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ROAD KING INFRASTRUCTURE LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 1098)

DISCLOSEABLE TRANSACTION ACQUISITION OF INTEREST IN A JOINT VENTURE

The Board announces that on 12 September 2023, Beijing Juntou, an indirect wholly-owned subsidiary of the Company, and Beijing Xuke entered into the Share Transfer Agreement to unwind their joint venture for the Beijing Shunyi Project. Pursuant to the Share Transfer Agreement, Beijing Xuke agreed to sell, and Beijing Juntou agreed to acquire, the 51% equity interest in the Target Company held by Beijing Xuke for a total consideration of RMB295,000,000. Upon completion of the Acquisition, the Target Company will become an indirect wholly-owned subsidiary of the Company.

As one or more of the applicable percentage ratios calculated in accordance with Rule 14.07 of the Listing Rules in respect of the Acquisition exceed 5% but are below 25%, the Acquisition constitutes a discloseable transaction for the Company subject to the reporting and announcement requirements under the Listing Rules.

SHARE TRANSFER AGREEMENT

Date:

12 September 2023

Parties:

- (i) Beijing Xuke (as the vendor)

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Beijing Xuke is principally engaged in property development and indirectly owned as to approximately 99.6% by CIFI Holdings (Group) Co. Ltd. ("**CIFI Holdings**"), the shares of which are listed on the Stock Exchange (stock code: 884). Beijing Xuke and CIFI Holdings are Independent Third Parties.

- (ii) Beijing Juntou (as the purchaser)

Beijing Juntou is an indirect wholly-owned subsidiary of the Company. Its principal business is to develop residential properties in the PRC.

(iii) The Target Company

The Target Company is a company established in the PRC with a registered capital of RMB560 million which has been fully paid up. As at the date of this announcement, the Target Company is directly owned as to 51% and 49% by Beijing Xuke and Beijing Juntou, respectively. Its sole business is the development and sales of the Beijing Shunyi Project.

Subject matter, consideration and completion:

Beijing Xuke agreed to sell and Beijing Juntou agreed to acquire the 51% equity interest in the Target Company held by Beijing Xuke for a total consideration of RMB295,000,000.

The consideration is to be paid in cash in three instalments, the last of which is to be paid within 60 days following the effective date of the Share Transfer Agreement and be released upon completion of the registration of Beijing Juntou as the owner of the 51% equity interest in the Target Company being transferred. Thereafter, the Target Company will become an indirect wholly-owned subsidiary of the Company.

The consideration for the Acquisition was determined after arm's length negotiations between Beijing Xuke and Beijing Juntou with reference to (i) the audited net asset value of the Target Company as at 31 July 2023 of approximately RMB542.1 million (the "July NAV") and (ii) Beijing Xuke's estimated share of profit to be generated from the 543 pre-sold units of the Beijing Shunyi Project which has not been reflected in the net asset value of the Target Company, given that revenue from pre-sales is recognized in the financial statements of the Target Company on the delivery of the pre-sold units to buyers, consistent with applicable accounting standards.

FINANCIAL INFORMATION ON THE TARGET COMPANY

The Target Company was established in the PRC on 22 February 2022. The unaudited net loss (before and after taxation) of the Target Company from the date of establishment to 31 December 2022 prepared in accordance with PRC GAAP were as follows:

	From the date of establishment to 31 December 2022
	<i>RMB million</i>
Net loss before taxation	9.4
Net loss after taxation	9.4

The audited net asset value of the Target Company as at 31 July 2023 under PRC GAAP was approximately RMB542.1 million and the property is booked at cost.

REASONS FOR AND THE 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 development, investment and asset management businesses, and development, operation and management of toll roads through infrastructure joint ventures in the PRC and Indonesia.

The Target Company is a joint venture between Beijing Juntou and Beijing Xuke set up for the purpose of the development and sales of the Beijing Shunyi Project. The entire development of the Beijing Shunyi Project consists of 802 units in respect of which 543 units (equivalent to approximately 68% of the entire development) had been pre-sold. The completion and delivery of the pre-sold units is expected to take place in June 2024.

On 1 September 2023, the Beijing Municipal Commission of Housing and Urban-Rural Development (北京市住房和城鄉建設委員會) announced that homebuyers of properties in Beijing will be regarded as first-time buyers if they or their dependents do not own property in the city and accordingly they may enjoy preferential mortgage benefits regardless of previous mortgage records. The Directors believe that this can encourage demand for properties in Beijing, including the unsold units of the Beijing Shunyi Project.

Given that the Target Company will be wholly-owned by the Group following the Acquisition, the Group will have greater flexibility in managing the sales of the remaining residential units of the Beijing Shunyi Project in light of future market demand from time to time, at an exit price that is consistent with the estimated attributable share of adjusted July NAV (adjusted for profits not yet recognized for the units pre-sold). The Directors are therefore of the view that the Acquisition and the terms of the Share Transfer Agreement are on normal commercial terms, and such terms are fair and reasonable 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 Acquisition which requires him/her to abstain from voting on the relevant board resolution.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios calculated in accordance with Rule 14.07 of the Listing Rules in respect of the Acquisition exceed 5% but are below 25%, the Acquisition constitutes a discloseable transaction for the Company subject to the reporting and announcement requirements under the Listing Rules.

DEFINITIONS

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

“Acquisition”	the acquisition of 51% equity interest in the Target Company by Beijing Juntou from Beijing Xuke under the Share Transfer Agreement
“Board”	the board of Directors
“Beijing Juntou”	北京雋投房地產開發有限公司 (Beijing Juntou Properties Developments Co., Ltd.*), a company established in the PRC and an indirect wholly-owned subsidiary of the Company
“Beijing Shunyi Project”	北京順義公園和御 (Beijing Shunyi Park Mansion*), a residential project located at 北京順義新城第5街區 (District 5, Shunyi New Town, Beijing*) in the PRC
“Beijing Xuke”	北京旭科置業有限公司 (Beijing Xuke Property Co., Ltd.*)
“Company”	Road King Infrastructure Limited, a company incorporated in Bermuda with limited liability whose shares are listed on the Main Board of the Stock Exchange (stock code: 1098)

“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 from time to time
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company or its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“percentage ratio(s)”	has the meaning ascribed to it under the Listing Rules
“PRC”	the People’s Republic of China, which for the purposes of this announcement does not include Hong Kong, the Macau Special Administrative Region of the PRC or Taiwan
“PRC GAAP”	generally accepted accounting principles in the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“Share Transfer Agreement”	the Share Transfer Agreement dated 12 September 2023 entered into among Beijing Juntou, Beijing Xuke and the Target Company in relation to the Acquisition
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	北京順和仁義房地產開發有限公司 (Beijing Shunhe Renyi Real Estate Development Co., Ltd.*), a company established in the PRC and the developer of Beijing Shunyi Project
“%”	per cent.

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

Hong Kong, 12 September 2023

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 Mr. Lau Sai Yung, Mr. Wong Wai Ho, Ms. Hui Grace Suk Han and Mr. Cheung Hon Kit as Independent Non-executive Directors.

** for identification purpose only*