

路勁基建有限公司

Road King Infrastructure Limited

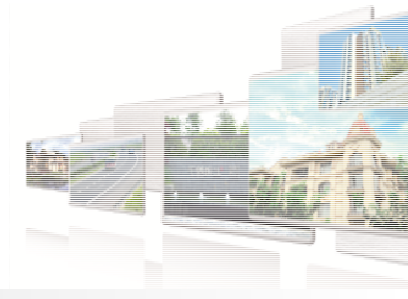
(incorporated in Bermuda with limited liability)

Stock Code: 1098

2014 Annual Results Presentation



March 2015



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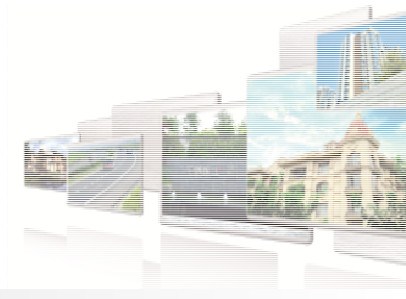
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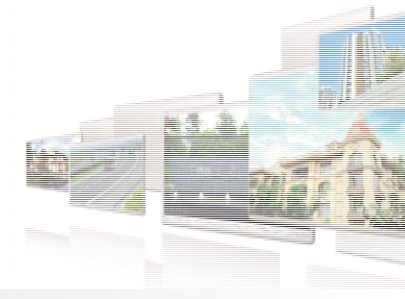


A Developer and Operator with Sustainable and Healthy Growth

Updates

Q&A

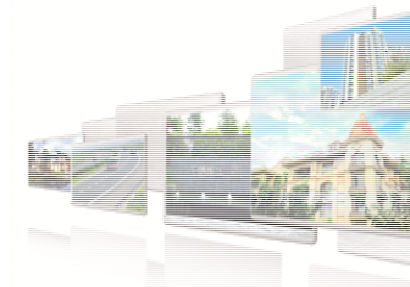




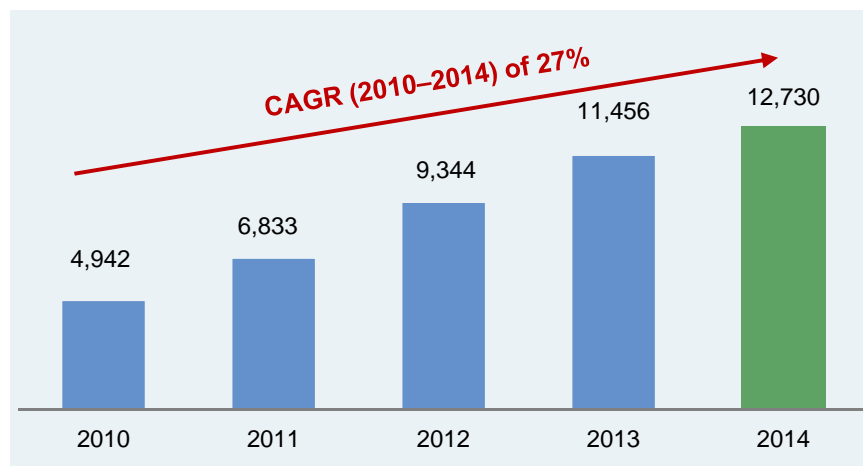
Performance Highlights

- Progressive growth in revenue from property development**
- Sustainable gross profit margin at mid-20%**
- Closely monitor leverage ratio**
- Reaffirmed credit rating with positive outlook**

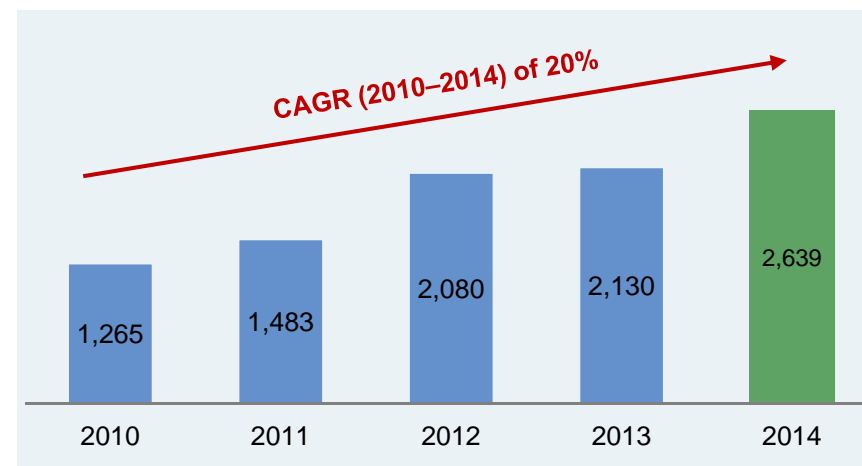
Developing track record in property development business



Revenue (HK\$ mm)



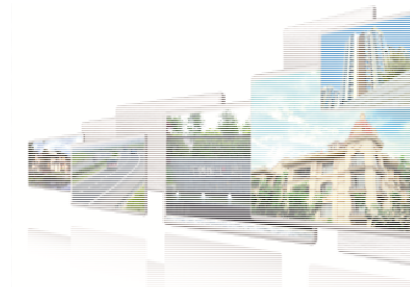
Core operating profit¹ (HK\$ mm)



Note: ¹ Core operating profit represents profit excluding tax, exchange and related differences and related changes in fair value of investment properties

- ✓ Progressive growth in revenue, amounting to HK\$12,730 mm in 2014 and increasing by 11% over 2013
- ✓ Demonstrate execution capacity by delivering 976,000 sqm to customers
- ✓ Maintain stable gross profit margin in 2014 (26.2%) VS 2013 (25.6%) despite sluggish market
- ✓ Core operating profit increased by 24% compared to 2013

Developing track record in property development business



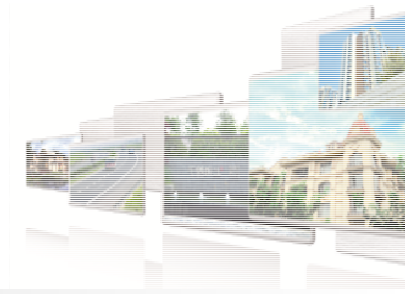
Contracted sales (RMB mm)



Contracted sales (GFA' 000 sqm)



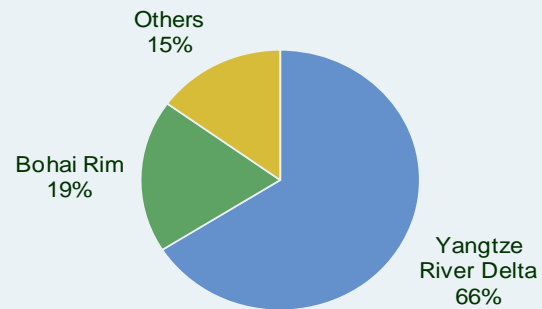
- ✓ **Balancing turnover and profitability**
- ✓ **Maintain an ASP of approximately RMB10,000/sqm for contracted sales despite austerity measures and sluggish property sector**
- ✓ **Yangtze River Delta contributed more than half of the contracted sales**



Land reserve in focus area

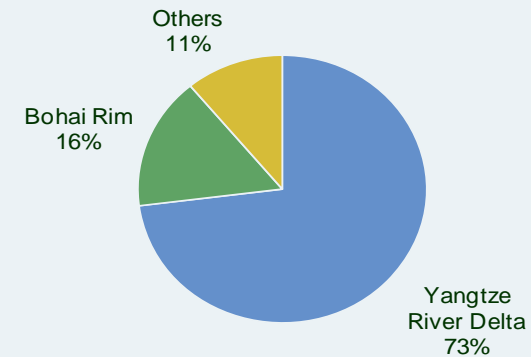
Land reserve

2013



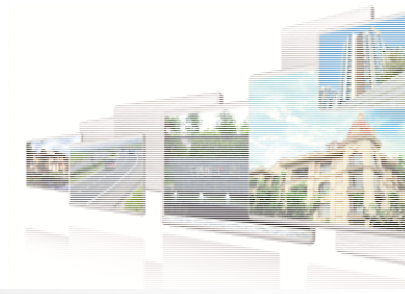
Total land reserve: 5.6 million sqm

2014



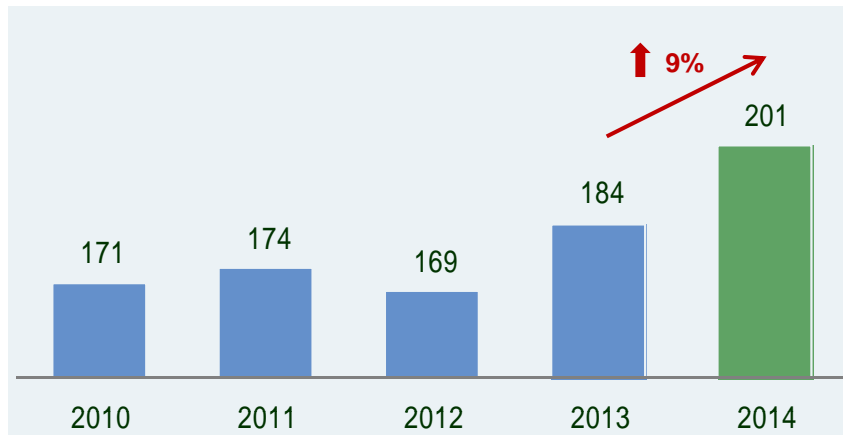
Total land reserve: 5.3 million sqm

- ✓ Cautious approach in land acquisition
- ✓ In 2014, five pieces of land (mostly located in Jiangsu Province) with an aggregate saleable area of about 753,000 sqm were acquired
- ✓ Land reserve of over 5.3 mm sqm for 3 – 4 years development
- ✓ No major outstanding land premium

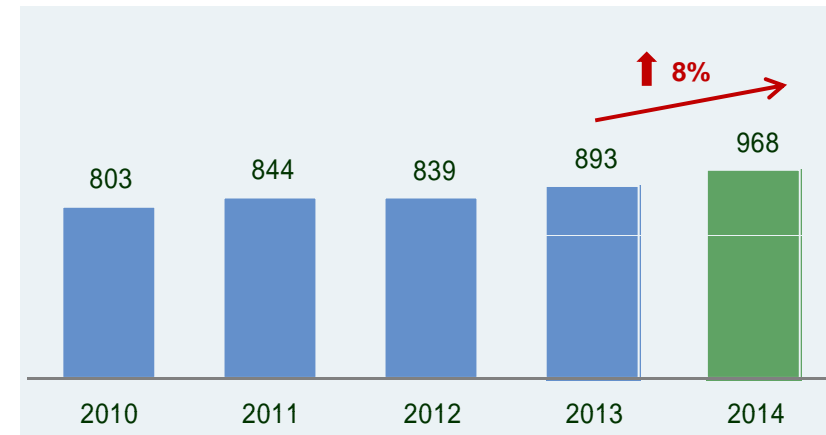


Enhanced toll road portfolio

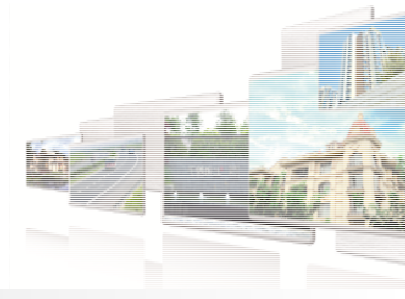
Average daily traffic volume of existing toll roads ('000 vehicles)



Share of toll road revenue (HK\$ mm)



- ✓ **Stable cash flow stream – cash received from JV was HK\$518 mm in 2014**
- ✓ **The average daily traffic volume and toll revenue of the Group's existing toll road portfolio reached 201,000 vehicles and HK\$968 million respectively in 2014**
- ✓ **Expressway projects contributed over 95% of the total toll revenue in 2014**
- ✓ **The Group's profit sharing ratio in Baojin Expressway has increased to 40% and coupled with the inclusion of Longcheng and Machao Expressway, the distributions from expressways are expected to see continuous y-o-y growth in the future**









Financial profile

Financial snapshot (HK\$ mm)

	2013	2014
Contracted sales (RMB mm)	12,210	9,404
Contracted sales (GSA '000 sqm)	1,104	946
Property revenue	11,456	12,730
Gross profit	2,933	3,334
Gross margin (%)	26%	26%
Cash flow from toll road joint ventures	512	515
EBITDA ¹	3,889	4,013
Profit attributable to owners of the Company	1,002	1,005
Basic earnings per share (HK\$)	1.36	1.37
Dividend per share (HK\$)	0.58	0.58
Total cash ²	6,828	4,047
Total short-term debt ³	5,897	4,788
Total debt ³	13,414	14,389
Total equity	13,363	14,053
Equity attributable to owners of the Company	12,672	13,208
Net asset per share attributable to owners of the Company(HK\$)	17.2	18.1
Key ratios		
EBITDA / interest expense	3.6x	3.4x
Total debt / EBITDA	3.4x	3.6x
Total debt / capitalization ⁴	50%	51%
Net debt ⁵ / capitalization ⁴	33%	42%
Dividend payout ratio ⁶	43%	42%

Key observations

-  Maintain ASP for contracted sales approx. RMB10,000
-  Gross profit margin maintained at above 25%
-  Predictable cash flow stream from toll roads
-  Stable operating cash flow
-  Adequate liquidity
-  Closely monitored leverage position

Note: ¹ EBITDA is calculated based on the profit for the year but does not account for taxes, interest expenses, depreciation and amortization charges; interest expense is the finance costs before capitalized

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

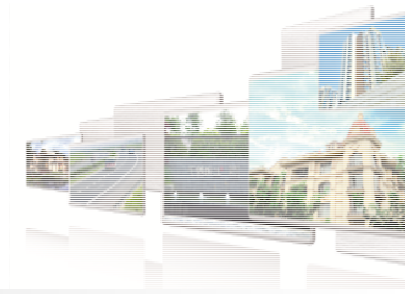
³ Total short-term debt includes current bank and notes borrowings; Total debt includes current and non-current bank and notes borrowings

⁴ Capitalization = total debt + total equity

⁵ Net debt = total debt – total cash

⁶ Dividend payout ratio = dividend per share/ earnings per share



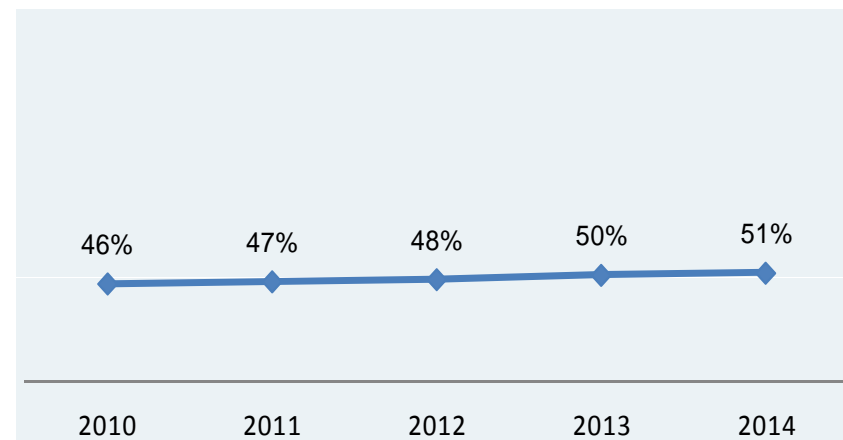


Healthy liquidity level

Termed out debt maturity profile (HK\$ mm)



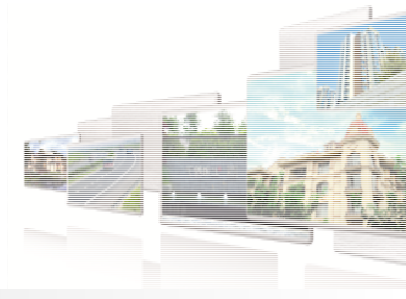
Total debt ¹/ capitalization²



Note: ¹ Total debt includes current and non-current bank and other borrowings
² Capitalization = total debt + total equity

- ✓ **Diversified debt maturity profile**
- ✓ **Demonstrate ability to access offshore bank markets by arranging a syndicated loan to early redeem the 9.5% USD bond**
- ✓ **Closely monitored leverage position and debt growth**
- ✓ **Increased the proportion of onshore borrowing to balance relevant financial markets and exchange rate risks**

Summary



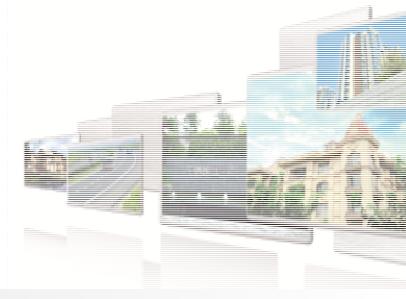
Developing track record in property development business

- ✓ Progressive growth in revenue with 11% increase over 2013 and 24% growth in core operating profit
- ✓ Maintain ASP and gross profit margin despite sluggish market

Stable cash flows from toll road business

- ✓ Steady increase in traffic volume and share of revenue
- ✓ Expected to see a continuous y-o-y growth with enhanced portfolio of expressways and increase profit sharing ratios of Baojin Expressway





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Questions & Answers