
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Build King Holdings Limited, you should at once hand this circular with the enclosed form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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BUILD KING HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 00240)

CONTINUING CONNECTED TRANSACTIONS RE-ELECTION OF DIRECTOR AND NOTICE OF SPECIAL GENERAL MEETING

**Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders**

BALLAS
C A P I T A L

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

A notice convening the special general meeting of Build King Holdings Limited to be held at Units 601-605A, 6th Floor, Tower B, Manulife Financial Centre, 223 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong on Wednesday, 30 December 2020 at 2:00 p.m. is set out on Appendix II to this circular. Whether or not you intend to attend such meeting, please complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar of the Company in Hong Kong, Tricor Progressive Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding such meeting. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the meeting or any adjourned meeting if they so wish.

PRECAUTIONARY MEASURES AT THE SPECIAL GENERAL MEETING

In view of the current development of novel coronavirus circumstances, please refer to Appendix II (Notice of Special General Meeting) to this circular for measures being taken to safeguard the health and well-being of the Shareholders who are attending the SGM 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
- no refreshment

Any Shareholder who refuses to co-operate with the precautionary measures will not be admitted to the venue. For the health and well-being of the Shareholders, the Company would like to encourage Shareholders to exercise their right to vote at the SGM by appointing the Chairman of the SGM as their proxy and to return their proxy forms by the time specified above, instead of attending the SGM in person.

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DEFINITIONS

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

| | |
|--------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “associates” | has the meaning ascribed thereto under the Listing Rules |
| “Board” | the board of Directors |
| “Company” | 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) |
| “Concrete” | ready mixed concrete |
| “Directors” | the directors of the Company |
| “Group” | the Company and its subsidiaries from time to time |
| “HK\$” | Hong Kong dollar(s), the lawful currency of Hong Kong |
| “Hong Kong” | Hong Kong Special Administrative Region of the PRC |
| “Independent Board Committee” | the committee of the Company comprising all independent non-executive Directors, namely Mr. Ho Tai Wai, David, Mrs. Ling Lee Ching Man, Eleanor, Mr. Lo Yiu Ching, Dantes and Ms. Ng Cheuk Hei, Shirley, established to make recommendation to the Independent Shareholders in respect of the proposed annual caps and the terms in relation to transactions contemplated under the 2021 Framework Agreement |
| “Independent Financial Adviser” or “Ballas Capital” | Ballas Capital Limited, a licensed corporation which is licensed to carry out type 1 (Dealing in Securities) and type 6 (Advising on Corporate Finance) regulated activities under the SFO, being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the proposed annual caps and the terms in relation to transactions contemplated under the 2021 Framework Agreement |
| “Independent Shareholders” | Shareholders other than Wai Kee and its associates |

DEFINITIONS

| | |
|---------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “Latest Practicable Date” | 30 November 2020, being the latest practicable date before the printing of the Circular for ascertaining certain information for the purpose of inclusion in the Circular |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “PRC” | the People’s Republic of China, which shall for the purposes of this circular not include Hong Kong, the Macau Special Administrative Region of the PRC or Taiwan |
| “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) and an associate of Wai Kee |
| “SFO” | the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong |
| “SGM” | the special general meeting of the Company to be convened on Wednesday, 30 December 2020 at 2:00 p.m. for the purpose of considering, and if thought fit, approving the proposed annual caps and the terms in relation to transactions contemplated under the 2021 Framework Agreement |
| “Shares” | ordinary share(s) of HK\$0.10 each in the share capital of the Company |
| “Shareholders” | the shareholders of the Company |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Wai Kee” | Wai Kee Holdings Limited, a holding company of the Company incorporated in Bermuda with limited liability whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 610) and, where the context requires (in connection with the supply of Concrete to the Group), its subsidiaries |

DEFINITIONS

| | |
|----------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “2018 Framework Agreement” | the framework agreement dated 24 November 2017 entered into between the Company and Wai Kee in respect of the sale and purchase of Concrete from 1 January 2018 to 31 December 2020 |
| “2021 Framework Agreement” | the framework agreement dated 11 November 2020 entered into between the Company and Wai Kee in respect of the continuing sale and purchase of Concrete from 1 January 2021 to 31 December 2023 |
| “%” | per cent |

LETTER FROM THE BOARD



BUILD KING HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 00240)

Executive Directors:

Mr. Zen Wei Peu, Derek (*Chairman,
Chief Executive Officer and Managing Director*)
Mr. Chang Kam Chuen, Desmond

Registered Office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Non-executive Directors:

Mr. David Howard Gem
Mr. Chan Chi Hung, Anthony

Principal Place of Business in

Hong Kong:

Units 601-605A, 6th Floor
Tower B, Manulife Financial Centre
223 Wai Yip Street
Kwun Tong, Kowloon
Hong Kong

Independent Non-executive Directors:

Mr. Ho Tai Wai, David
Mrs. Ling Lee Ching Man, Eleanor
Mr. Lo Yiu Ching, Dantes
Ms. Ng Cheuk Hei, Shirley

4 December 2020

To the Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS AND RE-ELECTION OF DIRECTOR

INTRODUCTION

The purpose of this circular is to provide you, among other things, (i) further information on the terms of the 2021 Framework Agreement (including the proposed annual caps); (ii) the re-election of Ms. Ng Cheuk Hei, Shirley (“**Ms. Ng**”), an Independent Non-executive Director, as a Director; (iii) a letter from the Independent Board Committee containing its recommendations to the Independent Shareholders in connection with the terms of the 2021 Framework Agreement; (iv) a letter from the Independent Financial Adviser, setting out its recommendations to the Independent Board Committee and the Independent Shareholders in respect of the terms of the 2021 Framework Agreement; and (v) the notice of the SGM.

LETTER FROM THE BOARD

CONTINUING CONNECTED TRANSACTION

2021 Framework Agreement

On 11 November 2020, the Company entered into the 2021 Framework Agreement with Wai Kee, whereby the Company (by itself or through its subsidiaries) may, but is not obliged to, purchase Concrete from Wai Kee (or its subsidiaries and/or associates) from time to time during the period from 1 January 2021 to 31 December 2023 for the Group's construction projects.

The Group and Wai Kee (or its subsidiaries and/or associates) will enter into individual agreement for each individual transaction during the term of the 2021 Framework Agreement, which will contain details of the transaction including but not limited to the rights, assumption and obligations of the parties, fees and expenses, requirements of manufacture, payment, delivery and indemnities. The terms of the individual agreement shall not conflict with the general principles set out in the 2021 Framework Agreement. Should there be any conflict, the parties shall discuss and agree such adjustments to the individual agreement so that the general principles in the 2021 Framework Agreement should prevail.

The parties agreed that the price, fee or any other consideration will be determined with reference to the relevant market price on a fair and reasonable basis. As will be explained in greater detail below, the Group awards its contracts for Concrete through a tender/quotation by invitation process by which market price (being the price offered by independent third party suppliers for products of the same or substantially similar kind in ordinary business and within the same territory in the market) for the relevant Concrete products can be ascertained.

The 2021 Framework Agreement is conditional upon approval by the Independent Shareholders pursuant to the Listing Rules. Subject to satisfaction of such condition, the 2021 Framework Agreement is for a term commencing from 1 January 2021 and ending on 31 December 2023, both dates inclusive. The 2021 Framework Agreement may be renewed upon expiry subject to the Company's compliance with the requirements of the applicable Listing Rules and other applicable laws and regulations at the relevant time, or alternatively, any waivers obtained from the strict compliance with such requirements.

The 2021 Framework Agreement may be terminated by either the Group or Wai Kee by giving prior written notice to the other party three (3) months in advance and the parties should decide on the terms and conditions of such termination by mutual agreement.

LETTER FROM THE BOARD

Annual Caps

Historical and existing annual caps and historical figures

The following table sets out the historical and existing annual caps under the 2018 Framework Agreement and the expenses of the Group for the purchase of Concrete from Wai Kee during the two years ended 31 December 2019 and the nine months ended 30 September 2020:

| | 2018 | 2019 | 2020 |
|---------------------------------------|-----------------|-----------------|---------------------------|
| | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Annual caps | 105,000 | 190,000 | 195,000 |
| Expenses for the purchase of Concrete | 83,454 | 73,103 | 45,826 <i>(Note 2)</i> |

Notes:

1. The Group's concrete demand is determined by the requirements of its building and civil projects. The annual caps for the three years ending 31 December 2020 were determined primarily with reference to the estimates expenses for Concrete required for its projects then on hand and the potential building and civil projects that may be awarded to the Group based on the information on upcoming tenders available at that time. The expenses for the purchase of the Concrete were lower than the annual caps under the 2018 Framework Agreement mainly because (i) the Group was not awarded certain projected new projects (including the construction project of Road King in Wong Chuk Hang which accounted for approximately 47.8% and 43.9% of the projected Concrete purchase for the year ended 31 December 2019 and for the year ending 31 December 2020 respectively), and (ii) certain projected new projects (including Road King's residential project in Tuen Mun) did not open for tender or commence during the term of the 2018 Framework Agreement.
2. This figure represents the actual expenses for the nine months ended 30 September 2020. Based on the current progress of the Group's ongoing construction projects, it is estimated that the actual expenses for the year ending 31 December 2020 will be approximately HK\$74,917,000.

Annual caps under the 2021 Framework Agreement

Under the 2021 Framework Agreement, the Group and Wai Kee agreed that the maximum aggregate values of the contract sum in respect of the sale and purchase of Concrete will not exceed the amounts set out below.

| Period | Total value not exceeding |
|-----------------------------------|----------------------------------|
| | <i>HK\$'000</i> |
| | <i>(Note)</i> |
| 1 January 2021 – 31 December 2021 | 160,000 |
| 1 January 2022 – 31 December 2022 | 170,000 |
| 1 January 2023 – 31 December 2023 | 140,000 |

Note: These figures represent the estimated maximum cap in respect of the sale and purchase of Concrete for the periods concerned under the 2021 Framework Agreement. The actual amount of the purchases may be different.

LETTER FROM THE BOARD

As Concrete supply contracts are awarded by the Group by reference to the requirements of its building and civil projects, the delivery of Concrete may take place over a period of time that can range from one year to four years, depending on the nature and progress of the projects. Expenses for the purchase of Concrete are recognised in the financial statements of the Group on each delivery of Concrete.

The annual caps under the 2021 Framework Agreement have been determined based on the following factors:

- (i) the estimated expenses for Concrete required for the 12 building and 11 civil projects awarded to the Group that is expected to be delivered or recognised during the term of the 2021 Framework Agreement, based on each of their current progress and expected project span;
- (ii) the assumption that the ratio of Concrete consumption to contract sum of new projects collectively will be comparable to the average Concrete consumption to contract sum ratio of the Group's existing building and civil projects (being, approximately 1.7% of the contract sum for building projects and approximately 2.8% of the contract sum for civil projects); and
- (iii) a buffer of approximately 10% in respect of the annual amounts of Concrete estimated to be purchased during the term of the 2021 Framework Agreement.

Shareholders should note that the proposed annual caps represent the best estimates by the Group based on the information currently available (including Concrete to be consumed in each existing project, project span and prevailing market conditions). The estimated amount of potential construction contracts that the Group may or is likely to be awarded should not be construed as the actual amount of construction projects that the Group may be awarded. Therefore, the estimated amount of Concrete consumption for the Group's potential projects in Hong Kong should not be construed as the actual amount of Concrete that members of the Group may purchase from Wai Kee during the three years ending 31 December 2023. The proposed annual caps have no direct relationship to, nor should be taken to have any direct bearing on, the Group's purchase of Concrete from Wai Kee. The Group may or may not require Wai Kee to provide quotations for Concrete supply in relation to the Group's building and civil projects in Hong Kong, or if Wai Kee or its subsidiary/associate is being appointed, to supply Concrete up to the level of the proposed annual caps.

LETTER FROM THE BOARD

In general, after the Group is awarded a new construction project, the Group will source supplies in accordance with its internal procedures on selection of Concrete suppliers and procurement. The Group's purchasing department will invite tenders/quotations from a pre-approved list of Concrete suppliers (including Wai Kee and other independent Concrete suppliers) providing them with the same specifications for Concrete and other requirements that may be relevant to the project. The Group will generally invite tenders/quotations from at least three independent suppliers for a new construction project. In the event that the Group receives less than three quotations from the suppliers, the Group will review the quotations and compare the tender budget prices submitted by independent subcontractors to the Group in respect of Concrete at the tender stage with Concrete prices offered by other independent Concrete suppliers in respect of other projects in which the Group is involved. After receipt of quotations, the purchasing department will then review all quotations submitted and the relevant contract will be awarded to the lowest bidder. The senior management of the Group will also review all the quotations submitted to ensure the above procedures are being adhered to.

Each delivery of Concrete to a project site will be recorded by project administrative staff in the procurement system. To monitor compliance with the annual caps, the finance department of the Group will prepare monthly reports to senior management of the Group of a year-to-date Concrete delivery based on data extracted from the procurement system and compare against the approved annual caps. The senior management of the Group will determine if the relevant annual caps will be exceeded based on the sum and the progress of each project and the estimated Concrete required for the projects.

Reasons for and Benefits of the Continuing Connected Transactions

The Company 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.

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

LETTER FROM THE BOARD

A stable supply of Concrete is important to the Group's construction projects. The Concrete products that are offered by Wai Kee are mainly mixed concrete products of a comprehensive range. Taking into account the Concrete consumption of existing projects and the forecast Concrete consumption of future projects, the Company believes that the Group will continue to purchase a substantial volume of Concrete from 2021 to 2023. The Company considers that it will be unduly burdensome and impracticable for, and will add unnecessary administrative cost to, the Company to obtain the Independent Shareholders' approval each time the Company purchases Concrete from Wai Kee. Therefore, the Company seeks the Independent Shareholders' approval for the terms and the proposed annual caps for the three years ending 31 December 2023 under the 2021 Framework Agreement in compliance with the Listing Rule requirements.

The terms of the 2021 Framework Agreement were arrived at after arm's length negotiations between the parties. The Directors (including the Independent Non-executive Directors) are of the view that the terms of the 2021 Framework Agreement are on normal commercial terms and in the ordinary and usual course of business of the Group, and that the terms and the proposed annual caps in relation to transactions under the 2021 Framework Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Listing Rules Implications

Wai Kee is a majority shareholder of the Company. As at the Latest Practicable Date, Wai Kee (through its subsidiaries) is interested in 704,945,033 Shares, representing approximately 56.76% of the Company's issued share capital. Accordingly, Wai Kee is a substantial shareholder of the Company and therefore a connected person of the Company under the Listing Rules. Transactions contemplated under the 2021 Framework Agreement constitute continuing connected transactions of the Company under the Listing Rules.

As one of the applicable percentage ratios (as defined in the Listing Rules) in respect of the annual caps for the transactions contemplated under the 2021 Framework Agreement exceeds 5%, the 2021 Framework Agreement is subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Mr. Zen Wei Peu, Derek ("**Mr. Zen**"), an executive Director, is also an executive director of Wai Kee. Mr. Zen held (i) 123,725,228 Shares, representing 9.96% of the Company's issued share capital; and (ii) 203,857,078 shares in Wai Kee, representing 25.70% of the issued share capital of Wai Kee as at date of the 2021 Framework Agreement and as at the Latest Practicable Date. Accordingly, Mr. Zen has abstained from voting on the Board resolutions approving the terms and proposed annual caps of the 2021 Framework Agreement, as required by the Bye-laws of the Company, on the basis that Mr. Zen, as a Director, is deemed to have a material interest in those transactions under the Bye-laws of the Company.

LETTER FROM THE BOARD

Independent Board Committee

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Ho Tai Wai, David, Mrs. Ling Lee Ching Man, Eleanor, Mr. Lo Yiu Ching, Dantes and Ms. Ng Cheuk Hei, Shirley, has been formed to advise the Independent Shareholders in respect of the terms and the proposed annual caps in relation to the transactions contemplated under the 2021 Framework Agreement.

Ballas Capital has also been appointed as the Independent Financial Adviser for the purpose of advising the Independent Board Committee and the Independent Shareholders in respect of the terms and the proposed annual caps in relation to the transactions contemplated under the 2021 Framework Agreement.

RE-ELECTION OF DIRECTOR

Pursuant to code provision A.4.2 of Appendix 14 to the Listing Rules, all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment. Accordingly, Ms. Ng, who was appointed as an Independent Non-Executive Directors on 25 May 2020, is subject to election by Shareholders at the SGM and, being eligible, will offer herself for re-election at the SGM.

The recommendation to the Board for the proposed re-election of Ms. Ng as a Director was made after having considered the structure, size and composition of the Board and performance of the Board with reference to the board diversity policy and the nomination policy of the Company.

Set out below are the biographical details of Ms. Ng:

Ms. Ng, age 51, holds a Master Degree in Chinese Law from Renmin University of China, a Master Degree in Management with major in Marketing Management from Macquarie University (Sydney, Australia) and a Bachelor Degree in Business (International Trade) from Monash University (Melbourne, Australia). She has over 25 years of experience in the fintech digital economy and IT industry, and has extensive knowledge in business and marketing management, product marketing, product development and consulting experience in digital payment solution, IT and telecommunication and system integration solution. Ms. Ng was previously the vice president (strategic solutions and marketing) of Global Payments Inc. from 2016 to 2018. From 2013 to 2016, Ms. Ng was the managing director (Asia Pacific) of Geoswift Payment Technology Limited. Prior to the aforesaid, Ms. Ng held various senior management positions in a number of large multinational companies.

LETTER FROM THE BOARD

Ms. Ng did not hold any directorships in other Hong Kong or overseas listed public companies in the last three years and does not have any relationship with any directors, senior management, substantial shareholders or controlling shareholders of the Company nor holds any other positions with the Company or any of its subsidiaries.

As at the Latest Practicable Date, Ms. Ng did not have, and was not deemed to have, any interests and short positions in any shares, underlying shares or debentures of the Company and its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Ms. Ng has entered into a letter of appointment with the Company for an initial period commencing from 25 May 2020 to 28 February 2021 and is subject to retirement by re-election in accordance with the bye-laws of the Company. Pursuant to the letter of appointment, Ms. Ng is entitled to an emolument of HK\$240,000 per annum for acting as an independent non-executive Director. Her director's fee was determined by taking reference to her duties and responsibilities with the Company and the prevailing market situation, and will be reviewed and determined by the Board annually with authorization granted by the shareholders of the Company at the annual general meeting of the Company.

Save as disclosed above, Ms. Ng is not aware of any other matters that need to be brought to the attention of the shareholders of the Company nor is there any information relating to the appointment of Ms. Ng that needs to be disclosed by the Company pursuant to any of the requirements under Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules.

SGM

It is proposed that the SGM be convened and held at 2:00 p.m. on Wednesday, 30 December 2020 at Units 601-605A, 6th Floor, Tower B, Manulife Financial Centre, 223 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong for the purpose of considering, and, if thought fit, approve the terms of the 2021 Framework Agreement and the proposed annual caps in relation to the transactions thereunder, and the re-election of Ms. Ng as a Director. A notice of the SGM is set out on pages 34 to 36 of this circular.

As Wai Kee is a party to the 2021 Framework Agreement, Wai Kee and its associates are required under the Listing Rules to abstain from voting at the SGM on the resolution for approving the proposed annual caps in relation to the transactions contemplated under the 2021 Framework Agreement. Mr. Zen confirmed to the Company that he and his associates will voluntarily abstain from voting on that resolution in the SGM.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

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

RECOMMENDATION

The Directors (including the Independent Non-executive Directors) consider the terms and the proposed annual caps in relation to the transactions contemplated under the 2021 Framework Agreement are on normal commercial terms and are fair and reasonable and entering into the 2021 Framework Agreement is in the ordinary and usual course of business of the Group and in the interest of the Company and the Shareholders as a whole.

The Board recommends that all Independent Shareholders to vote in favour of the ordinary resolution to approve the transactions contemplated under the 2021 Framework Agreement and the proposed annual caps set out in the notice of the SGM, and further recommends the Shareholders to vote in favour of the proposed re-election of Ms. Ng as a Director at the SGM.

Yours faithfully,
By Order of the Board
Build King Holdings Limited
Chang Kam Chuen, Desmond
Company Secretary

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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 Shareholders in respect of the terms and the proposed annual caps in relation to the transactions under the 2021 Framework Agreement as set out in this circular.



BUILD KING HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 00240)

4 December 2020

To the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

We refer to the circular issued by Company to the Shareholders dated 4 December 2020 (the “**Circular**”) of which this letter forms part. Terms defined in the Circular shall have the same meanings in this letter unless the context otherwise requires.

We have been appointed as the Independent Board Committee to consider and to advise you on the terms and the proposed annual caps in relation to the transactions under the 2021 Framework Agreement and to advise you as to whether the transactions contemplated thereunder are on normal commercial terms and in the ordinary and usual course of business, fair and reasonable so far as the Independent Shareholders are concerned and whether it is in the interests of the Company and the Shareholders as a whole.

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

We wish to draw your attention to the letter from the Board and the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders which contains its advice to us in relation to the 2021 Framework Agreement.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having taken into account principal factors and reasons considered by and the opinion of the Independent Financial Adviser as stated in its letter of advice, we consider that the continuing connected transactions contemplated under the 2021 Framework Agreement (including the relevant annual caps) as set out in the Circular to be fair and reasonable so far as the interests of the Independent Shareholders are concerned, on normal commercial terms and in the ordinary and usual course of business of the Group and to be in the interests of the Company and the Shareholders as a whole. We therefore recommend the Independent Shareholders to support and to vote in favour of the resolution to approve the terms and the proposed annual caps in relation to the transactions under the 2021 Framework Agreement.

Yours faithfully,

For and on behalf of

Independent Board Committee of

Build King Holdings Limited

Ho Tai Wai, David

Ling Lee Ching Man, Eleanor

Lo Yiu Ching, Dantes

Ng Cheuk Hei, Shirley

Independent Non-executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of incorporation into this circular, setting out its advice to the Independent Board Committee and the Independent Shareholders in respect of the terms and the proposed annual caps in relation to the transactions under the 2021 Framework Agreement.

BALLAS
C A P I T A L

Unit 1802, 18/F
1 Duddell Street, Central
Hong Kong

4 December 2020

*To the Independent Board Committee and
the Independent Shareholders*

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our engagement as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the 2021 Framework Agreement, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular (the “**Circular**”) of the Company to the Shareholders dated 4 December 2020, 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 otherwise requires.

As (i) the 2018 Framework Agreement is due to expire on 31 December 2020; and (ii) Company intends to continue to purchase (by itself or through its subsidiaries) Concrete from Wai Kee (or its subsidiaries and/or associates) beyond the term set out in the 2018 Framework Agreement, on 11 November 2020, the Company entered into the 2021 Framework Agreement with Wai Kee, pursuant to which the Company (by itself or through its subsidiaries) may, but is not obliged to, purchase Concrete from Wai Kee (or its subsidiaries and/or associates) from time to time during the period from 1 January 2021 to 31 December 2023 for the Group’s construction projects.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As set out in the Letter from the Board, as at the Latest Practicable Date, Wai Kee (through its subsidiaries) is interested in 704,945,033 Shares, representing approximately 56.76% of the Company's issued share capital. Accordingly, Wai Kee is a substantial shareholder of the Company and therefore a connected person of the Company under the Listing Rules. Transactions contemplated under the 2021 Framework Agreement constitute continuing connected transactions of the Company (the "**Continuing Connected Transactions**") under the Listing Rules. As one of the applicable percentage ratios (as defined in the Listing Rules) in respect of the annual caps for the transactions contemplated under the 2021 Framework Agreement exceeds 5%, the 2021 Framework Agreement is subject to the reporting, annual review, announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Ho Tai Wai, David, Mrs. Ling Lee Ching Man, Eleanor, Mr. Lo Yiu Ching, Dantes and Ms. Ng Cheuk Hei, Shirley, has been formed to advise the Independent Shareholders in respect of the terms and the proposed annual caps in relation to the Continuing Connected Transactions under the 2021 Framework Agreement.

INDEPENDENCE DECLARATION

We are not associated or connected with the Company, the counterparties of the 2021 Framework Agreement or their respective core connected persons or associates. As at the Latest Practicable Date, save for this appointment as the independent financial adviser in relation to the Continuing Connected Transactions, we did not have any other relationship with or interests in the Company, the counterparties of the 2021 Framework Agreement or their respective core connected persons or associates in the last two years. Accordingly, we consider we are eligible to give independent advice on the Continuing Connected Transactions.

BASIS OF OUR OPINION

In formulating our recommendation, we have relied on the information and facts contained or referred to in the Circular as well as the representations made or provided by the Directors and the senior management of the Company.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Directors have declared in a responsibility statement set out in Appendix I to the Circular that they collectively and individually accept full responsibility for the accuracy of the information contained and representations made in the Circular and that there are no other matters the omission of which would make any statement in the Circular misleading. We have also assumed that the information and the representations made by the Directors as contained or referred to in the Circular were true and accurate at the time they were made and continue to be so up to the date of the SGM. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and the senior management of the Company. We have also been advised by the Directors and believe that no material facts have been omitted from the Circular.

We consider that we have reviewed sufficient information to reach an informed view, to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our recommendation. We have not, however, conducted an independent verification of the information nor have we conducted any form of in-depth investigation into the businesses and affairs or the prospects of the Company, Wai Kee or any of their respective subsidiaries or associates.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and advice in respect of the 2021 Framework Agreement, we have considered the following principal factors and reasons:

A. Background of and reasons for entering into the 2021 Framework Agreement

The Company 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. Wai Kee is an investment holding company and the principal activities of its group companies include property development and investment, toll road, investment and asset management, construction, sewage treatment and steam fuel, construction materials and quarrying and it has been investing in property funds which in turn indirectly invest in property developments in the United States of America. According to the Company's annual report for the year ended 31 December 2019, the Group's revenue amounted to approximately HK\$5,986.4 million, HK\$6,305.3 million and HK\$7,568.5 million for the three years ended 31 December 2017, 2018 and 2019, respectively, and such revenue mainly represented income from construction contracts during the relevant years.

As stated in the Letter from the Board, a stable supply of Concrete is important to the Group's construction projects. The Concrete products that are offered by Wai Kee are mainly mixed concrete products of a comprehensive range. Taking into account the Concrete consumption of existing projects and the forecast Concrete consumption of future projects, the Company believes that the Group will continue to purchase a substantial volume of Concrete from 2021 to 2023. The Company considers that it will be unduly burdensome and impracticable for, and will add unnecessary administrative cost to, the Company to obtain the Independent Shareholders' approval each time the Company purchases Concrete from Wai Kee. The Company therefore considers that by entering into the 2021 Framework Agreement, the Group will continue to be able to secure a steady and reliable supply of Concrete from Wai Kee at prices no less favourable than those from other independent third parties in the coming years.

Having considered the above and our analysis and view on the major terms of the 2021 Framework Agreement (as explained further below), we concur with the view of the management of the Company that the entering into the 2021 Framework Agreement falls within the ordinary and usual course of business of the Group and is in the interests of the Group and the Independent Shareholders as a whole.

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B. Major terms of the 2021 Framework Agreement

Individual agreement

The Company (by itself or through its subsidiaries) may, but is not obliged to, purchase Concrete from Wai Kee (or its subsidiaries and/or associates) from time to time during the period from 1 January 2021 to 31 December 2023 for the Group's construction projects.

As stated in the Letter from the Board, the Group and Wai Kee (or its subsidiaries and/or associates) will enter into individual agreement for each individual transaction during the term of the 2021 Framework Agreement, which will contain details of the transaction including but not limited to the rights, assumption and obligations of the parties, fees and expenses, requirements of manufacture, payment, delivery and indemnities. The terms of the individual agreement shall not conflict with the general principles set out in the 2021 Framework Agreement. Should there be any conflict, the parties shall discuss and agree such adjustments to the individual agreement so that the general principles in the 2021 Framework Agreement should prevail.

Pricing principle

The parties agreed that the price, fee or any other consideration will be determined with reference to the relevant market price on a fair and reasonable basis. The Group awards its contracts for Concrete through a tender/quotation by invitations process by which market price (being the price offered by independent third party suppliers for products of the same or substantially similar kind in ordinary business and within the same territory in the market) for the relevant Concrete products can be ascertained.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As stated in the Letter from the Board, in general, after the Group is awarded a new construction project, the Group will source supplies in accordance with its internal procedures on selection of Concrete suppliers and procurement. The Group's purchasing department will invite tenders/quotations from a pre-approved list of Concrete suppliers (including Wai Kee and other independent Concrete suppliers) providing them with the same specifications for Concrete and other requirements that may be relevant to the project. As further stated in the Letter from the Board, the Group will generally invite tenders/quotations from at least three independent suppliers for a new construction project (the "**Independent Quotations**"). In the event that the Group receives less than three quotations from the suppliers, the Group will review the quotations and compare the tender budget prices submitted by independent subcontractors to the Group in respect of Concrete at the tender stage with Concrete prices offered by other independent Concrete suppliers in respect of other projects in which the Group is involved. After receipt of quotations, the purchasing department will then review all quotations submitted and the relevant contract will be awarded to the lowest bidder. The senior management of the Group will also review all the quotations submitted to ensure the above procedures are being adhered to.

We have selected five samples from the Company's projects where they have Concrete contracted from Wai Kee during the years ended 31 December 2018 and 2019 and up to 30 September 2020 on a sampling basis (the "**Sample Contracts**"). We have reviewed the documents provided by the Company relating to the quotations submitted by the concrete suppliers (including, among others, Wai Kee) for the Sample Contracts. For the documents we have reviewed, we note that the Company followed the aforementioned internal procedures and the relevant contracts were awarded to the lowest bidder. In addition, we have discussed with management of the Company and they have advised us that their practice of inviting at least three independent suppliers for Independent Quotations for new construction projects is consistent with other projects awarded to the Group and such practice is also common in the industry. As such, we concur with the view of the management that the Group has policy in place to enable it to select suppliers on a fair and reasonable basis. Given the above, we consider the pricing principle as stipulated in the 2021 Framework Agreement, which is the same as the pricing principle stipulated in the 2018 Framework Agreement, to be fair and reasonable.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Termination

The 2021 Framework Agreement may be terminated by either the Group or Wai Kee by giving prior written notice to the other party three (3) months in advance and the parties should decide on the terms and conditions of such termination by mutual agreement.

Based on the above, in particular that (i) the Group adheres to a set of internal procedures which allow them to purchase Concrete at the lowest price from suppliers who have been invited to the tender; (ii) the 2021 Framework Agreement does not restrict the Group from purchasing Concrete from independent third parties; (iii) in respect of the 2021 Framework Agreement, save for the amount of the proposed new annual caps for the three years ending 31 December 2021, 2022 and 2023, there is no change to the terms and conditions set out in the 2018 Framework Agreement, which was already approved by the then Independent Shareholders at the Company's special general meeting held on 15 December 2017; and (iv) the major terms of the 2021 Framework Agreement, in particular the pricing principles, are fair and reasonable, we concur with the view of the management of the Company that the terms of the 2021 Framework Agreement are fair and reasonable, on normal commercial terms and in the interests of the Group and the Independent Shareholders as a whole.

C. The annual caps

Historical and existing annual caps and historical figures

The following table sets out the historical and existing annual caps under the 2018 Framework Agreement and the expenses of the Group for the purchase of Concrete from Wai Kee during the two years ended 31 December 2018 and 2019 and the nine months ended 30 September 2020:

| | 2018 | 2019 | 2020 |
|---------------------------------------|-----------------|-----------------|-----------------|
| | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Annual caps | 105,000 | 190,000 | 195,000 |
| Expenses for the purchase of Concrete | 83,454 | 73,103 | 45,826 |
| | | | <i>(Note 2)</i> |

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Notes:

1. The Group's concrete demand is determined by the requirements of its building and civil projects. The annual caps for the three years ending 31 December 2020 were determined primarily with reference to the estimates expenses for Concrete required for its projects then on hand and the potential building and civil projects that may be awarded to the Group based on the information on upcoming tenders available at that time. The expenses for the purchase of the Concrete were lower than the annual caps under the 2018 Framework Agreement mainly because (i) the Group was not awarded certain projected new projects (including the construction project of Road King in Wong Chuk Hang which accounted for approximately 47.8% and 43.9% of the projected Concrete purchase for the year ended 31 December 2019 and for the year ending 31 December 2020 respectively), and (ii) certain projected new projects (including Road King's residential project in Tuen Mun) did not open for tender or commence during the term of the 2018 Framework Agreement.
2. This figure represents the actual expenses for the nine months ended 30 September 2020. Based on the current progress of the Group's ongoing construction projects, it is estimated that the actual expenses for the year ending 31 December 2020 will be approximately HK\$74,917,000.

Annual caps under the 2021 Framework Agreement

Under the 2021 Framework Agreement, the Group and Wai Kee agreed that the maximum aggregate values of the contract sum in respect of the sale and purchase of Concrete will not exceed the amounts set out below.

| Period | Total value not exceeding HK\$'000 (Note) |
|-----------------------------------|--------------------------------------------------------------|
| 1 January 2021 – 31 December 2021 | 160,000 |
| 1 January 2022 – 31 December 2022 | 170,000 |
| 1 January 2023 – 31 December 2023 | 140,000 |

Note: These figures represent the estimated maximum cap in respect of the sale and purchase of Concrete for the periods concerned under the 2021 Framework Agreement. The actual amount of the purchases may be different.

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As set out in the Letter from the Board, the annual caps have been determined based on the following factors:

- (i) the estimated expenses for Concrete required for the 12 building and 11 civil projects awarded to the Group that is expected to be delivered or recognised during the term of the 2021 Framework Agreement, based on each of their current progress expected project span;
- (ii) the assumption that the ratio of Concrete consumption to contract sum of new projects collectively will be comparable to the average Concrete consumption to contract sum ratio of the Group's existing building and civil projects (being, approximately 1.7% of the contract sum for building projects and approximately 2.8% of the contract sum for civil projects); and
- (iii) a buffer of approximately 10% in respect of the annual amounts of Concrete estimated to be purchased during the term of the 2021 Framework Agreement.

In assessing the fairness and reasonableness of the annual caps under the 2021 Framework Agreement, we have reviewed and discussed with management of the Company about the underlying calculation. Based on our review of the underlying calculation, we understand that the annual caps under the 2021 Framework Agreement have primarily taken into account the Group's demand for Concrete from (i) the existing projects on hand of the Group (the “**Existing Projects**”); and (ii) the possible new projects in Hong Kong that the Group may be awarded during the term of the 2021 Framework Agreement (the “**Potential Projects**”).

The table below sets out the annual caps under the 2021 Framework Agreement by the Existing Projects and the Potential Projects:

| | 2021 <i>HK\$'000</i> | 2022 <i>HK\$'000</i> | 2023 <i>HK\$'000</i> |
|-----------------------------------|-------------------------|-------------------------|-------------------------|
| Existing Projects | 136,400 | 62,000 | 3,000 |
| Potential Projects | – | 86,900 | 117,400 |
| | 136,400 | 148,900 | 120,400 |
| Buffer (10%) | 13,640 | 14,890 | 12,040 |
| Estimated amounts (<i>Note</i>) | 150,040 | 163,790 | 132,440 |
| Annual caps | 160,000 | 170,000 | 140,000 |

Note: The estimated amounts are rounded up to arrive at the annual caps.

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Existing Projects

The purchase of Concrete relating to the Existing Projects accounts for approximately 85.3%, 36.5% and 2.1% of the annual cap for 2021, 2022 and 2023 under the 2021 Framework Agreement, respectively.

In respect of the estimated Concrete demand for the Existing Projects, we understand from management of the Company that they have considered the Company's 23 construction projects on hand (excluding those projects that the Group does not expect to purchase additional Concrete after 2020 and therefore are not expected to have any contribution towards the annual caps under the 2021 Framework Agreement). We have obtained and reviewed the expected Concrete consumption for each of the Existing Projects in each of the year ending 31 December 2021, 2022 and 2023 and noted that the projected Concrete consumption for the Existing Projects under the proposed annual caps represents the aggregate amount of expected Concrete consumption for the Existing Projects in respective years. Among the 23 Existing Projects, 11 of them are expected to be completed by 2021, 9 of them are expected to be completed in 2022 and the remaining 3 projects are expected to be completed in or beyond 2023. As set out above, the annual cap for 2021 is contributed mostly by the Existing Projects, which over half of them are expected to be completed by 2021. The contribution of the Existing Projects to the proposed annual caps for 2022 and 2023 are significantly smaller as compared to the respective previous year as most of the Existing Projects are expected to be completed in 2021 and 2022, respectively. Based on the above, we consider the proposed annual caps for the Existing Projects reasonable.

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Potential Projects

The purchase of Concrete relating to the Potential Projects account for nil, approximately 51.1% and 83.9% of the annual caps for 2021, 2022 and 2023 under the 2021 Framework Agreement, respectively.

In respect of the anticipated Concrete demand for the Potential Projects, we understand from management of the Company that the Potential Projects mainly comprise potential tenders for building and civil projects in Hong Kong that the Group maybe awarded during the term of the 2021 Framework Agreement. We have obtained and reviewed list of the potential projects which the Company has recently submitted tenders for or currently intends to tender for and noted that the Company has submitted tender for 5 building projects and 5 civil projects with an expected aggregate contract sum of over HK\$11 billion and the Company currently intends to tender for 22 additional projects during the term of the 2021 Framework Agreement with an expected aggregate contract sum of over HK\$8 billion. As advised by Company, we understand that majority of the purchase of Concrete for these Potential Projects are expected to take place starting from 2022 and onwards. Based on the experience of the Company, as the purchase of Concrete will not take place immediately after the commencement of projects, the projected Concrete consumption of the Potential Projects in 2023 will be higher than that in 2022. Furthermore, we understand from the management of the Company that the Group will continue to seek and tender for potential projects if they see fit during the term of the 2021 Framework Agreement in the future. As such, we consider that the management's estimation of a higher contribution of the Concrete consumption for Potential Projects towards the annual caps for 2022 and 2023 under the 2021 Framework Agreement is justified. Based on the above, we consider the proposed annual caps for the Potential Projects reasonable.

In respect of the Company's assumption that the ratio of Concrete consumption to contract sum ("**Consumption Ratio**") of the Potential Projects would be approximately 1.7% for building projects and approximately 2.8% for civil projects, we understand from the management that such ratios were determined with reference to the average Consumption Ratio of the Group's Existing Projects. We have obtained and reviewed the historical Concrete consumption (including those purchased from Wai Kee and independent third party suppliers) for each of the Existing Projects and their respective contract sum and noted that the Consumption Ratio for building and civil projects used in the Company's assumption represents the respective average Consumption Ratio for the Group's existing building and civil projects.

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Based on the various factors described above and our review of the underlying calculations from the Company, we concur with the view of the management of the Company that the annual caps under the 2021 Framework Agreement are fair and reasonable so far as the Group and the Independent Shareholders are concerned and in the interests of the Group and the Independent Shareholders as a whole. However, as the annual caps relate to future events and are based upon assumptions that may or may not remain valid for the whole period up to 31 December 2023, we express no opinion as to how closely the actual volume of the purchase of Concrete pursuant to the 2021 Framework Agreement shall correspond to the annual caps.

D. Requirements by the Listing Rules regarding the Continuing Connected Transactions

Pursuant to Rules 14A.55 to 14A.59 of the Listing Rules, the transactions contemplated under the 2021 Framework Agreement are subject to the following annual review requirements:

- (a) each year the independent non-executive Directors must review the Continuing Connected Transactions and confirm in the annual report and accounts that they have been entered into:
- in the ordinary and usual course of business of the Group;
 - on normal commercial terms or better; and
 - according to the relevant agreement governing them on terms that are fair and reasonable and in the interests of the Group and the Shareholders as a whole.
- (b) each year the auditors of the Company must provide a letter to the Board (with a copy provided to the Stock Exchange at least 10 business days prior to the bulk printing of the Company's annual report) confirming whether anything has come to their attention that causes them to believe that the Continuing Connected Transactions:
- have not been approved by the Board;
 - were not, in all material respects, in accordance with the pricing policies of the Group if the Continuing Connected Transactions involve the provision of goods or services by the Group;

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- were not entered into, in all material respects, in accordance with the terms of the relevant agreement(s) governing the Continuing Connected Transactions; and
 - have exceeded the annual caps.
- (c) the Company must allow, and ensure that the relevant counter parties to the Continuing Connected Transactions allow, the Company's auditors sufficient access to their records for the purpose of reporting on the Continuing Connected Transactions.
- (d) the Company must promptly notify the Stock Exchange and publish an announcement in accordance with the Listing Rules if the independent non-executive Directors and/or the auditors of the Company cannot confirm the matters set out in paragraphs (a) and/or (b) above, respectively. The Stock Exchange may require the Company to re-comply with the announcement and Shareholders' approval requirements and may impose additional conditions.

In light of the review and reporting requirements attached to the Continuing Connected Transactions, in particular, (i) the restriction of transaction value by way of the annual caps; and (ii) the ongoing review by the independent non-executive Directors and the auditors of the Company on the terms of the Continuing Connected Transactions and the annual caps not being exceeded, we are of the view that appropriate measures will be in place to govern the conduct of the Continuing Connected Transactions and safeguard the interests of the Company and the Independent Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

RECOMMENDATION

Having considered the principal factors and reasons referred to above, we are of the opinion that the 2021 Framework Agreement and the transactions contemplated thereunder are on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Group and the Independent Shareholders as a whole, and the terms thereof as well as the respective annual caps are fair and reasonable so far as the Group and the Independent Shareholders are concerned.

Accordingly, we advise the Independent Shareholders and the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the terms of and the annual caps in relation to the transactions under the 2021 Framework Agreement.

Yours faithfully,

For and on behalf of

Ballas Capital Limited

Heidi Cheng

Carmen Lin

Managing Director

Vice President

Note: Ms. Heidi Cheng has been a responsible officer of Type 6 (advising on corporate finance) regulated activities since 2003, and Ms. Carmen Lin has been a licensed representative of Type 6 (advising on corporate finance) regulated activities since 2017.

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTERESTS

(I) Interests and short positions of the Directors and chief executive in the Company and its associated corporations

Save as disclosed below, as at the Latest Practicable Date, none of the Directors or the chief executive of the Company and their respective associates had any interests or short positions in the shares, underlying shares and/or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to the Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such Director or chief executive of the Company was 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 contained in the Listing Rules to be notified to the Company and the Stock Exchange.

(A) *The Company*

Interests in Shares

| Name of Director | Capacity/Nature of interest | Number of Shares held | | Percentage of shareholding (%) |
|--------------------------|-----------------------------|-------------------------|----------------|--------------------------------|
| | | Long position (Note) | Short position | |
| Mr. Zen | Personal | 123,725,228 | – | 9.96 |
| Chang Kam Chuen, Desmond | Personal | 1,500,000 | – | 0.12 |
| David Howard Gem | Personal | 900,000 | – | 0.07 |

Note:

Long position in the Shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bond(s)).

(B) Associated corporations*Interests in shares*

| Name of Director | Name of company | Capacity/Nature of interest | Number of shares held | | Percentage of shareholding (%) |
|------------------|------------------------------------------------------------------------------------------------------------------------|-----------------------------|-------------------------|----------------|--------------------------------|
| | | | Long position (Note) | Short position | |
| Mr. Zen | Wai Kee | Personal | 203,857,078 | – | 25.70 |
| | Build King (Zens) Engineering Limited (formerly known as Wai Kee (Zens) Construction & Transportation Company Limited) | Personal | 2,000,000 | – | 10.00 |
| | Wai Luen Stone Products Limited | Personal | 30,000 | – | 37.50 |

Note:

Long position in the Shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds).

(II) Substantial shareholders' interests in the Company

As at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company, the following persons (other than the Directors or the chief executive of the Company) had an interest or short position in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provision of Divisions 2 and 3 of Part XV of the SFO:

| Name of substantial shareholder | Capacity/Nature of interest | Number of Shares held and Percentage of shareholding | | | |
|---------------------------------------------------------------------|-----------------------------|------------------------------------------------------|--------|------------------|---|
| | | Long position (Note 1) | | Short position | |
| | | Number of Shares | % | Number of Shares | % |
| Top Horizon Holdings Limited (“ Top Horizon ”) (Note 2) | Beneficial owner | 704,945,033 | 56.76% | – | – |
| Wai Kee (Zens) Holding Limited (“ Wai Kee (Zens) ”) (Note 3) | Corporate | 704,945,033 | 56.76% | – | – |
| Wai Kee (Note 4) | Corporate | 704,945,033 | 56.76% | – | – |

Notes:

1. Long position in the Shares.
2. Top Horizon is a direct wholly-owned subsidiary of Wai Kee (Zens).
3. Wai Kee (Zens) is deemed to be interested in the Shares through its interests in Top Horizon.
4. Wai Kee (Zens) is a direct wholly-owned subsidiary of Wai Kee. Accordingly, Wai Kee is deemed to be interested in the Shares through its interests in Wai Kee (Zens).

Save as disclosed below, as at the Latest Practicable Date, none of the Directors was a director or employee of a company which had an interest or a short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

| Name of Director | Name of company which had such discloseable interest or short position | Position with such company |
|-------------------------|-------------------------------------------------------------------------------------------|---------------------------------------------------------------------|
| Mr. Zen | Top Horizon | Director |
| | Wai Kee (Zens) | Director |
| | Wai Kee | Vice Chairman, Chief Executive Officer and Executive Director |

3. DIRECTORS' INTERESTS IN COMPETING BUSINESSES

As at Latest Practicable Date, none of the Directors and their respective associates had any interests in a business, which competed or was likely to compete, directly or indirectly, with the business of the Group.

4. SERVICE CONTRACTS WITH DIRECTORS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group which was not determinable by the Group within one year without payment of compensation (other than statutory compensation).

5. INTERESTS IN ASSETS AND/OR CONTRACTS AND OTHER INTERESTS

Save for (i) the 2018 Framework Agreement between the Company and Wai Kee (in which Mr. Zen held shares as disclosed in paragraph 2(I)(B) above) (the details of the agreement are set out in the circular issued by the Company dated 28 November 2017) for a period of three financial years ending 31 December 2020; and (ii) a framework agreement dated 24 November 2017 between the Company and Road King (in which Mr. Zen held 24,649,000 shares (of which 1,000,000 shares are held by his spouse) as at the Latest Practicable Date, representing 3.29% of Road King's issued share capital) in respect of the engagement of members of the Group, subject to successful tender, as the main contractor for the construction works of the present and future property development projects of Road King and its subsidiaries in Hong Kong for a term of three financial years ending 31 December 2020, since 31 December 2019, being the date to which the latest published audited accounts of the Company were made up, none of the Directors was interested in any assets which have been acquired or disposed of by or leased to (or are proposed to be acquired or disposed of by or leased to) any member of the Group since the date of the latest published audited accounts of the Company.

As at the date of this Circular, save as disclosed above, none of the Directors was materially interested in any subsisting contract or arrangement which is significant in relation to the business of the Group.

6. MATERIAL ADVERSE CHANGES

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2019, being the date to which the latest published audited consolidated financial statements of the Group were made up.

7. EXPERT AND CONSENT

Below is the qualification of the expert who has given opinions or advice which are contained in this circular:

| Name | Qualification |
|------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------|
| Ballas Capital Limited | A corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO |

The Independent Financial Adviser has given and has not withdrawn its written consent to the issue of this circular, with the inclusion of its letter as set out in this circular and references to its name in the form and context in which it appears.

As at the Latest Practicable Date, the Independent Financial Adviser did not have any shareholding, directly or indirectly, in any member of the Group nor have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, the Independent Financial Adviser did not have any direct or indirect interests in any assets which have been, since 31 December 2019, being the date to which the latest published audited consolidated financial statements of the Group were made up, acquired or disposed of by, or leased to any member of the Group, or proposed to be acquired or disposed of by, or leased to, any member of the Group.

8. MISCELLANEOUS

The English text of this circular shall prevail over the Chinese text in case of any inconsistency.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours from 9:00 a.m. to 5:00 p.m. (other than Saturdays, Sundays and public holidays) at the principal place of business of the Company in Hong Kong from the date of this circular up to and including 30 December 2020:

- (a) the letter from the Independent Financial Adviser, the text of which is set out on pages 15 to 28 of this circular;
- (b) the letter from the Independent Board Committee, the text of which is set out on pages 13 to 14 of this circular;
- (c) the 2018 Framework Agreement;
- (d) the 2021 Framework Agreement; and
- (e) this circular.

**BUILD KING HOLDINGS LIMITED**

(Incorporated in Bermuda with limited liability)

(Stock Code: 00240)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Special General Meeting of Build King Holdings Limited (the “**Company**”) will be held at Units 601-605A, 6th Floor, Tower B, Manulife Financial Centre, 223 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong on Wednesday, 30 December 2020 at 2:00 p.m. to transact the following businesses:

ORDINARY RESOLUTIONS**THAT:**

1. (a) the terms and the proposed annual caps in relation to the transactions under a framework agreement dated 11 November 2020 (the “**2021 Framework Agreement**”) entered into between Build King Holdings Limited (the “**Company**”) and Wai Kee Holdings Limited in respect of the continuing sale and purchase of ready mixed concrete be and are hereby approved; and
 - (b) the directors of the Company be and are hereby authorised for and on behalf of the Company to do all such things and exercise all powers which they consider necessary, desirable or expedient in connection with the 2021 Framework 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.
2. To re-elect Ms. Ng Cheuk Hei, Shirley as a Director of the Company and to authorize the board of directors of the Company to fix her remuneration.

By Order of the Board
Build King Holdings Limited
Chang Kam Chuen, Desmond
Company Secretary

Hong Kong, 4 December 2020

Registered Office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Principal Place of Business in

Hong Kong:
Units 601-605A, 6th Floor
Tower B, Manulife Financial Centre
223 Wai Yip Street
Kwun Tong, Kowloon
Hong Kong

Notes:

1. For determining the entitlement to attend and vote at the Special General Meeting to be held on Wednesday, 30 December 2020, the register of members of the Company will be closed from Thursday, 24 December 2020 to Wednesday, 30 December 2020, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the Special General Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar in Hong Kong, Tricor Progressive Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:00 p.m. on Wednesday, 23 December 2020.
2. Any member of the Company entitled to attend and vote at the meeting by the above notice shall be entitled to appoint another person as his/her proxy to attend and vote instead of such member. Votes may be given either personally or by proxy or by a duly authorized corporate representative. A member may appoint more than one proxy to attend on the same occasion. A proxy need not be a member of the Company.
3. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer or attorney duly authorised to sign the same.
4. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority shall be delivered to the Company's branch share registrar, Tricor Progressive Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposed to vote and in default the instrument of proxy shall not be treated as valid.
5. Delivery of an instrument appointing a proxy shall not preclude a member of the Company from attending and voting in person at the meeting convened and in such event, the instrument appointing a proxy shall be deemed to be revoked.
6. In the case of joint holders of any share, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at any meeting personally or by proxy, then one of the said persons so present whose name stands first on the register in respect of such share shall alone be entitled to vote in respect thereof.
7. In relation to Ordinary Resolution No. 2 regarding the re-election of Director, Ms. Ng Cheuk Hei, Shirley retires from office and, being eligible, offer herself for re-election at the Special General Meeting pursuant to the Company's Bye-laws.

8. A circular containing further details regarding Ordinary Resolution No. 2 above has been sent to the shareholders of the Company.

9. Novel Coronavirus Circumstances

Although the Shareholders are welcome to physically attend the SGM in person if they so wish, the Company encourages the Shareholders to exercise their right to vote at the SGM by appointing the Chairman of the SGM as their proxy and to return their proxy forms by the time specified above, instead of attending the SGM in person, in view of the current development of novel coronavirus circumstances. The Company will also be undertaking the following precautionary measures to safeguard the health and well-being of the Shareholders (or their proxies) who are attending the SGM 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. Any person who refuses to co-operate with the above precautionary measures, or with a body temperature above the reference range quoted by the Department of Health of Hong Kong from time to time, or exhibiting flu-like symptoms, will not be admitted to the meeting venue.