



Road King Infrastructure Ltd (1098 HK)

Green Finance Framework

June 2021



About Road King Infrastructure Ltd ("RKI") (1098 HK)

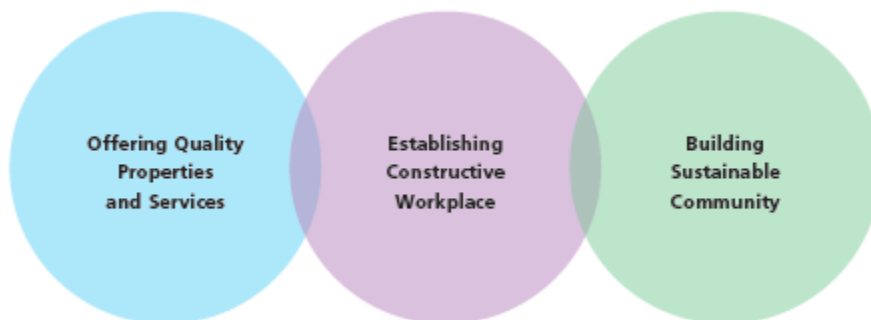
Road King Infrastructure Limited is a prominent property developer in Mainland China and Hong Kong focusing on developing quality residential apartments and also a leading toll road investor and operator with over 25 years of experience in the industry.

The Company successfully entered into the Southeast Asian market in 2019 and became the first company to invest and participate in the operation of Indonesian expressways among other Chinese and Hong Kong toll road companies. The existing real estate portfolio is mainly located in the Yangtze River Delta, Bohai Rim regions and Greater Bay Area, comprising a land reserve over 7 million square meters. The current toll road portfolio consists of five expressways in Mainland China and three expressways in Indonesia, all located in major economic corridors and spanning over 600km in total.

RKI and ESG

In recent years, public awareness and demand on corporate social responsibility have risen considerably. RKI recognizes and embraces this trend and is determined to contribute to inclusive and sustainable growth of the wider community.

RKI has established its ESG approach with 3 focus areas:



Offering Quality Properties and Services

- Through socially and environmentally responsible construction practices and production processes
- With highest standards of business ethic
- In response to customers' demand and suppliers' request

Establishing Constructive Workplace

- Through desirable employment practices and career development opportunities
- With comfortable and supportive working environment
- In response to employee' needs and contribution

Building Sustainable Community

- Through continuous community involvement and social participation
- With targeted community investment
- In response to public expectation

RKI is committed to providing quality properties and services in a socially and environmentally responsible manner, with the core objective to generate sustainable values to customers and society. From the beginning of a property development project comprising property design and supplier selection, to the end of it which is often marked by the sales and handover of apartment or other forms of commencement of operation and management of the property. Every single ESG issue in this production process is taken seriously by the Group.

RKI's Green Finance Framework (the "Framework")

RKI has developed a bespoke Green Finance Framework as a basis for entering into Green financing transactions ("GFT") via bonds and loans.

Format of the Green financing transactions will depend on market conditions and the company's financing needs as well as alignment with its ESG strategy.

RKI's Framework is prepared on the basis and aligned with the requirements of the ICMA Green Bond Principles and LMA Green Loan Principles covered under the 4 sections of 1) Use of Proceeds, 2) Project Evaluation and Selection, 3) Management of Proceeds and 4) Reporting

1) Use of Proceeds

RKI intends to use proceeds from financing raised under its Green Finance Framework exclusively for funding or refinancing, fully or partially of "Eligible Projects" including without limitation the refinancing of existing debt relating to such projects.

Eligible Projects include the following categories

Eligible Project Categories	Criteria and examples
Green buildings	<ul style="list-style-type: none">• Acquisition, construction, redevelopment or renovation of commercial and residential buildings possessing environmental certification from LEED (minimum gold) or China Green Building Label (minimum two stars for China Green Building Evaluation Label)
Energy efficiency	<ul style="list-style-type: none">• Adoption of technologies, equipment and systems generating at least [10]% improvement in energy efficiency or at least [10]% in energy reduction

Renewable Energy	•	Investment in solar panel power generation and solar water heaters
Pollution prevention and control	•	Expenditure relating to waste water treatment, dust pollution prevention and treatment, reduction, recycling and reuse of solid waste

2) Project Evaluation and Selection

RKI imposes strict environmental and risk management policy during its normal course of business. An ESG Working Group (“EWG”) is composed of senior officers from various functional teams to identify and select Eligible Projects. The functional teams include Finance, Legal, Design, Operation, Investor Relations and Internal Audit.

The EWG mentioned above will identify potential Eligible Projects based on the eligibility criteria outlined in the GFF’s Use of Proceeds section and will manage the allocation of proceeds to Eligible Green Projects.

The EWG will monitor the Eligible Projects Portfolio on an ongoing basis and will exclude projects that no longer comply with the eligibility criteria or have been disposed of and will replace them on a best effort basis.

3) Management of proceeds

RKI commits to allocating an equivalent amount of proceeds of each financing transaction under the Framework to finance Eligible Projects within 3 years after the settlement of each financing transaction and / or to refinance existing Eligible Projects originated within 3 years prior to each financing transaction.

Process	Description
Tracking of Proceeds	<ul style="list-style-type: none"> • RKI will monitor the allocation of proceeds raised under the Framework via internal information systems. RKI will create registers to facilitate the monitoring and reporting of net monies raised and deployed towards Eligible Projects under the Framework • The register will include information such as <ul style="list-style-type: none"> - Details of loans and bonds raised under the financing including issue date, maturity date, principal amount, interest cost, identification codes such as ISIN / Common Codes

	<ul style="list-style-type: none"> - Mapping of Eligible Projects against Eligible Categories and amount allocated towards each respective Eligible Projects - Environmental certification or third party reports if applicable - Balance of proceeds not yet allocated towards Eligible Projects - Status of unallocated proceeds
Allocation of Unused Proceeds	<ul style="list-style-type: none"> • Pending any allocation towards Eligible Projects, net proceeds from bonds or loans raised under the Framework may be invested in cash or cash equivalents as part of the RKI's treasury and cash management policies or used to repay existing indebtedness of RKI
Reallocation of Proceeds	<ul style="list-style-type: none"> • Proceeds previously allocated to Eligible Projects will be actively monitored and reallocated in the event any Eligible Projects cease to become an Eligible Project as classified by RKI or in the event of assets / projects disposal by RKI from time to time

RKI commits that allocated and unallocated proceeds raised from GFTs will not go towards financing activities related to fossil fuels, or coal.

4) Reporting

RKI will publish on an annual basis the following information within the "Environmental, Social and Governance" section of its Annual Report until substantially all net proceeds have been allocated and as long as any bonds or loans raised under the Framework remains outstanding:-

- List of Eligible Projects and the corresponding proceeds raised from bonds or loans under the Framework earmarked towards such Eligible Projects
- Balance of unallocated proceeds raised from bonds or loans under the Framework
- Financing versus refinancing

On a best efforts basis, RKI will also endeavour to provide additional information including building certifications, energy efficiency data, and environmental performance indicators of funded Eligible Projects as well as case studies of certain Eligible Projects. Such data and indicators include:-

- Electricity and energy usage reduction (kWh/m2 per annum)
- Reduction in greenhouse gases emissions (GHG) per annum
- Amount of solid waste treated and / or recycled (tonnes)
- Amount of waste water treated

The methodology for retrieving the calculated impact will be disclosed in the report.

External Review

RKI has engaged Sustainalytics to provide a Second Party Opinion ("SPO") on its Framework.