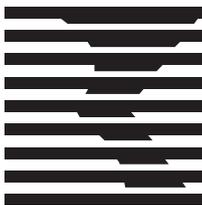


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ROAD KING INFRASTRUCTURE LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 1098)

CONNECTED TRANSACTION

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 from time to time be formed during the term of the Framework Agreement and subject to compliance with the terms therein.

LISTING RULES IMPLICATIONS

As at the date of this announcement, 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. 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) exceed 5%, the Framework Agreement is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

CIRCULAR

A circular which contains, among other things, further details of the transactions contemplated under the Framework Agreement, the letters from the Independent Board Committee and the Independent Financial Adviser together with a notice of the SGM to be convened by the Company to approve the transactions contemplated under the Framework Agreement, is expected to be despatched to the Shareholders on or about 4 March 2021.

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.

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 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 date of this announcement) 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.

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 date of this announcement, 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 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.

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.

- 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.

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 date of this announcement, 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. 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) 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.

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.

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.

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.

CIRCULAR

A circular which contains, among other things, further details of the transaction contemplated under the Framework Agreement, the letters from the Independent Board Committee and the Independent Financial Adviser together with a notice of the SGM to be convened by the Company to approve the transactions contemplated under the Framework Agreement, is expected to be despatched to the Shareholders on or about 4 March 2021.

DEFINITIONS

In this announcement, 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
“Director(s)”	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
“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
“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 announcement 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 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

“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

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

Hong Kong, 23 February 2021

As at the date of this announcement, 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.