolio reached 198,000 vehicles and RMB923 million respectively in 1H2014
- ✓ Expressway projects contributed over 95% of the total toll revenue in 1H2014

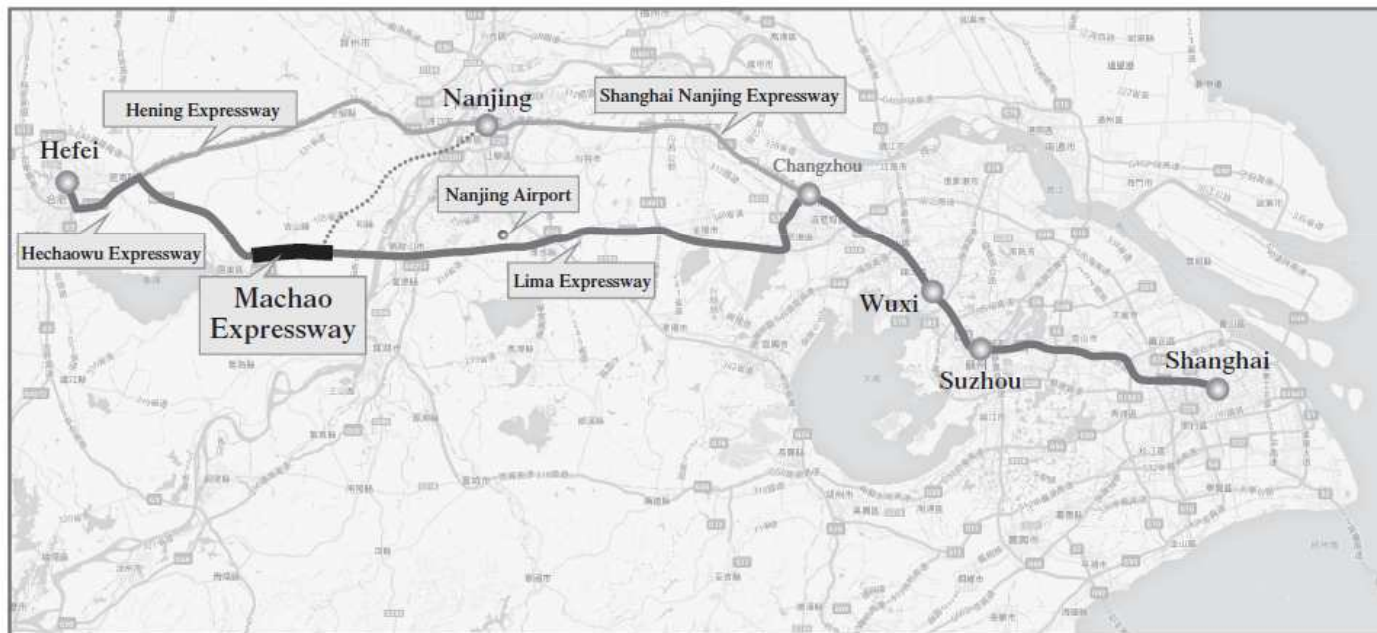




New acquisition in 1H2014

- Acquisition for 49% equity interests in Machao Expressway was completed

Anhui Machao Expressway	
Grade	Expressway, dual three-lane
Distance	35.77 kilometers
Project total investment	RMB 2,471 million
Interest shared by Road King	49%
Operation period	30 years











Financial profile

Financial snapshot (HK\$ mm)

	2012	2013	1H2013	1H2014
Contracted sales (RMB mm)	9,563	12,210	6,930	4,133
Contracted sales (GSA '000 sqm)	1,019	1,104	646	387
Property revenue	9,344	11,456	2,654	3,722
Gross profit	2,718	2,933	929	989
Gross margin (%)	29%	26%	35%	27%
Cash flow from toll road joint ventures	523	512	247	245
EBITDA ¹	2,856	3,079	1,008	943
Profit attributable to owners of the Company	818	1,002	255	198
Basic earnings per share (HK\$)	1.10	1.36	0.34	0.27
Dividend per share (HK\$)	0.46	0.58	0.18	0.13
Total cash ²	5,337	6,828	6,407	4,407
Total short-term debt ³	3,370	5,897	5,336	5,069
Total debt ³	11,360	13,414	11,692	14,293
Total equity	12,223	13,363	12,529	13,510
Equity attributable to owners of the Company	11,793	12,672	11,945	12,691
Net asset per share (HK\$)	15.9	17.2	16.9	17.3
Key ratios				
EBITDA / interest expense	3.7x	3.0x	N.A.	N.A.
Total debt / EBITDA	4.0x	4.4x	N.A.	N.A.
Total debt / capitalization ⁴	48%	50%	50%	51%
Total cash / short-term debt	1.6x	1.2x	1.2x	0.9x
Dividend payout ratio ⁵	42%	43%	53%	48%

Key observations

-  Substantial growth of 40% in property revenue performance over 1H2013
-  Stable ASP for contracted sales
-  Gross profit margin maintained at above 25%
-  Predictable cash flow stream from toll roads
-  Stable operating cash flow
-  Robust liquidity
-  Closely monitored leverage position

Note: ¹ 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

² Total cash includes pledged bank deposits and bank balances and cash

³ Total short-term debt includes current bank and notes borrowings; Total debt includes current and non-current bank and notes borrowings

⁴ Capitalization = total debt + total equity

⁵ Dividend payout ratio = dividend per share/ earnings per share



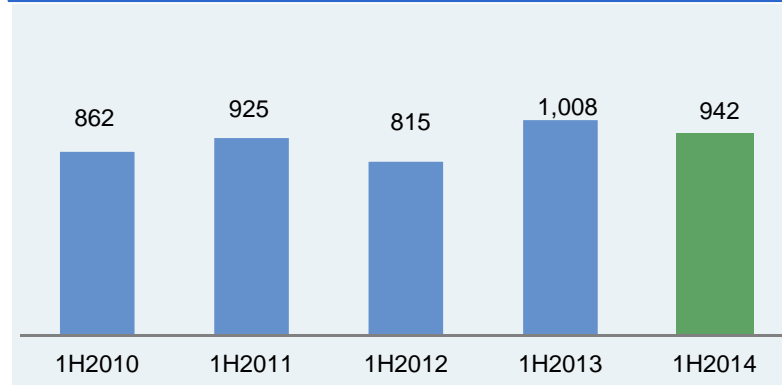


Healthy liquidity level

Termed out debt maturity profile (HK\$ mm)

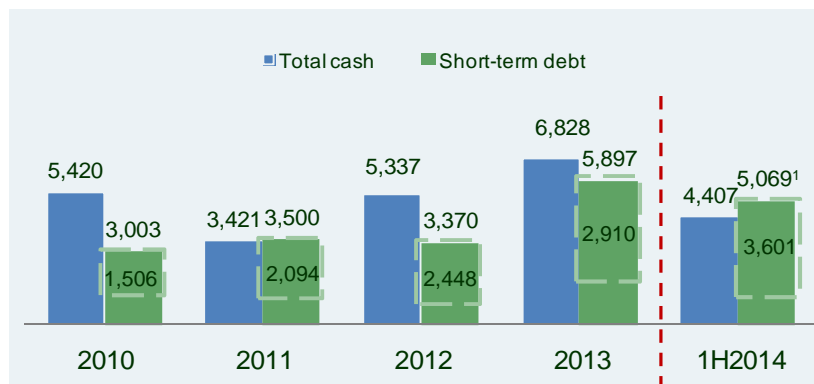


EBITDA¹



Note: ¹ 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

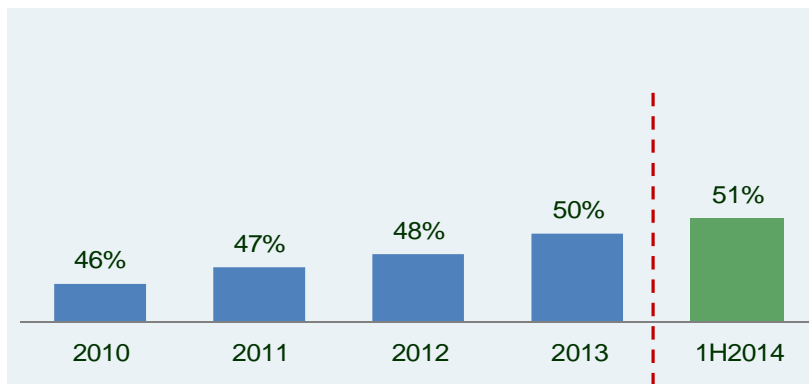
Total cash² / short-term debt (HK\$ mm)



Note: ² Total cash includes pledged bank deposits and bank balances and cash; short-term debt includes current bank and other borrowings

Onshore loan

Total debt³ / capitalization⁴



Note: ³ Total debt includes current and non-current bank and other borrowings
⁴ Capitalization = total debt + total equity



Summary



Progressive growth in property development business

- ✓ Proven execution capability with 40% increase in revenue and 110% increase in operating earnings
- ✓ Stable ASP and gross profit margin despite poor market conditions

Stable cash flows from toll road business

- ✓ Steady increase in traffic volume and share of revenue
- ✓ Enhanced portfolio with steady increase in number of expressways





A Developer and Operator with Sustainable and Healthy Growth

Questions & Answers