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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or other registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Road King Infrastructure Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank manager, the licensed securities dealer or registered institution in securities or other agent through whom the sale or the transfer was effected, for transmission to the purchaser or transferee.

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ROAD KING INFRASTRUCTURE LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 1098)

CONNECTED TRANSACTION AND NOTICE OF SPECIAL GENERAL MEETING

**Independent Financial Adviser
to the Independent Board Committee and the Independent Shareholders
ALTUS CAPITAL LIMITED**

A letter from the Board is set out on pages 4 to 12 of this circular. A letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders is set out on pages 15 to 28 of this circular. A letter from the Independent Board Committee is set out on pages 13 to 14 of this circular.

A notice convening the special general meeting of Road King Infrastructure Limited to be held at Suite 501, 5th Floor, Tower 6, The Gateway, 9 Canton Road, Tsimshatsui, Kowloon, Hong Kong at 9:30 a.m., on Monday, 22 March 2021 is set out on pages 35 and 36 of this circular. A form of proxy for use at the general meeting is also enclosed with this circular. Whether or not you intend to attend such meeting, please complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar of the Company in Hong Kong, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding such meeting or adjourned meeting. Completion and return of the form of proxy will not preclude you from attending and voting at the meeting or any adjourned meeting if you so wish.

PRECAUTIONARY MEASURES AT THE SPECIAL GENERAL MEETING

Due to the on-going outbreak of COVID-19, the following measures will be taken to safeguard the health and well-being of the Shareholders who are attending the SGM in person:

- body temperature check
- health declaration
- wearing of surgical face masks
- social distancing
- access restriction for quarantine participants according to the Department of Health of Hong Kong
- **no refreshment**

Any Shareholders who (i) refuses to co-operate with the precautionary measures; (ii) has a body temperature of over 37.0 degree Celsius; and/or (iii) has any flu-like symptoms will not be admitted to the venue. **The Company reminds the Shareholders that physical attendance is not necessary for the purpose of exercising their rights and encourages the Shareholders to exercise their right to vote by appointing the Chairman of the SGM as their proxy instead of attending the SGM in person.**

3 March 2021

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DEFINITIONS

In this circular, the following expressions shall have the following meanings unless the context otherwise requires:

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Company”	Road King Infrastructure Limited, a company incorporated in Bermuda with limited liability whose Shares are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“controlling shareholder”	has the meaning ascribed thereto under the Listing Rules
“Development JV(s)”	joint venture(s) which may from time to time be formed between the Group and Wai Kee Group for the purpose of tendering for specific property development projects in the Specified Territories put up for tender or auction by the government or government controlled entities in Hong Kong and the PRC
“Directors”	the director(s) of the Company
“Framework Agreement”	Framework Agreement dated 23 February 2021 entered into between the Company and Wai Kee pursuant to which one or more Development JVs may from time to time be formed during the term of the Framework Agreement and subject to compliance with the terms therein
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Company comprising Independent Non-executive Directors, namely Messrs. Lau Sai Yung, Tse Chee On, Raymond and Wong Wai Ho, established to make recommendation to the Independent Shareholders in respect of the terms of the Framework Agreement

DEFINITIONS

“Independent Financial Adviser”	Altus Capital Limited, a licensed corporation which is licensed to carry out type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Framework Agreement
“Independent Shareholders”	the Shareholders other than Wai Kee and its associates
“Joint Venture Agreement”	the agreement which may be entered into between member(s) of the Group and member(s) of Wai Kee Group from time to time in relation to the formation of a Development JV in accordance with the terms of the Framework Agreement
“Latest Practicable Date”	26 February 2021, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which for the purpose of this circular does not include Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“SGM”	a special general meeting of the Company to be convened on Monday, 22 March 2021 at 9:30 a.m. for the purpose of considering, and if thought fit, approving the terms of the Framework Agreement and the transactions contemplated thereunder
“Shareholders”	the shareholders of the Company
“Shares”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Specified Territories”	means Beijing, Shanghai and Tianjin municipalities of the PRC, Jiangsu, Zhejiang, Hebei, Shandong, Guangdong and Henan provinces of the PRC and Hong Kong

DEFINITIONS

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“US\$”	United States dollar(s), the lawful currency of the United States of America
“Wai Kee”	Wai Kee Holdings Limited, a controlling shareholder of the Company incorporated in Bermuda with limited liability whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 610)
“Wai Kee Group”	Wai Kee and its subsidiaries
“%”	per cent

LETTER FROM THE BOARD



ROAD KING INFRASTRUCTURE LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 1098)

Executive Directors:

Zen Wei Peu, Derek (*Chairman*)

Ko Yuk Bing (*Deputy Chairman, Managing Director
and Chief Executive Officer*)

Fong Shiu Leung, Keter (*Deputy Chief Executive Officer
and Finance Director*)

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Non-executive Directors:

Mou Yong

Dong Fang

Principal place of business:

Suite 501, 5th Floor
Tower 6, The Gateway
9 Canton Road
Tsimshatsui
Kowloon
Hong Kong

Independent Non-executive Directors:

Lau Sai Yung

Tse Chee On, Raymond

Wong Wai Ho

3 March 2021

To the Shareholders

Dear Sir or Madam,

CONNECTED TRANSACTION

INTRODUCTION

We refer to the announcement of the Company dated 23 February 2021 in respect of the Company's proposal to seek an advance mandate from the Independent Shareholders, which will be valid for a period of 12 months from the date of grant, for the formation of one or more Development JVs, subject to compliance with the terms of the Framework Agreement.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among other things, (i) further details of the Framework Agreement and the related advance mandate; (ii) a letter from the Independent Board Committee to the Independent Shareholders setting out its recommendations in connection with the terms of the Framework Agreement; (iii) a letter from the Independent Financial Adviser setting out its recommendations to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Framework Agreement; and (iv) the notice of the SGM.

BACKGROUND AND REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE FRAMEWORK AGREEMENT

The Company is an investment holding company and the Group is principally engaged in property development and investment in the PRC and Hong Kong with a focus on residential developments, investment and asset management businesses in Hong Kong, and development, operation and management of toll roads through the infrastructure joint ventures in the PRC and Indonesia.

The Group entered the property development business in the PRC in 2004. In 2020, the Group has been ranked for the eighth consecutive year “Best 10 of China Foreign Real Estate Developers” and “Best 35 of China Real Estate Developers” and for the sixth consecutive year “Best 10 of Performance of China Real Estate Developers” by China Real Estate Association, China Real Estate Appraisal Center and Shanghai E-House Real Estate Research Association. As at 30 June 2020, within the Specified Territories, the Group had 3 projects in Beijing municipality, 3 projects in Shanghai municipality, 4 projects in Tianjin municipality, 23 projects in Jiangsu province, 4 projects in Zhejiang province, 2 projects in Hebei province, 4 projects in Shandong province, 4 projects in Guangdong province, 7 projects in Henan province and 3 projects in Hong Kong. The Group develops primarily residential developments for sale.

The Group is frequently using joint ventures for property development projects that would involve estimated total development costs in excess of HK\$1 billion.

The formation of joint venture for purposes of tendering or bidding for a specific property development project is common in the property development industry as it allows pooling of resources and sharing of development risks as well as rewards for the project by property developers. However, when the Group determines to bring in joint ventures partners for tender or auction for development property projects, it will only contact a limited number of joint venture partners to ensure those approached by the Group are not potential competitors of the Group in the tender or auction as it would not be in the interests of the Group to inform its potential competitors of the price that the Group may be willing to pay on tender or at the auction.

Given the relatively short period of time between the date of issue of an invitation or advertisement to a development property tender or auction and the deadline for tender submission and payment of security deposits or auction date (“**Pre-Bid Period**”) that typically ranges from 13 to 26 clear working days, it is in the interests of the Company to maximize opportunities for funding projects in which the Group is interested, including identifying suitable potential joint venture partners who may be able to work collaboratively with the Group and make swift decisions.

LETTER FROM THE BOARD

The Group considers Wai Kee Group as an attractive potential joint venture partner for the reasons set out below:

- (a) Wai Kee is not a competitor of the Group for development properties in Hong Kong or the PRC, so there is no risk of leaking information to a potential competitor of the Group's intention prior to a tender/an auction in the course of discussing a possible joint venture;
- (b) although Wai Kee is not a property developer, its board of directors has deep and extensive understanding and experience in the construction sector which works closely with the property development sector since the founding of Wai Kee, in addition to knowledge of property development business gained by the directors of Wai Kee as executive directors of the Company and through Wai Kee Group's investment in funds that directly or indirectly hold property development projects in the United States of America; and
- (c) Wai Kee is the controlling shareholder of the Company holding (through its subsidiaries) as at the date of the Framework Agreement and the Latest Practicable Date approximately 44.16% of the Company's issued share capital and accordingly, as a joint venture partner, it may be more aligned with the Company's interest with respect to the Development JVs than other third party joint venture partners as it stands to benefit from the performance of the Development JVs not only as a joint venture partner but also indirectly through its substantial shareholding in the Company.

However, as the controlling shareholder of the Company, Wai Kee and its associates are connected persons of the Company and given the size of development projects for which the Group will seek joint venture partners, any Development JV would normally attract both announcement and Independent Shareholders approval requirements under Chapter 14A of the Listing Rules which process would take (on an aggressive execution timetable) approximately 35 working days after the total development costs of the property development project could be estimated. Accordingly, it would be impossible for the Group to secure the requisite Independent Shareholders' approval for any Development JV with Wai Kee Group within the typical Pre-Bid Period in time for it to participate in any government tender or auction for development property projects.

The Company has also considered the viability of alternative structures such as tendering/bidding first and selling an interest to Wai Kee Group later, or having Wai Kee to finance by loan first and subsequently converting the loan into equity. The Group considers that such alternatives are not viable considering that (i) the difficulties in financial management and compliance with financial covenants (including those under the Group's listed bonds and perpetual capital securities aggregating approximately US\$3,496 million in principal amount as at the Latest Practicable Date) if there is no certainty that Wai Kee can commit to the joint venture at the outset; and (ii) there may be change of ownership restrictions under the terms of tender/auction and/or being implemented by local governments in the PRC.

In view of the above, the Company proposes to seek the approval of the Independent Shareholders for an advance mandate for the formation of one or more Development JVs, subject to compliance with the terms of the Framework Agreement so as not to deprive the Company of an easy source of equity financing for its property development projects.

LETTER FROM THE BOARD

The terms of the Framework Agreement were arrived at after arm's length negotiations between the parties. The Directors (including the Independent Non-executive Directors) are of the view that the terms of the Framework Agreement and the formation of Development JV(s) subject to compliance with the terms thereunder are on normal commercial terms and consistent with (or more favourable to the Group than) joint venture terms of the Group with third party joint venture partners in the ordinary and usual course of business of the Group, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

THE FRAMEWORK AGREEMENT

The principal terms of the Framework Agreement are set out below:

Date : 23 February 2021

Parties : (1) the Company
(2) Wai Kee

Wai Kee is an investment holding company and the principal activities of Wai Kee Group include property development and investment, toll road, investment and asset management, construction, sewage treatment and steam fuel, construction materials and quarrying and it has been investing in property funds which in turn indirectly invest in property developments in the United States of America.

As at the Latest Practicable Date, Wai Kee (through its subsidiaries) was interested in 330,915,428 Shares, representing approximately 44.16% of the Company's issued share capital. Accordingly, Wai Kee is a controlling shareholder of the Company and therefore a substantial shareholder and a connected person of the Company under the Listing Rules.

Term : 12 months commencing from the date on which the formation of one or more Development JV(s) between members of the Group and Wai Kee Group subject to compliance with the terms of the Framework Agreement is approved by the Independent Shareholders at the SGM, unless terminated earlier in accordance with the provisions of the Framework Agreement.

Subject matter : The formation of Development JV(s) between members of the Group and Wai Kee Group.

LETTER FROM THE BOARD

Formation of Development JV(s) : The process for the formation of any Development JV with Wai Kee Group can only be initiated by the Company only if:

- the property development project is located in a Specified Territory (all of which are locations in which the Group currently has property development projects);
- after the Company has estimated the total financial commitment of a property development project (being the aggregate of the estimated value of the land available for tender or auction, and estimated design, construction and building and marketing costs) exceeds HK\$1 billion; and
- Wai Kee Group's participation/equity interest in the Development JV does not exceed 45%.

The terms of the Joint Venture Agreement must be consistent with the mandatory principles described below.

Mandatory principles : The terms of each Joint Venture Agreement must comply with the following principles:

- (1) risks, entitlement to profit sharing and board representation for the Development JV should be allocated to the Group and Wai Kee Group pro rata to their respective capital commitment, taking into account both the equity injection and financial assistance provided;
- (2) the Group should have responsibility and full control over the design, construction and marketing and sales of the relevant property development project; and
- (3) Wai Kee Group as minority joint venture partner will have veto rights over the change of the scope of business of the Development JV and in respect of any non-arms' length transaction, Wai Kee Group may be given other veto rights over matters that the Group offers to other independent third party joint venture partners, such as dividend distribution, increase or reduction of share/register capital, issuance of bonds, winding up, merger or demerger, change of form of the joint venture company, and alteration of the articles of association with respect to the above.

LETTER FROM THE BOARD

- Cap on the Group's total commitment** : The Group's total commitment on all Development JVs formed under and during the term of the Framework Agreement is capped at RMB6,000 million.
- Post-award announcement** : To ensure that the Shareholders will have the details of each Development JV which may be formed during the term of the Framework Agreement, the Company will publish an announcement containing information required under Rule 14A.68 of the Listing Rules in relation to that Development JV as soon as practicable after the award of the relevant development project that Development JV will engage in.

BASIS FOR THE CAP ON THE GROUP'S TOTAL COMMITMENT

The cap on the Group's total commitment on all Development JVs formed pursuant to the Framework Agreement at RMB6,000 million has been determined by the Company having taken the followings into account:

- (a) the average estimated total commitment per project in any year of approximately RMB2,758 million ("**Average Project Size**") in respect of new projects acquired from 2017 to 2019 involving estimated total commitment exceeding HK\$1 billion (after excluding an exceptionally large project during that period) with individual project sizes ranging from approximately RMB1,082 million to RMB6,540 million and where the Group has not had more than 5 joint ventures with the same joint venture partner;
- (b) the Group's aggregate share of estimated total commitment on the Development JVs calculated on the assumption that (i) the Group will be the majority shareholder holding between 55% to 70% equity interest in each Development JV; (ii) the Group will have around 2 to 5 Development JVs (being the number of repeated joint ventures that the Group has had with the same third party joint venture partner from 2017 to 2019) over the term of the Framework Agreement; and (iii) the individual project size of each Development JV equals to the Average Project Size; and
- (c) as the price of residential development properties is dependent on a number of factors, including location, plot ratio of the site, competition from other developers and performance of real estate market, and development costs are dependent on various factors, including condition of the site, inflation and availability of third party consultants and contractors, the Group provides a 3% buffer to the scenario where the Group has 70% equity interest in 3 Development JVs (using 3 joint ventures as the median) when determining the cap on the Group's total commitment on the Development JVs.

LETTER FROM THE BOARD

ACQUISITION OF DEVELOPMENT LAND BY TENDER/AUCTION BY THE GROUP

Development projects in Hong Kong open for public tender are typically from the Hong Kong Government or their controlled entities while land grants or sale of land owned by the PRC Government or government controlled entities are offered through a public auction process.

During the Pre-Bid Period, the Group will estimate the project costs in order to determine whether or not to proceed with the tender or auction and the price or (in the case of public auctions in the PRC) the indicative price range at which the Group is prepared to pay. In general, the project costs estimation process will involve the Group's (i) internal assessment of indicative valuation of the land; and (ii) estimation of the design, construction and marketing costs.

After estimating the project costs, the Group will then identify the available funding or determine whether or not to seek joint venture partners for the relevant property development projects. In general, the Group will consider bringing in a joint venture partner for tender/auction only when the total development costs of a development project (inclusive of land price and design, construction and marketing costs) may exceed HK\$1 billion. When the Group determines whether to seek a joint venture partner for a development project, it will also consider (i) the potential size of the property being offered for tender/auction and the related financial commitment; (ii) the development and sale cycles of the Group's projects on hand and the new project; (iii) the financial resources then available to the Group; and (iv) the Group's financial covenant compliance.

The considerations that would drive the Group in deciding to form a joint venture for such a development project with Wai Kee are those described in "Background and reasons for and benefits of the entering into of the Framework Agreement", subject to Wai Kee also being interested in making such an investment on the terms set out in the Framework Agreement. However, it can be more beneficial to form a joint venture with another property developer that is also interested in the project, which can contribute to lower land acquisition costs since at least between those two parties, they need not outbid each other and they may also choose to pool their experiences, insights and/or resources towards that joint venture. A decision can only be made at the time with reference to the specific project once identified.

In any event, Development JVs formed with Wai Kee Group under the Framework Agreement will be on normal commercial terms or better to the Group.

LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, Wai Kee (through its subsidiaries) was interested in 330,915,428 Shares, representing approximately 44.16% of the Company's issued share capital. Accordingly, Wai Kee is a controlling shareholder of the Company and is therefore a substantial shareholder and a connected person of the Company under the Listing Rules. The Framework Agreement and the formation of any Development JV in compliance with the requirements of the Framework Agreement constitute connected transactions of the Company under the Listing Rules.

LETTER FROM THE BOARD

As the applicable percentage ratios (as defined in the Listing Rules) in respect of the cap on total commitment on the Development JV(s) exceed 5%, the Framework Agreement is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Mr. Zen Wei Peu, Derek ("Mr. Derek Zen"), the Chairman of the Board and an Executive Director, is also the vice chairman of the board of directors, chief executive officer and an executive director of Wai Kee. Mr. Derek Zen held (i) 24,649,000 Shares, representing 3.29% of the Company's issued share capital; and (ii) 203,857,078 shares in Wai Kee, representing 25.70% of Wai Kee's issued share capital as at the date of the Framework Agreement and as at the Latest Practicable Date.

Accordingly, Mr. Derek Zen has abstained from voting on the Board resolutions approving the terms of the Framework Agreement, as required by the Bye-laws of the Company, on the basis that Mr. Derek Zen, as a Director, is deemed to have a material interest in the transactions thereunder under the Bye-laws of the Company.

SGM

It is proposed that the SGM be convened and held at Suite 501, 5/F., Tower 6, The Gateway, 9 Canton Road, Tsimshatsui, Kowloon, Hong Kong on Monday, 22 March 2021 at 9:30 a.m. for the purpose of considering, and if thought fit, approving the formation of one or more Development JVs, subject to compliance with the terms of the Framework Agreement. A notice of the SGM is set out on pages 35 to 36 of this circular. As Wai Kee is a party to the Framework Agreement, Wai Kee and its associates will abstain from voting on the resolution to be proposed at the SGM. In addition, Mr. Derek Zen has confirmed to the Company that he and his associates will also voluntarily abstain from voting at the SGM.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

An Independent Board Committee comprising the Independent Non-executive Directors, namely Messrs. Lau Sai Yung, Tse Chee On, Raymond and Wong Wai Ho has been established to advise the Independent Shareholders in relation to the terms of the Framework Agreement. The recommendations of the Independent Board Committee, based on the advice of the Independent Financial Adviser, is set out in its letter on pages 13 to 14 of this circular.

Altus Capital Limited has also been appointed as the Independent Financial Adviser for the purpose of advising the Independent Board Committee and the Independent Shareholders in respect of the terms of the Framework Agreement. The advice of the Independent Financial Adviser is set out in its letter on pages 15 to 28 of this circular.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the letter from the Independent Board Committee, the letter from the Independent Financial Adviser and the appendices to this circular.

RECOMMENDATION

Taking into account the letters from the Independent Board Committee and the Independent Financial Advisor and all other factors stated above as a whole, the Directors (including the Independent Non-executive Directors) are of the opinion that the terms of the Framework Agreement and the formation of Development JV(s) subject to compliance with the terms thereunder are on normal commercial terms and consistent with (or more favourable to the Group than) joint venture terms of the Group with third party joint venture partners in the ordinary and usual course of business of the Group, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole. As such, the Directors recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the SGM.

Yours faithfully
For and on behalf of
Road King Infrastructure Limited
Zen Wei Peu, Derek
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of the letter of recommendations, prepared for the purpose of incorporation in the circular, from the Independent Board Committee to the Shareholders regarding the Framework Agreement.



ROAD KING INFRASTRUCTURE LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 1098)

3 March 2021

To the Independent Shareholders

Dear Sir or Madam,

CONNECTED TRANSACTION

We refer to the circular issued by Company to the Shareholders dated 3 March 2021 (the “**Circular**”) of which this letter forms part. Terms defined in the Circular shall have the same meanings in this letter unless the context otherwise requires.

We have been appointed as the Independent Board Committee to consider the terms of the Framework Agreement and to advise you as to whether the terms of the Framework Agreement and the formation of Development JV(s) subject to compliance with the terms thereunder are on normal commercial terms and consistent with (or more favourable to the Group than) joint venture terms of the Group with third party joint venture partners in the ordinary and usual course of business, and are fair and reasonable so far as the Independent Shareholders are concerned and whether it is in the interests of the Company and the Shareholders as a whole.

Altus Capital Limited has been appointed as the Independent Financial Adviser to advise us and the Independent Shareholders in this regard. Details of the independent advice of the Independent Financial Adviser, together with the principal factors and reasons the Independent Financial Adviser has taken into consideration, are set out on pages 15 to 28 of the Circular.

We wish to draw your attention to the letter from the Board set out on pages 4 to 12 of the Circular and the letter of advice from the Independent Financial Adviser set out on pages 15 to 28 of the Circular and to the appendices of the Circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered, among other things, the terms of the Framework Agreement and the transactions thereunder, and having taken into account the principal factors and reasons considered by and the opinion of the Independent Financial Adviser as stated in its letter of advice dated 3 March 2021, the text of which is set out on pages 15 to 28 of the Circular, we consider that the terms of the Framework Agreement and the formation of Development JV(s) subject to compliance with the terms thereunder are fair and reasonable so far as the Independent Shareholders are concerned, on normal commercial terms and consistent with (or more favourable to the Group than) joint venture terms of the Group with third party joint venture partners in the ordinary and usual course of business of the Company and are in the interests of the Company and the Shareholders as a whole.

We therefore recommend the Independent Shareholders to vote in favour of the resolution set out in the Notice of the SGM.

Yours faithfully,
Independent Board Committee

Lau Sai Yung
Independent
Non-executive Director

Tse Chee On, Raymond
Independent
Non-executive Director

Wong Wai Ho
Independent
Non-executive Director

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the text of a letter of advice from Altus Capital Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the proposed connected transaction regarding the entering into of the Framework Agreement and the transactions contemplated thereunder, which have been prepared for the purpose of incorporation in this circular.

ALTUS.

Altus Capital Limited

21 Wing Wo Street
Central, Hong Kong

3 March 2021

To the Independent Board Committee and the Independent Shareholders

Road King Infrastructure Limited

Suite 501, 5th Floor
Tower 6, The Gateway
9 Canton Road
Tsimshatsui
Kowloon
Hong Kong

Dear Sir and Madam,

CONNECTED TRANSACTION

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the proposed connected transaction regarding the entering into of the Framework Agreement and the transactions contemplated thereunder (the “**Transactions**”), details of which are set out in the “Letter from the Board” contained in the circular of the Company dated 3 March 2021 (the “**Circular**”). Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Reference is made to the Company's announcement (the "**Announcement**") dated 23 February 2021 in respect of the Company's proposal to seek an advance mandate from the Independent Shareholders for the formation of one or more Development JVs, subject to compliance with the terms of the Framework Agreement. On 23 February 2021, the Company and Wai Kee entered into the Framework Agreement pursuant to which one or more Development JVs may be formed from time to time during the term of the Framework Agreement and subject to compliance with the terms therein, which has a term of 12 months commencing from the date on which the formation of Development JV(s) subject to the compliance of the Framework Agreement is approved by the Independent Shareholders at the SGM.

LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, Wai Kee (through its subsidiaries) was interested in 330,915,428 Shares, representing approximately 44.16% of the Company's issued share capital. Accordingly, Wai Kee is a controlling shareholder of the Company and is therefore a substantial shareholder and a connected person of the Company under the Listing Rules. The Framework Agreement and the formation of any Development JV in compliance with the requirements of the Framework Agreement constitute connected transactions of the Company under the Listing Rules.

As the applicable percentage ratios (as defined in the Listing Rules) in respect of the cap on total commitment on the Development JV(s) (the "**Cap**") exceed 5%, the Framework Agreement is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Due to the executive roles of Mr. Derek Zen in the Company and Wai Kee, he is deemed to have a material interest in the Transactions and has abstained from voting on the Board resolutions approving the terms of the Framework Agreement.

As Wai Kee is a party to the Framework Agreement, Wai Kee and its associates will abstain from voting on the resolution to be proposed at the SGM. In addition, Mr. Derek Zen has confirmed to the Company that he and his associates will also voluntarily abstain from voting at the SGM. Save as disclosed above, none of the Directors has a material interest in respect of the Transactions and none of them has abstained from voting on the relevant Board resolutions.

THE INDEPENDENT BOARD COMMITTEE

An Independent Board Committee comprising the Independent Non-executive Directors, namely Messrs. Lau Sai Yung, Tse Chee On, Raymond and Wong Wai Ho has been established to advise the Independent Shareholders as to (i) whether the terms of the Framework Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole; (ii) whether the Transactions are on normal commercial terms and in the ordinary and usual course of business of the Group; and (iii) how to vote in respect of the ordinary resolution to be proposed at the SGM (the "**Resolution**"), taking into account the recommendations of the Independent Financial Adviser.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

THE INDEPENDENT FINANCIAL ADVISER

As the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders as to (i) whether the terms of the Framework Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole; (ii) whether the Transactions are on normal commercial terms and in the ordinary and usual course of business of the Group; and (iii) how to vote in respect of the Resolution.

We have not acted as independent financial adviser in relation to any transactions of the Company in the last two years prior to the date of the Circular. Pursuant to Rule 13.84 of the Listing Rules, and given that remuneration for our engagement to opine on the Transactions is at market level and not conditional upon successful passing of the Resolution, and that our engagement is on normal commercial terms, we are independent of and not associated with the Company, its controlling shareholder(s) or connected person(s).

BASIS OF OUR ADVICE

In formulating our opinion, we have reviewed, amongst others (i) the Framework Agreement; (ii) the annual report of the Company for the year ended 31 December 2019 (“**2019 Annual Report**”); (iii) the interim report of the Company for the six months ended 30 June 2020 (“**2020 Interim Report**”); (iv) summary of the past property development projects undertaken by the Group between 2017 and 2019; (v) sample joint venture agreements between the Company and third party joint venture partners; and (vi) other information set out in the Circular.

We have relied on the statements, information, opinions and representations contained or referred to in the Circular and/or provided to us by the Company, the Directors and the management of the Group (the “**Management**”). We have assumed that all the statements, information, opinions and representations for matters relating to the Group contained or referred to in the Circular and/or provided to us by the Company, the Directors and the Management were reasonably made after due and careful enquiry and were true, accurate and complete at the time they were made and continued to be so as at the date of the Circular. The Directors collectively and individually accept full responsibility, including particulars given in compliance with the Listing Rules for the purpose of giving information with regards to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other facts the omission of which would make any statement in the Circular misleading.

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We have no reason to believe that any such statements, information, opinions or representations we relied on in forming our opinion are untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render them untrue, inaccurate or misleading. We have assumed that all the statements, information, opinions and representations for matters relating to the Group contained or referred to in the Circular and/or provided to us by the Company and the Management have been reasonably made after due and careful enquiry. We have relied on such statements, information, opinions and representations. We consider that we have been provided with and have reviewed sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent investigation into the business, financial conditions and affairs or the future prospects of the Group.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation, we have taken into account the following principal factors and reasons:

1. Background information of the Group and Wai Kee

1.1 Background information of the Group

The Company is an investment holding company and the Group is principally engaged in property development and investment in the PRC and Hong Kong with a focus on residential developments, investment and asset management businesses in Hong Kong, and development, operation and management of toll roads through the infrastructure joint ventures in the PRC and Indonesia.

Set out below is a table summarising key financial information extracted from the 2019 Annual Report and 2020 Interim Report:

Extract of the Consolidated Statement of Profit or Loss

	For the six months ended 30 June 2020 (Unaudited) HK\$'000	For the year ended 31 December 2019 (Audited) HK\$'000	2018 (Audited) HK\$'000
Revenue	8,116,249	21,178,057	22,062,449
– Property development and investment	8,020,373	20,842,134	22,026,985
– the Group's share of revenue of property joint ventures and associates	2,710,513	8,116,672	3,048,339
– Investment and asset management	95,876	335,923	35,464
Profit for the period/year	791,640	3,676,626	3,698,603

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Extract of Consolidated Statement of Financial Position

	As at 30 June 2020 (Unaudited) HK\$'000	As at 31 December 2019 (Audited) HK\$'000	2018 (Audited) HK\$'000
Non-current assets	26,328,559	25,758,960	24,584,852
– Interests in joint ventures	12,282,222	11,898,547	9,962,924
Current assets	68,476,363	64,923,667	54,366,851
– Inventory of properties	43,416,301	39,320,944	31,614,778
– Bank balances and cash	14,982,863	14,450,838	11,793,235
Total assets	94,804,922	90,682,627	78,951,703
Total liabilities	65,618,962	62,118,610	54,184,261
Net assets value	29,185,960	28,564,017	24,767,442

We noted that there had been interests in joint ventures accounted for a stable portion of the Company's financial position, as the Company from time to time entered into joint ventures with its business partners in property development projects. The Group's share of revenue of property joint ventures and associates contributed approximately 33.8% and 38.9% of the segment revenue or property development and investment for the six months ended 30 June 2020 and the year ended 31 December 2019 respectively.

We also noted that the Company's bank balances and cash amount had been stable, which amounted to an average of approximately 16% of its total assets as at the end of the above periods. However, not all of the Group's bank balances and cash is available for investment into new property development projects as 6.6% of them were restricted to be used in the development of certain property projects as at 30 June 2020. The Group may also need to preserve its cash to repay its loans. As certain outstanding loans are repayable within one year, in the event of any mismatch on the timing of refinancing, the Group may have to use 84.9% of its bank balances and cash as at 30 June 2020 to settle such loans. The Management does not expect the Group will encounter any issues on refinancing its loans. But for prudent management and risk control, the Group decided to maintain certain level of cash for its operation from time to time.

1.2 Background information of Wai Kee

Wai Kee is the controlling shareholder of the Company and Wai Kee Group, through its subsidiaries other than the Company, is engaged in, among others, construction, provision of construction materials and quarrying businesses in the PRC and Hong Kong. According to the Management, although Wai Kee Group is not a competitor of the Company for development properties in the PRC and Hong Kong, its board of directors has deep and extensive understanding and experience in the construction and has been involved in the property development and investment sector in the PRC and Hong Kong indirectly through the Group.

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Set out below is a table summarising key financial information extracted from the annual report for the year ended 31 December 2019 and the interim results announcement for the six months ended 30 June 2020 of Wai Kee:

Extract of the Consolidated Statement of Profit or Loss

	For the six months ended 30 June 2020 (Unaudited) HK\$'000	For the year ended 31 December 2019 (Audited) HK\$'000	2018 (Audited) HK\$'000
Revenue	3,892,407	7,904,105	6,735,845
Profit for the period/year	492,553	1,387,622	1,383,531

Extract of Consolidated Statement of Financial Position

	As at 30 June 2020 (Unaudited) HK\$'000	31 December 2019 (Audited) HK\$'000	31 December 2018 (Audited) HK\$'000
Non-current assets	9,042,205	9,069,311	8,370,071
– Interests in joint ventures	275,257	276,681	268,124
Current assets	4,723,193	5,283,504	4,497,634
– Bank balances and cash	2,038,497	2,061,360	1,526,070
Net assets value	9,142,726	9,007,371	8,193,134

We noted that Wai Kee had a stable carrying amount of interests in joint ventures in various business sectors including property investment as at the end of the above periods, which reflected its shareholding interest in the Company. We noted that the bank balances and cash were generally freely usable as at 30 June 2020.

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2. Reasons for and benefits of entering into the Framework Agreement

2.1 Formation of joint ventures

As advised by the Management, the formation of joint venture for purposes of tendering or bidding for a specific property development project is common in the property development industry as it allows pooling of resources and sharing of development risks as well as rewards for the project by property developers. We noted that there were at least 23 joint ventures formed by listed companies on the Stock Exchange (“**Comparable JVs**”) for the purposes of property development which were discloseable during the past 12 months prior to the date of this letter. Of the 23 joint ventures, 14 of them have a total capital commitment of over HK\$1 billion. As advised by the Management, the Group is frequently using joint ventures for property development projects that would involve estimated total development costs in excess of HK\$1 billion. We have reviewed the list of 39 new property development projects that the Group has been involved between 2017 and 2019 and noted that for the projects with estimated total development costs over HK\$1 billion, over 85% of the projects are developed by joint ventures formed by the Group and third party joint venture partners.

In view of the above, we are of the view that the formation of joint ventures for the purposes of tendering or bidding for a specific property development project is in the ordinary and usual course of business of the Company.

2.2 Wai Kee Group as a potential joint venture partner

As advised by the Management, the Group considers Wai Kee Group as an attractive potential joint venture partner for the reasons set out below:

- (i) Wai Kee is not a competitor of the Group for development properties in Hong Kong or the PRC, so there is no risk of leaking information to a potential competitor of the Group’s intention prior to a tender/an auction in the course of discussing a possible joint venture.

We noted that Wai Kee Group generally engaged in property development business through the Group rather than on its own capacity.

- (ii) Although Wai Kee is not a property developer, its board of directors has deep and extensive understanding and experience in the construction sector which works closely with the property development sector since the founding of Wai Kee, in addition to knowledge of property development business gained by the directors of Wai Kee as executive directors of the Company and through Wai Kee Group’s investment in funds that directly or indirectly hold property development projects in the United States of America.

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- (iii) Wai Kee is the controlling shareholder of the Company and accordingly, as a joint venture partner, it may be more aligned with the Company's interest with respect to the Development JVs than other third party joint venture partners as it stands to benefit from the performance of the Development JVs not only as a joint venture partner but also indirectly through its substantial shareholding in the Company.

We noted the fact that Wai Kee is interested approximately 44.16% of the Company's issued share capital as at the Latest Practicable Date. One of the three Executive Directors on the Board, Mr. Derek Zen, is also an executive director of Wai Kee, who potentially can facilitate the communication between the Group and Wai Kee Group to make swift decisions for entering into potential property development projects.

Moreover, we noted that Wai Kee has maintained (i) a gearing ratio of 13.9% and 12.6%; and (ii) a negative ratio of net borrowings (total borrowings less time deposits, bank balances and cash) as at 31 December 2019 and 30 June 2020 respectively, which could warrant easier external financing to capture investment opportunities.

Based on the above observations, the Directors are of the view and we concur that Wai Kee Group is an attractive potential joint venture partner.

2.3 Reasons for and benefit of entering into the Framework Agreement

As the controlling shareholder of the Company, Wai Kee and its associates are connected person of the Company. Given the Group will only initiate a joint venture with Wai Kee Group when the potential projects require an initial capital commitment of over HK\$1 billion, any formation of Development JV would normally subject to both announcement and Independent Shareholders approval under Chapter 14A of the Listing Rules.

Based on our past experience as professional adviser of connected transactions, set out below is an illustration of the typical timeline for a listed company to prepare the announcement and circular for its shareholders to make an informed decision on proposed connected transactions, without taking into account the time required for negotiation on terms of proposed connected transactions:

Milestone	Action	Typical time required (Working days)
Announcement	Preparation and publication of announcement regarding the listed issuer's intention to seek shareholders' approval on connected transactions under Chapter 14A of the Listing Rules by the listed issuer and its professional advisers	5 – 10

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Milestone	Action	Typical time required (Working days)
	Such announcement is generally prepared based on the agreement governing the terms of the connected transaction, which are subject to negotiation among the parties	
Circular	Preparation and publication of circular containing detail of the connected transaction, a letter from the independent financial adviser setting out its recommendations and notice of the general meeting, which are subject to clearance by the independent non-executive directors and, subsequent to which, the Stock Exchange	10 – 20
Despatch of the circular	Circulars are printed, published online and despatched to the shareholders	2 – 3
General meeting	A general meeting of shareholders is held to consider approving relevant transactions, which, as required by the corporate governance code and relevant by-laws of a listed issuer, should be held at least 10 working days after the notice of general meeting	At least 10
Total:		27 – 43

Based on the above illustration, the typical time required ranges from 27 to 43 working days for a listed company on the Stock Exchange to seek its independent shareholders' approval on connected transaction. Besides, the above estimated time required has not taken into account the additional time required for (i) the commercial negotiation between the listed company and its connected person; and (ii) the time required for the internal process of the listed company such as convening a board meeting and engaging professional advisers for the proposed connected transactions.

As stated in the "Letter from the Board", the typical Pre-Bid Period is 13 to 26 clear working days. We have obtained and reviewed 11 sample tender invitations/advertisements which the Group involved in both 2019 and 2020 and noted that the period from the publication of auction/tender invitation/advertisement to the deadline for tender submission and payment of security deposit/ auction date are in line with the Management's representation. As our sample size represents 50% of all 22 projects that the Group involved in both 2019 and 2020, we are of the view that the sample tender invitations/advertisements are sufficient to indicate the Pre-Bid Period generally adopted for development property tenders.

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Based on the illustration above, the typical time required for seeking independent shareholders' approval, being 27 to 43 working days, is longer than the typical Pre-Bid Period of 13 to 26 clear working days. As such, we are of the view that it is not practicable for the Group to secure the requisite Independent Shareholders' approval for any Development JV with Wai Kee Group within the typical Pre-Bid Period in time for it to participate in government tender or auction for property development projects.

The Company has considered alternative structures such as (i) tendering/bidding first and selling an interest to Wai Kee Group later; or (ii) obtaining financing from Wai Kee by loan and subsequently converting the loan to equity. We have obtained and reviewed the terms of the listed bonds, perpetual capital securities and bank facilities of the Group and noted certain financial covenants such as setting limitation on debt-related financial ratios and restriction on taking up additional indebtedness. As advised by the Management, transfer of ownership of land under development is not permitted unless the land has been developed up to a certain level in the PRC. As such, we concur with the Management's view that such alternative structures are not viable.

As such, the entering into of the Framework Agreement enables the Group to form Development JVs with Wai Kee Group to seize the business opportunity presented by the property development projects. Hence, we are of the view that, it is justifiable for the Company to enter into the Framework Agreement with Wai Kee, the Transactions are entered into in the ordinary and usual course of business of the Company and are in the interests of the Company and the Shareholders as a whole.

3. Principal terms of the Framework Agreement

Pursuant to the Framework Agreement, members of the Group and Wai Kee Group may form Development JV for the purpose of tendering for specific property development projects in the Specified Territories (as elaborated below) from time to time.

Set out below are some of the major terms of the Framework Agreement, for further details of the Framework Agreement, please refer to the "Letter from the Board" contained in the Circular.

3.1 Formation of Development JV

Pursuant to the Framework Agreement, the Group may initiate the formation of Development JV when (i) the property development project is located in a Specified Territory; (ii) the estimated total financial commitment of the property development project exceeds HK\$1 billion; and (iii) Wai Kee Group's participation/equity interest in the Development JV does not exceed 45%.

3.1.1 Minimum commitment

Pursuant to the Framework Agreement, the Group will initiate the formation of Development JV only when the commitment of the potential project exceeds HK\$1 billion.

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Having reviewed the list of 39 new property development projects that the Group has been involved between 2017 to 2019, we noted that (i) 38 projects required capital commitment of over HK\$1 billion, where 33 of them were undertaken by joint ventures formed by the Group and third party joint venture partners; and (ii) all 33 projects involving joint venture arrangements required capital commitment of over HK\$1 billion and the average commitment was approximately HK\$3.8 billion per project. Based on the above, we are of the view that the HK\$1 billion threshold for the formation of a Development JV is fair and reasonable.

3.1.2 Maximum interest of Wai Kee Group

As the board representation for the Development JV is allocated pro rata to their respective capital commitment (as further explained below in the paragraph headed “3.2 Mandatory principles of Joint Venture Agreement” below in this letter), the Group needs to hold a majority shareholding to assume a leading responsibility and maintain control on the Development JV. Hence, it was agreed that Wai Kee Group’s maximum equity interest in the Development JV will be 45%.

Considering the Group needs to maintain control on the Development JV to ensure the smooth operation of the Development JV, we are of the view that allowing Wai Kee Group’s interest in the Development JV not to exceed 45% is justifiable.

3.1.3 Conclusion

Taking into consideration the above, we consider that the terms in relation to the formation condition of the Development JV under the Framework Agreement are fair and reasonable and in the interests of the Company and the Shareholder as a whole.

3.2 Mandatory principles of Joint Venture Agreement

Pursuant to the Framework Agreement, the Development JV will be formed by entering into a Joint Venture Agreement and its mandatory principles include (i) risks, entitlement to profit sharing and board representation for the Development JV should be allocated to the Group and Wai Kee Group pro rata to their respective capital commitment, taking into account both the equity injection and financial assistance provided; (ii) the Group should have responsibility and full control over the design, construction and marketing and sales of the relevant property development project; and (iii) Wai Kee Group as minority joint venture partner will have veto rights on (a) the change of the scope of business of the Development JV; (b) in respect of any non-arms’ length transaction; and (c) other veto rights over matters that the Group offers to other independent third party joint venture partners.

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We have reviewed sample joint venture agreements entered into by the Group and third party joint venture partners in both 2019 and 2020. We noted that (i) the risks, entitlement to profit sharing and board representation mechanism; and (ii) the veto rights of minority shareholders, of these samples are similar to those set out in the mandatory principles of the Joint Venture Agreement.

We have reviewed the Comparable JVs and noted that (i) the risks, entitlement to profit sharing and board representation arrangements are in line with market practice for a typical joint venture arrangement for property development purpose; and (ii) the veto rights mechanism is also adopted in joint venture arrangement for property development purpose.

As elaborated above, Wai Kee Group generally engaged in property development projects through the Group, hence, the Group will assume a leading responsibility of the Development JV. Accordingly, the Company and Wai Kee agreed to allocate the Group the responsibility and full control over the design, construction and marketing and sales of the relevant property development project. As advised by the Management, consolidating the control of the Development JV allows a quicker decision-making process and could expedite the implementation of the Development JV's business strategies. This in turn enhances the Development JV's operation efficiency and hence it is beneficial to both the Group and Wai Kee Group.

Considering the above, we consider that the mandatory principles of joint venture agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

4. Cap

As advised by the Management, the Cap was determined with reference to the past projects undertaken by the Group where the estimated commitment of each project exceeded HK\$1 billion (other than one particularly large project in 2017).

We have reviewed the details of all the projects between 2017 to 2019 and noted that (i) the past projects' average estimated commitment of approximately RMB2,758 million ("**Average Project Size**"); and (ii) the Group has formed one to five joint ventures with its third party joint venture partners.

The Management has further advised that the Cap was determined based on (i) an estimated equity interest of 30% by Wai Kee Group; (ii) three Development JV to be set up; (iii) the Average Project Size; and (iv) a 3% general buffer for any unanticipated increase in the estimated commitment.

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As set out above in the paragraph headed “3.1.2 Maximum interest of Wai Kee Group” above in this letter, the maximum equity interest of the Development JV is 45%. In addition, the Management considers that as the Framework Agreement is a new arrangement, the Group does not intend to form too many Development JVs to manage its business risk. Hence, the Management has derived the Cap on the basis that three Development JV may be formed during the term of the Framework Agreement. Although the equity interest of Wai Kee Group may vary under different circumstances, the Management intends to maintain a prudent number of Development JVs to be formed. Hence, we concur with the Management that it is justifiable to assume Wai Kee Group’s participation/equity interest in the Development JV as 30% and during the duration of the Framework Agreement to establish a maximum of three Development JVs.

We are also advised by the Management that the price of residential development properties is dependent on a number of factors, including location, plot ratio of the site, competition from other developers, the performance of the real estate market and estimated development costs are depending on many factors, including the condition of the site, inflation and availability of third party consultants and contractors. The Management considers, and we concur that, as the Framework Agreement lasts for 12 months, the above factors are not expected to change substantially and hence the best estimate for the potential projects’ commitment is the Average Project Size.

We noted that the Average Project Size is based on past projects between 2017 to 2019 with certain adjustments made to reflect the latest market condition or the anticipated future market condition. Hence, the 3% buffer adopted by the Management is a buffer to cater for factors such as (i) the general inflation rate as indicated by (a) the increase in consumer price index of approximately 5.1% from 2017 to 2019 as published by the National Bureau of Statistics (國家統計局, as extracted from <http://www.stats.gov.cn/tjsj/>); and (b) the increase in consumer price index of approximately 7.6% from January 2017 to January 2021 as published by the Census and Statistics Department of Hong Kong (as extracted from <https://www.censtatd.gov.hk/>); and (ii) the rising trend in the residential property price in Hong Kong and China during recent years as indicated by (a) the rise in the average sales price for residential units in China as published by the National Bureau of Statistics (國家統計局, as extracted from <http://www.stats.gov.cn/tjsj/>) from approximately RMB7,900 per square meter in 2017 to approximately RMB9,300 per square meter in 2019, representing an increase of approximately 17.7%; and (b) the rise in Centa-City Leading Index (中原領先指數, which capture the secondary private residential property price in Hong Kong, as extracted from http://www1.centa.com/cci/cci_e.htm) from approximately 145 in January 2017 to 176 in February 2021, representing an increase of approximately 21.4%. In view of the above, we consider that the 3% buffer is fair and reasonable.

Considering the above, we are of the view that the Cap is fair and reasonable.

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RECOMMENDATIONS

Having considered the above principal factors and reasons, we are of the view that:

- (i) the terms of the Framework Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole; and
- (ii) the Transactions are on normal commercial terms, in the ordinary and usual course of business of the Group.

Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the Resolution approving the formation of one or more Development JV(s) subject to compliance with the terms of the Framework Agreement at the SGM.

Yours faithfully,
For and on behalf of
Altus Capital Limited
Jeanny Leung
Executive Director

*Ms. Jeanny Leung (“**Ms. Leung**”) is a Responsible Officer of Altus Capital Limited licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO and permitted to undertake work as a sponsor. She is also a Responsible Officer of Altus Investments Limited licensed to carry on Type 1 (dealing in securities) regulated activity under the SFO. Ms. Leung has over 30 years of experience in corporate finance advisory and commercial field in Greater China, in particular, she has participated in sponsorship work for initial public offerings and acted as financial adviser or independent financial adviser in various corporate finance transactions.*

GENERAL INFORMATION

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(i) Directors and chief executives

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix 10 of the Listing Rules, were as follows:

(A) Shares

Name of Directors	Nature of interest	Notes	Number of Shares held		Percentage of holding (%) (Note 3)
			Long position	Short position	
Zen Wei Peu, Derek	Personal	1&2	24,649,000	–	3.29
Fong Shiu Leung, Keter	Personal	1	260,000	–	0.03

Notes:

1. Long position in the Shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds).
2. Included in the balance is 1,000,000 Shares held by Ms. Luk Chan, the spouse of Mr. Zen Wei Peu, Derek.
3. The percentage was calculated based on 749,336,566 Shares in issue as at the Latest Practicable Date.

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(B) Debenture of associated corporation

Name of Director	Name of company	Nature of interest	Type of debenture	Principal amount held
Zen Wei Peu, Derek	RKI Overseas Finance 2017 (A) Limited	Personal	US\$300 million 7% senior guaranteed perpetual capital securities	US\$800,000 ^(Note) (Long position)

Note:

A principal amount of US\$400,000 of US\$300 million 7% senior guaranteed perpetual capital securities was held by Ms. Luk Chan, the spouse of Mr. Zen Wei Peu, Derek.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executives of the Company has or is deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which each of them has taken or deemed to have taken under the SFO), or which will be required, pursuant to Section 352 of the SFO, to be entered in the register required to be kept therein or which will be required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

(ii) Substantial shareholders

As at the Latest Practicable Date, to the best knowledge of the Directors, the table below lists out the persons (other than the Directors or chief executives of the Company), who had interests or short positions in the Shares and underlying Shares of the Company as recorded in the register of interests required to be kept by the Company pursuant to Section 336 of Part XV of the SFO.

Name of Shareholders	Nature of interest	Number of Shares held		Percentage of holding (%)
		Long Position (Note 1)	Short position	
Wai Kee Holdings Limited (Note 2)	Interest in controlled corporation	330,915,428	–	44.16
Wai Kee (Zens) Holding Limited (Note 3)	Interest in controlled corporation	330,915,428	–	44.16

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Name of Shareholders	Nature of interest	Number of Shares held		Percentage of holding (%) (Note 11)
		Long Position (Note 1)	Short position	
Groove Trading Limited (Note 4)	Beneficial owner	76,187,000	–	10.17
Wai Kee China Investments (BVI) Company Limited (Note 4)	Interest in controlled corporation	251,728,428	–	33.59
Wai Kee China Investments Company Limited (Note 5)	Interest in controlled corporation	251,728,428	–	33.59
ZWP Investments Limited (Note 6)	Beneficial owner	251,728,428	–	33.59
深業集團有限公司 (Shum Yip Group Limited*) (Note 7)	Interest in controlled corporation	202,334,142	–	27.00
Shum Yip Holdings Company Limited (Note 8)	Interest in controlled corporation	202,334,142	–	27.00
Shenzhen Investment Limited (Note 9)	Interest in controlled corporation	202,334,142	–	27.00
Brightful Investment Holding Limited (Note 10)	Beneficial owner	202,334,142	–	27.00

Notes:

- Long position in the Shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds).
- Wai Kee Holdings Limited is deemed to be interested in a total of 330,915,428 Shares through its subsidiaries, namely Wai Kee (Zens) Holding Limited, Groove Trading Limited, Wai Kee China Investments (BVI) Company Limited, Wai Kee China Investments Company Limited, ZWP Investments Limited, Top Horizon Holdings Limited, Build King Holdings Limited, Top Tactic Holdings Limited, Amazing Reward Group Limited, Build King Management Limited and Build King Civil Engineering Limited. Mr. Zen Wei Peu, Derek is a director of Wai Kee Holdings Limited.
- Wai Kee (Zens) Holding Limited is a direct wholly-owned subsidiary of Wai Kee Holdings Limited. Mr. Zen Wei Peu, Derek is a director of Wai Kee (Zens) Holding Limited.
- Groove Trading Limited and Wai Kee China Investments (BVI) Company Limited are direct wholly-owned subsidiaries of Wai Kee (Zens) Holding Limited. Mr. Zen Wei Peu, Derek is a director of Groove Trading Limited and Wai Kee China Investments (BVI) Company Limited.

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5. Wai Kee China Investments Company Limited is a direct wholly-owned subsidiary of Wai Kee China Investments (BVI) Company Limited. Mr. Zen Wei Peu, Derek is a director of Wai Kee China Investments Company Limited.
6. ZWP Investments Limited is a direct wholly-owned subsidiary of Wai Kee China Investments Company Limited. Mr. Zen Wei Peu, Derek is a director of ZWP Investments Limited.
7. 深業集團有限公司 (Shum Yip Group Limited*) (incorporated in the PRC) is deemed to be interested in the Shares through its 100% interests in Shum Yip Holdings Company Limited (incorporated in Hong Kong).
8. Shum Yip Holdings Company Limited (incorporated in Hong Kong) is deemed to be interested in the Shares through its approximately 63.18% interests in Shenzhen Investment Limited.
9. Shenzhen Investment Limited is deemed to be interested in the Shares through its interests in its wholly-owned subsidiary, namely Brightful Investment Holding Limited. Mr. Dong Fang is a director of Shenzhen Investment Limited.
10. Brightful Investment Holding Limited is a direct wholly-owned subsidiary of Shenzhen Investment Limited.
11. The percentage was calculated based on 749,336,566 Shares in issue as at the Latest Practicable Date.

* *for identification purpose only*

3. MATERIAL ADVERSE CHANGE

The Directors confirm that there was no material adverse change in the financial or trading position of the Group since 31 December 2019 (being the date to which the latest published audited accounts of the Company were made up).

4. DIRECTORS' INTERESTS

As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any assets which had been, since 31 December 2019, being the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors is materially interested in any contract or arrangement subsisting at the date of this circular which is significant in relation to the business of the Group as a whole.

GENERAL INFORMATION

Save as disclosed below, as at the Latest Practicable Date, none of the Directors or, so far as is known to them, any of their respective associates was interested in any business (apart from the Group's business) which competes or is likely to compete either directly or indirectly with the Group's business (as would be required to be disclosed under Rule 8.10 of the Listing Rules as if each of them were treated as a controlling shareholder).

Name of Director	Name of entities	Description of principal activities	Nature of interest of the Director in the entities
Dong Fang	Shenzhen Investment Limited group of companies (including its holding companies)	Property development, investment and management in the PRC	Director
	Shahe Industrial Co., Ltd.	Property development, investment and management in the PRC	Director

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into or proposed to enter into any service contract with any member of the Group which will not expire or is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

6. MATERIAL LITIGATION

As at the Latest Practicable Date, neither the Company nor any member of the Group was engaged in any litigation or claims of material importance, and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against the Company or any member of the Group.

GENERAL INFORMATION

7. EXPERT AND CONSENT

The following is the qualification of the expert which has given opinions or advice which are contained in, or referred to in, this circular:

Name	Qualification
Altus Capital Limited	A corporation licensed to carry out type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO

The above named expert has given and has not withdrawn its written consent to the issue of this circular, with inclusion of its letter and references to its name in the form and context in which it appears.

As at the Latest Practicable Date, the above named expert did not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, the above named expert had no interest in any asset which have been since 31 December 2019 (being the date to which the latest published audited accounts of the Company were made up) acquired or disposed of by, or leased to, or are proposed to be acquired or disposed of by, or leased to, any member of the Group.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the principal place of business of the Company in Hong Kong at Suite 501, 5th Floor, Tower 6, The Gateway, 9 Canton Road, Tsimshatsui, Kowloon, Hong Kong during normal business hours from the date of this circular up to and including 22 March 2021:–

- (a) the letter from the Independent Board Committee, the text of which is set out on pages 13 to 14 of this circular;
- (b) the letter from the Independent Financial Adviser, the text of which is set out on pages 15 to 28 of this circular;
- (c) the Framework Agreement; and
- (d) this circular.

NOTICE OF SPECIAL GENERAL MEETING



ROAD KING INFRASTRUCTURE LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 1098)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the special general meeting (the “**Meeting**”) of Road King Infrastructure Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) will be held at Suite 501, 5th Floor, Tower 6, The Gateway, 9 Canton Road, Tsimshatsui, Kowloon, Hong Kong on Monday, 22 March 2021 at 9:30 a.m. for the purpose of considering, and, if thought fit, passing the following resolution as an ordinary resolution:

ORDINARY RESOLUTION

“**THAT:** –

- (a) the formation of one or more joint venture(s) between the Company (or its subsidiaries) and Wai Kee Holdings Limited (“**Wai Kee**”) (or its subsidiaries) for the purposes of tendering or bidding property development projects put up for tender or auction by government or government controlled entities in the Hong Kong Special Administrative Region of the People’s Republic of China and the People’s Republic of China (each, a “**Development JV**”), subject to compliance with the terms of the framework agreement dated 23 February 2021 (the “**Framework Agreement**”) (a copy of which has been produced to the Meeting marked “A” and signed by the chairman of the Meeting for the purpose of identification) entered into between the Company and Wai Kee, be and is hereby approved; and
- (b) the directors of the Company be and are hereby authorised for and on behalf of the Company to do all such acts and take all steps which they may consider necessary, desirable or expedient to implement and/or give effect to the formation of the Development JVs under the Framework Agreement (including to authorise any amendment, supplementation and/or waiver of any terms thereunder).”

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

Hong Kong, 3 March 2021

NOTICE OF SPECIAL GENERAL MEETING

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Principal place of business:

Suite 501, 5th Floor
Tower 6, The Gateway
9 Canton Road
Tsimshatsui
Kowloon
Hong Kong

Notes:

1. Any member of the Company entitled to attend and vote at the Meeting shall be entitled to appoint another person as his/her proxy to attend and vote instead of him/her. A member of the Company who is the holder of two or more Shares may appoint more than one proxy to represent him/her and vote on his/her behalf at the Meeting. A proxy need not be a member of the Company.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same. In case of joint holders, the signature of any one of them is sufficient.
3. The instrument appointing a proxy and (if required by the Board) the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority shall be delivered to 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 less than 48 hours before the time appointed for holding the Meeting or adjourned meeting at which the person named in the instrument proposes to vote and in default the instrument of proxy shall not be treated as valid.
4. Delivery of an instrument appointing a proxy shall not preclude a member of the Company from attending and voting in person at the Meeting convened and in such event, the instrument appointing a proxy shall be deemed to be revoked.
5. Where there are joint holders of any share, any one of such joint holder may vote, either in person or by proxy, in respect of such Share as if he/she were solely entitled thereto, but if more than one of such joint holders be present at the Meeting or adjourned meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members in respect of the joint holding.
6. The votes to be taken at the Meeting will be taken by poll.
7. As at the date of this notice, the Board comprises Messrs. 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.
8. The register of members of the Company will be closed from Wednesday, 17 March 2021 to Monday, 22 March 2021, both dates inclusive, during which no transfer of Shares will be registered for the purpose of determining the eligibility of the members to attend and vote at the Meeting. All transfers of Shares 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 Tuesday, 16 March 2021 for registration.