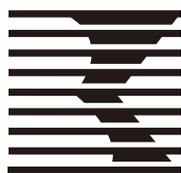


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ROAD KING INFRASTRUCTURE LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 1098)

(1) POSSIBLE MAJOR DISPOSAL IN RELATION TO THE PROPOSED SPIN-OFF AND SEPARATE LISTING OF THE EXPRESSWAY BUSINESS OF THE GROUP ON THE MAIN BOARD OF THE STOCK EXCHANGE OF HONG KONG LIMITED AND (2) PROPOSED ADOPTION OF RKE SHARE OPTION SCHEME

THE PROPOSED SPIN-OFF

On 7 April 2017, a listing application (Form A1) was submitted to the Stock Exchange for the listing of, and permission to deal in, the RKE Shares on the Main Board of the Stock Exchange. The Proposed Spin-off is expected to be effected by way of a global offering, and will be accompanied by a separate listing of the RKE Shares on the Main Board of the Stock Exchange based on the market capitalisation/revenue test under Rule 8.05(3) of the Listing Rules.

The final structure of the Proposed Spin-off, including the size of the global offering and the exact apportionment between the Hong Kong public offering and the international offering will be decided by the Board and the board of directors of RKE.

J.P. Morgan Securities (Far East) Limited, HSBC Corporate Finance (Hong Kong) Limited and DBS Asia Capital Limited have been appointed by RKE as joint sponsors for the Proposed Listing.

As required under PN15, it is intended that, if the Proposed Spin-off proceeds, an assured entitlement to the RKE Shares will be provided to the qualifying RKE Shareholders by way of a preferential application in the global offering. The terms of such assured entitlement have not been finalised and will be announced in due course.

PROPOSED ADOPTION OF RKE SHARE OPTION SCHEME

It is proposed that RKE will adopt its own share option scheme to enable RKE to grant options to selected participants as incentives or rewards for their contribution to the RKE Group.

LISTING RULES IMPLICATION

The Proposed Spin-off will constitute a disposal and deemed disposal under Rule 14.29 of the Listing Rules. As one or more of the applicable percentage ratios calculated in accordance with Rule 14.07 of the Listing Rules in respect of the Proposed Spin-off by way of global offering is or are expected to be 25% or more but less than 75%, the Proposed Spin-off, if it proceeds, will constitute a major disposal of RKE under Chapter 14 of the Listing Rules. The Proposed Spin-off is therefore subject to, among other things, the approval of the Shareholders under paragraph 3(e)(1) of PN15 and applicable requirements under Chapter 14 of the Listing Rules. In addition, the RKE Share Option Scheme will also be subject to the approval of the Shareholders under Chapter 17 of the Listing Rules.

A circular which contains, among other things, further details of the Proposed Spin-off and its effect on the Company, the RKE Share Option Scheme proposed to be adopted by RKE, together with a notice of the SGM to be convened by the Company to approve the Proposed Spin-off and the RKE Share Option Scheme, will be despatched to Shareholders. As the listing application is subject to the approval of the Stock Exchange and in view of such approval process, the expected date of despatch of the circular to the Shareholders will be more than 15 business days after the publication of this announcement. The Company will despatch the circular to the Shareholders as soon as practicable.

The implementation of the Proposed Spin-off and the Proposed Listing is dependent on a number of factors and subject to a number of conditions, which may or may not be satisfied, including the approval of the Stock Exchange and the final decision of the Board, market conditions and other considerations. There is no certainty as to whether, and if so when, the Proposed Spin-off and the Proposed Listing will take place. Accordingly, Shareholders, holders of other securities of the Group and potential investors in the Shares and other securities of the Group should exercise caution when dealing in or investing in the Shares or other securities of the Group and are recommended to consult their professional advisers if they are in any doubt about their positions.

The Board proposes to spin-off (the “**Proposed Spin-off**”) and separately list the expressway business on the Main Board of the Stock Exchange by way of a global offering consisting of a Hong Kong public offering and international offering. In this regard, the Company has submitted a spin-off proposal to the Stock Exchange pursuant to PN15 of the Listing Rules and listing decision HKEx-LD106-1 and the Stock Exchange has confirmed that the Company may proceed with the Proposed Spin-off.

On 7 April 2017, the Company submitted a listing application (Form A1) to the Stock Exchange for the listing of, and permission to deal in, the RKE Shares on the Main Board of the Stock Exchange.

J.P. Morgan Securities (Far East) Limited, HSBC Corporate Finance (Hong Kong) Limited and DBS Asia Capital Limited have been appointed by RKE as joint sponsors for the Proposed Listing.

THE PROPOSED SPIN-OFF

The Proposed Spin-off involves the spin-off and separate listing of the RKE Shares. RKE is an indirectly wholly-owned subsidiary of the Company incorporated in Bermuda on 16 November 2016. Upon completion of the reorganisation of the Group, RKE will become the holding company of certain subsidiaries which hold all of the Group’s interest in expressways. The Proposed Spin-off is expected to be effected by way of a global offering which will comprise a Hong Kong public offering and an international offering, and will be accompanied by a separate listing of the RKE Shares on the Main Board of the Stock Exchange based on the market capitalisation/revenue test under Rule 8.05(3) of the Listing Rules. Upon the successful conclusion of the global offering, the RKE Shares will be listed on the Main Board of the Stock Exchange.

The final structure of the Proposed Spin-off, including the size of the global offering and the exact apportionment between the Hong Kong public offering and the international offering will be decided by the Board and the board of directors of RKE.

CONDITIONS OF THE PROPOSED SPIN-OFF

The Proposed Spin-off will be conditional upon, among other things, the following:

- (a) the approval of the Listing Committee of the Stock Exchange in relation to the Proposed Listing and permission to deal in on the Main Board of the Stock Exchange, the RKE Shares in issue and any RKE Shares which may be issued in relation to the Proposed Spin-off;
- (b) approval by the Shareholders of the Proposed Spin-off at the SGM;
- (c) the terms and structure of the global offering being agreed among the Company, RKE, the Selling Shareholder, and joint sponsors of the Listing Application;

- (d) the obligations of the underwriters under the underwriting agreements to be entered into among others, RKI, RKE and the underwriters in respect of the global offering becoming unconditional in all respects and the underwriting agreements not being terminated in accordance with their respective terms or otherwise, on or before the dates and times to be specified therein; and
- (e) market conditions and other considerations.

If any of the above conditions is not fulfilled, the Proposed Spin-off and the Proposed Listing will not proceed and an announcement will be published by RKI as soon as practicable.

INFORMATION ON THE GROUP AND THE SPIN-OFF GROUP

RKI is an investment holding company whose shares have been listed on the Stock Exchange since 4 July 1996. Through its subsidiaries, the principal activities of the Group are investment in, and development, operation and management of property development and toll road projects. All of the Group's interests in expressways are held through the RKE Group.

Upon completion of the Proposed Spin-off, there will be a clear delineation between the business of the Remaining RKI Group and the Spin-off Group.

The principal activities of the RKE Group are investment in, and development, operation and management of, expressway projects in the PRC. As of 31 December 2016, the RKE Group's expressway portfolio consisted of five expressway projects spanning approximately 340 km in total. Its expressways are located in four provinces across the PRC: Anhui, Hebei, Hunan and Shanxi.

The Remaining RKI Group will principally be engaged in the investment in, development, operation and management of, property in the PRC, Hong Kong and elsewhere. It will also continue to hold and manage a 50% interest in the Excluded Highway in Jiangsu Province, which connects Suzhou to the Shanghai Hongqiao Airport. The Directors believe that there is minimal competition between the Excluded Highway and the expressways of the RKE Group, because none of the expressways held by RKE Group operates in Jiangsu Province where the Excluded Highway is located.

Financial Information of the RKE Group

As of 31 December 2016, the combined net assets of the RKE Group were approximately HK\$4,501.3 million. These investments in expressway projects are held through RKE's wholly-owned subsidiaries through Expressway JVs together with their PRC joint venture partners.

The net profits (both before and after taxation) attributable to RKE for the years ended 31 December 2015 and 2016 were as follows:

	Year ended 31 December 2015 HK\$'000	Year ended 31 December 2016 HK\$'000
Net profit before taxation from continuing operations (<i>Note</i>)	276,731	412,287
Net profit after taxation from continuing operations (<i>Note</i>)	250,524	387,857
Net profit after taxation (<i>Note</i>)	211,696	356,600

Note: In September 2016, as part of the reorganisation in preparation of the Proposed Listing, the group of companies holding the interest in the Excluded Highway was transferred to the Remaining RKE Group and is presented as discontinued operation of the RKE Group. Such discontinued operation recorded loss before taxation of HK\$36,731,000 and HK\$30,153,000 and loss after taxation of HK\$38,828,000 and HK\$31,257,000, for the years ended 31 December 2015 and 2016 respectively.

OTHER PROPOSED ARRANGEMENT IN RELATION TO THE PROPOSED SPIN-OFF — NON-COMPETITION UNDERTAKING FROM THE COMPANY

The Company will as part of the Proposed Spin-off undertake and covenant with RKE pursuant to a deed of non-competition (the “**Deed of Non-competition**”) to avoid any potential conflict of interest between the Remaining RKE Group and RKE. Pursuant to the Deed of Non-competition, save for the Permitted Business (as defined below) and save as a shareholder of RKE, the Company shall not, and shall procure that its close associates (other than the RKE Group) not to, on its own account or with each other or in conjunction with or on behalf of any person, firm or company, carry on or be engaged in, concerned with or interested in, directly or indirectly, whether as a shareholder, director, employee, partner, agent or otherwise in any business that competes or may compete, directly or indirectly or through nominees, with the business of investment in, development, operation and management of expressway projects (the “**Spin-off Business**”).

For the purpose of the Deed of Non-competition, the following business (the “**Permitted Business**”) does not fall within the scope of the Spin-off Business: (i) participation or engagement in any business undertaken by the Remaining RKE Group in connection with the Excluded Highway; (ii) any investment in a direct or an indirect shareholding interest of not more than 5% (individually or taken together with respective close associates) of any company whose shares are listed on a recognised stock exchange anywhere in the world and which engages in any Spin-off Business; or (iii) any investment in, directly or indirectly, not more than 10% of any bond or perpetual capital securities issued by a company whose shares are listed on a recognised stock exchange anywhere in the world and which engages in any Spin-off Business (or a wholly-owned subsidiary of such company acting as the issuer of such securities).

The undertakings by the Company under the Deed of Non-competition will terminate upon the earliest of the following to occur:

- the date on which RKE Shares cease to be listed on the Stock Exchange;
- the date on which the RKE Group ceases to carry out the Spin-off Business; and
- the date on which the Company directly or indirectly through its close associates together holds less than 30% of the issued RKE Shares.

Having considered that (i) the property development business of the Remaining RKE Group and the expressway business of the RKE Group are distinct business operations; (ii) there is minimal competition between RKE Group's expressways and the Excluded Highway as described above, and the joint venture for the Excluded Highway will in any event expire in December 2017; and (iii) the overwhelming majority of the expressway management team is retained by the RKE Group, the Directors do not foresee any material competition or conflict of interest between the Remaining RKE Group and the RKE Group following the Proposed Spin-off.

REASONS FOR AND BENEFITS OF THE PROPOSED SPIN-OFF

The Proposed Spin-off will allow the Remaining RKE Group to focus on the investment in, and development, operation and management of, property development in the PRC, Hong Kong and elsewhere and to continue to manage the Excluded Highway until the expiry of the operating rights of that toll road or earlier termination. RKE will focus on the investment in, and the development, operation and management, of expressway projects. This will enable the two separate management teams to adopt different business strategies in order to better suit their businesses and, with clearer segregation of roles, enhance their ability to focus on opportunities specific to the business for each of the Remaining RKE Group and the RKE Group respectively.

In terms of profile, the Proposed Spin-off will enable each of the Company and RKE to establish its own profile thereby attracting different investors — the Remaining RKE Group being a property developer and the RKE Group being an investor in expressway operations. In addition, the sale of RKE Shares contemplated under the Proposed Spin-off will also allow the Company to realise part of its investment over the years in the RKE Group at market price and to apply the proceeds (after expenses) for general corporate purposes.

With a separate listing platform, each group will have greater flexibility in deploying its financial and other resources derived from its operations and generate greater shareholder value, and it will also make it easier for the two groups to seek further capital in the future as separately listed groups.

Upon the Proposed Listing, RKE will continue to be a subsidiary of RKE. Since the Company will remain as a controlling shareholder and the holding company of RKE, the Company will continue to benefit from the business prospects and results of the RKE Group.

INTENDED USE OF PROCEEDS

If the Proposed Spin-off and the Proposed Listing are effected, it is currently intended that approximately 90% of the total net proceeds to the RKE Group from the global offering will be used to acquire new expressway projects and planned expansion of existing expressway projects, and approximately 10% of the total net proceeds to the RKE Group from the global offering will be used to fund working capital of the RKE Group and for general corporate purposes. In the event the net proceeds to be used to acquire new expressway projects and planned expansions of existing expressway projects as described above are then not deployed, RKE may use up to a certain portion of such net proceeds to fund its distributions to its shareholders.

The net proceeds to the Remaining RKE Group will be mainly for, among other things, general corporate purposes.

ASSURED ENTITLEMENT

As required under PN15, it is intended that, if the Proposed Spin-off proceeds, an assured entitlement to the RKE Shares will be provided to the qualifying RKE Shareholders by way of a preferential application in the global offering. The terms of such assured entitlement have not been finalised and will be announced in due course.

RKE SHARE OPTION SCHEME

It is proposed that RKE will adopt its own share option scheme. The purpose of the RKE Share Option Scheme is to enable RKE to grant options to selected participants as incentives or rewards for their contribution to the RKE Group. It will thus enable RKE to reward its directors and employees and the directors and employees of its subsidiaries and other selected participants for their contributions to the RKE Group and to motivate them to contribute to the development of the RKE Group.

The RKE Share Option Scheme constitutes a share option scheme governed by Chapter 17 of the Listing Rules. As the directors of RKE are entitled to determine any performance targets and minimum holding period which apply to an option on a case by case basis, and fix the subscription price, it is expected that grantees of an option will have an incentive to contribute to the development of the RKE Group.

Pursuant to Note (1) of Rule 17.03(3) of the Listing Rules, the total number of securities which may be issued upon exercise of all options to be granted under a share option scheme and any other schemes must not in aggregate exceed 10% (“**General Scheme Limit**”) of the relevant class of securities of the listed issuer (or the subsidiary) in issue as at the date of approval of the scheme.

Taking into consideration the fact that (i) the RKE Share Option Scheme will not become effective until (and unless there is) the Proposed Listing and the RKE Share Option Scheme will lapse if Proposed Listing does not take place; (ii) the significant difference of the number of issued shares of RKE as at the date of SGM and that upon the date of the Proposed Listing, it is impracticable to set the General Scheme Limit of the RKE Share Option Scheme with reference to the number

of RKE Shares as at the date of SGM. The Company will therefore apply for a waiver from strict compliance with the requirement under Note (1) to Rule 17.03(3) of the Listing Rules that the General Scheme Limit be based on the total number of RKE Shares in issue at the time when dealings in the RKE Shares first commence on the Stock Exchange.

A summary of the principal terms of the RKE Share Option Scheme will be set out in the circular to be despatched to the Shareholders. The adoption of the RKE Share Option Scheme is conditional on (i) the Shareholders passing an ordinary resolution at the SGM to approve the RKE Share Option Scheme and the shareholder of RKE passing an ordinary resolution to approve and adopt the RKE Share Option Scheme; (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the number of RKE Shares to be issued pursuant to the exercise of any options which may be granted under the RKE Share Option Scheme; and (iii) the commencement of dealings in the RKE Shares on the Main Board of the Stock Exchange.

LISTING RULES IMPLICATIONS

The Proposed Spin-off will constitute a disposal and deemed disposal under Rule 14.29 of the Listing Rules. Under the current structure of the Proposed Spin-off and taking into account of the market capitalisation of the Company as at the date of this announcement, the minimum market capitalisation required under Rule 8.05(3) of the Listing Rules and the reduction of shareholding interest in RKE, one or more of the applicable percentage ratios calculated in accordance with Rule 14.07 of the Listing Rules is or are expected to be 25% or more but less than 75%, and the Proposed Spin-off, if it proceeds, will constitute a major disposal of RKE under Chapter 14 of the Listing Rules. The Proposed Spin-off is therefore subject to, among other things, the approval of the Shareholders under paragraph 3(e)(1) of PN15 and applicable requirements under Chapter 14 of the Listing Rules. In addition, the RKE Share Option Scheme will also be subject to the approval of the Shareholders under Chapter 17 of the Listing Rules.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholder has a material interest in the Proposed Spin-off different from other Shareholders and is therefore required to abstain from voting at the SGM to be convened to consider and approve the Proposed Spin-off, the Proposed Listing and the Proposed adoption of the RKE Share Option Scheme.

CIRCULAR

A circular which contains, among other things, further details of the Proposed Spin-off and its effect on the Company, the RKE Share Option Scheme proposed to be adopted by RKE, together with a notice of the SGM to be convened by the Company to approve the Proposed Spin-off and the RKE Share Option Scheme, will be despatched to the Shareholders. As the listing application is subject to the approval of the Stock Exchange and in view of such approval process, the expected date of despatch of the circular to the Shareholders will be more than 15 business days after the publication of this announcement. The Company will despatch the circular to the Shareholders as soon as practicable.

GENERAL

A redacted form of the application proof of RKE's listing document is available for viewing and downloading on the Stock Exchange's website at www.hkexnews.hk.

Details in respect of the Proposed Spin-off and the Listing, including their structure and expected timetable, have not yet been finalised.

The implementation of the Proposed Spin-off and the Proposed Listing is dependent on a number of factors and subject to a number of conditions, which may or may not be satisfied, including the approval of the Stock Exchange and the final decision of the Board, market conditions and other considerations. There is no certainty as to whether, and if so when, the Proposed Spin-off and the Proposed Listing will take place. Accordingly, Shareholders, holders of other securities of the Group and potential investors in the Shares and other securities of the Group should exercise caution when dealing in or investing in the Shares or other securities of the Group and are recommended to consult their professional advisers if they are in any doubt about their positions.

The Company will make further announcement(s) in relation to the Proposed Spin-off and the Proposed Listing in accordance with the requirements of the Listing Rules as and when appropriate.

DEFINITION

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

“Board”	means the board of Directors
“close associates”	has the meaning ascribed to it under the Listing Rules
“Company” or “RKI”	means Road King Infrastructure Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Directors”	means the directors of the Company
“Excluded Highway”	means Suzhou Highway
“Expressway JV(s)”	means joint venture(s) in the PRC through which RKE invests in and operates its expressway business
“Group”	means the Company and its subsidiaries
“HK\$”	means Hong Kong dollar(s), the lawful currency of Hong Kong

“Hong Kong”	means the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange
“Proposed Listing”	means the proposed listing of the RKE Shares on the Main Board of the Stock Exchange
“PN15”	means Practice Note 15 of the Listing Rules
“PRC”	means the People’s Republic of China, for the purpose of this circular, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Proposed Spin-off”	means the proposed spin-off of the RKE Group by the Company and the separate listing of the shares of RKE
“Remaining RKI Group”	means the Group excluding the RKE Group
“RKE”	means RKE International Holdings Limited, a company incorporated in Bermuda with limited liability
“RKE Group”	means RKE and its subsidiaries upon the Proposed Listing
“RKE Shares”	means ordinary share(s) of HK\$0.10 each in the share capital of RKE
“RKE Share Option Scheme”	means the share option scheme proposed to be adopted by RKE which will take effect subject to, among others things, the commencement of dealings in the RKE Shares on the Main Board of the Stock Exchange
“Selling Shareholder”	means New Select Global Limited, a wholly-owned subsidiary of the Company incorporated in the British Virgin Islands
“Share(s)”	means ordinary share(s) of HK\$0.10 each in the share capital of the Company;
“Shareholder(s)”	means the shareholder(s) of the Company
“SGM”	means the special general meeting of the Company to be held by the Company to consider, and if thought fit, approve, among other things, the Proposed Spin-off and the adoption of the RKE Share Option Scheme

“Stock Exchange”	means the Stock Exchange of Hong Kong Limited
“Suzhou Highway”	means Provincial Highway 343 Suzhou-Shanghai Hongqiao Airport Highway (Suzhou Section)
“United States”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“%”	means per cent.

By order of the Board
Road King Infrastructure Limited
Zen Wei Pao, William
Chairman

Hong Kong, 7 April 2017

As at the date of this announcement, the Board comprises Messrs. Zen Wei Pao, William, Ko Yuk Bing, Zen Wei Peu, Derek and Fong Shiu Leung, Keter as Executive Directors, Messrs. Lam Wai Hon, Patrick, Mou Yong and Dong Fang as Non-executive Directors and Mr. Lau Sai Yung, Dr. Chow Ming Kuen, Joseph, Mr. Tse Chee On, Raymond, Mr. Wong Wai Ho and Mr. Zhang Yongliang as Independent Non-executive Directors.