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ROAD KING INFRASTRUCTURE LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 1098)

DISCLOSEABLE TRANSACTION DISPOSAL OF INTEREST IN A JOINT VENTURE

The Board announces that on 15 December 2022, Shanghai Junlang, an indirect wholly-owned subsidiary of the Company, and Hangzhou Xiaoteng entered into the Exit Agreement to unwind their joint venture for the Hangzhou Project. Pursuant to the Exit Agreement, Shanghai Junlang agreed to sell, and Hangzhou Xiaoteng agreed to acquire, the entire 49% equity interest in the Target Company held by Shanghai Junlang for a total consideration of RMB180,329,970.96. Upon completion of the Disposal, the Company will cease to have any interest in the Target 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 Disposal exceed 5% but are below 25%, the Disposal constitutes a discloseable transaction for the Company subject to the reporting and announcement requirements under the Listing Rules.

EXIT AGREEMENT

Date:

15 December 2022

Parties:

- (i) Shanghai Junlang (as the vendor)

Shanghai Junlang is an indirect wholly-owned subsidiary of the Company. It is an investment holding company.

- (ii) Hangzhou Xiaoteng (as the purchaser)

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, (i) Hangzhou Xiaoteng is an indirect wholly-owned subsidiary of Jingrui Holdings Limited, the shares of which are listed on the Stock Exchange (stock code: 1862); and (ii) Hangzhou Xiaoteng is principally engaged in property development.

(iii) The Target Company

As at the date of this announcement, the Target Company is directly owned as to 49% and 51% by Shanghai Junlang and Hangzhou Xiaoteng, respectively. It is an investment holding company.

(iv) The Project Company

The Project Company is directly wholly-owned by the Target Company. It is solely engaged in the development of the Hangzhou Project.

Subject matter and consideration:

Shanghai Junlang agreed to sell and Hangzhou Xiaoteng agreed to acquire the entire 49% equity interest in the Target Company held by Shanghai Junlang for a total consideration of RMB180,329,970.96. The consideration is to be settled as follows:

- (i) RMB176,400,000.00 shall be applied (on a dollar-for-dollar basis) in and towards setting off the amount of RMB176,400,000.00 due from Shanghai Junlang. Pursuant to a set off agreement entered into between the Project Company, Shanghai Junxiang, Shanghai Junlang and Hangzhou Xiaoteng on 15 December 2022, Shanghai Junlang assumed the repayment obligations of Shanghai Junxiang (an indirect wholly-owned subsidiary of the Company) to the Project Company (which amount was paid to Shanghai Junxiang at around the same time as an amount, pro rata to Hangzhou Xiaoteng's equity interest in the Target Company, was being paid to Hangzhou Xiaoteng) and the Project Company assigned that receivable to Hangzhou Xiaoteng; and
- (ii) the remaining balance of RMB3,929,970.96 shall be payable in cash within 5 working days of the signing of the Exit Agreement.

The consideration for the Disposal was determined after arm's length negotiations among the parties with reference to the unaudited consolidated net asset value of the Target Group attributable to Shanghai Junlang's 49% equity interest as at 30 November 2022 of approximately RMB182.1 million, after taking into account a pro rata cash dividend from the Target Company of approximately RMB45.3 million received by Shanghai Junlang shortly before the signing of the Exit Agreement.

Completion:

Completion of the Disposal is to take place immediately upon receipt by Shanghai Junlang of the remaining balance of the consideration of RMB3,929,970.96 in accordance with the terms of the Exit Agreement.

INFORMATION ON THE TARGET COMPANY

The Target Company is a company established in the PRC with a registered capital of RMB350 million, which has been fully paid up. It is the direct holding company of the Project Company, which is solely engaged in the development of the Hangzhou Project.

The Hangzhou Project has a site with a GFA of around 75,363 sq.m., of which all of the residential and commercial units have been pre-sold.

The unaudited consolidated net (loss)/profit (before and after taxation) of the Target Group for the two financial years ended 31 December 2020 and 2021 prepared in accordance with HK GAAP were as follows:

	For the year ended 31 December	
	2020	2021
	<i>RMB million</i>	<i>RMB million</i>
Net (loss)/profit before taxation	(17.1)	48.4
Net (loss)/profit after taxation	(12.9)	35.2

The unaudited consolidated net asset value of the Target Group as at 30 November 2022 under HK GAAP was approximately RMB371.7 million.

REASONS FOR AND THE BENEFITS OF THE DISPOSAL

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 among Shanghai Junlang and Hangzhou Xiaoteng set up for the purpose of the development and sales of the Hangzhou Project. As at the date of this announcement, all the residential and commercial GFA of the Hangzhou Project has been pre-sold and delivery of over 96% of the pre-sold units has been completed. To date, the Group has already received approximately RMB176.4 million cash distributions from the Hangzhou Project.

The Company estimates that it will recognise a net loss of approximately RMB1.8 million as a result of the Disposal for the year ending 31 December 2022. The loss resulting from the Disposal reflects the difference between: (i) the consideration for the Disposal; and (ii) the unaudited carrying value of Shanghai Junlang's 49% equity interest in the Target Company of approximately RMB182.1 million as at 30 November 2022.

Notwithstanding the modest loss that is expected to arise from the Disposal, the Directors consider that it would be in the interest of the Company and its shareholders to realise the Company's investment in the Target Company now (through receipt of the cash dividend from the Target Company of approximately RMB45.3 million and the cash consideration of approximately RMB3.9 million as well as the settlement of RMB176.4 million of amounts due from Shanghai Junxiang) instead of waiting for the delivery of sold units of the Hangzhou Project and the liquidation of the Target Company and the costs of funds in current market conditions, and re-deploy those cash resources in and towards the working capital needs of the Group.

The Directors are therefore of the view that the Disposal and the terms of the Exit 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 Disposal which requires him/her to abstain from voting on the relevant board resolution.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, the Group holds 49% of the equity interest in the Target Company through Shanghai Junlang. Upon completion of the Disposal, the Company will cease to have any interest in the Target 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 Disposal exceed 5% but are below 25%, the Disposal 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:

“Board”	the board of Directors
“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
“Disposal”	the disposal of 49% equity interest in the Target Company by Shanghai Junlang to Hangzhou Xiaoteng under the Exit Agreement
“Exit Agreement”	the exit agreement dated 15 December 2022 entered into among Shanghai Junlang, Hangzhou Xiaoteng, the Target Company and the Project Company in relation to the Disposal
“GFA”	gross floor area
“Group”	the Company and its subsidiaries from time to time
“Hangzhou Project”	a residential project located at Chongxian New Town, east to Sanxianqiao Port, south to Chonghang Street, west to Guihua Road, and north to Qiancun Street (崇賢新城，東至三仙橋港、南至崇杭街、西至規劃道路、北至前村街) in Hangzhou, the PRC
“Hangzhou Xiaoteng”	Hangzhou Xiaoteng Enterprise Management Consulting Co., Ltd.* (杭州驍騰企業管理諮詢有限公司), a company established in the PRC
“HK GAAP”	generally accepted accounting principles in Hong Kong
“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
“Project Company”	Hangzhou Junheng Real Estate Co., Ltd.* (杭州雋恒置業有限公司), a company established in the PRC and the developer of the Hangzhou Project
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai Junlang”	Shanghai Junlang Properties Development Co., Ltd.* (上海雋朗房地產開發有限公司), a company established in the PRC and an indirect wholly-owned subsidiary of the Company
“Shanghai Junxiang”	Shanghai Junxiang Properties Developments Co., Ltd.* (上海雋翔房地產開發有限公司), a company established in the PRC and an indirect wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Shanghai Junyu Properties Development Co., Ltd.* (上海雋譽房地產開發有限公司), a company established in the PRC which directly wholly-owns the Project Company
“Target Group”	the Target Company and the Project Company
“%”	per cent.
“sq. m.”	square meter(s)

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

Hong Kong, 15 December 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.

** for identification purpose only*