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# THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

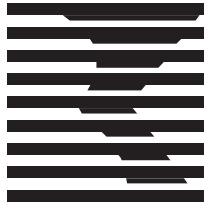
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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or other registered institution in securities, bank manager, solicitor, professional accountant or other professional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

### MAJOR AND CONNECTED TRANSACTION – PROPOSED TRANSFER INCIDENTAL TO FORMATION OF JOINT VENTURE AND NOTICE OF SPECIAL GENERAL MEETING

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

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Capitalized terms used on this cover page shall have the same meanings as defined in this circular, unless the context requires otherwise.

A letter from the Board to the Shareholders is set out on pages 6 to 17 of this circular. A letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent RK Shareholders is set out on pages 20 to 36 of this circular. A letter from the Independent Board Committee is set out on pages 18 to 19 of this circular.

A notice convening the RK SGM to be held at Suite 501, 5th Floor, Tower 6, The Gateway, 9 Canton Road, Tsimshatsui, Kowloon, Hong Kong on Friday, 13 January 2023 at 10:00 a.m. is set out on pages SGM-1 to SGM-2 of this circular. A form of proxy for use at the RK SGM 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 Road King in Hong Kong, Tricor Secretaries Limited, at 17/F., Far East Finance Centre, 16 Harcourt Road, 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 RK SGM or any adjourned meeting if you so wish.

#### PRECAUTIONARY MEASURES AT THE SPECIAL GENERAL MEETING

To safeguard the health and safety of the Shareholders and to prevent the spreading of the Pandemic, the following precautionary measures will be implemented at the RK SGM for those who are attending the RK SGM in person:

- body temperature check
- health declaration
- wearing surgical face mask
- social distancing
- access restriction for quarantine participants according to the Department of Health of Hong Kong
- any other additional precautionary measures in accordance with the prevailing requirements or guidelines of the Government and/or regulatory authorities, or as considered appropriate in light of the development of the Pandemic
- no refreshment

Any Shareholder who (i) refuses to co-operate with the precautionary measures; (ii) has a body temperature over 37.0 degrees Celsius; and/or (iii) has any flu-like symptoms will not be admitted to the venue. **Road King 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 RK SGM instead of attending the RK SGM in person.**

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## DEFINITIONS

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

“associate”	has the meaning ascribed to it under the Listing Rules
“Balancing Transaction(s)”	the transfer of shares of the Project Company from Wise Start to Shine Precious and/or the issue of shares of the Project Company to Shine Precious such that the shareholding by the JV Parties in the Project Company after the exercise of the Loan Redemption Right by Wise Start is proportionate to the shareholder loans due from the Project Company to the respective JV Parties (on the basis that Shine Precious has advanced shareholder loans up to the RK Commitment)
“BK SGM”	means the special general meeting of Build King to be convened and held to consider and, if thought fit, to approve the transactions contemplated under the Investment Agreement
“Bonds and Perpetual Securities”	the various senior guaranteed notes and senior guaranteed perpetual capital securities, all listed on the Singapore Exchange, issued by RKP Overseas Finance 2016 (A) Limited, RKI Overseas Finance 2017 (A) Limited, RKPF Overseas 2019 (A) Limited, RKPF Overseas 2019 (E) Limited, RKPF Overseas 2020 (A) Limited and guaranteed by Road King
“Board”	the board of Directors
“Build King”	Build King Holdings Limited, a company incorporated in Bermuda with limited liability whose shares are listed on the Main Board of the Stock Exchange (stock code: 240)
“Build King Circular”	a circular to be despatched by Build King to its shareholders in connection with the transactions contemplated under the Investment Agreement
“Build King Group”	Build King and its subsidiaries
“Completion”	completion of the Transfer
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration payable by Wise Start to Shine Precious for the Transfer
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules

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## DEFINITIONS

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“Cost of Sale Shares”	HK\$15,700, being the consideration ascribed to the Sale Shares
“Development Company”	深圳市盛世盈豐投資發展有限公司, a company established in the PRC which is the developer of the Project and is indirectly wholly-owned by the Project Company
“Director(s)”	the director(s) of Road King
“Extension Agreement”	the extension agreement dated 23 November 2022 entered into between Shine Precious and Wise Start in relation to the extension of the Long Stop Date
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent BK Shareholders”	the shareholders of Build King other than Wai Kee and Mr. Zen Wei Peu, Derek and its/his associates who are required by the Listing Rules to abstain from voting on the resolutions approving the Investment Agreement and the transactions contemplated thereunder
“Independent Board Committee”	the independent board committee of Road King, comprising all the Independent Non-executive Directors, namely Mr. Lau Sai Yung, Mr. Tse Chee On, Raymond, Mr. Wong Wai Ho and Ms. Hui Grace Suk Han
“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 to advise the Independent Board Committee and the Independent RK Shareholders in respect of the proposed transactions contemplated under the Investment Agreement
“Independent Non-executive Director(s)”	the independent non-executive director(s) of Road King
“Independent RK Shareholders”	the Shareholders other than Wai Kee and Mr. Zen Wei Peu, Derek and its/his associates who are required by the Listing Rules to abstain from voting at the RK SGM on the resolutions approving the Investment Agreement and the transactions contemplated thereunder
“Investment Agreement”	the Investment Agreement regarding the Project Company dated 6 October 2022 entered into between Shine Precious, Wise Start, Road King and Build King

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## DEFINITIONS

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“JV Parties”	collectively, Shine Precious and Wise Start, and each a “JV Party”
“Latest Practicable Date”	16 December 2022, being the latest date by which certain information in this circular is ascertained prior to publication
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Redemption Right”	the right granted to Wise Start under the Investment Agreement to require the Project Company to repay the shareholder loans (or part thereof) due to Wise Start on specified redemption dates
“Long Stop Date”	31 January 2023 (or such later date as the JV Parties may agree in writing)
“Management Company”	深圳市盛世盈豐物業管理有限公司, a company established in the PRC which manages the residential development on the Site and is wholly-owned by the Development Company
“Pandemic”	the COVID-19 pandemic
“percentage ratios”	has the meaning ascribed to it under the Listing Rules
“PRC”	the People’s Republic of China, which for the purposes of this circular does not include Hong Kong, the Macau Special Administrative Region of the PRC or Taiwan
“Project”	an urban renewal project involving the demolition and resettlement and re-development of the Site
“Project Company”	Rainbow Triumph Limited (彩喜有限公司), an investment-holding company incorporated in the British Virgin Islands which indirectly wholly-owns the Development Company
“Project Financing”	from time to time, the borrowings and financing sought from banks or other financial institutions to finance the development of the Project
“Project Group”	the Project Company and its subsidiaries
“Redemption”	the redemption of all or part of the Sale Loans pursuant to exercise of the Loan Redemption Right by Wise Start
“Redemption Price”	the price at which the relevant amount of the Sale Loans will be repaid to Wise Start upon exercise of the Loan Redemption Right by Wise Start

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## DEFINITIONS

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“RK Commitment”	further shareholder loans from the Road King Group that Shine Precious commits to advance to the Project Company which, when aggregated with existing shareholder loans due to the Road King Group immediately following Completion, shall amount to HK\$3,200,000,000
“RK SGM”	means the special general meeting of Road King to be convened and held to consider and, if thought fit, to approve the transactions contemplated under the Investment Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“Road King”	Road King Infrastructure Limited, a company incorporated in Bermuda with limited liability whose shares are listed on the Main Board of the Stock Exchange (stock code: 1098)
“Road King Group”	Road King and its subsidiaries
“Sale Loans”	shareholder loans due from the Project Company to Shine Precious, in the principal amount of HK\$800,000,000
“Sale Shares”	2,000 shares of the Project Company, representing 20% of the issued shares of the Project Company as at the date of the Investment Agreement
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholders”	the holder(s) of the Shares
“Share(s)”	the ordinary share(s) of HK\$0.10 each in the capital of Road King
“Shine Precious”	Shine Precious Limited (耀貴有限公司), a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of Road King
“Site”	the site at which the Project is situated, located at Haitao Garden, 58 Haitao Road, Yantian District, Shenzhen, the PRC with a development site area of approximately 44,339.4 sq.m.
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsisting Guarantees”	the subsisting guarantees given by any member of the Project Group in respect of the Bonds and Perpetual Securities or other bonds and perpetual securities issued by the Road King Group

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## DEFINITIONS

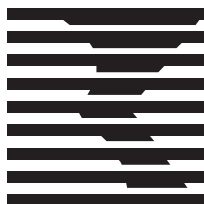
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“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Transfer”	the sale and purchase of the Sale Shares, and the assignment of the Sale Loans on the terms of the Investment Agreement
“Wai Kee”	Wai Kee Holdings Limited, a 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
“Wise Start”	Wise Start Global Limited (啟智環球有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of Build King
“WK SGM”	means the special general meeting of Wai Kee to be convened and held to consider and, if thought fit, to approve the transactions contemplated under the Investment Agreement
“%”	per cent.
“sq.m.”	square meter(s)

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## LETTER FROM THE BOARD

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# 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*)  
Fong Shiu Leung, Keter (*Chief Executive Officer*)  
Ng Fun Hung, Thomas (*Chief Financial Officer*)

*Registered office:*

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

*Non-executive Directors:*

Cai Xun  
Xu Enli

*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  
Hui Grace Suk Han

22 December 2022

*To the Shareholders*

Dear Sir or Madam,

## **MAJOR AND CONNECTED TRANSACTION – PROPOSED TRANSFER INCIDENTAL TO FORMATION OF JOINT VENTURE**

### **INTRODUCTION**

We refer to the announcement of Road King dated 6 October 2022 in respect of the formation of a “joint venture” between Shine Precious and Wise Start in relation to the Project pursuant to the Investment Agreement and the supplemental announcement of Road King dated 23 November 2022 in relation to the extension of the Long Stop Date. The Investment Agreement provides that (i) Shine Precious shall sell and assign, and Wise Start shall purchase and take assignment of, the Sale Shares and Sale Loans; (ii) Shine Precious shall provide the RK Commitment; and (iii) Wise Start shall have the Loan Redemption Right, upon the exercise of which Shine Precious may require certain Balancing Transactions to be effected.



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## LETTER FROM THE BOARD

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The purpose of this circular is to provide you with, among other things, (i) further details of the Investment Agreement; (ii) a valuation report on the Site; (iii) the recommendation from the Independent Board Committee; (iv) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent RK Shareholders; (v) a notice of the RK SGM; and (vi) other information as required to be disclosed under the Listing Rules so as to enable you to make an informed decision on whether to vote for or against the ordinary resolution to be proposed at the RK SGM in relation to the Investment Agreement and the transactions contemplated thereunder.

### THE INVESTMENT AGREEMENT

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

- Date** : 6 October 2022
- Parties** : (1) Shine Precious
- (2) Wise Start
- (3) Road King (as guarantor of the obligations of Shine Precious under the Investment Agreement and guarantor of the Redemption obligation of the Project Company)
- (4) Build King (as guarantor of the obligations of Wise Start under the Investment Agreement)

Information on the parties is set out under “Reasons for and the benefits of the entering into the Investment Agreement” below.

- Consideration for Transfer** : The Consideration is HK\$800,015,700, of which HK\$15,700 is attributable to the Sale Shares (as Cost of Sale Shares) and HK\$800,000,000 is attributable to the Sale Loans. The Consideration is payable in cash on Completion.

The Consideration was arrived at after arm’s length negotiations between the parties to the Investment Agreement. Road King took into account (i) the unaudited consolidated net deficit of the Project Company as at 31 August 2022 attributable to the Sale Shares; (ii) the nominal and paid up capital of the Sale Shares; (iii) the principal amount of the Sale Loans; (iv) no commercial value being attributable by an independent valuer to the Site as the Development Company has not yet obtained valid title of the Site or signed a land grant contract for the Project given that the Project is still in its resettlement and demolition phase; (v) the development plan of the Project (including its projected funding requirements) as described in “Information of the Project Group and the Project” below; and (vi) the intended 80:20 equity interests of the Road King Group and the Build King Group in the Project Company following Completion. The Consideration is expected to be utilized for working capital purposes of the Road King Group.

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## LETTER FROM THE BOARD

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**Conditions Precedent for Transfer** : The obligations of the parties to the Investment Agreement to proceed to Completion are conditional upon the following conditions being satisfied:

- (a) resolutions being passed by the Independent RK Shareholders in the RK SGM to approve the transactions contemplated under the Investment Agreement as required by the Listing Rules;
- (b) resolutions being passed by the Independent BK Shareholders in the BK SGM to approve the transactions contemplated under the Investment Agreement as required by the Listing Rules;
- (c) resolutions being passed by the shareholders of Wai Kee in the WK SGM to approve the transactions contemplated under the Investment Agreement as required by the Listing Rules; and
- (d) the delivery of a fairness opinion to the trustee(s) of the Bonds and Perpetual Securities to the extent required under their terms and conditions.

Under the terms of the Investment Agreement, none of the conditions precedent above can be waived. As at the Latest Practicable Date, none of the conditions precedent above have been satisfied.

**Completion of Transfer** : Completion is to take place on the third business day following the day on which the conditions precedent are fulfilled (or such later date as the parties may agree in writing).

**Business of the Project Company** : The development of the Project (including the demolition of buildings on the Site and the resettlement of owners of land and/or buildings on the Site), the sale of units on the Site and the management of the completed development and other activities that are wholly incidental thereto, unless otherwise agreed between the JV Parties.

**Funding of the Project Company and the RK Commitment** : The JV Parties agree that working capital requirements of the Project Company are to be met first, to the extent practicable, by way of external borrowings or financing to be sought from banks or financial institutions.

Shine Precious has agreed, subject to Completion taking place, to provide further shareholder loans to the Project Company, as the board of the Project Company may from time to time require for any of the following purposes:

- (a) to fund working capital of the Project Group;

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## LETTER FROM THE BOARD

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- (b) to fund any Redemption; and/or
- (c) to ensure that shareholder loans outstanding immediately prior to any repayment of the same (except for the purpose of any Redemption) is proportionate to the then shareholding of the JV Parties in the Project Company.

Such additional loans, when aggregated with all shareholder loans due to the Road King Group from the Project Company immediately following Completion, shall amount to the RK Commitment.

The RK Commitment was determined after arm's length negotiations between the parties with reference to the development plan of the Project (including its projected funding requirements) as described in "Information of the Project Group and the Project" below, the principal amount of Sale Loans and the amount of additional advances that Shine Precious would need to make so that the total amount of shareholder loans provided by the respective JV Parties will become proportionate to the shareholding of the JV Parties in the Project Company immediately following Completion.

**Loan Redemption Right** : Wise Start has the Loan Redemption Right to require the Project Company to repay (i) up to 50% of the principal amount of the Sale Loans due to Wise Start on the day immediately preceding the first anniversary of Completion; and (ii) up to the balance of shareholder loans due to Wise Start on 28 February 2025 (or if any of these two days is not a business day, the next following business day).

The Redemption Price is to be an amount calculated using the following formula:

$$P + [P/L \times (E - S) \times 20\%]$$

where

**P** = the principal amount of the Sale Loans being redeemed pursuant to the exercise of the Loan Redemption Right

**L** = the principal amount of the Sale Loans

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## LETTER FROM THE BOARD

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**E** = the consolidated net asset value of the Project Company as at a date that falls within 3 calendar months prior to the date of the relevant redemption notice delivered in accordance with the terms of the Investment Agreement with the inventory of properties comprised in the Project marked to market value as at the same date. The “market value” of such properties shall be the amount specified in a valuation report issued by an independent property valuer for this purpose and includes, if valid title to the Site has not then been obtained by the Project Group, the indicative market value of such properties based on assumptions no more favourable than those adopted in the valuation report of the Site set out in Appendix II to this circular;

**S** = the consolidated net asset value of the Project Company as at 31 August 2022 as shown in the accountants report on the Project Company to be included in the Build King Circular

provided, where  $(E - S)$  is an amount less than zero, then it shall be deemed to be zero.

The Redemption Price is to be payable within five business days after determination of the Redemption Price, subject to extension to such longer period as a JV Party may specify in writing to the other JV Party for the purpose of allowing Road King, Build King and/or Wai Kee a reasonable time to comply with the applicable requirements of the Listing Rules.

**Balancing Transactions** : At any time following a Redemption, Shine Precious shall effect the Balancing Transactions by (i) requiring Wise Start to transfer to Shine Precious some or all of its shares in the Project Company at Cost of Sale Shares attributable to each share; or (ii) (if Wise Start fails promptly (and in any event within five business days) to effect such transfer in accordance with the request of Shine Precious) requiring the Project Company to issue to Shine Precious additional shares at nominal value, in each case, such that Wise Start’s shareholding interest in the Project Company is reduced to such proportion as the principal amount of Wise Start’s shareholder loans then outstanding bears to HK\$4,000,000,000 (being the aggregate of the Sale Loans and RK Commitment).

**Investor rights** : For so long as (i) Wise Start’s shareholder loans to the Project Company represents no less than 20% of the total amount of shareholder loans then outstanding; and (ii) Wise Start remains a subsidiary of Build King, amongst other things:

- (a) Wise Start shall be entitled to appoint and remove one director to the board of the Project Company (where such board will comprise not less than five directors); and

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## LETTER FROM THE BOARD

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- (b) Wise Start will have customary information rights on the Project Group, and veto rights for changes to the share capital of or issue of shares by the Project Company (except for a Balancing Transaction), disposal of any interest in any member of the Project Group or the Project and/or any borrowings or encumbrances (except for any Subsisting Guarantees, any Project Financing and encumbrances granted in connection with such Project Financing and/or disposals in connection with the sale or pre-sale of units developed), any change of the business of the Project Company, its constitutional documents, liquidation of any member of the Project Group, and non-arm's length related party transactions.

**Distribution and Proportionality of Shareholder Loans** : The Project Company shall not make any distribution by way of dividends or otherwise unless no shareholder loan remains outstanding. Unless otherwise agreed between the JV Parties and save to the extent of the RK Commitment, no advances shall be made other than by way of shareholder loans the principal amount of which shall be proportionate to the shareholding of the JV Parties in the Project Company.

**Transfer of shareholding interest** : Wise Start may not transfer any shares of the Project Company held by it without the consent of Shine Precious.

In addition, any transfer of shares in the Project Company by a JV Party will be subject to the right of first refusal of the other JV Party, and customary tag-along and drag along rights. Any such transfers will be subject to the compliance with Listing Rules applicable at the time to Road King, Wai Kee and/or Build King (as the case may be).

**Termination** : Prior to Completion, (i) if any of the conditions precedent are not fulfilled by a JV Party on or before the Long Stop Date, the Investment Agreement will terminate at the end of that day; or (ii) if any JV Party fails to comply with its Completion obligations, or if there is a material breach by a JV Party of the representations and warranties given in the Investment Agreement, the other JV Party may, by notice in writing to such JV Party, terminate the Investment Agreement.

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## LETTER FROM THE BOARD

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Following Completion, if a JV Party is liquidated, dissolved, becomes bankrupt or insolvent, enters into any composition, reconstruction or arrangement with its creditors in respect of a significant proportion of its assets, is in material breach of its obligations under the Investment Agreement, or (in the case of Shine Precious only) the Subsisting Guarantees are enforced against the Project Group, the other JV Party may terminate the Investment Agreement by giving 30 days' written notice. In addition, the non-defaulting JV Party has the right to:

- (a) (if Wise Start is in default) Shine Precious may require Wise Start to sell its shares in the Project Company and to assign its shareholder loans in the Project Company to Shine Precious at the Cost of Sale Shares attributable to the relevant shares held by Wise Start and the principal amount of the shareholder loans due from the Project Company to Wise Start at the relevant time; or
- (b) (if Shine Precious is in default) Wise Start may require Shine Precious to buy Wise Start's shares in the Project Company and to assign its shareholder loans to Shine Precious at the Cost of Sale Shares and Redemption Price attributable to those shares and shareholder loans at the relevant time.

Any such transfers will be subject to the compliance with Listing Rules applicable at the time to Road King, Wai Kee and/or Build King (as the case may be).

The Investment Agreement will also terminate on the date when either JV Party ceases to hold any shares of the Project Company, or if a resolution is passed to wind up the Project Company or a liquidator is otherwise appointed.

Upon termination of the Investment Agreement, no JV Party will have any obligation towards the other save for antecedent breaches and (in the case of a termination after Completion) the rights of the parties in relation to the sale and purchase of shares and shareholder loan described above.

### **INFORMATION OF THE PROJECT GROUP AND THE PROJECT**

The Project Company is an investment holding company incorporated in the British Virgin Islands. Through its wholly-owned subsidiaries, it wholly-owns the Development Company which is the developer of the Project and is the 100% holding company of the Management Company.

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## LETTER FROM THE BOARD

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The Development Company was established to engage in the development of the Site. It received planning approval for its resettlement and development project from the Shenzhen Urban Planning and Land Resources Committee in 2011. Its registered capital is RMB50 million, all of which has been fully paid up. The Road King Group acquired the Development Company in stages since April 2014. The Development Company was accounted for as a wholly-owned subsidiary of Road King since 2019. The sellers of the Development Company were independent third parties that are not connected persons of Road King. The original acquisition cost of the Development Company to the Road King Group was RMB550 million. Each acquisition price was determined after arms' length negotiations with the sellers. The Road King Group agreed its acquisition price based on its internal valuation and assessment of the total investment and development cost of such project, projected development time line and sales price, in line with usual practice for its investments in property development projects. The Management Company was established for and its current business is the management of the current residential development (to be demolished) on the Site. Save for the Development Company and the Management Company, other members of the Project Group are investment holding companies.

The Project is an urban renewal project referred to as Haitao Garden at the Site located at Haitao Garden, 58 Haitao Road, Yantian District, Shenzhen, the PRC and was built in the 1980s. It involves the demolition and resettlement of a total of 58 residential buildings with some commercial facilities, covering a development site area of 44,339.4 sq.m. (with planned gross floor area of 242,980 sq.m.), and the re-development of the Site thereafter. Under the current development plan, subject to the relevant regulatory approvals being obtained, the Project entails a new property development project that has 223,780 sq.m. gross floor area for residential use, 12,600 sq. m. gross floor area for commercial use and 6,600 sq.m. gross floor area for ancillary public facilities.

As at 15 August 2022 and as at the Latest Practicable Date, the Development Company has entered into contracts with well over 95% of the 1,282 owners on the Site covering over 95% of the gross floor area for resettlement purposes. This entitles the Development Company to local district government-assisted mediation of resettlement terms with the remaining owners or, failing which, the exercise of resumption rights by the local government and on-sale of resumption properties to the Development Company. After the Development Company has acquired the property interests of all the owners of the existing properties on the Site (subject to its urban renewal proposal remaining valid, the renewal project remaining part of the Shenzhen Municipal Bureau of Urban Planning and Land Resources' development plan and all materials required for qualification as the developer have been submitted to the relevant governmental authorities), it can then apply to become the developer of the Project (實施主體). Following the demolition of the existing buildings on the Site and the cancellation of the property registration of those buildings, the developer of the Project can then formally apply for the relevant planning and construction approvals for the Project and enter into land use rights grant contract with the relevant state-owned land authority in which the land premium payable for proposed development (including the increase in plot ratio) will be specified. Pursuant to the applicable PRC laws, once the land use rights grant contract has been entered into with the competent land administration department and the land premium and deed tax have been paid in accordance with the requirements thereunder, there is no material legal impediment for the developer of the Project to obtain the land use rights to the Site. As such, as at the Latest Practicable Date, the Directors did not foresee any major obstacles for the Development Company to successfully become the developer of the Project and obtain the land use rights to the Site.

The Project Group plans to commence demolition and construction works by the end of 2023 and pre-sales of the residential Project units in 2025. The Project Group is not entitled to any compensation for the demolition of the existing buildings and the resettlement of the owners on the Site.

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## LETTER FROM THE BOARD

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The Site is well located with seafront at its South-eastern side and park facilities across the street at the Western boundary of the Site. The Site is within walking distance from a shopping centre, five star hotel, retail shops, schools and hospitals, and the Sha Tau Kok border crossing between mainland China and Hong Kong. It also has access to the public transportation network such as buses and subway to the central business districts in Shenzhen, Luohu and Hong Kong. Other urban renewal projects in the vicinity are also expected to contribute to the gentrification and attractiveness of this area and the population of this area is expected to increase.

The unaudited consolidated net (loss) profit of the Project Group before and after taxation for each of the years ended 31 December 2020 and 2021 and the eight months ended 31 August 2022 were as follows:

	For the year ended 31 December		For the eight months ended
	2020	2021	31 August 2022
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>
Net (loss) profit before taxation	(4.6)	(3.1)	<b>0.4</b>
Net (loss) profit after taxation <sup>1</sup>	(4.6)	(0.7)	<b>0.4</b>

*Note 1:* The reduced losses in the year ended 31 December 2021 and the net profit recorded in the eight months ended 31 August 2022 were mainly attributable to interest income receivable on funds advanced by the Development Company to owners of existing properties on the Site in order to secure the release of mortgages of those properties, to facilitate completion of the transfer of those properties to the Development Company in the year ended 31 December 2021 and the eight months ended 31 August 2022, respectively.

The unaudited consolidated net deficit of the Project Company as at 31 August 2022 was approximately HK\$8.6 million and the Site is booked at cost. Please refer to the valuation report set out in Appendix II to this circular for further information on the valuation of the Site. As at 31 August 2022, the Road King Group has advanced shareholder loan in the principal amount of approximately HK\$2,134 million to the Project Group. To fund completion of re-settlement and demolition works and subsequent development works, the Road King Group has budgetted total financing for the Project Group (inclusive of external financing) of approximately HK\$4,500 million and HK\$5,900 million up to the end of December 2023 and February 2025, respectively.

### REASONS FOR AND THE BENEFITS OF ENTERING INTO THE INVESTMENT AGREEMENT

Road King is an investment holding company and the Road King 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, and development, operation and management of toll roads through infrastructure joint ventures in the PRC and Indonesia. Shine Precious is principally engaged in investment holding.

Build King is an investment holding company and its group companies are principally engaged in the undertaking of construction projects in Hong Kong and the PRC and are also engaged in environmental and waste management and marine engineering. Wise Start is principally engaged in investment holding.



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## LETTER FROM THE BOARD

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The Transfer under the Investment Agreement would allow the Road King Group to release cash value in respect of 20% of its interest in the Project on normal commercial terms or better, which cash can be deployed in and towards the working capital of the Road King Group. Given that the Project Group is currently wholly-owned by Road King, the RK Commitment does not increase the Road King Group's expected funding requirements for the Project.

Under the Investment Agreement, apart from the need to share with Wise Start the pro rata portion of the change in value or return generated by the Project (depending on whether Wise Start elects to exercise the Loan Redemption Right or continue to hold its initial investment to the completion of the Project), the Road King Group need not relinquish any substantive control over its interest in and the development of the Project, which Road King considers to be more favourable to Road King than having to debt finance a comparable portion of its investment in the Project or to seek other joint venture partners (which would likely be a potential competitor of the Road King Group). The Balancing Transactions ensure that proportionality between the JV Parties' shareholding and shareholder loans (including the RK Commitment) can be maintained after any redemption of the Sale Loans pursuant to an exercise of Loan Redemption Right.

Road King estimates that, in connection with the Transfer, it will not recognise any material gain or loss in its consolidated income statement but will recognise a surplus in its consolidated reserves that is not material in the context of the consolidated net assets of the Road King Group. Following Completion, the Project Company will be an 80% owned subsidiary of Road King and the results of operations and financial position of the Project Group will continue to be recorded in the Road King Group's consolidated financial statements.

Mr. Zen Wei Peu, Derek is the chairman of the board of directors, an executive director and a shareholder of Road King. Mr. Zen Wei Peu, Derek is also the vice chairman of the board of directors, chief executive officer, an executive director and a controlling shareholder of Wai Kee, and the chairman of the board of directors, chief executive officer, managing director and shareholder of Build King. Accordingly, Mr. Zen Wei Peu, Derek has abstained from voting on the board resolutions of Road King approving the terms of the Investment Agreement.

### **IMPLICATIONS UNDER THE LISTING RULES**

As at the Latest Practicable Date, Wai Kee (through its subsidiaries) is interested in 336,608,428 Shares, representing approximately 44.92% of the Shares in issue. Accordingly, Wai Kee is a substantial shareholder of Road King and therefore a connected person of Road King under the Listing Rules. As at the Latest Practicable Date, Wai Kee (through its subsidiaries) is interested in 721,235,033 shares of Build King, representing approximately 58.08% of Build King's shares in issue. Build King and Wise Start are therefore associates of Wai Kee and connected persons of Road King under the Listing Rules. Accordingly, the transactions contemplated under the Investment Agreement (including the Transfer and the RK Commitment) constitute connected transactions of Road King under the Listing Rules.

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## LETTER FROM THE BOARD

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As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Transfer (which is incidental to the formation of the “joint venture” with respect to the Project between Shine Precious and Wise Start) are more than 25% but less than 75%, the Transfer contemplated under the Investment Agreement constitutes a major and connected transaction for Road King and is therefore subject to the reporting, announcement and independent shareholders’ approval requirements under Chapter 14 and Chapter 14A of the Listing Rules.

As all the applicable percentage ratios (as defined under the Listing Rules) for the Balancing Transactions that will be triggered upon the exercise of the Loan Redemption Right by Wise Start are less than 5% and the total consideration is less than HK\$3,000,000, the acquisition of voting rights by Shine Precious pursuant to the Balancing Transactions constitutes a de minimis connected transaction for Road King and is fully exempt from circular and independent shareholders’ approval requirements under Rules 14A.76(1) and 14A.79(1) of the Listing Rules. However, Road King will make an appropriate announcement as required under Rule 14A.61 of the Listing Rules following the exercise by Wise Start of the Loan Redemption Right.

### **THE RK SGM AND REGISTER OF MEMBERS**

The RK SGM will be held on 13 January 2023 for the purposes of providing the Independent RK Shareholders with an opportunity to consider and, if thought fit, approving the Investment Agreement and the transactions contemplated thereunder. As required under the Listing Rules, votes at the RK SGM will be taken by way of a poll.

The register of members of Road King will be closed from Thursday, 12 January 2023 to Friday, 13 January 2023, both dates inclusive, during which period no transfer of Shares will be registered. The record date for the determination of the entitlement to attend and vote at the RK SGM will be Friday, 13 January 2023. In order to qualify for attending the RK SGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with Road King’s branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited, at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than Wednesday, 11 January 2023 at 4:00 p.m.

A form of proxy for use at the RK SGM is enclosed. Whether or not you are able to attend and vote at the RK SGM in person, please complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to Road King’s branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited, at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the RK SGM or any adjournment thereof (as the case may be). Completion and return of a form of proxy will not preclude you from attending and voting in person at the RK SGM or any adjournment thereof (as the case may be) should you so wish and in such case, the form of proxy shall be deemed to be revoked.

The notice of the RK SGM is set out on pages SGM-1 to SGM-2 of this circular. Wai Kee, being a substantial shareholder of Road King and the controlling shareholder of Build King, a party to the Investment Agreement, and its associates will abstain from voting at the RK SGM on the resolution for approving the transactions contemplated under the Investment Agreement. As Mr. Zen Wei Peu, Derek holds, as at the Latest Practicable Date, 23,649,000 Shares (being approximately 3.16% of the Shares in issue), 249,424,078 shares of Wai Kee (being approximately 31.45% of Wai Kee’s shares in issue) and

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## LETTER FROM THE BOARD

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123,725,228 shares of Build King (being approximately 9.96% of Build King's shares in issue), he will also abstain from voting at the RK SGM on the resolution to approve the transactions contemplated under the Investment Agreement pursuant to Rule 2.15 of the Listing Rules.

### **INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

The Independent Board Committee comprising the Independent Non-executive Directors, namely Mr. Lau Sai Yung, Mr. Tse Chee On, Raymond, Mr. Wong Wai Ho and Ms. Hui Grace Suk Han, has been established to advise the Independent RK Shareholders in relation to the terms of the Investment 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 18 to 19 of this circular.

Altus Capital Limited has been appointed as the Independent Financial Adviser for the purpose of advising the Independent Board Committee and the Independent RK Shareholders in respect of the terms of the Investment Agreement. The advice of the Independent Financial Adviser is set out in its letter on pages 20 to 36 of this circular.

### **ADDITIONAL INFORMATION**

Your attention is drawn to the additional information as set out in the appendices to this circular.

### **RECOMMENDATION**

Taking into account the letters from the Independent Board Committee and the Independent Financial Advisor which are respectively set out on pages 18 to 19 and pages 20 to 36 of this circular and all other factors stated above as a whole, the Directors (including the Independent Non-executive Directors) are of the view that the terms of the Investment Agreement (including but not limited to the terms of the Transfer, RK Commitment, Loan Redemption Right and Balancing Transactions) are on normal commercial terms, and such terms are fair and reasonable and in the interests of Road King and the Shareholders as a whole. As such, the Directors recommend the Independent RK Shareholders to vote in favour of the resolution to be proposed at the RK SGM.

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

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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*The following is the text of a letter from the Independent Board Committee, which has been prepared for the purpose of incorporation into this circular, setting out its recommendation to the Independent RK Shareholders in respect of the Investment Agreement and the transactions contemplated thereunder.*



## ROAD KING INFRASTRUCTURE LIMITED

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 1098)**

22 December 2022

*To the Independent RK Shareholders*

Dear Sir or Madam,

### **MAJOR AND CONNECTED TRANSACTION – PROPOSED TRANSFER INCIDENTAL TO FORMATION OF JOINT VENTURE**

We refer to the circular issued by Road King to the Shareholders dated 22 December 2022 (the “**Circular**”) of which this letter forms part. Unless the context otherwise requires, terms defined in the Circular shall have the same meanings when used in this letter.

We have been appointed by the Board as members of the Independent Board Committee to advise the Independent RK Shareholders in respect of the terms of the Investment Agreement and the transactions contemplated thereunder, details of which are set out in the Circular. Altus Capital Limited has been appointed as the Independent Financial Adviser to advise us and the Independent RK Shareholders in this regard. Details of the advice of the Independent Financial Adviser, together with the principal factors and reasons the Independent Financial Adviser has taken into consideration, are set out in the “Letter from the Independent Financial Adviser” set out on pages 20 to 36 of the Circular. Your attention is also drawn to the “Letter from the Board” in the Circular and the additional information set out in the appendices to the Circular.

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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Having taken into account the advice of, and the principal factors and reasons considered by and the opinion of the Independent Financial Adviser as stated in its letter, we consider that the Investment Agreement and the transactions contemplated thereunder (including the Transfer, RK Commitment, Loan Redemption Right and Balancing Transactions) are on normal commercial terms and in the ordinary and usual course of business of the Road King Group, the terms of which are fair and reasonable so far as the Independent RK Shareholders are concerned and in the interests of Road King and the Shareholders as a whole. Accordingly, we recommend the Independent RK Shareholders to vote in favour of the resolution to be proposed at the RK SGM in respect of the Investment Agreement and the transactions contemplated thereunder.

Yours faithfully,

For and on behalf of

The Independent Board Committee of  
**Road King Infrastructure Limited**

<b>Lau Sai Yung</b>	<b>Tse Chee On, Raymond</b>	<b>Wong Wai Ho</b>	<b>Hui Grace Suk Han</b>
<i>Independent</i>	<i>Independent</i>	<i>Independent</i>	<i>Independent</i>
<i>Non-executive Director</i>	<i>Non-executive Director</i>	<i>Non-executive Director</i>	<i>Non-executive Director</i>

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*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 RK Shareholders in relation to the Investment 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

22 December 2022

*To the Independent Board Committee and the Independent RK Shareholders*

### **Road King Infrastructure Limited**

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

Dear Sirs and Madams,

## **MAJOR AND CONNECTED TRANSACTION – PROPOSED TRANSFER INCIDENTAL TO FORMATION OF JOINT VENTURE**

### **INTRODUCTION**

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent RK Shareholders in respect of the Investment Agreement and the transactions contemplated thereunder, details of which are set out in the letter from the board (the “**Letter from the Board**”) contained in the circular of Road King dated 22 December 2022 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

On 6 October 2022, Road King, Build King, Shine Precious (an indirect wholly-owned subsidiary of Road King) and Wise Start (an indirect wholly-owned subsidiary of Build King) entered into the Investment Agreement (as supplemented by the Extension Agreement dated 23 November 2022) regarding the Project Company for the purpose of the development of the Project.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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To form the “joint venture” between Shine Precious and Wise Start in relation to the Project, the Investment Agreement provides that subject to the fulfilment of conditions precedent:

- (i) Shine Precious has agreed to sell and assign, and Wise Start has agreed to purchase and take assignment of, the Sale Shares (which represent 20% of the Project Company’s shares in issue) at the price of HK\$15,700 and the Sale Loans (in the principal amount of HK\$800,000,000) at the face value, at a total Consideration of HK\$800,015,700; and
- (ii) Shine Precious has agreed to provide the RK Commitment, being further shareholder loans from the Road King Group to the Project Company which, when aggregated with existing shareholder loans due to the Road King Group immediately following Completion, shall amount to HK\$3,200,000,000.

Following Completion, the Project Company will be owned as to 80% by Shine Precious and 20% by Wise Start and will remain a subsidiary of Road King.

In addition, Shine Precious has agreed that Wise Start has the right to require the redemption by the Project Company of all or part of the shareholder loans due to it on certain redemption dates at the Redemption Price calculated by reference to the formula described below, after which Shine Precious shall require certain Balancing Transactions to be effected in order to achieve the intended proportionality between the respective JV Parties’ shareholding in, and shareholder loans (including the RK Commitment) to, the Project Company. The Redemption obligation of the Project Company is guaranteed by Road King.

### LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, Wai Kee (through its subsidiaries) is interested in 336,608,428 Shares, representing approximately 44.92% of Road King’s issued share capital. Accordingly, Wai Kee is a substantial shareholder of Road King and therefore a connected person of Road King under the Listing Rules. As at the Latest Practicable Date, Wai Kee (through its subsidiaries) is interested in 721,235,033 shares of Build King, representing approximately 58.08% of Build King’s issued share capital. Build King and Wise Start are therefore associates of Wai Kee and connected persons of Road King under the Listing Rules. Accordingly, the transactions contemplated under the Investment Agreement (including the Transfer and the RK Commitment) constitute connected transactions of Road King under the Listing Rules.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Transfer (which is incidental to the formation of the “joint venture” with respect to the Project between Shine Precious and Wise Start) are more than 25% but less than 75%, the Transfer contemplated under the Investment Agreement constitutes a major and connected transaction for Road King and is therefore subject to the reporting, announcement and independent shareholders’ approval requirements under Chapter 14 and Chapter 14A of the Listing Rules.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As all the applicable percentage ratios (as defined under the Listing Rules) for the Balancing Transactions that will be triggered upon the exercise of the Loan Redemption Right by Wise Start are less than 5% and the total consideration is less than HK\$3,000,000, the acquisition of voting rights by Shine Precious pursuant to the Balancing Transactions constitutes a de minimis connected transaction for Road King and is fully exempt from circular and independent shareholders' approval requirements under Rules 14A.76(1) and 14A.79(1) of the Listing Rules. However, Road King will make an appropriate announcement as required under Rule 14A.61 of the Listing Rules following the exercise by Wise Start of the Loan Redemption Right.

### THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all the Independent Non-executive Directors (namely Messrs. Lau Sai Yung, Tse Chee On, Raymond, Wong Wai Ho and Ms. Hui Grace Suk Han) has been formed to advise the Independent RK Shareholders as to (i) whether the terms of the Investment Agreement and the transactions contemplated thereunder are fair and reasonable and are in the interests of Road King and the Shareholders as a whole; (ii) whether the Investment Agreement and the transactions contemplated thereunder are on normal commercial terms and in the ordinary and usual course of business of the Road King Group; and (iii) how the Independent RK Shareholders should vote in respect of the relevant resolution to be proposed at the RK SGM, taking into account the recommendation of the Independent Financial Adviser.

### THE INDEPENDENT FINANCIAL ADVISER

As the Independent Financial Adviser, our role is to give an independent opinion to the Independent Board Committee and the Independent RK Shareholders as to (i) whether the terms of the Investment Agreement and the transactions contemplated thereunder are fair and reasonable and are in the interests of Road King and the Shareholders as a whole; (ii) whether the Investment Agreement and the transactions contemplated thereunder are on normal commercial terms and in the ordinary and usual course of business of the Road King Group; and (iii) how the Independent RK Shareholders should vote in respect of the relevant resolution to be proposed at the RK SGM.

We have been engaged by Road King to act as an independent financial adviser in relation to (i) the connected transaction in relation to the formation of joint ventures between the Road King Group and the Wai Kee Group (details of which are set out in the circular of Road King dated 3 March 2021); and (ii) the connected transaction in relation to the participation agreement between a member of the Road King Group and a member of the Wai Kee Group (details of which are set out in the announcement of Road King dated 30 November 2021). Save for the aforesaid transactions, we have not acted as independent financial adviser or financial adviser for other transactions of the Road King Group in the last two years from the date of the Circular. Pursuant to Rule 13.84 of the Listing Rules, and given that remuneration for our engagement to opine on Investment Agreement and the transactions contemplated thereunder is at market level and not conditional upon successful passing of the relevant resolution, and that our engagement is on normal commercial terms, we are independent of and not associated with Road King, its controlling shareholder(s) or connected person(s).



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### **BASIS OF OUR ADVICE**

In formulating our opinion, we have reviewed, amongst others, (i) the Investment Agreement; (ii) the valuation report on the Site prepared by RHL Appraisal Limited (the “**Valuer**” and the “**Valuation Report**”); (iii) the development plan of the Project (including its projected funding requirements) (the “**Development Plan**”); (iv) the annual report of Road King for the year ended 31 December 2021 (the “**2021 Annual Report**”); (v) the interim report of Road King for the six months ended 30 June 2022 (the “**2022 Interim Report**”) and (vi) other information as set out in the Circular.

We have also relied on the statements, information, opinions and representations contained or referred to in the Circular and/or provided to us by Road King, the Directors and the management of Road King (the “**Management**”). We have assumed that all the statements, information, opinions and representations contained or referred to in the Circular and/or provided to us were true, accurate and complete at the time they were made and will continue to be so up to the date of the RK SGM. 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 Road King. 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.

We have no reason to believe that any statements, information, opinions or representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the statements, information, opinions or representations provided to us untrue, inaccurate or misleading.

We consider that we have been provided with, and have reviewed, sufficient information to reach an informed view and provide a reasonable basis for our opinion. We have not, however, conducted an independent investigation into the business, financial conditions and affairs or future prospects of the Road King Group.

### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

#### **1. Background**

##### *1.1 Information of the Road King Group*

Road King is an investment holding company and the Road King 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, and development, operation and management of toll roads through infrastructure joint ventures in the PRC and Indonesia. Shine Precious is principally engaged in investment holding.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 1.2 Financial information of the Road King Group

Set out below is a table summarising the key financial information of the Road King Group extracted from the 2021 Annual Report and 2022 Interim Report.

*Extract of consolidated income statement of profit or loss*

	<b>For the six months ended 30 June</b>		<b>For the year ended 31 December</b>	
	<b>2022</b>	<b>2021</b>	<b>2021</b>	<b>2020</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(audited)</i>	<i>(audited)</i>
Revenue	4,972,900	4,949,038	24,677,949	24,196,103
– Property development and investment	4,915,567	4,868,076	24,569,294	24,006,596
– Investment and asset management	57,333	80,962	108,655	189,507
Gross profit	1,807,610	1,276,469	5,399,039	6,506,593
Share of results of associates	30,063	142,053	131,715	70,040
Share of results of joint ventures	405,947	400,255	1,093,035	466,586
Profit for the year/period	468,932	646,813	1,984,489	2,783,596

*Extract of consolidated statement of financial position*

	<b>As at 30 June</b>		<b>As at 31 December</b>	
	<b>2022</b>	<b>2021</b>	<b>2021</b>	<b>2020</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(audited)</i>	<i>(audited)</i>
Non-current assets	36,507,295	40,380,589	40,380,589	31,307,758
– Interests in joint ventures	18,771,713	19,320,801	19,320,801	13,843,087
Current assets	65,747,486	67,855,142	67,855,142	71,973,129
– Inventory of properties	44,030,526	44,667,671	44,667,671	47,864,974
– Bank balances and cash	10,370,383	12,599,575	12,599,575	14,055,969
Total assets	102,254,781	108,235,731	108,235,731	103,280,887
Total liabilities	67,370,483	72,437,351	72,437,351	70,239,033
Net assets	34,884,298	35,798,380	35,798,380	33,041,854
	<b>As at 30 June</b>	<b>As at 31 December</b>	<b>As at 31 December</b>	<b>As at 31 December</b>
	<b>2022</b>	<b>2021</b>	<b>2021</b>	<b>2020</b>
Net gearing ratio (Note)	76%	72%	72%	72%

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*Note:*

The net gearing ratio represents the difference between the Road King Group's total interest bearing borrowings (excluding amounts due to non-controlling interests of subsidiaries) and the bank balances and cash (including pledged bank deposits) to the total equity.

*Year ended 31 December 2021 compared with year ended 31 December 2020*

The Road King Group recorded revenue of approximately HK\$24,677.9 million for the year ended 31 December 2021, which was generally in line with that of approximately HK\$24,196.1 million for the year ended 31 December 2020.

The Road King Group recorded profit for the year of approximately HK\$1,984.5 million for the year ended 31 December 2021, representing a decrease of approximately 28.7% from approximately HK\$2,783.6 million for the year ended 31 December 2020 which was mainly attributable to the decrease in gross profit for the property development and investment segment.

The Road King Group's share of result of joint ventures and associates were approximately HK\$536.6 million and HK\$1,224.8 million for the years ended 31 December 2020 and 2021 respectively while the Road King Group's share of revenue of joint ventures and associates were approximately HK\$7,587.0 million and HK\$14,153.5 million for the years ended 31 December 2020 and 2021 respectively. The lower profit contribution in the year ended 31 December 2020 was mainly due to the imposition of the Toll-Free Policy in Mainland China since the outbreak of COVID-19 from early February 2020 to early May 2020. As the Pandemic in Mainland China was brought under control and economic activities resumed steadily in 2021, the profit from infrastructure joint ventures increased significantly as compared with 2020.

The net asset value of the Road King Group was approximately HK\$35,798.4 million as at 31 December 2021, representing an increase of 8.3% as compared to that of approximately HK\$33,041.9 million as at 31 December 2020 which was mainly attributable to the increase in interests in joint ventures.

The bank balances and cash of the Road King Group was approximately HK\$12,599.6 million as at 31 December 2021, representing a decrease of 10.4% as compared to that of approximately HK\$14,056.0 million as at 31 December 2020 which was mainly attributable to payment of land premiums and investment cost for newly acquired projects by the Road King Group during the year.

The net gearing ratio of the Road King Group was 72% as at 31 December 2021 and 31 December 2020.

*Six months ended 30 June 2022 compared to six months ended 30 June 2021*

The Road King Group recorded revenue of approximately HK\$4,972.9 million for the six months ended 30 June 2022 which was generally in line with that of approximately HK\$4,949.0 million for the six months ended 30 June 2021.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The Road King Group recorded profit for the period of approximately HK\$468.9 million for the six months ended 30 June 2022, representing a decrease of approximately 27.5% from approximately HK\$646.8 million for the six months ended 30 June 2021 which was mainly attributable to the net effect of (i) the difference between (a) other losses of approximately HK\$585.7 million for the six months ended 30 June 2022 mainly due to net exchange losses and (b) other gains of HK\$292.4 million recorded for the six months ended 30 June 2021; and (ii) the difference in gross profit of HK\$1,807.6 million for the six months ended 30 June 2022 and approximately HK\$1,276.5 million recorded for the six months ended 30 June 2021.

The Road King Group's share of result of joint ventures and associates were approximately HK\$542.3 million and HK\$436.0 million for the six months ended 30 June 2021 and 2022 respectively while the Road King Group's share of revenue of joint ventures and associates were approximately HK\$5,031.2 million and HK\$3,616.9 million for the six months ended 30 June 2021 and 2022 respectively. Due to the impact of the Pandemic in Mainland China, the construction and delivery schedule of certain property projects were delayed and resulted in the decrease in respective profit contribution from joint ventures and associates during the period.

The net asset value of the Road King Group was approximately HK\$34,884.3 million as at 30 June 2022, which was generally stable as compared to that of approximately HK\$35,798.4 million as at 31 December 2021.

The bank balances and cash of the Road King Group was approximately HK\$10,370.4 million as at 30 June 2022, representing a decrease of 17.7% as compared to that of approximately HK\$12,599.6 million as at 31 December 2021 which was mainly attributable to the repayment of certain bank loans and the decrease in pre-sale deposits received during the period as compared to the amount recorded as at 31 December 2021.

The net gearing ratio of the Road King Group was 76% as at 30 June 2022 which was generally in line with that of approximately 72% as at 31 December 2021.

### ***1.3 Information of Build King and Wise Start***

Build King is an investment holding company and its group companies are principally engaged in the undertaking of construction projects in Hong Kong and the PRC and are also engaged in environmental and waste management and marine engineering.

Wise Start is principally engaged in investment holding.

### ***1.4 Information of the Project Group and the Project***

The Project Company, an indirectly wholly-owned subsidiary of Road King, is an investment holding company incorporated in the British Virgin Islands. Through its wholly-owned subsidiaries, it wholly-owns the Development Company which is the developer of the Project and is the 100% holding company of the Management Company. The Project is the only major assets of the Project Company as at the Latest Practicable Date.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The Development Company was established to engage in the development of the Site. It received planning approval for its resettlement and development project from the Shenzhen Urban Planning and Land Resources Committee in 2011. Road King Group acquired the Development Company in stages since April 2014. The Development Company was accounted for as a wholly-owned subsidiary of Road King since 2019. The sellers of the Development Company were independent third parties that are not connected persons of Road King. The original acquisition cost of the Development Company to the Road King Group was RMB550 million. Each acquisition price was determined after arms' length negotiations with the sellers. The Road King Group agreed its acquisition price based on its internal valuation and assessment of the total investment and development cost of such project, projected development time line and sales price, in line with usual practice for its investments in property development projects.

The Project is an urban renewal project referred to as Haitao Garden at the Site located at Haitao Garden, 58 Haitao Road, Yantian District, Shenzhen, the PRC and was built in the 1980s. It involves the demolition and resettlement of a total of 58 residential buildings with some commercial facilities, covering a development site area of 44,339.4 sq. m. (with planned gross floor area of 242,980 sq.m.) and the re-development of the Site thereafter. Under the Development Plan, subject to the relevant regulatory approvals being obtained, the Project entails a new property development project that has 223,780 sq.m. gross floor area for residential use, 12,600 sq. m. gross floor area for commercial use and 6,600 sq. m. gross floor area for ancillary public facilities.

As at the Latest Practicable Date, the Development Company has entered into contracts with well over 95% of the 1,282 owners on the Site covering over 95% of the gross floor area for resettlement purposes. After the Development Company has acquired the property interests of all the owners of the existing properties on the Site (subject to its urban renewal proposal remaining valid, the renewal project remaining part of the Shenzhen Municipal Bureau of Urban Planning and Land Resources' development plan and all materials required for qualification as the developer have been submitted to the relevant governmental authorities), it can then apply to become the developer of the Project (實施主體). For further details of the Project, please refer to the Letter from the Board as contained in the Circular. We noted that the aforesaid process is consistent with that described in the PRC Legal Opinion and the PRC legal adviser has opined that subject to the signing of the remaining relocation compensation agreements (which the Development Company is already entitled to implement) and the relevant government approvals remaining valid, there is no material legal impediment for the Development Company to be approved as the developer of the Project. Pursuant to the applicable PRC laws, once the land use rights grant contract has been entered into with the relevant state-owned land authority and the land premium and deed tax have been paid in accordance with the requirements thereunder, there is no foreseeable major obstacle for the developer to become the developer of the Project and obtain the land use rights to the Site.

The Project Group plans to commence demolition and construction works by the end of 2023 and pre-sales of the residential Project units in 2025. The Project Group is not entitled to any compensation for the demolition of the existing buildings and the resettlement of the owners on the Site.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The Site is well located with seafront at its South-eastern side and park facilities across the street at the Western boundary of the Site. The Site is within walking distance from a shopping centre, five star hotel, retail shops, schools and hospitals, and the Sha Tau Kok border crossing between mainland China and Hong Kong. It also has access to the public transportation network such as buses and subway to the central business districts in Shenzhen, Luohu and Hong Kong. Other urban renewal projects in the vicinity are also expected to contribute to the gentrification and attractiveness of this area and the population of this area is expected to increase.

The unaudited consolidated net (loss) profit of the Project Group before and after taxation for each of the years ended 31 December 2020 and 2021 and the eight months ended 31 August 2022 were as follows:

	For the year ended 31 December		For the eight months ended 31 August 2022
	2020	2021	
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>
Net (loss) profit before taxation	(4.6)	(3.1)	<b>0.4</b>
Net (loss) profit after taxation	(4.6)	(0.7)	<b>0.4</b>

As the Project was still undergoing demolition, resettlement and the construction has yet to commence, the Project Group recorded unaudited consolidated net loss after taxation for the year ended 31 December 2020 and 2021 and a slight net profit after taxation for the eight months ended 31 August 2022, while no revenue has been generated from property sales.

For the eight months ended 31 August 2022, the assets of the Project Group mainly comprised the properties under development for sale with carrying value of HK\$3,117 million. The properties under development for sale mainly included the acquisition cost of the Development Company, land costs, resettlement/demolition compensation costs, design costs and other upfront costs before commencement of the construction, capitalised borrowing costs and development-related overheads in relation to the Project.

The unaudited consolidated net deficit of the Project Company as at 31 August 2022 was approximately HK\$8.6 million and the Site is booked at cost. As at 31 August 2022, Road King Group has advanced shareholder loan in the principal amount of approximately HK\$2,134 million to the Project Group. To fund completion of re-settlement and demolition works and subsequent development works, Road King Group has budgeted total financing for the Project Group (inclusive of external financing) of approximately HK\$4,500 million and HK\$5,900 million up to the end of December 2023 and February 2025 respectively.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 2. Reasons for and benefits of entering into the Investment Agreement

#### 2.1 *Formation of joint venture is consistent with the strategy of the Road King Group*

As advised by the Management, the formation of joint ventures for the purposes of property development is a common market practice as it allows joint venture parties to pool resources and share the developments risks as well as costs and expenses from the development projects. According to the 2021 Annual Report, Road King Group has nine material property joint ventures that are principally engaged in the development and sale of properties in the PRC. We noted that the formation of joint ventures for the purpose of development and sale of properties has historically been the Road King Group's business strategy as evident in the number of investments in joint ventures of similar nature that the Road King Group has undertaken over the years. As such, we are of the view that the formation of joint venture under the Investment Agreement adheres to the strategy of the Road King Group and is in the ordinary and usual course of business of the Road King Group.

#### 2.2 *Common interests between Road King Group, Build King and Wai Kee*

As at the Latest Practicable Date, Road King and Build King are owned as to 44.92% and 58.08% indirectly by Wai Kee respectively. In this regard, the formation of joint venture (between parties with common interest) to generate return cohesively is beneficial to the Road King Group as a whole as it is aligned with the interests of each of Road King and Build King as compared to other third-party joint venture partners.

Furthermore, the Management also considers that the Transfer and the formation of joint venture with Build King, being a credible and reliable business partner, allow the Road King Group to (i) maintain substantive control over its interest in and the development of the Project; and (ii) enable the Road King Group to share the development risks and costs and expenses without (a) incurring additional interest burden as compared to debt financing; and (b) sharing of potential return from the Project with independent third parties.

As such, we concur with the view of the Management that the formation of joint venture under the Investment Agreement is in the interests of Road King and the Shareholders as a whole.

### 3. Principal terms of the Investment Agreement

#### 3.1 *The Investment Agreement*

To assess the fairness and reasonableness of the terms of the Investment Agreement, we have considered the following principal terms of the Investment Agreement. Details of which are set out in the Letter from the Board of the Circular.

##### 3.1.1 *Consideration for Transfer*

The Consideration is HK\$800,015,700, of which HK\$15,700 is attributable to the Sale Shares (as Cost of Sale Shares) and HK\$800,000,000 is attributable to the Sale Loans. The Consideration is payable in cash on Completion.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The Consideration was arrived at after arm's length negotiations between the parties to the Investment Agreement. We noted from the Management that the Consideration was based on the proposed equity interest of Wise Start in the Project Company (i.e. 20%) upon Completion and by reference to (i) the unaudited consolidated net asset deficit of the Project Company as at 31 August 2022 attributable to the Sale Shares; (ii) the nominal and paid up capital of the Sale Shares; (iii) the principal amount of the Sale Loans; (iv) no commercial value being attributable by an independent valuer to the Site as the Development Company has not yet obtained valid title of the Site or signed a land grant contract for the Project given that the Project is still in its resettlement and demolition phase; and (v) the Development Plan. The Consideration is expected to be utilised for working capital purposes of the Road King Group.

As mentioned in the paragraph headed "1.4 Information of the Project Group and the Project" above, to fund completion of re-settlement and demolition works and subsequent development works, the Road King Group has budgeted total financing for the Project Group (inclusive of external financing) of approximately HK\$4,500 million and HK\$5,900 million up to the end of December 2023 and February 2025 respectively, of which the Management expects HK\$4,000 million to be financed by the internal resources of the Project Company.

Given that the Project is still in its resettlement and demolition phase, the development costs of the Project were estimated based on the past experience and other comparable property development projects. We have obtained the Development Plan from the Management and discussed with the Management to understand the process of preparing the Development Plan. We understand from the Management that the preparation process is in line with the Road King Group's usual practice and such cost estimation procedures also apply to the Road King Group's other joint ventures with independent third party(ies) for property development purpose. The estimated development costs mainly consisted of (i) land and its ancillary costs; (ii) resettlement/demolition compensation costs and design costs; (iii) construction and installation costs; (iv) financing costs; and (v) other costs and expenses determined with reference to (a) the market price of comparable land and properties in the vicinity; (b) Road King's experience and historical information in property development projects; and (c) the prevailing market prices for the costs of development of comparable projects available to the Road King Group which is considered to be commercially reasonable.

In view of the above, we believe the basis of determining the Consideration is fair and reasonable. As the Consideration is in essence the pro rata share of 20% of the funds (i.e. the combination of the Cost of Sale Shares and the Sale Loans) provided by a JV Party of the Project Company (in this case Wise Start) for the development of the joint venture, we consider it to be fair and reasonable.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *3.1.2 Funding of the Project Company and the RK Commitment*

We noted that the JV Parties agree that working capital requirements of the Project Company are to be met first, to the extent practicable, by way of external borrowings or financing to be sought from banks or financial institutions. This is consistent with the original financing plan of the Road King Group as described in the paragraph headed “3.1.1 Consideration” above.

We also noted that Shine Precious has agreed, subject to Completion taking place, to provide further shareholder loans to the Project Company, as the board of the Project Company may from time to time require for any of the following purposes:

- (a) to fund working capital of the Project Group;
- (b) to fund any Redemption; and/or
- (c) to ensure that shareholder loans outstanding immediately prior to any repayment of the same (except for the purpose of any Redemption) is proportionate to the then shareholding of the JV Parties in the Project Company.

Such additional loans, when aggregated with all shareholder loans due to the Road King Group from the Project Company immediately following Completion, shall amount to the RK Commitment.

The RK Commitment was determined after arm’s length negotiations between the parties with reference to the Development Plan, the principal amount of Sale Loans and the amount of additional advances that Shine Precious would need to make so that the total amount of shareholder loans provided by the respective JV Parties will become proportionate to the shareholding of the JV Parties in the Project Company immediately following Completion.

In view of the above relating to the financing plan of the Project Company and the basis of determining the Consideration as described in the paragraph headed “3.1.1 Consideration” above, as the RK Commitment is in essence the pro rata share of 80% of the funds (i.e. the combination of the equity and the shareholder loan) provided and to be provided by a JV Party of the Project Company (in this case Shine Precious) for the development of the joint venture, we consider the RK Commitment is fair and reasonable.

### *3.1.3 Loan Redemption Right*

Pursuant to the Investment Agreement, Wise Start has the Loan Redemption Right to require the Project Company to repay (i) up to 50% of the principal amount of the Sale Loans due to Wise Start on the business day immediately preceding the first anniversary of Completion; and (ii) up to the balance of shareholder loans due to Wise Start on 28 February 2025 (or if any of these two days is not a business day, the next following business day).

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Such Loan Redemption Right is similar to the exit right provided in a more commonly adopted exit clause of a joint venture agreement, where a joint venture partner may decide to transfer its shares in the joint venture (at any time) subject to the consent of the other joint venture partner. Although in this case it is at the discretion of Wise Start whether or not to exercise such right, taking into account the (i) Consideration can be immediately deployed for the Project following the Completion; (ii) the reasons for and benefits of the entering into the Investment Agreement as described in the paragraph headed “2. Reasons for and benefits of the entering into the Investment Agreement” above; and (iii) the subsequent Balancing Transaction to restore each JV party’s shareholding based on the remaining shareholder loans after the Loan Redemption Right, we believe having the Loan Redemption Right under the Investment Agreement, being an alternative way of exit, is practical, fair and reasonable.

In addition, to assess the fairness and reasonableness of the Redemption Price, we have reviewed the elements comprising the formula:

$$P + [P/L \times (E - S) \times 20\%]$$

where

**P** = the principal amount of the Sale Loans being redeemed pursuant to the exercise of the Loan Redemption Right

**L** = the principal amount of the Sale Loans

**E** = the consolidated net asset value of the Project Company as at a date that falls within 3 calendar months prior to the date of the relevant redemption notice delivered in accordance with the terms of the Investment Agreement with the inventory of properties comprised in the Project marked to market value as at the same date (the “**Redemption Date NAV**”). The “market value” of such properties shall be the amount specified in a valuation report (the “**Property Valuation Report**”) issued by an independent property valuer for this purpose and includes, if valid title to the Site have not then been obtained by the Project Group, the indicative market value of such properties based on assumptions no more favourable than those adopted in the Valuation Report as set out in Appendix II in the Circular;

**S** = the consolidated net asset value of the Project Company as at 31 August 2022 as shown in the accountants report on the Project Company to be included in the Build King Circular

provided, where (E - S) is an amount less than zero, then it shall be deemed to be zero.

The Redemption Price is to be payable within five business days after determination of the Redemption Price, subject to extension to such longer period as a JV Party may specify in writing to the other JV Party for the purpose of allowing Road King, Build King and/or Wai Kee a reasonable time to comply with the applicable requirements of the Listing Rules.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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In substance, the Redemption Price is derived from:

- (i) principal amount of the shareholder loan being redeemed on a dollar-for-dollar basis (the “**Redemption Amount**”); plus
- (ii) 20%<sup>1</sup> of the appreciation of net asset value<sup>2</sup> (if any) and further multiplied by:  
  
the proportion of the subject Redemption Amount to the original principal amount of Sale Loans (i.e. HK\$800,000,000).

*Notes:*

1. The proposed equity interest of Wise Start in the Project Company upon Completion.
2. The difference between the consolidated net asset value of the Project Company as at 31 August 2022 as shown in the accountant’s report on the Project Company to be included in the Build King Circular and the Redemption Date NAV taking into account of the Property Valuation Report prepared by an independent property valuer.

In the event that there is no appreciation in net asset value, the Redemption Price will be equal to the Redemption Amount.

According to the Valuation Report as set out in the Appendix II to the Circular, no commercial value is attributable to the Site as the Development Company has not obtained valid title of the Site and signed land grant contract is not available. In addition, we noted that under notes 4 and 5 to the “Property particulars and opinion of value” of the Valuation Report, the Valuer is of the opinion that the indicative market value of the Site as at 31 October 2022 would be RMB3,950,000,000 on the assumptions that, among other things, (i) the land premium of the Site is fully settled as at 31 October 2022, (ii) the Development Company has obtained title certificate of the Site and the Site can be freely transferred with no outstanding payable fee or expenses and all necessary statutory approvals have been obtained, (iii) the land use right of the Site would be granted for residential and commercial usage with a land use right term of 70 years (residential) and 40 years (commercial) commencing from 31 October 2022, (iv) the development plan proposed to be implemented by the Development Company with respect to the development of the Site is legally feasible and does not materially conflict with the applicable rules or regulations relating to such development, (v) as confirmed by Road King, the resettlement residential and resettlement commercial would be constructed by the Development Company and handed over after completion for no further payment for resettlement, (vi) the portions for affordable house as stated in the government approval dated 2011 will be constructed by the Development Company and hand over after completion for free to the government, (vii) as confirmed by the Project Company, the 1,720 underground car parking spaces cannot freely transferrable individually in the market, and (viii) except for resettlement residential and resettlement commercial units and affordable house, the Development Company is free to transfer, dispose of or lease out the remaining (residential and commercial units) with full title. We have discussed with the Valuer in relation to (i) the methodology, basis and assumptions used in performing the valuation on the Site; (ii) their scope of work for conducting the valuation on the Site; and (iii) their relevant professional qualifications as a valuer. We are of the view that the assumptions used are as fair and reasonable.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The aforesaid reference fair value of the Site as at 31 October 2022 amounting to RMB3,950,000,000 is based on a number of assumptions at the current stage and there is no assurance of the fair market value of the Site on the date when the Loan Redemption Right is exercised by Wise Start. In particular, the then economic condition of the property market would inevitably be a critical factor in assessing the market value.

Considering that the calculation of the Redemption Price is determined with reference to (i) the Redemption Amount on a dollar-for-dollar basis; (ii) the potential appreciation in net assets value of the Project Company (if any); (iii) the proposed equity interest of Wise Start in the Project Company (i.e. 20%); and (iv) the proportion of the subject Redemption Amount to the original principal amount of Sale Loans (i.e. HK\$800,000,000), we are of the view that the basis of the Redemption Price is fair and reasonable.

### *3.1.5 Investor rights*

For so long as (i) Wise Start's shareholder loans to the Project Company represents no less than 20% of the total amount of shareholder loans then outstanding; and (ii) Wise Start remains a subsidiary of Build King, amongst other things:

- (a) Wise Start shall be entitled to appoint and remove one director. Shine Precious has the right to appoint four directors to the board of the Project Company (where such board will comprise not less than five directors); and
- (b) Wise Start will have customary information rights on the Project Group, and veto rights for changes to the share capital of or issue of shares by the Project Company (except for a Balancing Transaction), disposal of any interest in any member of the Project Group or the Project and/or any borrowings or encumbrances (except for any Subsisting Guarantees, any Project Financing and encumbrances granted in connection with such Project Financing and/or disposals in connection with the sale or pre-sale of units developed), any change of the business of the Project Company, its constitutional documents, liquidation of any member of the Project Group, and non-arm's length related party transactions.

We have reviewed four joint ventures agreements entered into between Road King with independent third parties in relation to property development projects during 2020 and 2021 (all 4 are randomly selected samples which we consider sufficient and representative for us to make reference) and noted the said "investor rights" is a commonly adopted term and is fair and reasonable.

### *3.1.6 Distribution and Proportionality of Shareholder Loans*

It is noted that the Project Company shall not make any distribution by way of dividends or otherwise unless no shareholder loan remains outstanding. Unless otherwise agreed between the JV Parties and save to the extent of the RK Commitment, no advances shall be made other than by way of shareholder loans the principal amount of which shall be proportionate to the shareholding of the JV Parties in the Project Company.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As a principle of the formation of any joint venture, we believe additional advances being made by way of shareholder loans from the JV Parties in the Project Company in proportion to the respective shareholding of the JV Parties in the Project Company, is fair and reasonable.

We have also reviewed four joint ventures agreements entered into between Road King with independent third parties in relation to property development projects during 2020 and 2021 (all 4 are randomly selected samples which we consider sufficient and representative for us to make reference) and noted the said clause is a commonly adopted term and, therefore, is fair and reasonable.

### *3.1.7 Transfer of shareholding interest*

According to the Investment Agreement, Wise Start may not transfer any shares of the Project Company without the consent of Shine Precious.

In addition, any transfer of shares in the Project Company by a JV Party will be subject to the right of first refusal of the other JV Party, and customary tag-along and drag along rights. Any such transfers will be subject to the compliance with Listing Rules applicable at the time to Road King, Wai Kee and/or Build King (as the case may be).

We have also reviewed four joint ventures agreements entered into between Road King with independent third parties in relation to property development projects during 2020 and 2021 (all 4 are randomly selected samples which we consider sufficient and representative for us to make reference) and noted the said clause is a commonly adopted term and, therefore, is fair and reasonable.

### *3.1.8 Section summary*

Taking into account the above, we consider that the terms of the Investment Agreement are on normal commercial terms, fair and reasonable and in the interests of Road King and the Shareholders as a whole.

## **4. Possible financial impact as a result of the transaction**

### *Net asset value and earnings*

Upon Completion, the Project Company will be owned as to 80% by Shine Precious and 20% by Wise Start and will remain as a subsidiary under the Road King Group and continue to be consolidated into the Road King Group's financial statements. Meanwhile, Road King Group's non-controlling interests and net income/loss attributable to non-controlling interests will increase accordingly.

The Management expects that the Transfer will not result in any material gain or loss in its financial statement but will result in a surplus in net asset value of the Road King Group which is not material.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### RECOMMENDATION

Having considered the above principal factors, we are of the view that the Investment Agreement and the transactions contemplated thereunder are (i) on normal commercial terms and in the ordinary and usual course of business of the Road King Group; and (ii) the terms of which are fair and reasonable so far as the Independent RK Shareholders are concerned and in the interests of Road King and the Shareholders as a whole.

Accordingly, we recommend the Independent RK Shareholders, as well as the Independent Board Committee to advise the Independent RK Shareholders, to vote in favour of relevant resolution proposed at the RK SGM to approve the Investment Agreement and the transactions contemplated thereunder.

Yours faithfully,  
For and on behalf of  
**Altus Capital Limited**

**Jeanny Leung**  
*Executive Director*

**Leo Tam**  
*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.*

*Mr. Leo Tam (“Mr. Tam”) 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. He has over seven years of experience in corporate finance and advisory in Hong Kong, in particular, he has participated in sponsorship work for initial public offerings and acted as financial adviser or independent financial adviser in various corporate finance transactions. Mr. Tam is a certified public accountant of the Hong Kong Institute of Certified Public Accountants.*

**1.      FINANCIAL AND TRADING PROSPECTS OF THE ROAD KING GROUP**

The Road King Group's business is comprised of three major segments namely (i) property development business; (ii) toll road business; and (iii) investment and asset management business.

**(i)      Property Segment**

Looking ahead to the second half of the year, the property market in Mainland China is expected to bottom out and stabilize. It is anticipated that the central and local governments will continue to introduce favourable policies for the stable and healthy development of the real estate industry. Meanwhile, financial policies are expected to achieve counter-cyclical adjustment and the property industry will shift from deleveraging towards stabilizing leverage to fulfil reasonable corporate financing needs and to maintain the stability and order in real estate financing. The unsettled global Pandemic and the uncertainties in the international economic and political environment will continue to impact on the overall economy of Mainland China in the short term. However, with the swift implementation of economic stabilisation policies, the economy and property market in Mainland China are expected to recover gradually in the second half of the year. The property industry, as a pillar industry in Mainland China, still has an important role in supporting economic growth. The Road King Group stays cautiously optimistic in regards to the outlook of property development business in Mainland China.

Through years of development, the Road King Group's property business has a well-established business model, a well-functioned management system, a seasoned and dedicated operation team and a sound market position. Going forward, the Road King Group will continue its pragmatic approach and adhere to the operating strategy of striking a balance between profitability and sales volume. To establish the Road King Group as a more widely recognised developer, it will continue to research and develop market-oriented products and promote the brand name of the Road King Group.

**(ii) Toll Road Segment**

The Road King Group began to accumulate overseas operating experience after expanding its expressway business in Indonesia in 2019. In 2021, the Road King Group has further acquired another expressway in Sumatra, Indonesia. With better control of the Pandemic in Mainland China and a series of governmental stimulus packages, it is expected that the domestic economy will return to a stable upward momentum, and the toll revenue and traffic volume of the Road King Group's expressways in Mainland China will both increase in the second half of the year.

Whereas in Indonesia, it is expected that the current trend of economic development and Pandemic control will maintain the same in the second half of the year, and the toll revenue and traffic volume of the Road King Group's expressways in Indonesia will continue to increase steadily.

Going forward, the Road King Group will continue to look for new expressway projects with promising returns in Mainland China and the Asia-Pacific region, especially Indonesia, to strengthen its toll road business.

Recently, the Road King Group has identified an investment opportunity to acquire 39.77% equity interest in an Indonesian company which operates an expressway in Central Java Province, Indonesia with a total length of 75 km, details of which are set out in the announcement of Road King dated 27 September 2022.

**(iii) Investment and Asset Management (“IAM”) Segment**

After conducting an in-depth review of the business model of investment and asset management businesses, the Road King Group has merged the cultural, tourist and commercial business and property development business of IAM Segment into its existing Property Segment to centralise its management, rectify the existing investment and asset management businesses that are more affected by the Pandemic and cease the investment in new businesses.

After reorganisation and rectification, the business scale of the remaining original businesses, which mainly comprised real estate fund investment as well as cultural and entertainment businesses, has been significantly reduced and investment in new businesses has been ceased. Going forward, the Road King Group will continue to review the operation of its remaining businesses and take appropriate action in due course.



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**APPENDIX I FINANCIAL INFORMATION OF THE ROAD KING GROUP**

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**2. INDEBTEDNESS OF THE ROAD KING GROUP**

At the close of business on 31 October 2022, being the latest practicable date for the sole purpose of determining this statement of indebtedness of the Road King Group prior to the date of this circular, the Road King Group had total borrowings amounting to approximately HK\$42,286,177,000, details of which are as follows:

	<i>HK\$'000</i>
<b>Bank borrowings</b>	
– Secured and guaranteed	2,469,524
– Secured and unguaranteed	4,185,100
– Unsecured and guaranteed	7,325,343
– Unsecured and unguaranteed	391,462
<b>Senior notes</b>	
– Unsecured and guaranteed	18,202,998
<b>Other loans</b>	
– Secured and guaranteed	505,174
– Secured and unguaranteed	262,821
<b>Amounts due to joint ventures and associates</b>	
– Unsecured and unguaranteed	7,461,733
<b>Amounts due to other non-controlling interests of subsidiaries</b>	
– Unsecured and unguaranteed	<u>1,482,022</u>
Total	<u><u>42,286,177</u></u>

**Mortgage and Charges**

As at 31 October 2022, the Road King Group's bank borrowings and other loans of approximately HK\$7,422,619,000 in total were secured by certain inventories of properties and certain investment properties of the Road King Group.

**Lease liabilities**

As at 31 October 2022, the Road King Group had lease liabilities of approximately HK\$47,796,000 related to the lease of office premises mainly in the PRC and Hong Kong and they were unguaranteed and secured by rental deposits of the Road King Group.

**Participation rights designated at fair value through profit or loss (“FVTPL”)**

As at 31 October 2022, participation rights designated at FVTPL of approximately HK\$213,552,000 related to financial obligations arising from rights granted to a subsidiary of a major shareholder of Road King and they were unsecured and unguaranteed.

**Financial guarantee contracts**

As at 31 October 2022, the Road King Group had the following financial guarantee contracts:

(a) *Guarantees given to banks in respect of mortgage facilities of certain property buyers*

As at 31 October 2022, the total outstanding guarantee provided by the Road King Group to banks in favour of its customers for the mortgage loans provided by the banks to such customers for purchase of the Road King Group’s developed properties was approximately HK\$6,723,260,000.

(b) *Guarantee given to banks in respect of banking facilities utilised by joint ventures of the Road King Group*

As at 31 October 2022, the total outstanding guarantee provided by the Road King Group to banks for the banking facilities granted to joint ventures was approximately HK\$4,220,306,000.

Except as disclosed above and apart from intra-group liabilities, the Road King Group did not have, as at 31 October 2022, any other debt securities issued or outstanding, and authorised or otherwise created but unissued, terms loans, other borrowings and indebtedness, bank overdrafts, liabilities under acceptances (other than normal trade bills), acceptance credits, hire purchases commitments, mortgages, charges, guarantees or other material contingent liabilities.

**3.      EFFECT OF THE TRANSFER ON THE EARNINGS AND ASSETS AND LIABILITIES OF THE ROAD KING GROUP**

Following Completion, the Project Company will be an 80% owned subsidiary of Road King and the results of operations and financial position of the Project Group will continue to be recorded in the Road King Group's consolidated financial statements.

Road King estimates that, in connection with the Transfer, it will not recognise any material gain or loss in its consolidated income statement but will recognise a surplus in its consolidated reserves that is not material in the context of the consolidated net assets of the Road King Group.

**4.      WORKING CAPITAL SUFFICIENCY**

Taking into account the financial resources available to the Road King Group, including internally generated funds, available credit facilities of the Road King Group and the effect of the transactions contemplated under the Investment Agreement, the Directors, after due and careful enquiry, are of the opinion that the Road King Group has sufficient working capital to satisfy its requirements for at least the next 12 months from the date of publication of this circular in the absence of any unforeseen circumstances.

*The following is the text of a valuation report, prepared for the purpose of incorporation in this circular received from RHL Appraisal Limited., an independent valuer, in connection with its valuation as at 31 October 2022 of the Property by the Road King Group.*



永利行評值顧問有限公司  
**RHL Appraisal Limited**  
Corporate Valuation & Advisory

T +852 3408 3188  
F +852 2736 9284

Room 1010, 10/F, Star House,  
Tsimshatsui, Hong Kong

22 December 2022

*The Board of Directors*

**Road King Infrastructure Limited**

5th Floor, Tower 6,  
The Gateway,  
No. 9 Canton Road,  
Tsimshatsui,  
Kowloon,  
Hong Kong

Dear Sir/Madam,

**INSTRUCTIONS**

We refer to your instruction for us to value the property interest as detailed in the enclosed “Property Particulars and Opinion of Value” (“**the Property**”) held by 深圳市盛世盈豐投資發展有限公司 (the “**Development Company**”) which in turn is indirectly wholly-owned by Road King Infrastructure Limited (the “**Company**”), together with its subsidiaries (the “**Group**”) located in the People’s Republic of China (“**PRC**”). We confirm that we have carried out property inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Property as at 31 October 2022 (the “**Valuation Date**”).

This letter which forms part of our valuation report explains the basis and methodologies of valuation, clarifying assumptions, valuation considerations, title investigations and limiting conditions of this valuation.

**BASIS OF VALUATION**

The valuation is our opinion of the market value (“**Market Value**”) which we would define as intended to mean the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction after proper marketing wherein the parties had each acted knowledgeably prudently and without compulsion.

Market Value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase and without offset for any associated taxes or potential taxes.

The market value is the best price reasonably obtainable in the market by the seller and the most advantageous price reasonably obtainable in the market by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, joint ventures, management agreements, special considerations or concessions granted by anyone associated with the sale, or any element of special value.

**VALUATION METHODOLOGY**

Direct comparison method is adopted based on the principle of substitution, where comparison is made based on prices realized on actual sales and/or asking prices of comparable properties. Comparable properties of similar size, scale, nature, character and location are analysed and carefully weighed against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of market value.

We have made reference to the land sale price in surrounding area with similar usage. And we have valued the Property on the basis that it will be developed and completed in accordance with the latest development proposals provided by the Company. Construction costs and other costs that will be expended to complete the development have been taken into account to arrive the current market value as at the valuation date.

**VALUATION CONSIDERATIONS**

In valuing the property interest, we have complied with all the requirements contained in Chapter 5 and Practice Note 12 to the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited and the International Valuation Standards 2022.

**VALUATION ASSUMPTION**

We have attributed no commercial value to the Property. For reference purpose only, we have assessed the market value of the Property based on certain assumptions, please refer to footnote No.5 of “Property Particulars and Opinion of Value”.

**TITLE INVESTIGATION**

We have been shown copies of various documents relating to the Property. However, we have not examined the original documents to verify the existing titles to the Property or any amendment which does not appear on the copies handed to us. We have relied considerably on the information given by the Company's PRC legal advisers, Beijing Global Law Office, concerning the validity of the titles to the Property.

**LIMITING CONDITIONS**

We have conducted on-site inspections to the Property on 23 August 2022 by Miss. Chan Xuan who has over 5 years of experience in property valuation. During the course of inspection, we did not note any serious defects. However, no structural survey has been made and we are therefore unable to report whether the Property is free from rot, infestation or any other defects. No tests were carried out on any of the services.

We have not carried out detailed on-site measurement to verify the correctness of the areas in respect of the property but have assumed that the areas shown on the documents handed to us are correct. All dimensions, measurements and areas are approximate.

Should it be discovered that contamination, subsidence or other latent defects exists in the Property or on adjoining or neighboring land or that the Property had been or are being put to contaminated use, we reserve right to revise our opinion of value.

We have relied very considerable extent on the information provided by the Group and have accepted advices given to us on such matters, in particular, but not limited to tenure, planning approvals, statutory notices, easements, particulars of occupancy, size and floor areas and all other relevant matters in the identification of the Property. The plans including but not limited to location plan, site plan, lot index plan, outline zoning plan, building plan if any, in the report are included to assist the reader to identify the Property for reference only and we assume no responsibility for their accuracy.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also been advised by the Group that no material fact has been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld.

We do not accept a liability for any interpretation which we have placed on such information which is more properly the sphere of the legal advisers of the Group. Neither have we verified the correctness of any information supplied to us concerning the Property.

**REMARKS**

We have valued the property interest in Renminbi (RMB).

We enclose herewith the “Property Particulars and Opinion of Value”.

**Jessie X. Chen**

*MRICS, MSc (Real Estate), BEcon  
Senior Associate Director*

**Jenny S. L. Mok**

*MHKIS, MRICS, BSc  
Senior Manager*

*Ms. Jessie X. Chen is a Registered Professional Surveyor (Valuation) with over 10 years’ experience in valuation of properties in HKSAR, Macau SAR, mainland China and the Asia Pacific Region. Ms. Chen is a Professional Member of The Royal Institution of Chartered Surveyors.*

*Ms. Jenny S. L. Mok is a Chartered Surveyor with over 10 years’ experience in valuation of properties in HKSAR and mainland China. Ms. Mok is a Professional Member of The Royal Institution of Chartered Surveyors and a Member of The Hong Kong Institute of Surveyors.*

## PROPERTY PARTICULARS AND OPINION OF VALUE

Property	Description and tenure	Particulars of occupancy	Market Value as at 31 October 2022 RMB
<p>A parcel of land located at Haitao Garden, 58 Haitao Road, Yantian District, Shenzhen, the People's Republic of China</p> <p>(位於中國深圳市鹽田區58號海濤路海濤花園之一幅土地)</p>	<p>Currently the Property is known as Haitao Garden, a residential development project completed at around 1980s. As advised, the Property is subject to an urban renewal plan. (Property Overview Please refer to Note 6)</p> <p>According to a government approval (Please refer to Note1), the Property with site area of approximately 44,339.4 sq.m. (477,265.33 sq.ft.) will be redeveloped for residential and commercial purpose.</p> <p>The planned gross floor area upon completion of the Property is 242,980 sq.m. (2,615,415 sq.ft.).</p>	<p>The Property is pending for demolition and future development.</p>	<p>No commercial value (Please refer to Note 4)</p>



## Notes:

1. Pursuant to the Shenzhen Urban Planning and Land Resources Committee document - Shen Gui Tu [2011]817 dated as 12 December 2011, the site area of the Property is 44,339.4 sq.m. with planning details as below:

Usage	Planned Gross Floor Area (sq.m.)
Residential	205,880
Affordable House	17,900
Commercial	12,600
Ancillary Facilities	6,600
	<hr/>
<b>Total</b>	<b>242,980</b>
	<hr/> <hr/>

2. As advised by the client, the planned gross floor area of the Property is set out as below:

Usage	Planned Gross Floor Area (sq.m.)	Nos. of car parking spaces
Residential	119,241.83	
Affordable House	17,900.00	
Commercial	4,375.96	
Resettlement Residential	86,638.17	
Resettlement Commercial	8,224.04	
Ancillary Facilities	6,600.00	
Underground Car parking spaces	-	1,720
	<hr/>	<hr/>
<b>Total</b>	<b>242,980</b>	<b>1,720</b>
	<hr/> <hr/>	<hr/> <hr/>

3. We have been provided with a legal opinion by the Group's PRC legal adviser, Beijing Global Law Office, regarding the legal title of the Property, which contains, inter alia, the followings:
- i. Up to 31 October 2022, the signing rates of the relocation compensation agreements of the Property are approximately 96.96% (by number of property units) and 97.3% (by property area);
  - ii. Up to 31 October 2022, the Development Company has been in the process of acquiring the property interests of all the owners of the existing properties on the Site, after which it can then apply for qualification as the developer (實施主體) of the Property. Subject to the signing of the remaining relocation compensation agreements through certain administrative procedures (which the Development Company is already entitled to implement), the relevant government approvals remaining valid and all materials required for qualification as the developer of the Property having been submitted to the competent governmental authorities, the PRC legal adviser considers there is no material legal impediment for the Development Company to be approved as the developer of the Property.
4. As at the valuation date, the Development Company has not obtained valid title of the Property and signed land grant contract is not available, therefore we have attributed no commercial value to the property interest.

For reference purpose only, we are of the opinion that the market value under the assumptions in Note 5 below as at the valuation date would be RMB3,950,000,000. As advised by the Company, the expected land premium is approximately RMB584,000,000, which is estimated by reference to the formulae specified in the applicable PRC regulations. The calculated amount after deducting the expected land premium from the market value of the Property as at the valuation date under the assumptions in Note 5 below is RMB3,366,000,000.

5. In the valuation of reference value of this Property, we have made the following assumptions:
- i. The land premium of the Property is fully settled as at the valuation date. The Development Company has obtained title certificate of the Property and the Property can be freely transferred with no outstanding payable fee or expenses; all necessary statutory approvals for the Property have been obtained;
  - ii. The land use right of the Property would be granted for residential and commercial usage with a land use right term of 70 years (residential) and 40 years (commercial) commencing from the valuation date;
  - iii. The development plan proposed to be implemented by the Development Company with respect to the development of the Property is legally feasible and does not materially conflict with the applicable rules or regulations relating to such development;
  - iv. As confirmed by the Company, the resettlement residential and resettlement commercial would be constructed by the Development Company and handed over after completion for no further payment for resettlement;
  - v. The portions for affordable house as stated in the government approval dated 2011 will be constructed by the Development Company and hand over after completion for free to the government;
  - vi. As confirmed by the Project Company, the 1,720 underground car parking spaces cannot freely transferrable individually in the market;
  - vii. Except for resettlement residential and resettlement commercial units and affordable house, the Development Company is free to transfer, dispose of or lease out the remaining (residential and commercial units) with full title;
  - viii. No deleterious or hazardous materials or techniques have been used in the construction of the Property; and
  - ix. The Property is connected to main services and sewers which are available on normal terms.
6. The Property is located in coastal area of Sha Tau Kok. Sha Tau Kok District is located in the northwest of Yantian District, with a total area of 1.49 square kilometers. Currently, Sha Tau Kok has a total population of around 20,247 and the population is expected to increase as there are many new residential developments under planning.

The subject locality is a well-established harbor living area surrounded by residential development, parks, retail, school and other public facilities.

The residential nearby include high-rise apartments and low-rise villas. The average price for residential with age under 20 years range around RMB50,000 – RMB80,000/sq.m.

Podium retail and street shops are located immediately next to the Property. The average monthly retail rental range around RMB100 – 300/sq.m. in Yantian District. There is also a grand shopping centre with around 100,000 square meters within walking distance.

The transportation condition is good as the property can be easily reached by public transportation including buses and subway. The Property is located in the middle of Sha Tou Jiao Station and Hai Shan Station of Shenzhen Metro Line 2 within walking distance. Meanwhile the Property is very close to Sha Tau Kok border with around 800 meters away.

According to “Implementation plan for accelerating the construction of the Shenzhen-Hong Kong International Tourism Consumption Cooperation Zone in Sha Tau Kok (2022-2025)” (“加快沙頭角深港國際旅遊消費合作區建設的實施方案(2022-2025)”) issued by Shenzhen government on 23 August 2022, Sha Tau Kok will be developed as a Hong Kong-Shenzhen travelling and retail hub.

## 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 Road King Group. 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

Save as disclosed below, as at the Latest Practicable Date, none of the Directors or chief executive of Road King and/or any of their respective associates had any interest or short position in the Shares, underlying Shares or debentures of Road King or any of its associated corporations (within the meaning of Part XV of the SFO) (a) which were required to be notified to Road King and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (b) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, to be notified to Road King and the Stock Exchange:

#### *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.

*Debentures of Associated Corporations*

Name of Directors	Name of companies	Nature of interest	Type of debentures	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 <i>(Note 1)</i> (long position)
	RKPF Overseas 2019 (E) Limited	Personal	US\$300 million 7.75% senior guaranteed fixed-spread perpetual capital securities	US\$43,900,000 <i>(Note 2)</i> (long position)
	RKPF Overseas 2019 (A) Limited	Personal	US\$400 million 7.875% guaranteed senior notes	US\$12,000,000 <i>(Note 3)</i> (long position)
	RKPF Overseas 2019 (A) Limited	Personal	US\$480 million 6.7% guaranteed senior notes	US\$12,500,000 <i>(Note 4)</i> (long position)
	RKPF Overseas 2019 (A) Limited	Personal	US\$300 million 5.9% guaranteed senior notes	US\$2,000,000 <i>(Note 5)</i> (long position)
	RKPF Overseas 2019 (A) Limited	Personal	US\$416 million 6% guaranteed senior notes	US\$3,000,000 <i>(Note 6)</i> (long position)
	Wong Wai Ho	RKI Overseas Finance 2017 (A) Limited	Personal	US\$300 million 7% senior guaranteed perpetual capital securities
RKPF Overseas 2019 (A) Limited		Personal	US\$480 million 6.7% guaranteed senior notes	US\$200,000 (long position)

*Notes:*

1. 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.
2. A principal amount of US\$1,300,000 of US\$300 million 7.75% senior guaranteed fixed-spread perpetual capital securities was held by Ms. Luk Chan, the spouse of Mr. Zen Wei Peu, Derek. A principal amount of US\$42,600,000 of US\$300 million 7.75% senior guaranteed fixed-spread perpetual capital securities was held by Talent Club Company Limited, which is wholly-owned by Mr. Zen Wei Peu, Derek and interest of such securities has been pledged to an independent third party other than a qualified lender.
3. A principal amount of US\$9,000,000 of US\$400 million 7.875% guaranteed senior notes was held by Talent Club Company Limited, which is wholly-owned by Mr. Zen Wei Peu, Derek and interest of such securities has been pledged to an independent third party other than a qualified lender.
4. A principal amount of US\$3,500,000 of US\$480 million 6.7% guaranteed senior notes was held by Ms. Luk Chan, the spouse of Mr. Zen Wei Peu, Derek. A principal amount of US\$9,000,000 of US\$480 million 6.7% guaranteed senior notes was held by Talent Club Company Limited, which is wholly-owned by Mr. Zen Wei Peu, Derek and interest of such notes has been pledged to an independent third party other than a qualified lender.
5. A principal amount of US\$1,000,000 of US\$300 million 5.9% guaranteed senior notes was held by Ms. Luk Chan, the spouse of Mr. Zen Wei Peu, Derek.
6. A principal amount of US\$1,000,000 of US\$416 million 6% guaranteed senior notes was held by Ms. Luk Chan, the spouse of Mr. Zen Wei Peu, Derek. A principal amount of US\$1,000,000 of US\$416 million 6% guaranteed senior notes was held by Talent Club Company Limited, which is wholly-owned by Mr. Zen Wei Peu, Derek and interest of such notes has been pledged to an independent third party other than a qualified lender.

**(ii) Substantial shareholders**

Save as disclosed below, as at the Latest Practicable Date, so far as is known to any Director or chief executive of Road King, the following persons (other than a Director or chief executive of Road King) no person had, or were deemed or taken to have interests or short positions in the Shares or underlying Shares which would fall to be disclosed to Road King and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of Shareholders	Nature of interest	Number of Shares held		Percentage of holding% (Note 11)
		Long position (Note 1)	Short position	
Wai Kee <i>(Note 2)</i>	Interest in controlled corporation	336,608,428	—	44.92
Wai Kee (Zens) Holding Limited <i>(Note 3)</i>	Interest in controlled corporation	336,608,428	—	44.92

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	81,880,000	—	10.93
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:*

1. Long position in the Shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds).
2. Wai Kee is deemed to be interested in the Shares through its interests in (i) its wholly-owned 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 and Top Horizon Holdings Limited; and (ii) its subsidiaries, namely Build King, Top Tactic Holdings Limited, Amazing Reward Group Limited, Build King Management Limited and Build King Civil Engineering Limited, which beneficially held 3,000,000 Shares. Mr. Zen Wei Peu, Derek is a director of Wai Kee Holdings Limited.
3. 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.
4. 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.
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 90% interests in Shum Yip Holdings Company Limited (incorporated in Hong Kong). Ms. Cai Xun is a director of 深業集團有限公司 (Shum Yip Group Limited\*).
8. Shum Yip Holdings Company Limited (incorporated in Hong Kong) is deemed to be interested in the Shares through its approximately 63.19% interests in Shenzhen Investment Limited. Ms. Cai Xun is a director of Shum Yip Holdings Company 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. Ms. Cai Xun 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. DIRECTORS' INTERESTS IN ASSETS OR CONTRACTS AND IN COMPETING BUSINESSES

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 2021, being the date to which the latest published audited financial statements of Road King were made up, acquired or disposed of by or leased to any member of the Road King Group, or are proposed to be acquired or disposed of by or leased to any member of the Road King Group.

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 Road King Group as a whole.

Save as disclosed below, as at the Latest Practicable Date, none of the Directors and their respective associates had any interests in a business, which competes or may compete with the business of the Road King Group.

<b>Name of Directors</b>	<b>Name of entities whose business is considered to compete or likely to compete with the businesses of Road King</b>	<b>Description of business of the entities which is considered to compete or likely to compete with the businesses of Road King</b>	<b>Nature of interest of the Directors in the entities</b>
Cai Xun	Shenzhen Investment group of companies (including its holding companies)	Property development, investment and management in the PRC	Director
Xu Enli	Shenzhen Investment group of companies (including its holding companies)	Property development, investment and management in PRC	Vice President



#### 4. 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 Road King or any other member(s) of the Road King Group (excluding contracts expiring or which may be terminated by Road King within a year without payment of any compensation (other than statutory compensation)).

#### 5. MATERIAL CONTRACTS

Neither Road King nor any other member of the Road King Group has entered into any material contracts (not being contracts entered into in the ordinary course of business of the Road King Group) within the two years immediately preceding the date of this circular.

#### 6. MATERIAL LITIGATION

As at the Latest Practicable Date, no member of the Road King Group was engaged in any litigation, claim or arbitration of material importance and to the best of the Directors' knowledge, information and belief, there was no litigation, claim or arbitration of material importance pending or threatened against any member of the Road King Group.

#### 7. EXPERTS AND CONSENT

The following is the qualification of the experts whose statements have been included in this circular:

<b>Expert</b>	<b>Qualification</b>
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
Beijing Global Law Office	PRC legal adviser
RHL Appraisal Limited	Independent professional valuer

Each of the above experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter or opinion or report or reference to its name in the form and context in which it appears.

As at the Latest Practicable Date, none of the above experts had any shareholding in any member of the Road King Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Road King Group.

As at the Latest Practicable Date, none of the above experts had any direct or indirect interests in any assets which have been, since 31 December 2021 (being the date to which the latest published audited accounts of Road King were made up), acquired or disposed of by or leased to any member of the Road King Group, or which are proposed to be acquired or disposed of by or leased to any member of the Road King Group.

**8. GENERAL**

- (a) The registered office of Road King is situated at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.
- (b) The principal place of business of Road King are situated at Suite 501, 5th Floor, Tower 6, The Gateway, 9 Canton Road, Tsimshatsui, Kowloon, Hong Kong.
- (c) The branch share registrar of Road King in Hong Kong is Tricor Secretaries Limited at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (d) The company secretary is Mr. Lee Tak Fai, Kennedy. He holds a Bachelor of Social Science degree and a Master of Science degree in Finance. He is a fellow of both the Association of Chartered Certified Accountants of the United Kingdom and the Hong Kong Institute of Certified Public Accountants.
- (e) In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.

**9. DOCUMENTS ON DISPLAY**

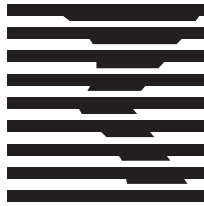
Copies of the following documents will be on display on the Stock Exchange's website ([www.hkexnews.hk](http://www.hkexnews.hk)) and Road King's website ([www.roadking.com.hk](http://www.roadking.com.hk)) during a period of not less than 14 days prior to the RK SGM:

- (a) the Investment Agreement;
- (b) the Extension Agreement;
- (c) the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent RK Shareholders, the text of which is set out on pages 20 to 36 of this circular;
- (d) the legal opinion of Beijing Global Law Office dated 22 December 2022;
- (e) the valuation report prepared by RHL Appraisal Limited, the text of which is set out in Appendix II to this circular; and
- (f) the written consents referred to in the section headed "Experts and Consent" in this appendix.

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## NOTICE OF THE SPECIAL GENERAL MEETING

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## ROAD KING INFRASTRUCTURE LIMITED

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 1098)**

### NOTICE OF THE SPECIAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the special general meeting (the “**Meeting**”) of Road King Infrastructure Limited (“**Road King**”) will be convened and held at Suite 501, 5th Floor, Tower 6, The Gateway, 9 Canton Road, Tsimshatsui, Kowloon, Hong Kong on Friday, 13 January 2023 at 10:00 a.m. for the purposes of considering and, if thought fit, passing, with or without amendments, the following resolution as an ordinary resolution. Unless the context otherwise requires, terms defined in the circular of Road King dated 22 December 2022 shall have the same meanings when used in this letter.

#### ORDINARY RESOLUTION

“**THAT**

- (i) the Investment Agreement dated 6 October 2022 entered into among Shine Precious, Wise Start, Road King and Build King (as supplemented by the Extension Agreement) and the transactions and possible transactions contemplated thereunder (including but not limited to the Transfer, RK Commitment, Loan Redemption Right and Balancing Transactions) be and are hereby approved; and
- (ii) that the Directors be and are hereby authorised for and on behalf of Road King to do all things and acts and exercise all powers which they consider necessary, desirable or expedient in connection with the Investment Agreement and otherwise in connection with the implementation of the transactions contemplated thereunder including without limitation to the execution, amendment, supplement, delivery, waiver, submission and implementation of any further documents or agreements.”

By order of the Board  
**Lee Tak Fai, Kennedy**  
*Company Secretary*

Hong Kong, 22 December 2022

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## NOTICE OF THE SPECIAL GENERAL MEETING

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*Registered office:*  
Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

*Principal place of business in Hong Kong:*  
Suite 501, 5th Floor  
Tower 6, The Gateway  
9 Canton Road  
Tsimshatsui  
Kowloon  
Hong Kong

*Notes:*

1. The register of members of Road King will be closed from Thursday, 12 January 2023 to Friday, 13 January 2023, both dates inclusive, during which period no transfer of shares of Road King will be registered for the purpose of determining the eligibility of the members of Road King to attend and vote at the Meeting. All transfers of shares of Road King accompanied by the relevant share certificates must be lodged with Road King's branch share registrar in Hong Kong, Tricor Secretaries Limited (the "**Branch Share Registrar**"), at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:00 p.m. on Wednesday, 11 January 2023 for registration.
2. Any member of Road King 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 proxy need not be a member of Road King. A member of Road King who is the holder of two or more shares of Road King may appoint more than one proxy to represent him/her and vote on his/her behalf at the Meeting or at a class meeting.
3. The form of proxy must be signed by a member of Road King or the attorney duly authorised in writing or, in the case of a corporation, must be either under its seal and under the hand of an officer or attorney or other person duly authorised to sign the same. In case of joint holders, the signature of any one of them is sufficient.
4. To be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed, or a certified copy of such power of attorney or authority, must be delivered to the office of the Branch Share Registrar at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.
5. Delivery of the form of proxy will not preclude a member of Road King from attending and voting in person at the Meeting or at any adjournment thereof. In such event, the form of proxy shall be deemed to be revoked.
6. In the case of joint holders of any share, if more than one of such joint holders be present at the 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 of Road King in respect of joint holding.
7. The Company will undertake the following precautionary measures to safeguard the health and well-being of the shareholders (or their proxies) who are attending the Meeting in person, including body temperature check, health declaration, wearing surgical face mask, access restriction for quarantine participants according to the Department of Health of Hong Kong, plus safe distancing measures for queue management and seating at the meeting venue. To reduce close contact between attendees at the Meeting, **no refreshment will be served at the meeting venue**. Any person who refuses to co-operate with the above precautionary measures or is detected to have a fever (i.e. over 37.0 degrees Celsius) or exhibiting flu-like symptoms will not be admitted to the meeting venue.