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ROAD KING INFRASTRUCTURE LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 1098)

DISCLOSEABLE TRANSACTION ACQUISITION OF 45% EQUITY INTERESTS IN AND SHAREHOLDER LOAN OF HONGZE PROPERTIES

The Board is pleased to announce that on 14 January 2022, Juntou Properties (an indirect wholly-owned subsidiary of the Company), Nanjing Midea and Hongze Properties entered into the Share Transfer Agreement pursuant to which Juntou Properties agreed to acquire and Nanjing Midea agreed to sell 45% equity interests in and shareholder loan of Hongze Properties (a company owned as to 50% by the Group as at the date of this announcement). Upon completion of the Proposed Acquisition, Hongze Properties will become an indirect subsidiary owned as to 95% by the Group.

As the highest of all applicable percentage ratios of the Proposed Acquisition calculated in accordance with Chapter 14 of the Listing Rules is more than 5% but less than 25%, the Proposed Acquisition constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements but exempted from Shareholders' approval requirement under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 14 January 2022, Juntou Properties (an indirect wholly-owned subsidiary of the Company), Nanjing Midea and Hongze Properties entered into the Share Transfer Agreement pursuant to which Juntou Properties agreed to acquire and Nanjing Midea agreed to sell 45% equity interests in and shareholder loan of Hongze Properties (a company owned as to 50% by the Group as at the date of this announcement). Upon completion of the Proposed Acquisition, Hongze Properties will become an indirect subsidiary owned as to 95% by the Group.

SHARE TRANSFER AGREEMENT

The principal terms of the Share Transfer Agreement are set out below:

- Date: 14 January 2022
- Parties: (1) Juntou Properties;
(2) Nanjing Midea; and
(3) Hongze Properties.

Subject Matter

Subject to the Share Transfer Agreement, Juntou Properties agreed to acquire and Nanjing Midea agreed to sell 45% equity interests in and shareholder loan of Hongze Properties. It is estimated that the consideration for the Proposed Acquisition payable by Juntou Properties shall be approximately RMB542.0 million in aggregate, which comprising:

- (i) approximately RMB292.5 million, being the consideration for the acquisition of 45% equity interests in Hongze Properties, represents the aggregate amount of capital contributed by Nanjing Midea to Hongze Properties; and
- (ii) approximately RMB249.5 million, being the consideration for the acquisition of shareholder loan provided by Nanjing Midea, represents an amount equivalent to the face value of total amount of the shareholder loan owed by Hongze Properties to Nanjing Midea.

The total sums of approximately RMB542.0 million represented an amount of approximately RMB507.1 million for the land premium of the Land (as defined below) and an amount of approximately RMB34.9 million for the working capital of the Project Company based on Nanjing Midea's 45% pro rata share of equity interest. The consideration for the Proposed Acquisition was arrived at arm's length negotiation among the parties and was determined with reference to (i) the net asset value of Hongze Properties; (ii) the funding contributed by the existing shareholders of Hongze Properties; and (iii) the prevailing market value of the Land.

Juntou Properties will pay Nanjing Midea in cash:

- (a) a sum of RMB100 million within 5 days after signing the Share Transfer Agreement; and
- (b) the remaining sum of approximately RMB442.0 million on or before 30 March 2022.

Juntou Properties will make the above payments by internal resources of the Group.

Conditions Precedent

The Proposed Acquisition is conditional upon the fulfilment of, among other things, the following conditions:

- (i) completion of registration of share transfer with Administration for Industry and Commerce and obtaining of required approvals from relevant government authorities;
- (ii) change of directors, supervisor and manager in Hongze Properties; and
- (iii) completion of work related to the share transfer in Hongze Properties.

INFORMATION AND FINANCIAL INFORMATION OF HONGZE PROPERTIES

Hongze Properties is principally engaged in investment holding and through its subsidiary, the Project Company, to develop and sell the properties developed on the land situated at South of Yanzheng West Avenue, East of Caoxi Road, Niutang Town, Wujin District, Changzhou (the land parcel numbered JWJ20210301) (the “Land”). The site area of the Land is approximately 59,865 square meters with a term of grant for 70 years. In September 2021, Hongze Properties acquired the land use rights of the Land through public auction at a purchase price of approximately RMB1,127 million (fully paid as at the date of this announcement). In October 2021, the land use rights of the Land was transferred from Hongze Properties to the Project Company.

Set out below is a summary of certain consolidated financial information of Hongze Properties for each of the years ended 31 December 2020 and 2021 prepared in accordance with the generally accepted accounting principles in the PRC (the “PRC GAAP”):

	For the year ended 31 December	
	2020	2021
	(unaudited)	(unaudited)
Net loss before taxation	RMB1,970	RMB1,846,510
Net loss after taxation	RMB1,970	RMB1,404,593

The unaudited net asset value of Hongze Properties as at 31 December 2021 under the PRC GAAP was approximately RMB648.59 million and the property are booked at cost.

Prior to the entering into of the Share Transfer Agreement, Hongze Properties owned as to 50% by the Group. Upon completion of the Proposed Acquisition, Hongze Properties will become an indirect subsidiary owned as to 95% by the Group. Jiuzhou Jindongfang, one of the existing shareholders holding 5% interests in Hongze Properties, is an Independent Third Party and agreed not to exercise the pre-emptive right of first refusal to acquire 45% equity interests in Hongze Properties.

INFORMATION OF NANJING MIDEA

Nanjing Midea is principally engaged in property development and is a wholly-owned subsidiary of Midea Real Estate. Midea Real Estate is an investment holding company and together with its subsidiaries operate three principal business segments: (i) property development and sales; (ii) property management services; and (iii) investment and operation of commercial properties.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, Nanjing Midea, Midea Real Estate and its substantial shareholders are Independent Third Parties.

REASONS FOR AND BENEFITS OF THE PROPOSED ACQUISITION

Juntou Properties is an indirect wholly-owned subsidiary of the Company and is principally engaged in investment holding.

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. Having regard to the location of the Land and its development potential as assessed by the property project management team, the Company considers the Proposed Acquisition will allow the Group to enjoy full control over the development, marketing and sale of the project indirectly held by Hongze Properties following completion of such acquisition as well as greater flexibility in managing the revenue and cashflow generated by this project.

The Directors (including the Independent Non-executive Directors) are of the view that the terms of the Share Transfer Agreement are fair and reasonable, on normal commercial terms and in the ordinary and usual course of business of the Group and in the interests of the Company and its shareholders as a whole. None of the Directors has a material interest in respect of the Proposed Acquisition and therefore required to abstain from voting on the relevant board resolution.

IMPLICATIONS UNDER THE LISTING RULES

As the highest of all applicable percentage ratios of the Proposed Acquisition calculated in accordance with Chapter 14 of the Listing Rules is more than 5% but less than 25%, the Proposed Acquisition constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements but exempted from Shareholders' approval requirement under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors
“Company”	Road King Infrastructure Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hongze Properties”	常州宏澤房地產開發有限公司 (Changzhou Hongze Properties Developments Co., Ltd*), a company established under the laws of the PRC with limited liability and a non-wholly owned subsidiary of the Company
“Independent Third Party(ies)”	to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, third party independent of the Company and its connected persons as defined under the Listing Rules
“Jiuzhou Jindongfang”	江蘇九洲金東方康養投資建設有限公司 (Jiangsu Jiuzhou Jindongfang Kangyang Investments Construction Co., Ltd.*), a company established under the laws of the PRC with limited liability
“Juntou Properties”	常州雋投房地產開發有限公司 (Changzhou Juntou Properties Developments Co., Ltd*), a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Midea Real Estate”	Midea Real Estate Holding Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 3990)

“Nanjing Midea”	南京美的房地產發展有限公司(Nanjing Midea Property Development Co., Ltd*), a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of Midea Real Estate
“PRC”	the People’s Republic of China, which for the purpose of this announcement does not include Hong Kong, the Macau Special Administrative Region of the PRC or Taiwan
“Proposed Acquisition”	the proposed acquisition of 45% equity interests in and shareholder loan of Hongze Properties by Juntou Properties pursuant to the Share Transfer Agreement
“Project Company”	常州宏曜房地產開發有限公司(Changzhou Hongyao Properties Developments Co., Ltd*), a company established under the laws of the PRC with limited liability and a direct wholly-owned subsidiary of Hongze Properties
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the holder(s) of the Share(s)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Share Transfer Agreement”	the share transfer agreement dated 14 January 2022 entered into between Juntou Properties, Nanjing Midea and Hongze Properties in relation to the Proposed Acquisition
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

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

Hong Kong, 18 January 2022

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, Ms. Cai Xun and Mr. Xu Enli 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