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亞洲聯合基建控股有限公司

ASIA ALLIED INFRASTRUCTURE HOLDINGS LIMITED

(Incorporated in Bermuda with Limited Liability)
(Stock Code: 00711.HK)

DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO THE PROPOSED ACQUISITION OF SALE SHARES AND SALE LOAN OF THE TARGET COMPANY

The Board is pleased to announce that on 23 August 2019 (after trading hours), the Purchaser (an indirect wholly-owned subsidiary of the Company), the Vendor and the Guarantor entered into the Sale and Purchase Agreement, pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Shares and the Sale Loan at the total consideration of HK\$119,911,000.

Upon Completion, the Company will indirectly own 40% equity interest in the Target Company, and each of the Target Company and its subsidiary will become an associate of the Company.

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Sale and Purchase Agreement exceed 5% but are below 25%, the Proposed Acquisition constitutes a discloseable transaction subject to reporting and announcement requirements as set out in Chapter 14 of the Listing Rules.

As at the date of this announcement, the Vendor is owned as to 45% by Mr. Pang, 45% by Madam Li and 10% by Mrs. Lee Pang Yat Sum, Rita, respectively. Each of Mr. Pang and Madam Li is a controlling shareholder and an executive Director of the Company. Mr. Pang is also the chairman of the Board. Therefore, both of Mr. Pang and Madam Li are connected persons of the Company and the Vendor is an associate of Mr. Pang and Madam Li and a connected person of the Company under Chapter 14A of the Listing Rules. As such, the entering into of the Sale and Purchase Agreement and the transactions contemplated thereunder constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

As abovementioned, one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Sale and Purchase Agreement exceed 5% but are below 25%, and given that the Consideration exceeds HK\$10,000,000, the Proposed Acquisition is subject to reporting, announcement and Independent Shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

The SGM will be convened and held for the Independent Shareholders to consider and, if thought fit, approve the Proposed Acquisition and related matters.

A circular containing, among others, (i) further details of the Proposed Acquisition; (ii) the financial information of the Target Group; (iii) the valuation report on the Site and the Target Group; and (iv) a notice convening the SGM, will be despatched to the Shareholders on or before 18 October 2019 as the Company requires more time to prepare the relevant information to be included in the circular.

Shareholders and potential investors of the Company should be aware that the Proposed Acquisition and the transactions contemplated thereunder are subject to certain conditions being satisfied, and consequently the Proposed Acquisition may or may not proceed. Accordingly, they are advised to exercise caution when dealing in the securities of the Company.

The Board is pleased to announce that on 23 August 2019 (after trading hours), the Purchaser (an indirect wholly-owned subsidiary of the Company), the Vendor and the Guarantor entered into the Sale and Purchase Agreement, pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Shares and the Sale Loan at the total consideration of HK\$119,911,000. Set out below are the principal terms of the Sale and Purchase Agreement.

THE SALE AND PURCHASE AGREEMENT

Date

23 August 2019

Parties

- (1) Purchaser: Grand Palace Global Limited, an indirect wholly-owned subsidiary of the Company
- (2) Vendor: Well Perfection Limited
- (3) Guarantor: Mr. Pang Yat Ting, Dominic

Assets to be acquired

Pursuant to the Sale and Purchase Agreement, the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Shares and the Sale Loan at the total consideration of HK\$119,911,000.

The Sale Shares represent 40% of the total issued shares of the Target Company as at the date of the Sale and Purchase Agreement and immediately before Completion. The Sale Loan represents the amount of HK\$77,000,000 due and owed by the Target Company to the Vendor and such further amount(s) as may be advanced on or before Completion by the Vendor to the Target Company. As at the date of this announcement, the Target Company indirectly holds 10% interest in the Site.

Consideration

Subject to the Adjustment, the consideration for the acquisition of the Sale Shares and the Sale Loan is HK\$119,911,000, which represents the value of the Site as agreed between the Vendor and the Purchaser as being HK\$232,888,000, deducted by the outstanding balance of bank loans owed by the Target Company and the Joint Venture Company and apportioned to the shareholding represented by the Sale Shares. The consideration for the Sale Loan is equivalent to its face value upon Completion on a dollar for dollar basis and the consideration for the Sale Shares shall be the balance of the Consideration after deducting the consideration for the Sale Loan. The Consideration shall be paid in the following manners:

- (i) a deposit in the amount of HK\$11,991,100 (the “**Deposit**”) shall be paid within 7 Business Days following the signing of the Sale and Purchase Agreement; and
- (ii) the remaining balance in the amount of HK\$107,919,900 (the “**Balance**”) shall be paid upon Completion.

In the event there arises any circumstance prior to Completion which has a material adverse effect on the value of the Site, the Vendor and the Purchaser agree to discuss and adjust the amount of the Consideration downward to reflect the then market value of the Site. In the event the Vendor and the Purchaser are not able to agree on the extent of the Adjustment, the Purchaser shall be entitled to terminate the Sale and Purchase Agreement and the Deposit shall be refunded without interest within 7 Business Days from the date of the termination accordingly.

The Consideration was determined after arm’s length negotiations between the parties by taking into consideration of (i) the factors stated in the section headed “REASONS FOR AND BENEFITS OF ENTERING INTO THE SALE AND PURCHASE AGREEMENT” set out below in this announcement; (ii) the valuation of the Site and the Target Group; (iii) the unaudited net asset value of the Target Group as at 30 June 2019; (iv) the outstanding amount of the Sale Loan; and (v) the outstanding balance of certain bank loans owed by the Target Company and the Joint Venture Company.

The Directors (excluding Mr. Pang Yat Ting, Dominic (“**Mr. Pang**”, being the Guarantor) and Madam Li Wai Hang, Christina (“**Madam Li**”), who have material interests in the Sale and Purchase Agreement, as well as Ir Dr. Pang Yat Bond, Derrick who is the brother of Mr. Pang and the son of Madam Li and therefore an associate of each of Mr. Pang and Madam Li under the Listing Rules) are of the view that the Consideration is fair and reasonable.

The Group intends to finance the payment of the Consideration from internal resources and/or external financing of the Group.

Conditions precedent

Completion is conditional upon satisfaction or waiver (if applicable) of the following conditions on or before 12:00 noon on the Long Stop Date (or such later date as the Vendor and the Purchaser may agree):

- (i) the Company having complied with the relevant Listing Rules’ requirements;
- (ii) the Vendor having obtained the consent of all third parties (including banks, the shareholders of the Target Company, and the shareholders of the Joint Venture Company, if required) for the sale of the Sale Shares and Sale Loan;

- (iii) all the representations, warranties and undertakings made by the Vendor and the Purchaser as at the date of the Sale and Purchase Agreement and the Completion Date are true, accurate, complete and not misleading in any material aspects; and
- (iv) the Purchaser being satisfied with the results of due diligence exercise.

On or before 12:00 noon on the Long Stop Date (or such later date as the Vendor and the Purchaser may agree), conditions (iii) and (iv) above can be waived by the Purchaser and condition (iii) can be waived by the Vendor (as the case may be). As at the date of this announcement, none of the conditions set out above has been satisfied.

If any of the conditions precedent has not been satisfied or waived (as the case may be) on or before 12:00 noon on the Long Stop Date (or such later date as the Vendor and the Purchaser may agree), the Sale and Purchase Agreement shall lapse and the Vendor shall refund the Deposit to the Purchaser without interest within 7 Business Days thereafter.

If the Purchaser fails to complete the Proposed Acquisition (other than due to the Vendor's default), the Deposit shall be forthwith forfeited to the Vendor, whereas if the Vendor fails to complete the sale of the Sale Shares and the Sale Loan (other than due to the Purchaser's default), the Vendor shall refund the Deposit to the Purchaser without interest within 7 Business Days from the date of written notice given by the Purchaser.

Completion

Completion shall take place at or before 3:00 p.m. on the Completion Date upon all conditions set out above are fulfilled or waived (as the case may be).

Upon Completion, the Company will indirectly own 40% equity interest in the Target Company, and each of the Target Company and its subsidiary will become an associate of the Company.

Guarantee and undertaking by the Guarantor

The Guarantor (i) irrevocably and unconditionally guarantees to the Purchaser the due and proper performance by the Vendor of its obligations and liabilities under the Sale and Purchase Agreement; and (ii) agrees to indemnify the Purchaser and to hold the Purchaser indemnified from and against all losses, damages and reasonable costs and expenses caused by the default of the Vendor of the Vendor's duties and obligations provided that the total liabilities of the Guarantor shall not exceed those of the Vendor.

INFORMATION ON THE TARGET COMPANY AND THE TARGET GROUP

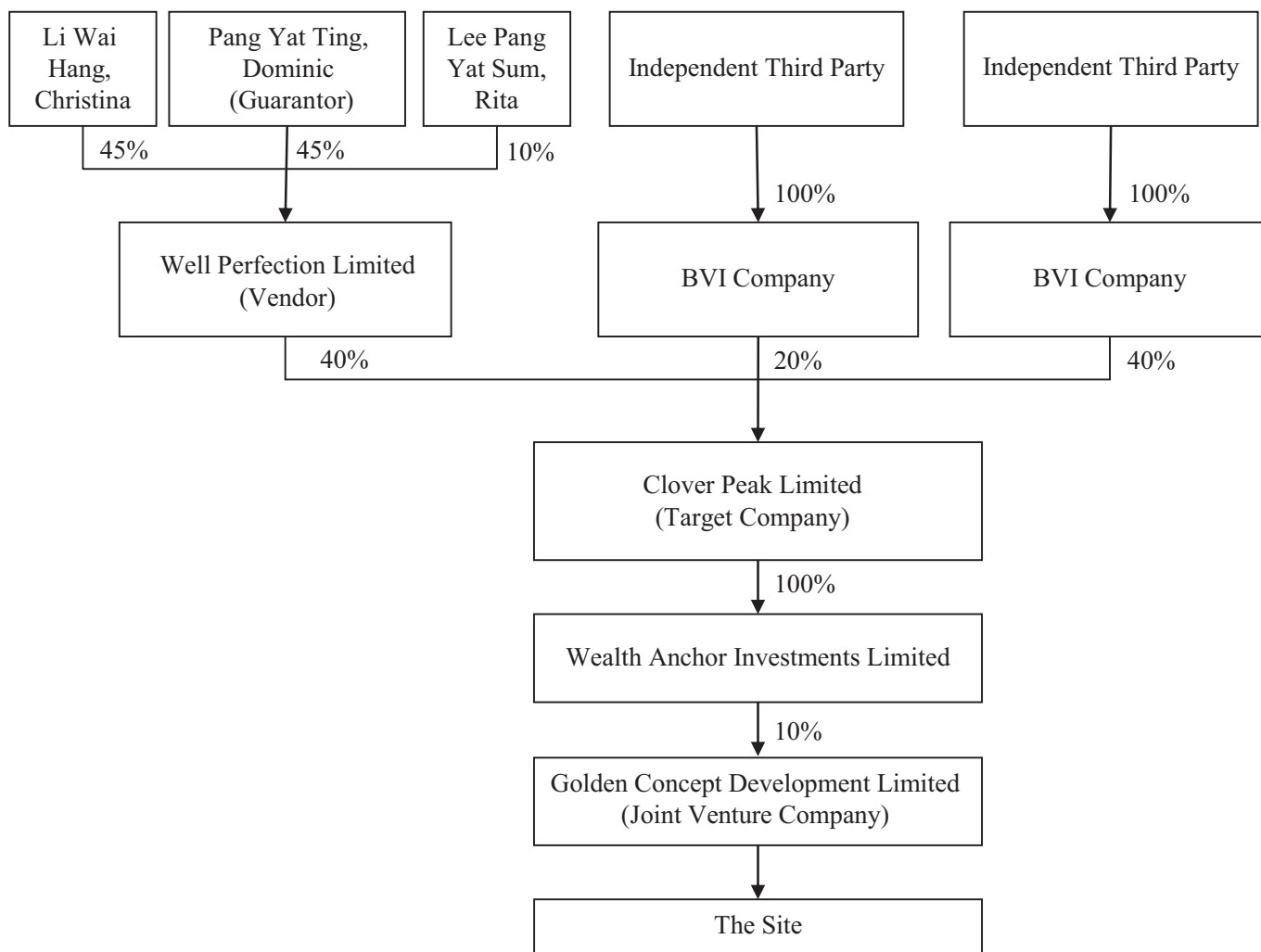
The Target Company is a company incorporated in the BVI with limited liability and is owned as to 40% by the Vendor. The remaining 60% shareholding in the Target Company are held as to 20% and 40% respectively by two Independent Third Parties.

The Target Company is principally engaged in investment holding. The principal asset of the Target Company is 10% indirect interest in the Site.

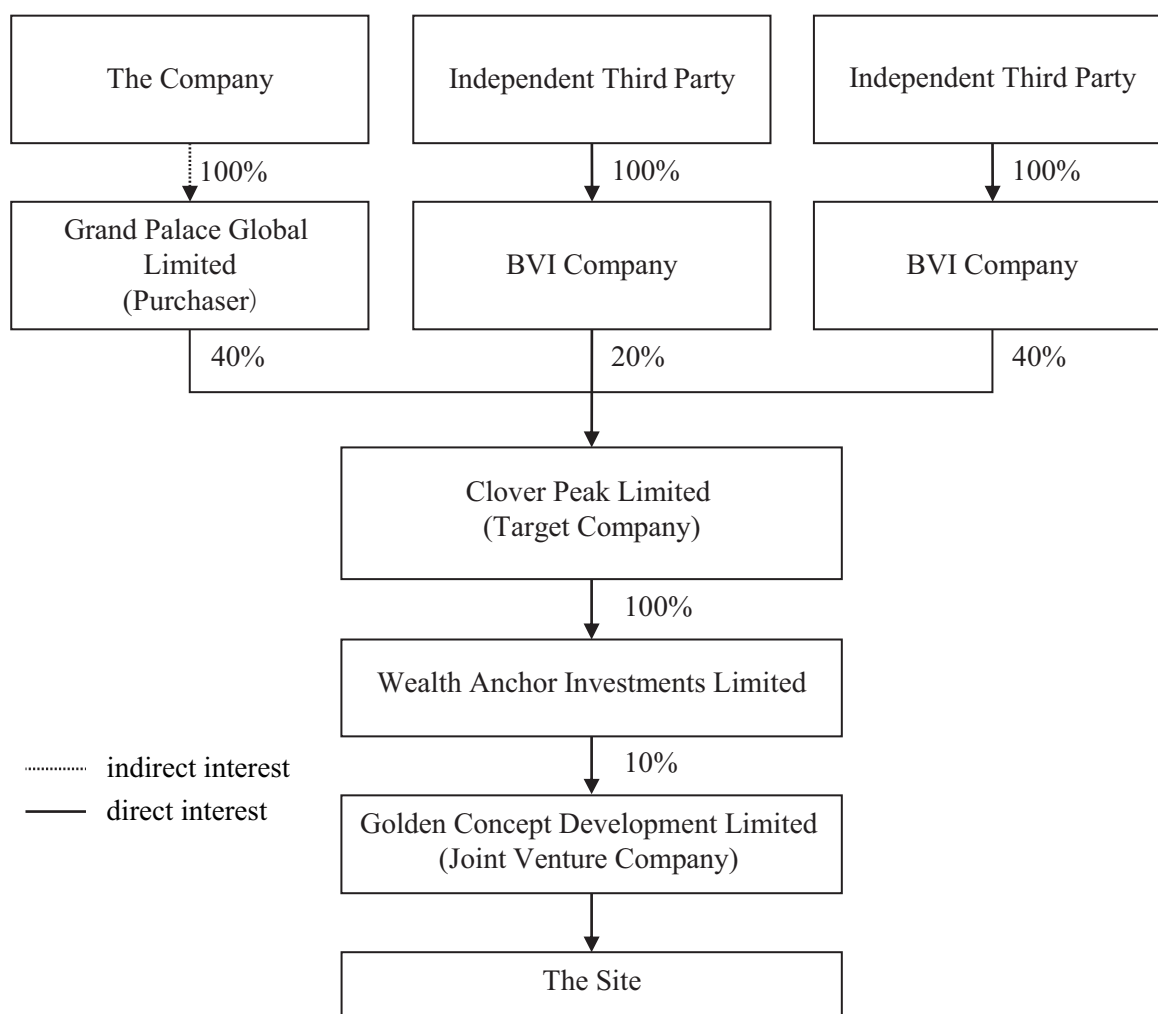
The Site has a total gross floor of approximately 323,307 square feet or 30,036 square meters. Based on the preliminary valuation of the Site prepared by an independent professional valuer, the market value of the Site in existing state as at 30 June 2019 was HK\$6,840,000,000.

The following charts show the group structure of the Target Group (i) as at the date of this announcement; and (ii) immediately after Completion:

(i) Group structure of the Target Group as at the date of this announcement



(ii) *Group structure of the Target Group immediately after Completion*



Financial information of the Target Group

Based on the latest financial information available to the Company as at the date of this announcement, set out below are the key financial figures extracted from the unaudited consolidated financial information of the Target Group for the two financial years ended 30 June 2018 and 2019 respectively:

	For the financial year ended	
	30 June	
	2019	2018
	HK\$'000	HK\$'000
Net profit before taxation and extraordinary items	40,330	36,628
Net profit after taxation and extraordinary items	40,330	36,628
	As at 30 June	
	2019	2018
	HK\$'000	HK\$'000
Net assets	122,885	82,555

The unaudited net asset value of the Target Group as at 30 June 2019 was approximately HK\$122,885,000.

The Vendor acquired the 10% interest in the Site through the acquisition of the entire issued shares of Wealth Anchor in 2015 at the consideration of HK\$195,000,000 (the “**Original Acquisition**”). However, the cost of the Original Acquisition is not directly comparable with the Consideration as the value of the Site at the time of the Original Acquisition was substantially different from the value as at 30 June 2019. At the time of the Original Acquisition, the Site was not yet developed whereas as at the date hereof, certain blocks of residential properties have been substantially constructed and erected on the Site and will be ready for sale upon obtaining of pre-sale consent or certificate of compliance from the Lands Department of the Government of Hong Kong.

INFORMATION OF THE GROUP AND THE PARTIES TO THE SALE AND PURCHASE AGREEMENT

The Group

The Group is principally engaged in civil engineering, electrical and mechanical engineering, foundation and building construction work, property development and assets leasing, professional services (including provision of security and facility management solutions) and other activities.

The Purchaser

The Purchaser is a company incorporated under the laws of the BVI with limited liability and its principal activity is investment holding. As at the date of this announcement, the Purchaser is an indirect wholly-owned subsidiary of the Company.

The Vendor

The Vendor is a company incorporated under the laws of the BVI with limited liability and its principal activity is investment holding. The Vendor is owned as to 45% by Mr. Pang, 45% by Madam Li and 10% by Mrs. Lee Pang Yat Sum, Rita, being the sister of Mr. Pang and the daughter of Madam Li as at the date of this announcement, respectively.

The Guarantor

The Guarantor, being Mr. Pang, is a controlling shareholder and an executive Director of the Company and the chairman of the Board.

REASONS FOR AND BENEFITS OF ENTERING INTO THE SALE AND PURCHASE AGREEMENT

The Group is principally engaged in civil engineering, electrical and mechanical engineering, foundation and building construction work, property development and assets leasing, professional services (including provision of security and facility management solutions) and other activities.

The Company considers that the Proposed Acquisition is in line with the business development strategies and planning of the Group, and offers a good opportunity to the Group to enhance its property development and investment portfolio.

On the basis of the foregoing, the Directors are of the view that the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder, which have been agreed after arm's length negotiations, are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Sale and Purchase Agreement exceed 5% but are below 25%, the Proposed Acquisition constitutes a discloseable transaction subject to reporting and announcement requirements as set out in Chapter 14 of the Listing Rules.

As at the date of this announcement, the Vendor is owned as to 45% by Mr. Pang, 45% by Madam Li and 10% by Mrs. Lee Pang Yat Sum, Rita, respectively. Each of Mr. Pang and Madam Li is a controlling shareholder and an executive Director of the Company. Mr. Pang is also the chairman of the Board. Therefore, both of Mr. Pang and Madam Li are connected persons of the Company and the Vendor is an associate of Mr. Pang and Madam Li and a connected person of the Company under Chapter 14A of the Listing Rules. As such, the entering into of the Sale and Purchase Agreement and the transactions contemplated thereunder constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

As abovementioned, one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Sale and Purchase Agreement exceed 5% but are below 25%, and given that the Consideration exceeds HK\$10,000,000, the Proposed Acquisition is subject to reporting, announcement and Independent Shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

At the Board meeting held to approve the Sale and Purchase Agreement, Mr. Pang and Madam Li (both being shareholders of the Vendor) were considered to be interested in the transactions contemplated under the Sale and Purchase Agreement, and have abstained from voting on the relevant Board resolutions relating to the Sale and Purchase Agreement and the transactions contemplated thereunder. Ir Dr. Pang Yat Bond, Derrick, being the brother of Mr. Pang and the son of Madam Li and therefore an associate of each of Mr. Pang and Madam Li under the Listing Rules, has also abstained from voting on the relevant Board resolutions relating to the Sale and Purchase Agreement. Except the aforesaid, none of the Directors has any material interest in the abovementioned transactions nor any of them is required to abstain from voting on the Board resolutions approving the Sale and Purchase Agreement.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, except for Mr. Pang and Madam Li and their respective associates, no Shareholder has a material interest in the Proposed Acquisition and no Shareholder and his/her/its associates are therefore required to abstain from voting on the relevant resolution(s) to approve the Proposed Acquisition at the SGM.

The Independent Board Committee has been formed to consider, and to advise the Independent Shareholders on the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder. Red Sun Capital Limited has been appointed as the Independent Financial Adviser to make recommendations to the Independent Board Committee and the Independent Shareholders on the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder.

SGM

The SGM will be convened and held for the Independent Shareholders to consider and, if thought fit, approve the Proposed Acquisition and related matters.

A circular containing, among others, (i) further details of the Proposed Acquisition; (ii) the financial information of the Target Group; (iii) the valuation report on the Site and the Target Group; and (iv) a notice convening the SGM, will be despatched to the Shareholders on or before 18 October 2019 as the Company requires more time to prepare the relevant information to be included in the circular.

Shareholders and potential investors of the Company should be aware that the Proposed Acquisition and the transactions contemplated thereunder are subject to certain conditions being satisfied, and consequently the Proposed Acquisition may or may not proceed. Accordingly, they are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Adjustment”	downward adjustment of the Consideration in the event of any circumstances arising prior to Completion which might have a material adverse effect on the market value of the Site
“Board”	the board of Directors
“Business Day(s)”	a day (except public holidays, Saturdays and Sundays) on which licensed banks are open for general banking business in Hong Kong
“BVI”	British Virgin Islands
“Company”	Asia Allied Infrastructure Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 00711)
“Completion”	completion of sale and purchase of the Sale Shares and Sale Loan in accordance with the Sale and Purchase Agreement
“Completion Date”	the 5th Business Day after the satisfaction or waiver (where applicable) of the conditions set out in the Sale and Purchase Agreement or such other date as the parties to the Sale and Purchase Agreement may agree in writing
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration payable by the Purchaser for the acquisition of the Sale Shares and the Sale Loan pursuant to the Sale and Purchase Agreement
“Director(s)”	the director(s) of the Company

“Group”	the Company and its subsidiaries from time to time
“Guarantor”	Mr. Pang Yat Ting, Dominic, a controlling shareholder and an executive Director of the Company and the chairman of the Board
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board, comprising all the independent non-executive Directors, established for the purpose of advising the Independent Shareholders on, among other matters, the fairness and reasonableness of the Proposed Acquisition
“Independent Financial Adviser”	Red Sun Capital Limited, a licensed corporation permitted to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance), regulated activities under the Securities and Futures Ordinance, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Proposed Acquisition
“Independent Shareholders”	Shareholders, other than Mr. Pang and Madam Li and their respective associates, who have no material interest in the Proposed Acquisition
“Independent Third Party(ies)”	independent third party(ies) who is(are) not connected with the Company and its connected persons (as defined under the Listing Rules)
“Joint Venture Company”	Golden Concept Development Limited, a company incorporated under the laws of Hong Kong with limited liability and is owned as to 10% by Wealth Anchor as at the date of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 January 2020 (or such later date as the Vendor and the Purchaser may mutually agree in writing)
“PRC”	The People’s Republic of China, for the purposes of this announcement, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Proposed Acquisition”	the proposed acquisition of the Sale Shares and the Sale Loan by the Purchaser from the Vendor pursuant to the terms and conditions of the Sale and Purchase Agreement
“Purchaser”	Grand Palace Global Limited, a company incorporated under the laws of the BVI with limited liability and an indirect wholly-owned subsidiary of the Company as at the date of this announcement

“Sale and Purchase Agreement”	the sale and purchase agreement dated 23 August 2019 entered into among the Vendor, the Purchaser and the Guarantor in relation to the sale and acquisition of the Sale Shares and the Sale Loan
“Sale Loan”	the amount of HK\$77,000,000 due and owed by the Target Company to the Vendor and such further amount(s) as may be advanced on or before Completion by the Vendor to the Target Company
“Sale Shares”	the 40 shares of the Target Company which are legally and beneficially owned by the Vendor, representing 40% of the total issued shares of the Target Company as at the date of the Sale and Purchase Agreement and immediately before Completion
“Site”	site of Sha Tin Town Lot No. 579 at Area 56A Kau To, Sha Tin, New Territories, Hong Kong, on which construction of certain blocks of residential properties have been substantially completed and ready for sale upon obtaining of pre-sale consent and certificate of compliance issued by the Lands Department of the Government of Hong Kong
“SGM”	the special general meeting of the Company to be convened for, among others, considering and, if thought fit, approving the Sale and Purchase Agreement and the transactions contemplated thereunder
“Share(s)”	the ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of issued Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Target Company”	Clover Peak Limited, a company incorporated under the laws of the BVI with limited liability which is owned as to 40% by the Vendor as at the date of the Sale and Purchase Agreement
“Target Group”	the Target Company, its subsidiary and the Joint Venture Company
“Vendor”	Well Perfection Limited, a company incorporated under the laws of the BVI with limited liability, which is owned as to 45% by Mr. Pang, 45% by Madam Li and 10% by Mrs. Lee Pang Yat Sum, Rita, respectively as at the date of this announcement

“Wealth Anchor”	Wealth Anchor Investments Limited, a company incorporated under the laws of the BVI with limited liability and a wholly-owned subsidiary of the Target Company
“%”	per cent

By Order of the Board
**ASIA ALLIED INFRASTRUCTURE
HOLDINGS LIMITED**
Pang Yat Ting, Dominic
Chairman

Hong Kong, 23 August 2019

As at the date of this announcement, the executive directors of the Company are Mr. Pang Yat Ting, Dominic, Mr. Xu Jianhua, Ir Dr. Pang Yat Bond, Derrick, JP, Mr. Shea Chun Lok, Quadrant, Madam Li Wai Hang, Christina and Madam Han Li, and the independent non-executive directors of the Company are Mr. Wu William Wai Leung, Mr. Lam Yau Fung, Curt and Mr. Ho Gilbert Chi Hang.