

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



ROAD KING INFRASTRUCTURE LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 1098)

CONNECTED TRANSACTION

PARTICIPATION AGREEMENT

On 30 November 2021, RKP (an indirect wholly-owned subsidiary of the Company) and Supreme Gain (an indirect wholly-owned subsidiary of Wai Kee) entered into the Participation Agreement pursuant to which RKP granted Participation Rights to Supreme Gain which allow Supreme Gain to enjoy a pro rata portion of 32.5% of the economic interest attributable to RKP's 70% interest (or 22.75% attributable interest) in the Project held through the Project Company for the Consideration, subject to the fulfilment of the Condition.

LISTING RULES IMPLICATIONS

Supreme Gain, being an associate of Wai Kee (the controlling shareholder of the Company), is therefore a connected person of the Company under the Listing Rules. Accordingly, the Participation Agreement and the transactions contemplated thereunder constitute connected transactions of the Company under the Listing Rules.

As the applicable percentage ratios (as defined in the Listing Rules) in respect of the transactions contemplated under the Participation Agreement are more than 0.1% but less than 5%, the Participation Agreement is subject to the reporting and announcement requirements but is exempted from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

On 30 November 2021, RKP (an indirect wholly-owned subsidiary of the Company) and Supreme Gain (an indirect wholly-owned subsidiary of Wai Kee) entered into the Participation Agreement pursuant to which RKP granted Participation Rights to Supreme Gain which would allow Supreme Gain to enjoy a pro rata portion of 32.5% of the economic interest attributable to RKP's 70% interest (or 22.75% attributable interest) in the Project held through the Project Company for the Consideration, subject to the fulfilment of the Condition.

THE PARTICIPATION AGREEMENT

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

Date : 30 November 2021

Parties : (1) RKP, an investment holding company and an indirect wholly-owned subsidiary of the Company.

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

(2) Supreme Gain, an investment holding company and an indirect wholly-owned subsidiary of Wai Kee.

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

Participation Rights : Subject to the fulfilment of the condition described under "Condition" below and the receipt of the Consideration in full, RKP is to pay an amount equal to the relevant pro rata portion of any cash Distribution or Proceeds. The initial pro rata portion is of 32.5% of RKP's 70% interest (or 22.75% attributable interest) in the Project, being the percentage that the Investment Amount (as defined below) represents of RKP's share of the land premium for the Site.

Project Company

The Project Company was incorporated on 8 October 2021 with registered capital of RMB400 million to engage principally in the development of the Site. It is owned as to 70% and 30%, respectively by the Project Holdco and the PRC Partner which is not a connected person of the Company. The relationship between Project Holdco and PRC Partner is governed by the terms of the Cooperation Agreement under which the parties agreed to contribute registered capital, share in the profits and enjoy voting rights pro rata to their equity interest, and Project Holdco would have the right to appoint two of three directors of Project Company and the Chairman of its board.

The net asset value of the Project Company as at 31 October 2021 was nil as its registered capital has not been paid up as at that date. As the Project Company is recently established, it has not recorded any net profits (before or after taxation) since its establishment.

Site

The Site is located at South of Xintang Avenue, Xintang Town, Zengcheng District, Guangzhou with land parcel no. 18102218A21094 (廣州市增城區新塘鎮新塘大道南側18102218A21094地塊) with an area of 17,676 square meters. It is for the development of residential property having a gross floor area of 63,634 square meters. The Site was awarded by public auction to Project Holdco on 26 September 2021. The land grant contract dated 20 October 2021 for the grant of the Site by the Guangzhou Municipality Land and Resources Bureau was varied by its consent in favour of Project Company for this purpose. As at 31 October 2021, 17.4% of the total land premium of RMB793.5 million has been paid (by way of shareholders advances) with the remainder being payable by the first quarter of 2022.

Condition : RKP’s grant of Participation Rights to Supreme Gain under the Participation Agreement is subject to 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.

If this condition is not fulfilled on or before 31 December 2021 (or such later date as RKP and Supreme Gain may agree in writing), the Participation Agreement will lapse immediately thereafter and neither party is liable to the other except for antecedent breaches and RKP is to refund any Deposit (as defined below) and Costs of Fund Payments (as defined below) received within three business days thereafter.

Consideration : The consideration payable by Supreme Gain is the aggregate of:

- (a) RMB180,521,250 (the “**Investment Amount**”) of which (i) RMB91,710,000 (the “**Deposit**”) shall be paid by way of a deposit within three business days from the date of the Participation Agreement; and (ii) subject to the Condition being fulfilled, the remaining RMB88,811,250 is to be paid in such amounts and on such dates as RKP may from time to time require by reference to the Group’s further investment payments to the Project Company in respect of the remaining land premium for the Site, except if further investments are to be made before the fulfilment of the Condition, the relevant pro rata portion payments are to be made within three business days following the date on which the Condition is fulfilled;
- (b) an amount (the “**Costs of Funds Payment**”) calculated as 8% per annum on each of the amounts paid under (a) above from (and including) (i) in respect of the Deposit, 9 November 2021; and (ii) in respect of the remainder of the Investment Amount, the date on which the Group invested the corresponding amount to (and excluding) the date on which the relevant amount is received by RKP from Supreme Gain. The Costs of Fund Payment is to be paid on the same day as each instalment payment towards the Investment Amount is made.

The Investment Amount was determined with reference to the land premium payable for the Site and the pro rata portion negotiated between RKP and Supreme Gain on an arms-length basis. The Costs of Funds Payment was determined with reference to the average costs of funds to RKP of 8% per annum in respect of the Group’s investments made in the Project Company prior to receipt from Supreme Gain of the Investment Amount.

Further Funding : Based on cashflow projections, Project Holdco may be required to provide in respect of its 70% equity interest in Project Company up to RMB74,550,000 additional funding to the Project Company.

If and to the extent that either the Group or Supreme Gain is not able to provide its pro rata portion (after taking into account the Participation Rights) of additional funding required by the Project Company from Project Holdco and it is instead provided by the other party, a funding fee accruing at the rate of 18.25% per annum of such funding provided is payable quarterly in arrears. The rate of funding fee is the same as that payable under the Cooperation Agreement by any shareholder of Project Company that fails to provide additional funding when required.

If Supreme Gain does not provide its pro rata portion of such additional funding, RKP need not make further payments described under “Participation Rights” above until after Project Holdco has recovered the relevant additional funding paid to Project Company from Distributions or Proceeds.

If instead Supreme Gain provides the entire amount of additional funding required by the Project Company from Project Holdco (i.e. the Group does not provide its pro rata portion of additional funding), then RKP shall pay to Supreme Gain an amount equal to all Distribution or Proceeds paid by the Project Company thereafter until the aggregate amount so paid is equal to the additional funding provided by Supreme Gain.

Guarantee Fee : Where any payment obligations of the Project Company are secured by guarantees given by the Group, Supreme Gain shall pay to RKP a guarantee fee calculated at 1.5% per annum on Supreme Gain’s pro rata portion of the amount guaranteed, payable quarterly in arrears. The rate of guarantee fee is the same as that payable, under the Cooperation Agreement for any guarantee provided by any shareholder of Project Company in excess of its pro rata portion, by the shareholder that has not provided such guarantee.

Surrender : Supreme Gain may surrender its rights to RKP at any time from and after (a) 95% of the total saleable area of the Project has been sold and delivered; or (b) the third anniversary of the date of the Participation Agreement, whichever is the earlier, against payment by RKP of the surrender price to be calculated as the positive number that results from an agreed formula based on the aggregate of the Consideration, any additional pro rata investments made by Supreme Gain and the pro rata portion of the total project proceeds net of total project costs less any share of Distribution or Proceeds received by Supreme Gain to the date of the notice of surrender.

If the surrender price exceeds HK\$284,897,000 (being the maximum amount payable by the Company for the purposes of the de minimis threshold under Rule 14A.76(2) of the Listing Rules as at the date of the Participation Agreement), RKP may only first pay HK\$284,897,000 to Supreme Gain within three business days after RKP delivers the calculation of the surrender price and the balance within three business days after the Company has obtained any Shareholders' approval then required under the Listing Rules. Should the relevant resolution put to Shareholders in general meeting not be carried, then the Participation Rights will proportionately be reduced and the surrender notice shall be deemed to have lapsed in relation to such remaining Participation Rights.

Termination : The Participation Agreement may be terminated by RKP by giving 30 days' notice in writing if Supreme Gain fails to make payments when required or it comes to RKP's notice that Supreme Gain has ceased to be wholly-owned by Wai Kee. Within twenty business days of the giving of such notice of termination, RKP is required to pay Supreme Gain an amount equal to 90% of the fair value of the Participation Rights as at the date of that notice.

True Up Payments : The Participation Agreement provides, on surrender of the rights by Supreme Gain or termination of the Participation Agreement, for payments to be made (a) by Supreme Gain to RKP, (i) in respect of a surrender notice, if the formula for calculating the surrender price (under "Surrender" above) gives a value that is less than zero, the absolute amount of that value or (ii) in respect of a termination of the Participation Agreement, the total project costs to the extent not taken into account in determining the fair value of the Participation Rights as referred to in "Termination" above; or (iii) if RKP has not recovered any non pro rata further funding it has provided from Distribution or Proceeds as described under "Further Funding" above; or (b) by RKP to Supreme Gain, if Supreme Gain has not recovered any non pro rata further funding it has provided from Distribution or Proceeds as described under "Further Funding" above.

REASONS FOR AND BENEFITS OF THE ENTERING INTO THE PARTICIPATION AGREEMENT

The grant of the Participation Rights would allow RKP to release cash value in respect of 22.75% of its interest in the Project on normal commercial terms which can be deployed in and towards its other property development projects. In granting the Participation Rights, RKP will only need to share with Supreme Gain the pro rata portion of the return generated by the Project without having to relinquish any control over its interest in the Project or to repay the Consideration received except in the case of termination on the basis disclosed above, which RKP considers to be more favorable to RKP compared to debt financing a portion of its investment in the Project.

The Participation Rights once granted will be accounted for as a financial liability in the consolidated financial statements of the Group and will be subject to fair value assessments as at each balance sheet date for financial reporting purposes.

The terms of the Participation Agreement were arrived at after arm's length negotiations between the parties. The Directors (including the Independent Non-Executive Directors) are of the view that the terms of the Participation Agreement and the transactions contemplated thereunder are on normal commercial terms and in the ordinary and usual course of business of the Group, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

Supreme Gain, being an associate of Wai Kee (the controlling shareholder of the Company), is therefore a connected person of the Company under the Listing Rules. Accordingly, the Participation Agreement and the transactions contemplated thereunder constitute connected transactions of the Company under the Listing Rules.

As the applicable percentage ratios (as defined in the Listing Rules) in respect of the transactions contemplated under the Participation Agreement are more than 0.1% but less than 5%, the Participation Agreement is subject to the reporting and announcement requirements but is exempted from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Mr. Zen Wei Peu, Derek ("**Mr. Derek Zen**"), the Chairman of the Board and an Executive Director, is also the vice chairman of the board of directors, chief executive officer, an executive director and a controlling shareholder of Wai Kee. Mr. Derek Zen is also a Shareholder. Accordingly, Mr. Derek Zen has abstained from voting on the Board resolutions approving the terms of the Participation Agreement.

DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Bonds and Perpetual Securities”	means 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 and RKPF Overseas 2020 (A) Limited and guaranteed by the Company
“Company”	Road King Infrastructure Limited, a company incorporated in Bermuda with limited liability whose Shares are listed on the Main Board of the Stock Exchange
“Condition”	has the meaning ascribed to it in the section headed “The Participation Agreement – Condition” of this announcement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	has the meaning ascribed to it in the section headed “The Participation Agreement – Consideration” of this announcement
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Cooperation Agreement”	the cooperation agreement dated 8 November 2021 entered into between the Project Company, the Project Holdco, and the PRC Partner in relation to, among other things, the investment in the Project Company
“Directors”	the directors of the Company
“Distribution or Proceeds”	the gross amount of: (a) any dividend(s) or other distribution(s) (whether in cash or in specie) declared, made and paid by the Project Company (including any return of capital upon the dissolution of the Project Company) on the relevant pro rata portion of RKP’s equity interest in the Project Company;

- (b) any proceeds on the sale or assignment of any or all of the relevant pro rata portion of RKP's equity interest in the Project Company; and/or
- (c) any pro rata dividend or other payment paid by the Project Company in respect of RKP's equity interest in the Project Company under the Cooperation Agreement

“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Participation Agreement”	the Participation Agreement dated 30 November 2021 entered into between RKP and Supreme Gain pursuant to which RKP granted Participation Rights to Supreme Gain for the Consideration, subject to the fulfilment of the Condition
“Participation Rights”	the participation rights created by the Participation Agreement entitling Supreme Gain to participate in a pro rata portion of 32.5% of the Distribution or Proceeds from the Project held through the Project Company subject to and on the terms of the Participation Agreement
“PRC”	the People's Republic of China, which for the purposes of this announcement does not include Hong Kong, the Macau Special Administrative Region of the PRC or Taiwan
“PRC Partner”	海延(珠海)投資有限公司 (Haiyan (Zhuhai) Investment Company Limited*), a company established in the PRC which is principally engaged in property development and investment in the PRC. At the time of entering into the Cooperation Agreement, the PRC Partner and its ultimate beneficial owner were independent third parties and not connected persons of the Company. By virtue of its interest in the Project Company, the PRC Partner is now a substantial shareholder of a subsidiary of the Company
“Project”	the development of the Site and the sales and marketing of units constructed on the Site
“Project Company”	廣州雋新房地產開發有限公司, a company established in the PRC which owns the land use rights to the Site

“Project Holdco”	佛山雋智房地產開發有限公司, a company established in the PRC and an indirect wholly-owned subsidiary of RKP
“RMB”	Renminbi, the lawful currency of the PRC
“RKP”	RK Properties Holdings Limited, a company established in the British Virgin Islands and an indirect wholly-owned subsidiary of the Company
“Shareholders”	the shareholders of the Company
“Shares”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Site”	the parcel of land located at South of Xintang Avenue, Xintang Town, Zengcheng District, Guangzhou with land parcel no. 18102218A21094 (廣州市增城區新塘鎮新塘大道南側18102218A21094地塊)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Supreme Gain”	Supreme Gain Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of Wai Kee
“Wai Kee”	Wai Kee Holdings Limited, a controlling shareholder of the Company incorporated in Bermuda with limited liability whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 610)
“Wai Kee Group”	Wai Kee and its subsidiaries
“%”	per cent.

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

Hong Kong, 30 November 2021

As at the date of this announcement, the Board comprises Messrs. Zen Wei Peu, Derek, Ko Yuk Bing and Fong Shiu Leung, Keter as Executive Directors, Mr. Dong Fang and Ms. Cai Xun as Non-executive Directors and Messrs. Lau Sai Yung, Tse Chee On, Raymond and Wong Wai Ho as Independent Non-executive Directors.

* *For identification purposes only*