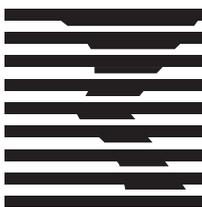


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ROAD KING INFRASTRUCTURE LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 1098)

MAJOR TRANSACTION ACQUISITION OF 39.77% EQUITY INTERESTS IN AN INDONESIAN COMPANY WHICH OPERATES THE SB EXPRESSWAY

The Board is pleased to announce that on 27 September 2022, Kings Bless (an indirect subsidiary owned as to 75% by the Company) entered into the Conditional SPA with WTR pursuant to which Kings Bless agreed to purchase approximately 39.77% equity interests in the Target Company from WTR for a consideration of about IDR3,823.4 billion (approximately HK\$1,981.0 million).

As one of the applicable percentage ratios in relation to the Acquisition calculated under Rule 14.07 of the Listing Rules exceeds 25% but is less than 100%, the Acquisition constitutes a major transaction for the Company under Rule 14.06(3) of the Listing Rules and is therefore subject to reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules. The SGM will be convened and held for the purposes of considering and, if thought fit, approving the transactions contemplated under the Conditional SPA (including the Acquisition and the amendment to the Deed of Shareholders Agreement).

INTRODUCTION

The Board is pleased to announce that on 27 September 2022, Kings Bless (an indirect subsidiary owned as to 75% by the Company) entered into the Conditional SPA with WTR pursuant to which Kings Bless agreed to purchase approximately 39.77% equity interests in the Target Company from WTR for a consideration of about IDR3,823.4 billion (approximately HK\$1,981.0 million).

BACKGROUND

The Target Company is a limited company established under the laws of Indonesia on 21 April 2016 and is principally engaged in operation of the SB Expressway in Central Java Province, Indonesia with a total length of 75 km. It currently holds the concession rights of the SB Expressway, which has been operated since December 2018 and is part of the Trans Java Expressways, a tolled expressway network running from Merak at the north western end of Java, to Banyuwangi at the eastern end of Java. The SB Expressway forms an important part of the Trans Java Expressways serving Semarang (the capital city of Central Java), Jenderal Ahmad Yani Airport, Port of Tanjung Emas and other industrial areas and cities in Central Java. The total concession period of the SB Expressway is 50 years up to 2066.

As at the date of this announcement, the Target Company is owned by JTT, SMI, RDPT SAM and LMJ as to approximately 44.18%, 20.00%, 19.77% and 16.05% respectively. WTR entered into two option agreements with SMI and RDPT SAM respectively pursuant to which SMI and RDPT SAM granted in favour of WTR two Call Options over approximately 19.77% and 19.77% equity interests in the Target Company held by SMI and RDPT SAM respectively.

WTR is to exercise the Call Options and acquire the Remaining SMI Shares to become the owner of approximately 39.77% equity interests in the Target Company and sell the same to Kings Bless under the Conditional SPA.

REASONS FOR AND BENEFITS OF THE ACQUISITION

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.

The Group is committed to maintaining and further optimizing its established toll road business by seeking strategic opportunities to invest in expressway projects and to focus on existing revenue-generating expressway projects to optimize returns, with priority given to invest in toll road projects that are already operating and collecting tolls. The Acquisition is a great opportunity for the Group to expand its expressway portfolio in Indonesia. As at 30 June 2022, the current toll road portfolio of the Group consists of eight expressways, of which five are in the PRC and three are in Indonesia, spanning approximately 600 km in total.

The Acquisition will enable the Group to expand its portfolio of expressway projects in Indonesia. As the SB Expressway is already operating and collecting tolls, following the Completion, the Group will be entitled immediately to share of revenue from the SB Expressway through the Target Company.

The Directors are of the view that the transactions contemplated under the Conditional SPA and their terms are fair and reasonable and in the interests of the Company and Shareholders as a whole.

DETAILS OF THE ACQUISITION

Principal terms of the Conditional SPA are as follows:

Date : 27 September 2022

Parties : (i) Kings Bless, being the purchaser of the Sale Shares.

(ii) WTR, being the vendor of the Sale Shares.

Please refer to the section titled “INFORMATION ON WTR, SMI, RDPT SAM, LMJ, JTT and JM” below for information on WTR.

Consideration : About IDR3,823.4 billion (approximately HK\$1,981.0 million) payable to WTR on Completion

The consideration is subject to adjustment when the completion accounts are available after Completion. If the Completion Date Net Debt Amount (shown in the completion accounts) exceeds the Estimated Net Debt Amount by more than 2%, WTR shall compensate Kings Bless for the difference between the two amounts, to be settled by cash payment.

The consideration payable by Kings Bless is determined after on arm’s length negotiations between the Parties. The Company took into account (i) the net asset value of the Target Company; (ii) the consideration payable by WTR to RDPT SAM and SMI pursuant to the exercise of the Call Options; and (iii) the development of the traffic network in Indonesia and an indicative independent traffic study report prepared by WB Group International Limited for the SB Expressway. The Group will fund the consideration by internal resources and if needed, bank loans.

Conditions precedent

Completion is subject to and dependent upon the fulfilment of a number of conditions precedent summarised as follows:

- (a) Kings Bless and WTR having agreed on a payment schedule and mechanism (e.g. payment to an escrow account, provision of bridging loan or any other arrangement) in respect of payments by WTR to RDPT SAM and SMI for exercise of the Call Options and acquisition of the Remaining SMI Shares.
- (b) WTR having completed the exercise of the Call Options and acquisition of the Remaining SMI Shares and provided Kings Bless with a copy of deed of change of shareholders of the Target Company;
- (c) WTR having provided Kings Bless with a copy of the approvals from (i) the board of commissioners and/or the shareholders of WTR in relation to the Acquisition; (ii) shareholders of the Target Company in relation to the Acquisition and the exercise of the Call Options; and (iii) JTT and LMJ to release their right of first refusal over the Sale Shares;

- (d) WTR having provided Kings Bless with a copy of (i) the approval of the Acquisition from the creditors of its subsidiaries in favour of which WTR has given corporate guarantees; and (ii) confirmation from the Syndicated Creditors that the Target Company has never breached (or been in default under) the Facility Agreement;
- (e) WTR or PT Waskita Karya (Persero) Tbk (the largest shareholder of WTR) having obtained the results of a review from the Finance and Development Supervisory Agency regarding the Acquisition from the aspects of good governance, risk management and compliance;
- (f) Kings Bless having completed due diligence including on-site technical, legal and financial due diligence against the SB Expressway, to its satisfaction;
- (g) Kings Bless having provided WTR with copies of (i) approvals required to carry out the Acquisition as applicable to Kings Bless, including but not limited to the approvals from its shareholders, board of directors and/or government agencies; and (ii) statement that Kings Bless will re-approve the credit facilities obtained by the Target Company in its capacity as new shareholder of the Target Company;
- (h) WTR having received a copy of an amendment to the Deed of Shareholders Agreement reflecting the change of shareholders of the Target Company and consequential changes signed by Kings Bless, JTT and LMJ that takes effect on the Completion Date;
- (i) the Company having obtained shareholders' approval in relation to the Acquisition pursuant to the Listing Rules; and
- (j) all representations and warranties of Kings Bless and WTR as stated in the Conditional SPA being true, correct and accurate in all material aspects and no material adverse event having occurred.

If: (i) the Parties fail to sign a minutes of fulfilment of the conditions precedent (other than the conditions precedent already waived by either Party) within 2 business days as of the Condition Satisfaction Date; and (ii) the conditions precedent are not fulfilled or not waived by either Party by the Long Stop Date, any Party may by notice to the other Party, at its sole discretion, terminate the Conditional SPA, in which case, such Party shall not make any claim against the other Party.

Completion will take place within 5 business days after the satisfaction (or waiver) of the last condition precedent (other than the conditions precedent stated in sub-paragraph (j) above), or such other date as the Parties may agree. The Parties agreed to negotiate in good faith and agree any sharing of additional cost arising from an extended Completion. The Company expects that the additional costs (if any) will not change the classification of the Acquisition as a major transaction under Chapter 14 of the Listing Rules.

Kings Bless has agreed that upon Completion it will not transfer the Sale Shares to any other person for a period of 12 months following Completion (other than transferring the Sale Shares in accordance with terms of finance documents entered into by Kings Bless and/or its shareholders for the purpose of financing the Acquisition), provided that JTT retains its majority shareholding in the Target Company.

Amendment to the Deed of Shareholders Agreement

Upon Completion, the Target Company will be owned by JTT, Kings Bless and LMJ as to 44.18%, 39.77% and 16.05%. As one of the conditions precedent to Completion, JTT, Kings Bless and LMJ will enter into an amendment to the Deed of Shareholders Agreement to regulate the relationship between themselves as shareholders of the Target Company with effect from the Completion Date. As at the date of this announcement, terms of the amendment to the Deed of Shareholders Agreement have not yet been finalised. The Company will make further disclosure of material terms of the amendment to the Deed of Shareholders Agreement as and when appropriate.

FINANCIAL INFORMATION ON TARGET COMPANY

Set out below is a summary of the financial information of the Target Company for the two financial years ended 31 December 2021 prepared in accordance with Indonesian GAAP:

	For the year ended 31 December 2020 (IDR' million) (audited)	For the year ended 31 December 2021 (IDR' million) (audited)
Net profit/(loss) before taxation	117,028 (approximately HK\$60.6 million)	(33,151) (approximately HK\$(17.2) million)
Net (loss) after taxation	(62,896) (approximately HK\$(32.6) million)	(179,959) (approximately HK\$(93.2) million)

The net loss of the Target Company incurred for the financial year ended 31 December 2021 was mainly due to finance costs for the loans incurred by the Target Company for construction of the SB Expressway and the drop in toll revenue because of city lockdowns to avoid the spread of COVID-19 after off-setting the effect of government compensation received. The audited net asset value of the Target Company as at 31 December 2021 under Indonesian GAAP was approximately IDR3,629.9 billion (approximately HK\$1,880.8 million).

Upon Completion, the Target Company will be taken up by way of equity accounting in the consolidated financial statements of the Company and will not be a subsidiary of the Company.

INFORMATION ON WTR, SMI, RDPT SAM, LMJ, JTT AND JM

WTR is owned as to 92.096% by PT Waskita Karya (Persero) Tbk. (which was established in Indonesia on 1 January 1961 and has been listed on the Indonesia Stock Exchange (index: WSKT) since 19 December 2012) and 7.904% by PT Taspen. PT Waskita Karya (Persero) Tbk. is principally engaged in civil works, engineering, procurement and construction, and mining in Indonesia and is in turn owed as to approximately 75.35% by the Government of Indonesia and approximately 24.65% by public shareholders, respectively.

SMI is a state-owned enterprise which is fully owned by the Government of Indonesia and provides infrastructure development financing in Indonesia.

RDPT SAM is a mutual fund in the form of limited participation, registered and regulated under the Indonesia's Financial Services Authority Regulation (POJK) number 37/POJK.04/2014 concerning mutual funds in the form of limited participation collective investment contract and is ultimately owned by an Indonesia state-owned pension fund.

LMJ is a company formed for the purposes of limited investment mutual fund by Bank Mandiri in Indonesia. It is also a joint venture partner of the Group holding 17.4% and 15.0% in JSN and JNKK respectively which are two of the three other Indonesian expressway joint ventures the Group invests in.

JTT is a company incorporated in Indonesia and is owned as to over 99.19% by JM and less than 0.81% by KKJM which is an employee co-operative wholly owned by employees of JM. JTT is principally engaged in the toll road industry in Indonesia. It is also a joint venture partner of the Group holding 42.6% and 45% in JSN and JNKK respectively which are two of the three other Indonesian expressway joint ventures the Group invests in.

JM was established in Indonesia on 1 March 1978 and has been listed on the Indonesia Stock Exchange (index: JSMR) since 12 November 2007. It is also a joint venture partner of the Group holding 55% in JMKT which is one of the three Indonesian expressway joint ventures the Group invests in. JM is principally engaged in the toll road industry in Indonesia and is owned as to 70% by the Government of Indonesia and 30% by public shareholders, respectively.

To the best of the Directors' knowledge, information and beliefs, and having made all reasonable enquiries, WTR, SMI, RDPT SAM, LMJ, JTT, JM and their ultimate beneficial owners are Independent Third Parties.

IMPLICATIONS UNDER THE LISTING RULES

As one of the applicable percentage ratios in relation to the Acquisition calculated under Rule 14.07 of the Listing Rules exceeds 25% but is less than 100%, the Acquisition constitutes a major transaction for the Company under Rule 14.06(3) of the Listing Rules and is therefore subject to reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules. The SGM will be convened and held for the purposes of considering and, if thought fit, approving the transactions contemplated under the Conditional SPA (including the Acquisition and the amendment to the Deed of Shareholders Agreement).

To the best knowledge of the Directors having made reasonable enquiry, no Shareholder has any material interest in the transaction contemplated under the Conditional SPA. Accordingly, no Shareholder is required to abstain from voting at the SGM.

A circular containing, amongst other things, information on the Conditional SPA and the amendment to the Deed of Shareholders Agreement, an accountants' report on the Target Company, a traffic study report for the SB Expressway, a valuation report on the Sale Shares and a notice convening the SGM is expected to be despatched to the Shareholders on or about 26 October 2022 because the Company will need additional time to prepare the reports for inclusion in the circular.

DEFINITIONS

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

“Acquisition”	the acquisition of 39.77% equity interest in the Target Company by Kings Bless pursuant to the Conditional SPA
“Board”	the board of directors of the Company
“Call Options”	two call options over approximately 19.77% and 19.77% equity interests in the Target Company held by SMI and RDPT SAM respectively, granted by SMI and RDPT SAM in favour of WTR
“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
“Completion”	completion of the Acquisition
“Completion Date”	date of completion of the Acquisition
“Completion Date Net Debt Amount”	the amount equal to 39.77% of the Net Debt Amount as at the Completion Date as shown in the completion accounts

“Condition Satisfaction Date”	the date on which the last of the conditions precedent (save for the conditions precedent stated in sub-paragraph (j) of the section titled “Conditions precedent”) having been satisfied or waived in accordance with that Conditional SPA which shall not be later than the Long Stop Date
“Conditional SPA”	the conditional sale and purchase agreement entered into between the Parties and dated 27 September 2022
“connected persons”	has the meaning ascribed to it under the Listing Rules
“Deed of Shareholders Agreement”	the deed of shareholders agreement of the Target Company dated 5 July 2018 as lastly amended by the third addendum dated 1 October 2021
“Director(s)”	the director(s) of the Company
“Estimated Net Debt Amount”	the amount equal to 39.77% of the Net Debt Amount as at the Completion Date as estimated by the Parties
“Facility Agreement”	the facility agreement entered into between the Target Company and the Syndicated Creditors and dated 27 December 2021
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“IDR”	Indonesian Rupiah, the lawful currency of Indonesia
“Independent Third Parties”	third parties independent of the Company and its connected persons
“Indonesia”	the Republic of Indonesia
“Indonesian GAAP”	Indonesian generally accepted accounting principles
“JM”	PT Jasa Marga (Persero), Tbk., a limited liability company established in Indonesia
“JMKT”	PT Jasamarga Kualanamu Tol, a limited liability company established in Indonesia owned as to 55% and 45% by JM and Kings Ring respectively
“JNKK”	PT Jasamarga Ngawi Kertosono Kediri, a limited liability company established in Indonesia owned as to 40%, 45% and 15% by Kings Key, JTT and LMJ, respectively

“JSN”	PT Jasamarga Solo Ngawi, a limited liability company established in Indonesia owned as to 40%, 42.6% and 17.4% by Kings Key, JTT and LMJ, respectively
“JTT”	PT Jasamarga Transjawa Tollroad, one of the current shareholders of the Target Company
“Kings Bless”	Kings Bless Limited, a company incorporated in Hong Kong which is wholly-owned by RKE
“Kings Key”	Kings Key Limited, a company incorporated in Hong Kong which is wholly-owned by RKE
“Kings Ring”	Kings Ring Limited, a company incorporated in Hong Kong which is wholly-owned by RKE
“KKJM”	Koperasi Konsumen Karyawan Jalin Margasejahtera, an employee co-operative wholly owned by employees of JM
“km”	kilometre
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“LMJ”	PT Lintas Marga Jawa, one of the current shareholders of the Target Company
“Long Stop Date”	30 December 2022 or such later date as the Parties may agree in writing
“Net Debt Amount”	the gross debt amount plus the account payable amount plus committed capex amount plus the shareholders’ loan amount minus the cash and cash equivalent
“Parties”	the parties to the Conditional SPA, being Kings Bless and WTR
“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 and Taiwan
“RDPT SAM”	Reksa Dana Penyertaan Terbatas SAM Jalan Tol, one of the current shareholders of the Target Company
“Remaining SMI Shares”	the 0.23% equity interests in the Target Company held by SMI which are not subject to the Call Options

“RKE”	Road King Expressway International Holdings Limited, a company incorporated in Bermuda and an indirect subsidiary owned as to 75% by the Company
“Sale Shares”	the 39.77% equity interests in the Target Company sold to Kings Bless by WTR pursuant to the Conditional SPA
“SB Expressway”	the Semarang-Batang expressway in Central Java Province, Indonesia, connecting Semarang and Batang
“SGM”	a special general meeting of the Company to be convened and held to consider and, if thought fit, to approve the transactions contemplated under the Conditional SPA (including the Acquisition and the amendment to the Deed of Shareholders Agreement)
“Shares”	ordinary shares of HK\$0.10 each in the share capital of the Company
“Shareholders”	holders of the Shares
“SMI”	PT Sarana Multi Infrastruktur (Persero), one of the current shareholders of the Target Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it under the Listing Rules
“Syndicated Creditors”	the banks which are parties to the Facility Agreement
“Target Company”	PT Jasamarga Semarang Batang, a limited liability company incorporated in Indonesia
“WTR”	PT Waskita Toll Road, a limited liability company established in Indonesia
“%”	per cent

Note: For the purpose of this announcement and for illustrative purpose only, IDR is converted into HK\$ at the rate of IDR1,930:HK\$1. No representation is made that any amounts in IDR has been or could be converted at the above rates or at any other rates.

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

Hong Kong, 27 September 2022

As at the date of this announcement, the Board comprises Messrs. Zen Wei Peu, Derek, Ko Yuk Bing, Fong Shiu Leung, Keter and Ng Fun Hung, Thomas as Executive Directors, Ms. Cai Xun and Mr. Xu Enli as Non-executive Directors and Messrs. Lau Sai Yung, Tse Chee On, Raymond, Wong Wai Ho and Ms. Hui Grace Suk Han as Independent Non-executive Directors.