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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Asia Allied Infrastructure Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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)

(1) DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO THE PROPOSED ACQUISITION OF SALE SHARES AND SALE LOAN OF THE TARGET COMPANY AND (2) NOTICE OF SPECIAL GENERAL MEETING

Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders



紅日資本有限公司
RED SUN CAPITAL LIMITED

Capitalised terms used in this cover page shall have the same meanings as those defined in this circular.

A letter from the Board is set out on pages 5 to 14 of this circular. A letter from the Independent Board Committee is set out on pages 15 to 16 of this circular. A letter from the Independent Financial Adviser containing its advice and recommendation to the Independent Board Committee and the Independent Shareholders is set out on pages 17 to 38 of this circular.

A notice convening the SGM to be held at Peony, Magnolia and Camomile, Lower Level II, Kowloon ShangriLa, 64 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong on Friday, 20 December 2019 at 2:30 p.m. is set out on pages SGM-1 to SGM-2 of this circular.

A form of proxy for use at the SGM is enclosed with this circular. If you wish to appoint proxy(ies), you are requested to complete and sign the enclosed form of proxy in accordance with the instructions printed thereon, and return it to the Hong Kong Branch Share Registrar of the Company, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding of the SGM (or any adjournment thereof). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM (or any adjournment thereof) if you so wish and in such event, the form of proxy shall be deemed to be revoked.

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DEFINITIONS

In this circular, the following expressions have the meanings set opposite to them unless the context otherwise requires:

“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
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“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 the 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

DEFINITIONS

“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 SFO, 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 Yat Ting, Dominic and Madam Li Wai Hang, Christina 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 Latest Practicable Date
“Latest Practicable Date”	21 November 2019, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“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)

DEFINITIONS

“PRC”	the People’s Republic of China, for the purposes of this circular, excluding Hong Kong, the 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
“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
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time
“Site”	site of Sha Tin Town Lot No. 579 at Area 56A Kau To, Sha Tin, New Territories, Hong Kong, the development of which, as at the Latest Practicable Date, is substantially complete with buildings erected, and pre-sale consent for the residential properties obtained on 7 November 2019
“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

DEFINITIONS

“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 Yat Ting, Dominic, 45% by Madam Li Wai Hang, Christina and 10% by Mrs. Lee Pang Yat Sum, Rita, respectively as at the Latest Practicable Date
“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

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Pang Yat Ting, Dominic (*Chairman*)

Mr. Xu Jianhua (*Deputy Chairman*)

Ir Dr. Pang Yat Bond, Derrick, JP
(*Chief Executive Officer*)

Mr. Shea Chun Lok, Quadrant
(*Chief Financial Officer and
Company Secretary*)

Madam Li Wai Hang, Christina
Madam Han Li

Independent Non-executive Directors:

Mr. Wu William Wai Leung

Mr. Lam Yau Fung, Curt

Mr. Ho Gilbert Chi Hang

Registered Office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

Head Office and Principal

Place of Business:

C1, 5th Floor

Hong Kong Spinners Industrial Building
Phase 1

601-603 Tai Nan West Street

Cheung Sha Wan, Kowloon

Hong Kong

28 November 2019

To the Shareholders

Dear Sir or Madam,

**(1) DISCLOSEABLE AND CONNECTED TRANSACTION
IN RELATION TO THE PROPOSED ACQUISITION OF SALE SHARES
AND SALE LOAN OF THE TARGET COMPANY
AND
(2) NOTICE OF SPECIAL GENERAL MEETING**

INTRODUCTION

Reference is made to the announcement of the Company dated 23 August 2019 in relation to, among other things, the entering into of the Sale and Purchase Agreement among the Purchaser, the Vendor and the Guarantor for the Proposed Acquisition at the total consideration of HK\$119,911,000.

The purpose of this circular is to provide you with further details of the Sale and Purchase Agreement and the transactions contemplated thereunder, and the notice of SGM.

LETTER FROM THE BOARD

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 Latest Practicable Date, the Target Company indirectly holds 10% interest in the Site.

Consideration

Subject to the Adjustment, the Consideration is HK\$119,911,000 which represents the value of the Site as agreed between the Vendor and the Purchaser based on the valuation of the Site as at 30 June 2019 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 in the aggregate amount of approximately HK\$112,977,000. 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 shall be paid upon Completion.

LETTER FROM THE BOARD

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. As at the Latest Practicable Date, the Company is not aware of any circumstance which has a material adverse effect on the value of the Site and which may trigger the Adjustment.

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 circular; (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 the 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.

In relation to condition (ii) above, the Site is subject to certain debenture and mortgage in favour of certain finance parties as security for certain loans. As the Purchaser is only acquiring an indirect minority interest in the Site, no release of such debenture and mortgage is required for the transaction to proceed to Completion.

LETTER FROM THE BOARD

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 Latest Practicable Date, save for conditions (ii) and (iv) above, the other conditions have not yet been satisfied or waived (as the case may be).

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 by 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 OF THE TARGET COMPANY AND THE TARGET GROUP

The Target Company is a company incorporated under the laws of 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 "Majority Shareholders"). Save for the Site, the Company has no other cooperation with the Majority Shareholders of the Target Company as at the Latest Practicable Date.

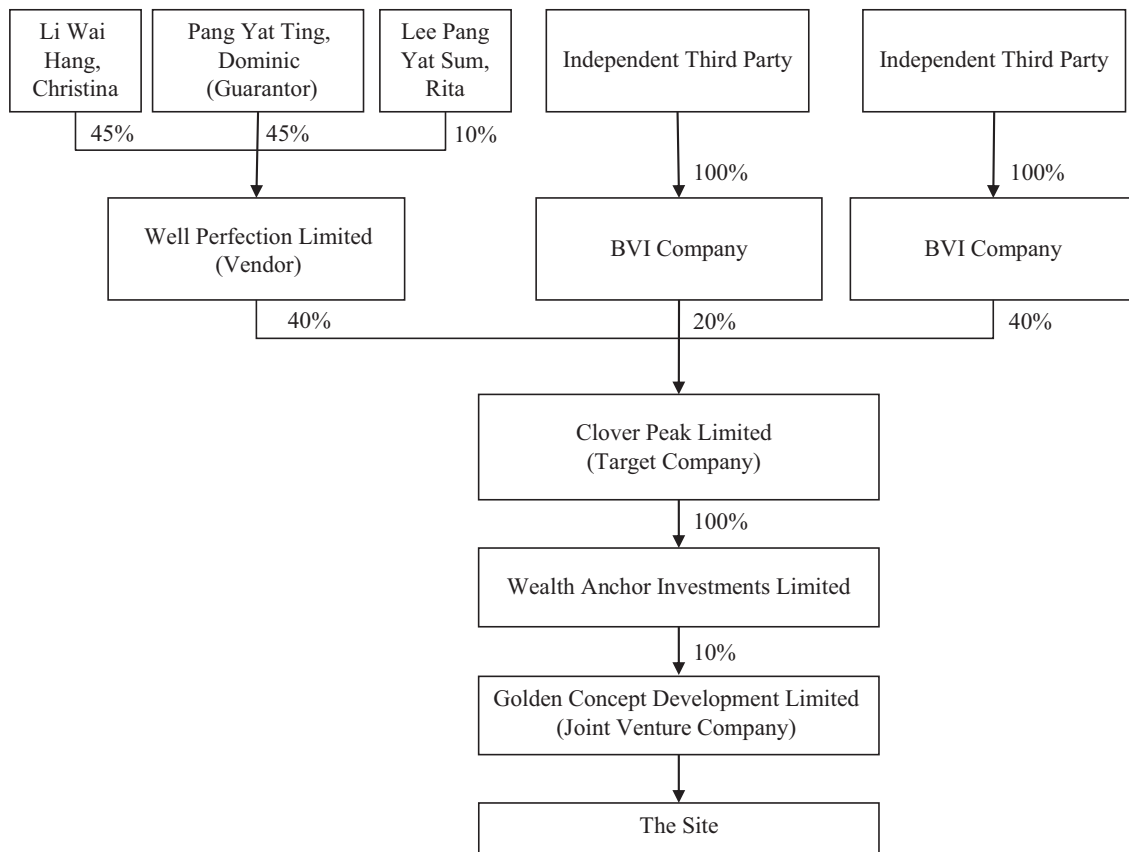
The Target Company is principally engaged in investment holding. The principal asset of the Target Company is 10% indirect interest in the Site.

LETTER FROM THE BOARD

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 31 August 2019 was HK\$7,040,000,000. After Completion, 4% of the effective interest in the Site will be indirectly held by the Company. The remaining effective interest in the Site is held as to 68% by Kingboard Holdings Limited, a company whose shares are listed on the Main Board of the Stock Exchange (stock code: 00148) and 28% by certain private companies and a number of individuals, respectively. Save for the Site, the Company has no other cooperation with the holders of the remaining effective interest in the Site as at the Latest Practicable Date.

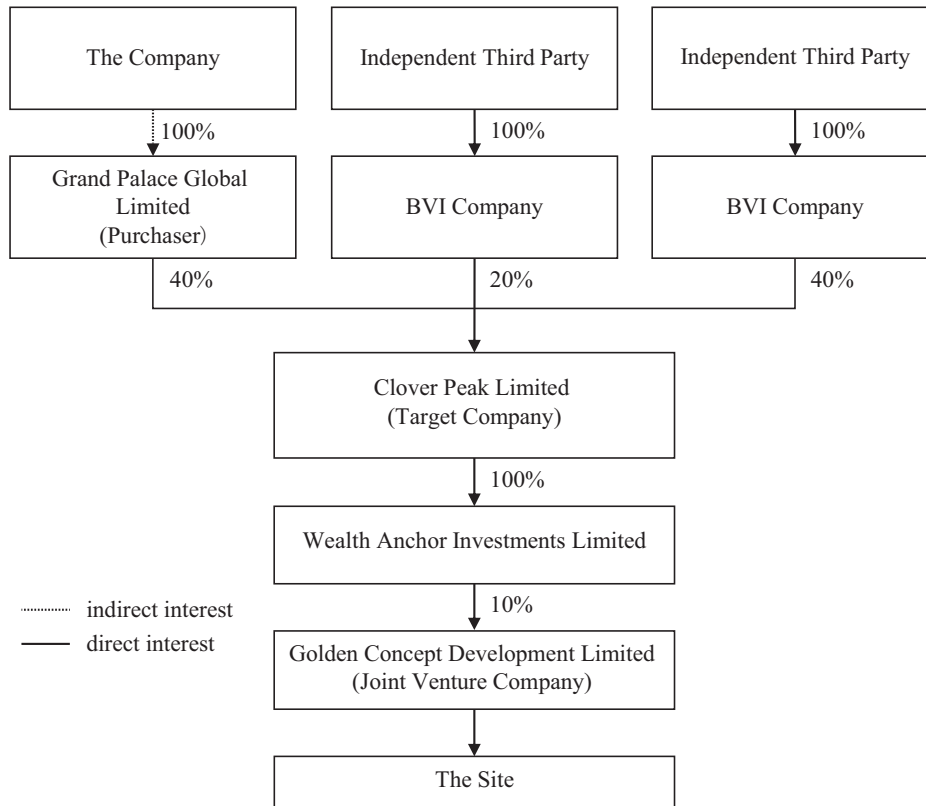
The following charts show the group structure of the Target Group (i) as at the Latest Practicable Date; and (ii) immediately after Completion:

(i) Group structure of the Target Group as at the Latest Practicable Date



LETTER FROM THE BOARD

(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 Latest Practicable Date, 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
	<i>HK\$'000</i>	<i>HK\$'000</i>
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
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net assets	122,885	82,555

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

LETTER FROM THE BOARD

As disclosed in the announcement of the Company dated 14 August 2015 (the “Disposal Announcement”), the Company indirectly held 10% interest in the Site through the holding of 100% interest in Wealth Anchor until the same was disposed of to Clover Peak on 14 August 2015. As disclosed in the Disposal Announcement, the Group disposed of the indirect 10% interest in the Site because (i) the Site was at the preliminary stage of its development and would require significant further investment from the Group; and (ii) the holding of the indirect 10% minority interest was not consistent with the Group’s then strategy to concentrate on property and investment projects in which the Group has control and management. Hence the Group disposed of the 10% interest in the Site through disposal of 100% interest in Wealth Anchor to Clover Peak at the consideration of HK\$195,000,000 (the “2015 Disposal”).

However, the consideration for the 2015 Disposal is not directly comparable with the Consideration as the value of the Site at the time of the 2015 Disposal was substantially different from the value as at 31 August 2019. At the time of the 2015 Disposal, the Site was not yet developed whereas as at the Latest Practicable Date, the development of the Site is substantially complete with buildings erected, and given pre-sale consent for the residential properties in the Site was already obtained on 7 November 2019, the Group expects cash flow can be generated with the sale of the relevant residential blocks.

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 Latest Practicable Date, 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 Latest Practicable Date, 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.

LETTER FROM 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. The Group disposed of its indirect 10% interest in the Site in 2015 for reasons set out in the Disposal Announcement. Having considered that the development of the Site is substantially complete with buildings erected, the Group considers no further substantial investment is required from the Group for the purpose of developing the Site, this reduces the uncertainty the Group faced prior to the 2015 Disposal when the Site was still in its preliminary stage of investment. Further, the pre-sale consent for the residential properties in the Site has been obtained on 7 November 2019 and the Group expects cash flow can be generated with the sale of the relevant residential blocks.

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 the reporting and announcement requirements as set out in Chapter 14 of the Listing Rules.

As at the Latest Practicable Date, 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 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.

LETTER FROM THE BOARD

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.

Any Shareholder with a material interest in the Proposed Acquisition will not vote at the SGM. As both of Mr. Pang and Madam Li have material interest in the transactions contemplated under the Sale and Purchase Agreement and therefore Mr. Pang, Madam Li and GT Winners Limited (“GT Winners”, which is held by Mr. Pang and Madam Li as to 45% and 45%, respectively), will abstain from voting on the resolution(s) to approve the Proposed Acquisition at the SGM. Ir Dr. Pang Yat Bond, Derrick will also abstain from voting on such resolution(s) at the SGM.

As at the Latest Practicable Date, Madam Li was holding 10,880,875 Shares, GT Winners was holding 1,281,994,388 Shares and Ir Dr. Pang Yat Bond, Derrick was holding 7,326,000 Shares, which in aggregate amounted to 1,300,201,263 Shares, representing approximately 70.40% of the total issued shares of the Company.

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.

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 notice convening the SGM to be held at Peony, Magnolia and Camomile, Lower Level II, Kowloon ShangriLa, 64 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong on Friday, 20 December 2019 at 2:30 p.m. is set out on pages SGM-1 to SGM-2 of this circular. A form of proxy for the SGM is enclosed with this circular. If you wish to appoint proxy(ies), you are requested to complete and sign the enclosed form of proxy in accordance with the instructions printed thereon, and return it to the Hong Kong Branch Share Registrar of the Company, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong not less than 48 hours before the time appointed for holding of the SGM (or any adjournment thereof). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM (or any adjournment thereof) if you so wish and in such event, the form of proxy shall be deemed to be revoked.

In accordance with Rule 13.39(4) of the Listing Rules, all votes of Shareholders at the SGM must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. As such, all the resolution(s) set out in the notice of SGM will be voted by poll. The Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules after the SGM.

LETTER FROM THE BOARD

RECORD DATE IN RELATION TO THE SGM

For determining the entitlement of the Shareholders to attend and vote at the SGM, the register of members of the Company will be closed from Monday, 16 December 2019 to Friday, 20 December 2019, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the SGM, all completed transfer documents accompanied by the relevant share certificates must be lodged for registration with the Hong Kong Branch Share Registrar of the Company, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Friday, 13 December 2019.

RECOMMENDATION

The Independent Board Committee comprising Mr. Wu William Wai Leung, Mr. Lam Yau Fung, Curt and Mr. Ho Gilbert Chi Hang, after having taken into account the advice of the Independent Financial Adviser, is of the opinion that the terms of the Sale and Purchase Agreement are on normal commercial terms, fair and reasonable and the transaction contemplated thereunder are in the interests of the Company and the Shareholders as a whole and recommend the Independent Shareholders to vote in favour of the ordinary resolution(s) to be proposed at the SGM to approve the Sale and Purchase Agreement and the transactions contemplated thereunder.

Red Sun Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

Having taken into consideration the factors and reasons as stated in this letter, the Directors (including the independent non-executive Directors) consider that the terms of the Sale and Purchase Agreement are on normal commercial terms, fair and reasonable and the transaction contemplated thereunder are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors (including the independent non-executive Directors) recommend the Independent Shareholders to vote in favor of the ordinary resolution(s) to be proposed at the SGM to approve the Sale and Purchase Agreement and the transactions contemplated thereunder.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the Appendices to this circular.

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the letter from the Independent Board Committee setting out its recommendation to the Independent Shareholders in respect of the entering into of the Sale and Purchase Agreement and the transactions contemplated thereunder.



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)

28 November 2019

To the Independent Shareholders

Dear Sir or Madam,

**(1) DISCLOSEABLE AND CONNECTED TRANSACTION
IN RELATION TO THE PROPOSED ACQUISITION OF SALE SHARES
AND SALE LOAN OF THE TARGET COMPANY
AND
(2) NOTICE OF SPECIAL GENERAL MEETING**

We refer to the circular of the Company dated 28 November 2019 (the “Circular”) of which this letter forms part. Unless otherwise specified, capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

We have been appointed by the Board to advise the Independent Shareholders as to whether the terms of the Sale and Purchase Agreement and the Proposed Acquisition as contemplated hereunder are fair and reasonable so far as the Company and the Independent Shareholders are concerned and whether entering into of the Sale and Purchase Agreement is in the interests of the Company and its Shareholders as a whole. Red Sun Capital Limited has been appointed as the Independent Financial Adviser to advise us and you in this respect.

We have considered the various details of the Proposed Acquisition, in particular, the reasons for the Proposed Acquisition and the effect thereof. We have also reviewed the advice given by the Independent Financial Adviser on the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder as set out in its letter reproduced on pages 17 to 38 of the Circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered the information set out in the letter from the Board and taking into account the advice from the Independent Financial Adviser, we are of the view that the entering into of the Sale and Purchase Agreement is in the ordinary and usual course of business of the Group, and the terms of the Sale and Purchase Agreement are on normal commercial terms and are fair and reasonable so far as the Company and the Independent Shareholders are concerned, and the transaction contemplated thereunder are in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution(s) to be proposed at the SGM to approve the Sale and Purchase Agreement and the transactions contemplated thereunder.

Yours faithfully,
The Independent Board Committee of
ASIA ALLIED INFRASTRUCTURE HOLDINGS LIMITED

Mr. Wu William Wai Leung
*Independent Non-executive
Director*

Mr. Lam Yau Fung, Curt
*Independent Non-executive
Director*

Mr. Ho Gilbert Chi Hang
*Independent Non-executive
Director*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter from the Independent Financial Adviser which sets out its advice to the Independent Board Committee and the Independent Shareholders for inclusion in this circular.



紅日資本有限公司

RED SUN CAPITAL LIMITED

28 November 2019

To the Independent Board Committee and the Independent Shareholders

Dear Sir or Madam,

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

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Proposed Acquisition, details of which are set out in the letter from the Board (the “Letter from the Board”) contained in the circular of the Company to the Shareholders dated 28 November 2019 (the “Circular”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

The Proposed Acquisition

On 23 August 2019 (after trading hours), the Purchaser, the Vendor and the Guarantor entered into the Sale and Purchase Agreement, pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire the Sale Shares and the Sale Loan at the total consideration of HK\$119,911,000, subject to the terms and conditions of the Sale and Purchase Agreement.

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 Latest Practicable Date, the Target Company indirectly holds 10% interest in the Site.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Listing Rules Implications

As at the Latest Practicable Date, 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 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.

Given the above, the Proposed Acquisition constitutes a connected transaction of the Company. As disclosed in the Letter from the Board, pursuant to Chapter 14 of the Listing Rules, as one or more of the applicable percentage ratios in respect of the Proposed Acquisition exceed 5% but are below 25%, and given that the Consideration exceeds HK\$10,000,000, the Proposed Acquisition constitutes a disclosable transaction of the Company and is, in addition to the reporting and announcement requirements, subject to the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

As set out in the Letter from the Board, 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

The Board currently comprises Mr. Pang as executive Director and chairman of the Board, Mr. Xu Jianhua, Ir Dr. Pang Yat Bond, Derrick, Mr. Shea Chun Lok, Quadrant, Madam Li Wai Hang, Christina and Madam Han Li as executive Directors, and Mr. Wu William Wai Leung, Mr. Lam Yau Fung, Curt and Mr. Ho Gilbert Chi Hang as independent non-executive Directors.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising all the aforementioned independent non-executive Directors has been formed to advise the Independent Shareholders as to whether the Proposed Acquisition is on normal commercial terms, fair and reasonable, in the ordinary and usual course of business of the Group, and in the interests of the Company and the Shareholders as a whole.

We, Red Sun Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in these respects and to give our opinion in relation to the Proposed Acquisition, for the Independent Board Committee's consideration when making their recommendation to the Independent Shareholders.

OUR INDEPENDENCE

As at the Latest Practicable Date, we were independent from and not connected with the Company, the Vendor and their respective shareholders, directors or chief executives, or any of their respective associates and accordingly, are qualified to give independent advice to the Independent Board Committee and the Independent Shareholders regarding the Proposed Acquisition. In the previous two years, we did not act as an independent financial adviser to the Company under the Listing Rules.

Apart from the normal advisory fee payable to us in connection with our appointment as the Independent Financial Adviser, no arrangement exists whereby we shall receive any other fees or benefits from the Company or any other parties that could reasonably be regarded as relevant to our independence. Accordingly, we consider that we are independent pursuant to Rule 13.84 of the Listing Rules.

BASIS OF OUR ADVICE

In formulating our advice, we have relied solely on the statements, information, opinions, beliefs and representations contained or referred to in the Circular and the information and representations provided to us by the Group and/or the Directors and/or senior management of the Company (the "Management"). We have assumed that all information, representations and opinions contained or referred to in the Circular, which have been provided by the Company, the Directors and the Management and for which they are solely and wholly responsible, were true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have assumed that all such statements, information, opinions, beliefs and representations contained or referred to in the Circular (including this letter) or otherwise provided or made or given by the Group and/or the Directors and/or the Management and for which it is/they are solely responsible were true and accurate, and valid and complete in all material respects at the time they were made and given and continue to be true and accurate, and valid and complete in all material respects as at the date of the Circular. We have assumed that all the opinions, beliefs and representations made or provided by the Directors and/or the Management contained in the Circular have been reasonably made after due and careful enquiry. We have also sought and obtained confirmation from the Company and/or the Directors and/or the Management that no material facts have been omitted from the information provided and referred to in the Circular.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We have not, however, carried out any independent verification of the information provided, nor have we conducted any independent investigation into the Site, the financial position, business and affairs of the Company, the Vendor, the Target Company, the Joint Venture Company and their respective shareholder(s) and subsidiaries or affiliates, and their respective histories, experience and track records, or the prospects of the markets in which they respectively operate. We have also relied on the property valuation (the “Property Valuation”) and the business valuation (the “Business Valuation”) conducted by the independent valuers commissioned by the Company.

We consider that we have been provided with sufficient information and documents to enable us to reach an informed view and the Management has assured us no material information has been withheld from us to allow us to reasonably rely on the information provided so as to provide a reasonable basis for our advice. We have no reason to doubt the truth, accuracy and completeness of the statements, information, opinions, beliefs and representations provided to us by the Group and/or the Directors and/or the Management and their respective advisers or to believe that material information has been withheld or omitted from the information provided to us or referred to in the aforesaid documents. Shareholders should also note both the Property Valuation and the Business Valuation involve various basis and assumptions and the appraised value may change if those basis and assumptions are modified.

This letter is issued for the information of the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the Proposed Acquisition, and, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion to the Independent Board Committee and the Independent Shareholders in respect of the Proposed Acquisition, we have taken into consideration the following principal factors and reasons:

1. Overview of the economy and property market

As set out in the Letter from the Board, the principal asset of the Target Group is a real estate development project in Hong Kong (i.e. the Site), we have therefore reviewed the Hong Kong property market and outlook.

Hong Kong is an international finance centre and a gateway to the PRC for foreign investments. Given its unique positioning, the Hong Kong economy may be affected by, among others, the growth rate in the PRC’s economy, the level of trading activities into and out of the PRC via Hong Kong, the outcome of the ongoing trade negotiations between the PRC and the U.S. governments, the movement in benchmark interest rate set by the Hong Kong Monetary Authority, the ongoing social unrest amongst certain parts of the society, the above factors in isolation or as a whole may cause short term fluctuations to the economy and property market of Hong Kong.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Based on the information set out in the 2019 Policy Address published by the Hong Kong Government in October 2019 in connection with the issues on housing and land in Hong Kong, it was stated housing remained the toughest livelihood issue faced by the Hong Kong society despite the measures introduced by the Hong Kong Government over the last few years to curb the overheated property market, such as the increase in stamp duty on property transactions for non first-time buyers to 15% of transaction value for all residential transactions for Hong Kong permanent residents and corporate buyers introduced in 2016, which was followed by further measures introduced in 2017 that addressed in the event of a single transaction purchase of more than one residential property, 15% of the new residential stamp duty will be imposed on each property.

In the 2019 Policy Address, it also sets out a number of new short- and medium-term support measures to be introduced, which included (i) increasing the number of transitional housing projects in the next three years to provide a total of 10,000 units to relieve pressure of families living in unpleasant conditions; (ii) offering relief for low-income households not living in Public Rental Housing and not receiving Comprehensive Social Security Assistance by providing a cash allowance; (iii) accelerating the sales of the unsold 42,000 flats under Tenant Purchase Scheme; (iv) further increase the sales of Home Ownership Scheme and Green Form Subsidised Home Ownership Scheme flats from 8,600 units in 2019 to 12,000 in 2020; (v) further increase the White Form Secondary Market Scheme; and (vi) raising the cap on the value of the properties under the Mortgage Insurance Programme of the HKMC Insurance Limited for first-time home buyer to which the cap on the value of a property eligible for a mortgage loan of maximum cover of 90% loan-to-value (“LTV”) ratio will be raised from existing HK\$4 million to HK\$8 million and for properties eligible for a mortgage loan of cover of 80% LTV ratio, the cap on its value will be raised from HK\$6 million to HK\$10 million.

In addition, it was also stated the Hong Kong Government would continue to explore ways to increase land supply for long term housing development, including the reclamation in Central Waters under the Lantau Tomorrow Vision and other nearshore reclamation outside the Victoria Harbour. However, such initiatives are still in the infancy stage and subject to, among others, funding approval from the Legislative Council and without a definitive timetable. In addition, according to the Long Term Housing Strategy Annual Progress Report 2018¹ by the Transport and Housing Bureau of Hong Kong Government, the ten-year total housing supply target is approximately 450,000 units for the ten-year period from 2019-20 to 2028-29, with a public/private split of 70:30 for the supply of new housing units. Compared to the Long Term Housing Strategy Annual Progress Report 2017, of which the ten-year total housing supply target was approximately 460,000 for the period from 2018-19 to 2027-28 with a public/private split of 60:40 for the supply of new units, it demonstrated that the Hong Kong Government is shifting its focus to public housing. Such changes may have further limited the supply of private housing during the subject period.

¹ https://www.thb.gov.hk/eng/policy/housing/policy/lths/LTHS_Annual_Progress_Report_2018.pdf

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

This is also further echoed by a Bloomberg article dated 5 March 2019² stating that the Hong Kong Government's focus is on public housing and unveiled plans to release just 15 residential sites in the fiscal year starting 1 April 2019, which could supply around 8,800 private homes, being approximately 42% less than a year ago. It was also noted from the article that home prices in Hong Kong have shown signs of stabilising after declining approximately 10% since its peak at August 2018.

We have further reviewed the Hong Kong Property Review Monthly Supplement (October 2019)³ published by the Valuation Department of the Hong Kong Government, and noted that while the private domestic property price indices for Class D (saleable area of 100 m² to 159.9 m²) and Class E (saleable area of 160 m² or above) was at 321.5 in 2018, and the same indices decreased slightly to approximately 317.2 for the first quarter of 2019 before increasing to approximately 333.2 for the second quarter of 2019, and remained largely stable at 334.8 and 329.6 for July and August 2019, respectively. In addition, according to the Hong Kong Property Review⁴ for the year ended 31 December 2018 published by the Rating and Valuation Department of the Hong Kong Government, completion of large domestic residential units (as defined by saleable area of 100 m² or above) are expected to decrease from 2,105 in 2018 to approximately 1,722 units and 1,386 units in 2019 and 2020, respectively. In summary, the aforesaid market data supports that the supply of larger sized private residential units in the Hong Kong residential market are limited in the foreseeable future.

² <https://www.bloomberg.com/news/articles/2019-03-04/reduced-residential-land-supply-to-support-hong-kong-home-prices>

³ <https://www.rvd.gov.hk/doc/en/statistics/full.pdf>

⁴ https://www.rvd.gov.hk/doc/en/hkpr19/PR2019_full.pdf

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

2. Principal business and the financial information of the Group

The Company is a company incorporated in Bermuda with limited liability. It is an investment holding company and its subsidiaries are 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.

Set out below is a summary of the Group's financial results as extracted from the latest published annual report of the Company for the year ended 31 March 2019 (the "2019 Annual Report"):

Summary of the Group's financial results

	For the year ended 31 March	
	2019	2018
	<i>HK\$ '000</i>	<i>HK\$ '000</i>
	(audited)	(audited)
Revenue		
— Construction work income	7,281,136	7,629,573
— Construction-related consultancy service income	24,758	49,928
— Sales of properties	2,112	1,800
— Gross rental income from assets leasing	4,997	1,801
— Security and facility management solutions service income	763,045	547,953
	<u>763,045</u>	<u>547,953</u>
Total	<u>8,076,048</u>	<u>8,231,055</u>
Gross Profit	<u>454,543</u>	<u>384,714</u>
Profit for the year attributable to the Shareholders	<u>136,648</u>	<u>150,176</u>

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

According to the 2019 Annual Report, the Group recorded a revenue of approximately HK\$8,076.0 million for the year ended 31 March 2019, representing a decrease of approximately HK\$155.1 million or 1.9% from approximately HK\$8,231.1 million for the year ended 31 March 2018. Such decrease was mainly attributable to the decrease in revenue generated from construction works from approximately HK\$7,629.6 million for the year ended 31 March 2018 to approximately HK\$7,281.1 million for the year ended 31 March 2019, representing a decrease of approximately HK\$348.5 million or 4.6%. Such decrease was mainly attributable to the construction segment remained competitive and was affected by the slow funding approval process for public works projects. Despite the decrease in revenue, the Group recorded an increase in gross profit of approximately 18.1% from approximately HK\$384.7 million for the year ended 31 March 2018 to approximately HK\$454.5 million for the year ended 31 March 2019, which was primarily attributable to better segment results being recorded by the construction services segment despite recording a lower sales to external customers than the corresponding prior year. We noted from the 2019 Annual Report, major projects completed during the year ended 31 March 2019 and in progress as at 31 March 2019 included numerous building construction works, civil engineering works, foundation works and maintenance works. The profit attributable to the Shareholders for the years ended 31 March 2018 and 2019 amounted to approximately HK\$150.2 million and approximately HK\$136.6 million, respectively.

Summary of the Group's financial position

	As at 31 March	
	2019	2018
	<i>HK\$ '000</i>	<i>HK\$ '000</i>
	(audited)	(audited)
Non-current assets	1,476,376	1,024,688
Current assets	6,749,138	7,604,264
Non-current liabilities	1,699,178	175,904
Current liabilities	4,052,186	5,928,966
Net asset value	2,474,150	2,524,082

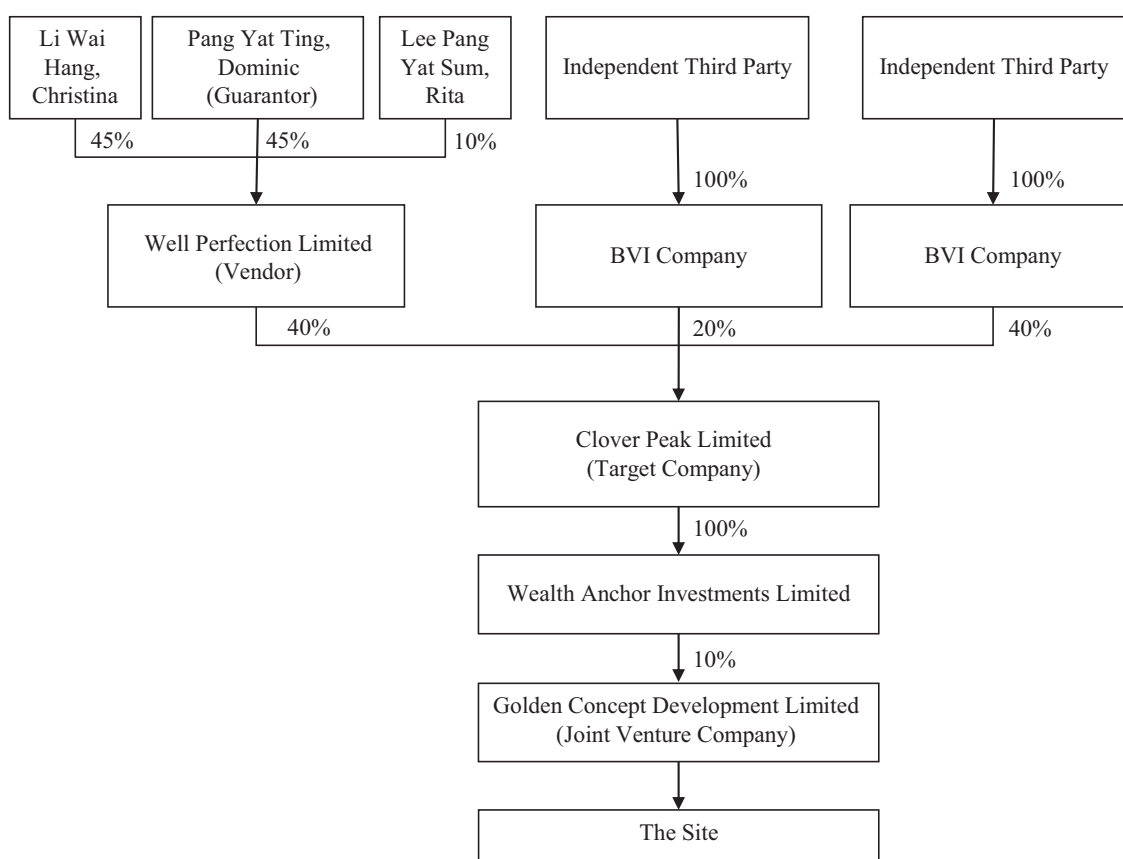
As at 31 March 2019, the non-current assets of the Group amounted to approximately HK\$1,476.4 million, which mainly comprised of (i) investments in associates of approximately HK\$500.0 million; (ii) interests in joint ventures of approximately HK\$423.4 million; and (iii) property, plant and equipment of approximately HK\$284.6 million. As for current assets, which amounted to approximately HK\$6,749.1 million as at 31 March 2019, such mainly consisted of (i) contract assets of approximately HK\$2,752.9 million; (ii) cash and cash equivalents of approximately HK\$1,829.9 million; and (iii) trade receivables of approximately HK\$984.0 million.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As at 31 March 2019, the non-current liabilities of the Group amounted to approximately HK\$1,699.2 million, which mainly comprised of bank borrowings of approximately HK\$1,695.6 million. As for current liabilities, which amounted to approximately HK\$4,052.2 million, such mainly consisted of (i) trade payables of approximately HK\$1,840.2 million; (ii) bank borrowings of approximately HK\$1,058.6 million; and (iii) other payables and accruals of approximately HK\$891.6 million.

Information of the Target Company, the Joint Venture Company and the Site

Set out below is the group structure of the Target Group as at the Latest Practicable Date, as extracted from the Letter from the Board:



(i) *The Target Company*

The Target Company is a company incorporated under the laws of the BVI with limited liability. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the Latest Practicable Date, the Target Company is 40% owned by the Vendor, which in turn is owned as to 45% by Mr. Pang, 45% by Madam Li and 10% by Mrs. Lee Pang Yat Sum, Rita, respectively. The other 40% and 20% interests in the Target Company are owned by two Independent Third Parties (the "Majority Shareholders") respectively. Save for the Site, the Company has no other cooperation with the Majority Shareholders of the Target Company as at the Latest Practicable Date.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

After Completion, 4% of the effective interest in the Site will be held indirectly by the Company. The remaining effective interest in the Site is held as to 68% by Kingboard Holdings Limited, a company whose shares are listed on the Main Board of the Stock Exchange (stock code: 00148) and 28% by certain private companies and a number of individuals, respectively. Save for the Site, the Company has no other cooperation with the holders of the remaining effective interest in the Site as at the Latest Practicable Date.

(ii) The Joint Venture Company

The Joint Venture Company is a company incorporated under the laws of Hong Kong with limited liability which is indirectly owned as to 10% by the Target Company. The remaining 90% interest in the Joint Venture Company is held as to 68% by Kingboard Holdings Limited, a company whose shares are listed on the Main Board of the Stock Exchange (stock code: 00148) and 28% by certain private companies and a number of individuals, respectively. Save for the Site, the Company has no other cooperation with the holders of the remaining effective interest in the Site as at the Latest Practicable Date.

(iii) The Site

The Site comprises a piece of land situated at Sha Tin Town Lot No. 579 at Area 56A Kau To, Sha Tin, New Territories, Hong Kong. It is located along the middle range of Lai Ping Road in Kau To, New Territories. The area in which the Site is situated is regarded as a medium-density residential zone which is a newly developing area in Kau To of Sha Tin district. The registered site area of the Site is approximately 354,136 square feet. The Site, upon completion, will comprise houses, apartments, ancillary recreational facilities and car parking spaces. The total gross floor area of the proposed development is approximately 323,307 square feet (equivalent to approximately 30,036 square meter). As at the Latest Practicable Date, the development of the Site is substantially complete with buildings erected, and pre-sale consent for the residential properties in the Site was obtained on 7 November 2019 which the Group expects cash flow can be generated with the sale of the relevant residential blocks.

Financial Information of the Target Group

Set out below is the summary of certain unaudited financial information of the Target Group for the two financial years ended 30 June 2018 and 2019 as extracted from the Letter from the Board, respectively:

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

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As disclosed in the announcement of the Company dated 14 August 2015 (the “Disposal Announcement”), the Company indirectly held 10% interest in the Site through the holding of 100% interest in Wealth Anchor Investments Limited (“Wealth Anchor”) until the same was disposed to Clover Peak on 14 August 2015. As disclosed in the Disposal Announcement, the Group disposed of the indirect 10% interest in the Site because (i) the Site was at the preliminary stage of its development and would require significant further investment from the Group; and (ii) the holding of the indirect 10% minority interest was not consistent with the Group’s then strategy to concentrate on property and investment projects in which the Group has control and management. Hence the Group disposed of the 10% interest in the Site through disposal of 100% interest in Wealth Anchor to Clover Peak at the consideration of HK\$195,000,000 (the “2015 Disposal”).

However, the consideration for the 2015 Disposal is not directly comparable with the Consideration as the value of the Site at the time of the 2015 Disposal was substantially different from the value as at 31 August 2019. At the time of the 2015 Disposal, the Site was not yet developed whereas as at the Latest Practicable Date, the development of the Site is substantially complete with buildings erected, and given pre-sale consent for the residential properties in the Site was already obtained on 7 November 2019, the Group expects cash flow can be generated with the sale of the relevant residential blocks.

Reasons for and benefits of the Proposed Acquisition

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. The Group disposed of its indirect 10% interest in the Site in 2015 for reasons set out in the Disposal Announcement. Having considered that the development of the Site is substantially complete with buildings erected, the Group considers no further substantial investment is required from the Group for the purpose of developing the Site, this reduces the uncertainty the Group faced prior to the 2015 Disposal when the Site was still in its preliminary stage of investment. Further, given the pre-sale consent for the residential properties in the Site has been obtained on 7 November 2019, the Group expects cash flow can be generated with the sale of the relevant residential blocks.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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.

We also noted that the Proposed Acquisition is in line with the business development strategies and planning of the Group, which according to the 2019 Annual Report, involves adjusting their property portfolio with a view to optimize returns through investing in other major projects by way of joint ventures to mitigate risks and financial outlays. Although the subject of the Proposed Acquisition comprised of the Sale Shares and Sale Loan, the Management considered that the Proposed Acquisition, in substance, is an investment in a property development project. Given the Joint Venture Company's primary objective is to manage, develop and monetize the property development project at the Site, which pre-sale consent for the residential properties in the Site was already obtained on 7 November 2019, the Group expects cash flow can be generated with the sale of the relevant residential blocks.

For our detailed work performed in relation to the Proposed Acquisition, please refer to the section headed "4. Our analysis on the valuation reports" in this letter.

3. Terms of the Sale and Purchase Agreement

Set out below are the principal terms of the Sale and Purchase Agreement as extracted from the Letter from the Board:

(a) **Date:** 23 August 2019

(b) **Parties:**

Purchaser: Grand Palace Global Limited, an indirect wholly-owned subsidiary of the Company

Vendor: Well Perfection Limited

Guarantor: Mr. Pang

(c) **Asset 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 Latest Practicable Date, the Target Company indirectly holds 10% interest in the Site.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(d) 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 based on the valuation amount of the Site as at 30 June 2019 of approximately 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 in the aggregated amount of approximately HK\$112,977,000. 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 manner:

- (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 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. As at the Latest Practicable Date, the Company is not aware of any circumstance which has a material adverse effect on the value of the Site which may trigger the Adjustment.

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

Basis of determination of the Consideration

As set out in the Letter from the Board, the Consideration was determined after arm’s length negotiation 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 in the Circular; (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 Property Valuation of the Site conducted by the property valuer and the Business Valuation conducted by the business valuer are set out in Appendix I and Appendix II to the Circular, respectively. Based on the Property Valuation and the Business Valuation, the market value of the Site and the 40% equity interest of the Target Company as at 31 August 2019 were approximately HK\$7,040,000,000 and approximately HK\$49,546,000, respectively.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

4. Our analysis on the valuation reports

As set out in the Letter from the Board, the Consideration for the acquisition of the Sale Shares and the Sale Loan is HK\$119,911,000, and as advised by the Management, (i) the Sale Loan is on a dollar-for-dollar basis and the consideration for the Sale Shares, being approximately HK\$42,911,000, represents a discount of approximately 13.4% to the Business Valuer's appraised value of the 40% equity interest in the Target Company of approximately HK\$49,546,000.

4.1 *Property Valuation*

In assessing the fairness and reasonableness of the Property Valuation, we have considered the following:

(i) *Background of the Property Valuer*

In assessing the Consideration, we have reviewed and discussed with Knight Frank Petty Limited, the independent property valuer for the Group in respect of the valuation of the Site (the "Property Valuer"), the methodology of, and basis and assumptions adopted for, the valuation of the properties owned by the Target Group as set out in the independent property valuation report in Appendix I to the Circular (the "Property Valuation Report").

We have discussed with the engagement team of the Property Valuer as to its expertise, property valuation experience (further details of which are set out in the Property Valuation Report) and its scope of work and valuation procedures conducted in relation to the Site. The Property Valuer has confirmed its independence and we noted that the personnel in charge of the valuation engagement had over 20 years of experience in property valuation in among others, Hong Kong and Macau. We also noted that the Property Valuer carried out a site visit in February 2019 to inspect the Site, investigated the title of the property interest by obtaining land search record from the Land Registry. Based on the above, we are satisfied that the Property Valuer is qualified for giving its opinion as set out in the Property Valuation Report taken into account its relevant experiences and expertise, its independence, and its scope of work and valuation procedures conducted.

(ii) *Valuation assumption and methodology*

As stated in the Property Valuation Report, the Property Valuer was given instruction by the Company to conduct a valuation of the Site. The Property Valuation has been prepared in accordance with the HKIS Valuation Standards 2017 and the RICS Valuation — Global Standards 2017.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(a) Valuation methodology

According to our discussion with the Property Valuer, we understand that the Property Valuer has adopted the market approach by making reference to recent market sales evidence in the market with appropriate adjustments made to reflect differences between the property interests in the Site and the comparable properties. It was also assumed those properties in the Site would be completed in accordance with the proposed development scheme given by the Company and ready for immediate occupation as at the valuation date. We also understand the Property Valuer has considered the costs of development such as the construction costs and the costs incurred provided by the Company, finance costs and professional fees.

(b) Valuation assumptions

Please refer to Appendix I to the Circular for the detailed description of the valuation assumptions of the Property Valuation Report.

We have discussed with the Property Valuer regarding the aforesaid assumptions and noted that they are normal assumptions in relation to the valuation of real property assets.

(iii) Our work performed

We have reviewed the Property Valuation Report and discussed with the Property Valuer regarding the methodology adopted as well as the Property Valuer's experience in conducting such valuation. We understand that market approach has been adopted by the Property Valuer and such approach is commonly used for determining the market value of Site which is under the development stage as at the valuation date.

We have also reviewed the gross development value applied by Property Valuer in its estimation of the market value of the Site. We understand that as the Site was still under development as at the valuation date, in order to estimate at the market value of the Site, the Property Valuer has to first estimate the gross development value of the Site assuming the proposed development of the Site was completed, being approximately HK\$8,400,000,000 as per the Property Valuation Report, before applying adjustments based on the actual development progress of the Site with reference to the total estimated construction costs and the actual cost incurred as at the valuation date to arrive at the market value of the Site.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We further noted from the Property Valuation Report that the gross development value of the Site assuming the proposed development on the Site was completed was estimated with reference to surrounding property transactions in Kau To Shan in 2018 and 2019. Based on the Property Valuer's research, the net saleable floor area price per square foot ("sq. ft.") of the surrounding property transactions in Kau To Shan ranged from (i) approximately HK\$25,000 per sq. ft. to approximately HK\$41,000 per sq. ft. for house transactions; and (ii) approximately HK\$25,000 per sq. ft. to approximately HK\$34,000 per sq. ft. for flat transactions, subject to the size and characteristics of the relevant properties. As advised by the Management, approximately 74.0% and 26.0% of the net saleable floor area of the Site are attributable to houses and apartments, respectively. As set out in the Property Valuation Report and based on information provided by the Management, the Site will provide a total gross floor area of approximately 323,307 sq. ft. and a total net saleable floor area of approximately 331,600 sq. ft., with an implied price per sq. ft. of net saleable floor area of approximately HK\$25,300 for the Site, which is within range of the comparable market transactions reviewed by the Property Valuer.

We have also obtained confirmation from the Property Valuer that it is independent from the Group and its core connected persons as well as the Vendor and the Target Group as at the Latest Practicable Date. In addition, we have also reviewed the terms of engagement of the Property Valuer, and the Property Valuer has confirmed that its scope of work in connection with the Property Valuation Report is appropriate to the opinion required to be given under the relevant Listing Rules. In addition, the Property Valuer confirmed that there were no limitations on its scope of work which may adversely impact on the degree of assurance given by the Property Valuation Report.

Based on the work conducted by us, we concur with the Property Valuer that the valuation methodology adopted and the valuation assumptions of the Property Valuation Report are fair and reasonable. However, Shareholders should note that since the Property Valuation involves various bases and assumptions, it may or may not accurately reflect the true market value of the Site.

Having considered that (a) our work and analysis as set out above; and (b) the Property Valuation has been prepared in accordance with the HKIS Valuation Standards 2017 and the RICS Valuation — Global Standards 2017, we are of the view that the Property Valuation is an appropriate valuation reference point to assess the fairness and reasonableness of the Consideration.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

4.2 *Business Valuation*

In assessing the fairness and reasonableness of the Business Valuation, we have considered the following:

(i) *Experience of the Business Valuer and its engagement*

In assessing the Consideration, we have reviewed and discussed with CH Global Valuation & Advisory Services Limited, the independent valuer for the Group for the valuation of the Target Group business (the “Business Valuer”), the methodology of, and basis and assumptions adopted for, the valuation of the Target Group as set out in the valuation report in Appendix II to the Circular (the “Business Valuation Report”).

We have discussed with the Business Valuer as to its expertise, business valuation experience (further details of which are set out in the Business Valuation Report) and its scope of work and valuation procedures conducted in relation to the fair value of the Target Group. The Business Valuer has confirmed its independence and we noted that the personnel in charge of the Business Valuation has 9 years of experiences in valuation in the PRC and Hong Kong.

In addition, we also note that the Business Valuer has reviewed the following documents including but not limited to (a) the Property Valuation Report; and (b) the unaudited statements of financial position of each of the Target Company and the Joint Venture Company as at 31 August 2019. Based on the above, we are satisfied that the Business Valuer is qualified for giving its opinion as set out in the Business Valuation Report taken into account its relevant experience and expertise, its independence, and its scope of work and valuation procedure conducted.

(ii) *Valuation assumption and methodology*

As stated in the Business Valuation Report, the Business Valuer was given instruction by the Company to conduct on a fair value basis of the 40% equity interests in the Target Company as at 31 August 2019. As the Business Valuation is compiled with the RICS Valuation — Professional Standards published by the Royal Institution of Chartered Surveyors and International Valuation Standards published by the International Valuation Standards Council.

(a) *Valuation methodology*

According to our discussion with the Business Valuer, in performing the business valuation, the Business Valuer has considered three generally accepted valuation approaches, namely, the asset/cost approach, the market approach and the income approach. As the Target Company is an investment holding company which holds property under development (i.e. the Site) and the Target Company did not record any operating income from the last two financial years attributable to the Site, on this basis, we understand that the Business Valuer considered the use of income approach to be inappropriate.

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In addition, we also understand from the Business Valuer that it has also considered market approach to be not appropriate as there are insufficient comparable companies in the market. As a result, we understand that the Business Valuer has adopted the asset approach in valuing the equity interest in the Target Company, with fair value adjustment for the Joint Venture Company that is adjusted with reference to the Property Valuation.

In addition, we have discussed with the Business Valuer and we understand from the Business Valuer that in valuing a minority interest, a minority discount is usually applied to the value of the entire equity interests of the subject company with reference to a control premium determined by the valuer to reflect the absence of control of the minority interests. We understand as the Target Company only indirectly hold 10% market value of the Joint Venture Company, a 25% minority discount has been applied to reflect the absence of control the Target Company has on the Joint Venture Company. We understand in determining the percentage of minority discount applied, the Business Valuer has taken into consideration a published article on the International Journal of Business and Management published by the Canadian Centre of Science and Education and the percentage of minority interests held by the Target Company (i.e. 10%). In order to assess whether the 25% minority discount is fair and reasonable, we have reviewed published circulars of listed companies in Hong Kong which involved transactions whereby a minority discount or control premium was applied in the valuation of the subject companies from 24 May 2019 (being three months prior to the date of the Sale and Purchase Agreement) up to and including the Latest Practicable Date. Based on the above criteria, we have identified a list of 15 transactions (the “Reference Transactions”). Based on the Reference Transactions, the range of implied minority discount, calculated using the discount for lack of control (“DLOC”) formula⁵, ranged from approximately 4.8% to 27.7%, of which the minority discount applied by the Business Valuer of 25% falls within range. Furthermore, the Business Valuer has advised that the DLOC formula is a commonly adopted formula in calculating minority discounts. On this basis, we are of the view that the minority discount applied by the Business Valuer is reasonable.

⁵ The implied minority discount is derived from the control premiums applied by the independent valuers set out in the circulars based on the formula as below:

$$\text{Minority discount} = \frac{1}{(1 + \text{control premium})}$$

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(b) Valuation assumptions

Please refer to Appendix II to the Circular for the detailed description of the valuation assumptions of the Business Valuation Report.

We have discussed with the Business Valuer regarding the aforesaid assumptions and noted that they are normal assumptions in relation to the 40% equity interests in the Target Company.

(iii) *Our work performed*

We have reviewed the Business Valuation Report and discussed with the Business Valuer the methodology adopted as well as the Business Valuer's experience in conducting such valuation. We understand that the asset approach has been adopted in by the Business Valuers in its Business Valuation and such approach is commonly used for valuing a company with the Target Company's characteristics. The Business Valuer has also confirmed that it is independent from the Group and its core connected persons, the Vendor and the Target Group as at the Latest Practicable Date. In addition, we have also reviewed the terms of engagement of the Business Valuer, and the Business Valuer has confirmed that its scope of work in connection with the Business Valuation Report is appropriate to the opinion required to be given under the relevant Listing Rules. In addition, the Business Valuer confirmed that there were no limitations on its scope of work which may adversely impact on the degree of assurance given by the Business Valuation Report.

Based on the work conducted by us, we concur with the Business Valuer that the valuation methodology adopted and the valuation assumptions of the Business Valuation are fair and reasonable. However, Shareholders should note that since the Business Valuation and the Property Valuation involve various bases and assumptions, it may or may not accurately reflect the true market value of the Site.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

4.3 *Summary*

In light of (i) the Business Valuation has taken into consideration the information as set out in the Property Valuation; (ii) our work and analysis on the Property Valuation as set out under the section headed “4.1 Property Valuation” in this letter above; (iii) the Business Valuation was compiled in accordance with the RICS Valuation – Professional Standards published by the Royal Institution of Chartered Surveyors and International Valuation Standards published by the International Valuation Standards Council as per the Business Valuation Report; (iv) our work and analysis on the Business Valuation as set out above; (v) for illustration purposes, the value of the Site as agreed between the Vendor and the Purchaser of approximately HK\$232,888,000 represents a discount of approximately 14.9% to the proportional market value of the Site of approximately HK\$273,600,000 based on the preliminary valuation of the Site of approximately HK\$6,840,000,000 as at 30 June 2019; and (vi) the consideration for the Sale Shares represent a discount of approximately 13.4% to the Business Valuer’s appraised value of the 40% equity interest in the Target Company as at 31 August 2019 and the consideration for the Sale Loan is on a dollar-for-dollar basis, we consider the Consideration of the Proposed Acquisition to be fair and reasonable so far as the Independent Shareholders are concerned.

4.4 *Other factors*

As set out in the Letter from the Board and the Disposal Announcement, the Group disposed 100% of Wealth Anchor, which held 10% of the Joint Venture Company, which in turn held the Site at the relevant time, at a consideration of HK\$195,000,000 in the 2015 Disposal. As set out in the Disposal Announcement, the consideration for the 2015 Disposal was determined with reference to (i) Wealth Anchor’s unaudited net liabilities of approximately HK\$12,000 as at 31 March 2015 and an unaudited net loss of approximately HK\$5,000 for the year ended 31 March 2015; (ii) the then valuation of the Site, being HK\$3.15 billion as at 7 August 2015, according to an independent valuation performed by A.G. Wilkinson & Associates (Surveyors) Limited, of which 10% interest, HK\$315 million, is held by Wealth Anchor; and (iii) the amount of loan advanced by the Joint Venture Company of approximately HK\$1.2 billion in relation to the Site. We noted from the Disposal Announcement that the reasons for the 2015 Disposal included the Company was of the view that it was in the benefit of the Group to concentrate on property development and investment projects which the Group has control or management. As the development of the Site was still at preliminary stage, it was anticipated that the Company would have to make significant amount of investment in the future. Furthermore, the net proceeds from the 2015 Disposal would be used by the Group for general working capital purpose. In addition, we also noted from the annual report of the Company for the year ended 31 March 2015 that (i) the Group was in a net debt position of approximately HK\$1,339.9 million as at 31 March 2015, representing total debts of approximately HK\$2,633.0 million less total of pledged bank deposits and bank balances and cash of approximately HK\$1,293.1 million; (ii) the Group’s gearing ratio, being the proportion of net interest bearing debts to equity attributable to shareholders of the Company was approximately 0.85; and (iii) the finance costs of the Group for the year ended 31 March 2015 amounted to approximately HK\$39.7 million.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Having considered, (i) the Group's strategy at the time of the 2015 Disposal is different from its current strategy; (ii) the financial position and status of the Group back in 2015 is substantially different when compared to the Group's financial position as at 31 March 2019, which has been analysed under the section headed "2. Principal business and the financial information of the Group" in this letter above, in particular the liquidity position and cash requirements as at the relevant time; (iii) the financial position of the target company under the 2015 Disposal and the Proposed Acquisition; (iv) the status of the Site at the time of the 2015 Disposal, being at the early stages of development, compared to the status of the Site as at the Latest Practicable Date, which the pre-sale consent for the residential properties in the Site has already been obtained on 7 November 2019; (v) the substantial difference in the risks associated with the Site as an investment at the time of the 2015 Disposal and as at the Latest Practicable Date; (vi) the amount of investment required to complete the Site at the time of the 2015 Disposal and as at the Latest Practicable Date; and (vii) the appraised value by the respective independent valuer at the time of the 2015 Disposal and for the Proposed Acquisition are substantially different, we are of the view that the consideration for the 2015 Disposal is not an appropriate reference point for assessing fair and reasonableness of the Consideration for the Proposed Acquisition.

5. Possible financial effects of the Proposed Acquisition

Upon completion of the Proposed Acquisition, the Company's interest in the Target Company shall increase from nil to 40% and therefore each of the Target Company and its subsidiary will be accounted for as an associate of the Company thereafter. In addition, the Company would also recognise the Sale Loan upon Completion. Given the Consideration shall be settled in cash, the cash position of the Group will be reduced by the same amount as the Consideration in addition to any related fees incurred.

The Management also advised that an one-off gain is expected to be recognised as a result of acquiring the Sale Shares at a discount to the Business Valuation, the amount of which should be subject to audit and the financial position of the Target Company upon Completion.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

RECOMMENDATION

Having considered the aforementioned factors and reasons, in particular that (i) the Proposed Acquisition is in line with the prevailing business development strategies and planning of the Group; (ii) the information and analysis as set out under the section headed “1. Overview of the economy and property market”; (iii) the consideration of the Sale Shares represents a discount of approximately 13.4% to the fair value of the 40% equity interests in the Target Company as at 31 August 2019 based on the Business Valuation; (iv) the pre-sale consent for the residential properties in the Site was already obtained on 7 November 2019 and cash inflow is expected to be recorded by the Joint Venture Company from the sale of the relevant residential blocks thereafter; and (v) the expected financial effects of the Proposed Acquisition as set out under the section headed “5. Possible financial effects of the Proposed Acquisition” in this letter, we are of the view that (i) the Proposed Acquisition is in the ordinary and usual course of the business of the Group; (ii) the Proposed Acquisition is in the interests of the Company and the Shareholders as a whole; and (iii) the terms of the Proposed Acquisition are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned.

Accordingly, we advise the Independent Board Committee to recommend, and we recommend, the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Sale and Purchase Agreement and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
Red Sun Capital Limited

Lewis Lai
Managing Director

Note: Mr. Lewis Lai is a licensed person registered with the Securities and Future Commission of Hong Kong and a responsible officer of Red Sun Capital Limited to carry out type 6 (advising on corporate finance) regulated activities under the SFO and has around 13 years of experience in corporate finance industry.

The following is the text of a valuation report prepared for the purpose of incorporation in this circular received from Knight Frank Petty Limited, an independent valuer, in connection with their valuation as at 31 August 2019 of the property interest held by the Target Group.



Knight Frank Petty Limited
4th Floor, Shui On Centre
6-8 Harbour Road
Wan Chai, Hong Kong

28 November 2019

The Board of Directors
Asia Allied Infrastructure Holdings Limited
C1, 5th Floor, Hong Kong Spinners Industrial Building Phase 1
601-603 Tai Nan West Street
Cheung Sha Wan, Kowloon
Hong Kong

Dear Sirs,

**Valuation in Respect of
Sha Tin Town Lot No.579 Area 56A Kau To, Sha Tin, New Territories (the “Property” or
“Property Interest”)**

In accordance with the instructions from Asia Allied Infrastructure Holdings Limited (hereinafter referred to as the “Company”) and its subsidiaries (hereinafter together referred to as the “Group”) to value the Property Interest, we confirm that we have made relevant enquiries and carried out searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Property Interest in its existing state as a development site as at 31 August 2019 (the “Valuation Date”) for public disclosure purposes. Our valuation is undertaken by the qualified valuer with relevant experiences as an independent valuer. Our valuation is prepared in unbiased and professional manner.

Basis of Valuation

In arriving at our opinion of market value, we followed “The HKIS Valuation Standards 2017” issued by The Hong Kong Institute of Surveyors (“HKIS”) and “The RICS Valuation — Global Standards 2017” issued by The Royal Institution of Chartered Surveyors (“RICS”). Under the said standards, market value is defined as:

“the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”

Market value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction), and without offset for any associated taxes or potential taxes.

Market value is also the best price reasonably obtainable in the market on the Valuation Date by the seller and the most advantageous price reasonably obtainable in the market on the Valuation Date by the buyer. This estimate specially excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of value available only to a specific owner or purchaser.

Our valuation complies with the requirements set out in “The HKIS Valuation Standards 2017” issued by HKIS, “The RICS Valuation — Global Standards 2017” issued by RICS and Chapter 5 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Our valuation is based on 100% of the leasehold interest of the Property Interest.

Valuation Methodology

In forming our opinion of market value of the Property Interest, we have adopted market approach by making reference to sales evidences available in the market to arrive at the gross development value of the Property Interest. Such sales evidences include primarily four property development projects at Lai Ping Road, Kau To Shan, namely (i) Mount Regalia; (ii) La Cresta; (iii) La Vetta and (iv) Le Cap. The market value of the Property Interest was then derived based on the gross development value after taking into account the total estimated construction costs and professional fees and actual construction costs and professional fees incurred as at the Valuation Date. Appropriate adjustments have been made for any differences in the characteristics between the Property Interest and the comparable properties. We have also assumed the Property Interest will be completed in accordance with the proposed development scheme given by the Group and ready for immediate occupation as at the Valuation Date with all relevant approvals for the scheme have been obtained.

Valuation Assumptions and Conditions

Our valuation is subject to the following assumptions and conditions:—

Title Documents and Encumbrances

We have taken reasonable care to investigate the title of the Property by obtaining land search records from the Land Registry, if not available, with reference to the title documents or other documents of title as provided. We have not, however, searched the original documents to verify ownership or to ascertain the existence of any amendment which does not appear on the copies handed to us. We however do not accept any liability for any interpretation which we have placed on such information that is more properly the sphere of your legal advisers. In our valuation, we have assumed a good and marketable title and that all documentation is satisfactorily drawn. We have also assumed that the Property Interest is not subject to any unusual or onerous covenants, restrictions, encumbrances or outgoings.

Disposal Costs and Liabilities

No allowance has been made in our report for any charges, mortgages or amounts owing on the Property Interest nor for any expenses or taxation which may be incurred in effecting a sale.

Source of Information

We have relied to a very considerable extent on information given by the Group. We have accepted advice given to us on such matters as planning approval, statutory notice, easement, tenure, floor plans, floor areas, number of carparking spaces and all other relevant matters. We have not verified the correctness of any information, including their translation supplied to us concerning the Property Interest, whether in writing or verbally by yourselves, your representatives or by your legal or professional advisers or by any (or any apparent) occupier of the Property Interest or contained on the register of title. We assume that this information is complete and correct.

Inspection

The external inspection of the Property Interest was undertaken on 25 February 2019 by a qualified valuer, Ms. Catherine Cheung, MRICS MHKIS RPS(GP) RICS Registered Valuer.

Identity of the Property Interest to be Valued

We have exercised reasonable care and skill to ensure that the Property Interest is the property inspected by us and contained within our valuation report. If there is ambiguity as to the property address, or the extent of the property interest to be valued, this should be drawn to our attention in your instructions or immediately upon receipt of our report.

Property Insurance

We have valued the Property Interest on the assumption that, in all respects, it is insurable against all usual risks including terrorism, flooding and rising water table at normal, commercially acceptable premiums.

Site Boundary

We were not able to delineate the exact boundary of the Property Interest nor were we able to carry out detailed site measurements to verify the correctness of the site area of the Property Interest. Nevertheless, we have based on the site area of the Property Interest as obtained from the government records in preparing our valuation.

Areas

In our valuations, we have relied upon areas provided to us. We have also assumed that the site areas, measurements and dimensions shown on the documents handed to us are correct and in approximations only.

Structural and Services Condition

We have not undertaken any structural surveys, tested the services or arranged for any investigations to be carried out to determine whether any deleterious materials have been used in the construction of the Property Interest. Our valuation has therefore been undertaken on the basis that the services, including but not limited to the drain, waterway or watercourse, water main, sewer, cable, wire and pipe and other utility services, etc to the Property Interest was approved and connected and the services functioned satisfactorily.

Ground Condition

We have assumed there to be no unidentified adverse ground or soil conditions and that the load bearing qualities of the site of the Property Interest are sufficient to support the building constructed or to be constructed thereon; and that the services are suitable for any existing or future development. Our valuation is therefore prepared on the basis that no extraordinary expenses or delays will be incurred in this respect.

Environmental Issues

We are not environmental specialists and therefore we have not carried out any scientific investigations of sites or buildings to establish the existence or otherwise of any environmental contamination, nor have we undertaken searches of public archives to seek evidence of past activities that might identify potential for contamination. In the absence of appropriate investigations and where there is no apparent reason to suspect potential for contamination, our valuation is prepared on the assumption that the Property Interest is unaffected. Where contamination is suspected or confirmed, but adequate investigation has not been carried out and made available to us, then the valuation will be qualified.

Compliance with Relevant Ordinances and Regulations

We have assumed that the Property Interest was constructed, occupied and used in full compliance with, and without contravention of any Ordinances, statutory requirement and notices except only where otherwise stated. We have further assumed that, for any use of the Property Interest upon which this report is based, any and all required licences, permits, certificates, consents, approvals and authorisations have been obtained, except only where otherwise stated.

Land Premium

We have assumed that the land premium of the Property Interest was completely settled as at the Valuation Date.

Remarks

In our valuations, Knight Frank has prepared the valuation based on information and data available to us as at the Valuation Date. While current market is influenced by various policies and regulations, increased complexity in social movements and international trade tensions geopolitics, has also resulted in more fluctuations in real estate market. It must be recognised changes in policy direction, mortgage requirements, social and international tensions could be immediate and have sweeping impact on the real estate market apart from typical market variations. It should therefore be noted that any market violation, policy, geopolitical and social changes or other unexpected incidents after the Valuation Date may affect the value of the Property.

Currency

Unless otherwise stated, all monetary figures in this valuation report will be in Hong Kong Dollars (HK\$).

Area Conversion

The area conversion factors in this report are taken as follows:

1 sq m = 10.764 sq ft

We enclose herewith our valuation report.

Yours faithfully
For and on behalf of
Knight Frank Petty Limited

Catherine Cheung
MRICS MHKIS RPS(GP)
RICS Registered Valuer
Director, Valuation & Advisory

Thomas Lam
FRICS FHKIS RPS(GP)
RICS Registered Valuer
Executive Director, Head of Valuation & Advisory

Notes: Thomas Lam is a qualified valuer who has over 19 years of extensive experiences in market research, valuation and consultancy in the PRC, Hong Kong, Macau and Asia Pacific region.

Catherine Cheung has been a qualified valuer with Knight Frank since 1992 and has over 20 years' experience in the valuation of properties in Hong Kong and Macau.

VALUATION

Property Interest held by the Group for development

Property	Description and tenure	Particulars of occupancy	Market value in existing state as a development site as at 31 August 2019
Area 56A Kau To, Sha Tin, New Territories Sha Tin Town Lot No. 579 (“STTL 579”)	<p>The Property comprises a development site with a site area of 354,136 sq ft (32,900 sq m) or thereabouts.</p> <p>The Property is situated at the upper middle section of Lai Ping Road, overlooking the traditional Kau To Shan residential developments of Sha Tin in New Territories. The immediate location is a developing residential area with various mid to high-end large scale private residential developments being developed or newly built. It is estimated that about 1,500 residential flats and 230 houses within 8 developments will be provided in the locality.</p> <p>A private residential development with ancillary recreational and car parking facilities is being constructed on the Property. Upon completion, the proposed development will provide a total gross floor area of approximately 323,307 sq ft (30,035.943 sq m) as per the approved building plans and a total saleable area of approximately 331,600 sq ft (30,800 sq m) as per the information provided by the Group.</p> <p>The proposed development on the Property will comprise 56 houses and 48 apartments in 2 residential towers erected over a carparking podium.</p>	As advised by the Group, the Property is a development site in its final stage of construction. The pre-sale consent of the Property has been granted on 7 November 2019.	HK\$7,040,000,000 (Hong Kong Dollars Seven Billion Forty Million)

Property	Description and tenure	Particulars of occupancy	Market value in existing state as a development site as at 31 August 2019
	As advised by the Company, the tentative dates of obtaining Occupation Permit and Certificate of Compliance are in 4th quarter of 2019.		
	STTL 579 is held under New Grant No. 21660 for a term of 50 years from 2 October 2013 at an annual rent equivalent to 3% of the rateable value for the time being of the Property.		

Notes:

- (1) According to the record obtained from the Land Registry, as at the Valuation Date, the registered owner of the Property Interest was Golden Concept Development Limited.
- (2) As at the Valuation Date, the Property Interest was subject to the debenture and mortgage (the “Deed”) vide a memorial no 14021902240158 dated 27 January 2014 in favour of The Bank of East Asia, Limited in its capacity as agent for the benefit of the Finance Parties (as defined in the Agreement (as defined hereinafter) dated 27 January 2014) (the “Agent”) to secure all moneys and sums whatsoever which are or shall or may be or become due or owing or payable by the mortgagor to the Finance Parties under the facility agreement dated 27 January 2014 made between (1) Golden Concept Development Limited (the “Mortgagor”); (2) the Mandated Coordinators named therein; (3) the Lenders named therein; and (4) the Agent (the “Agreement”), and all moneys and sums whatsoever which are or shall or may be or become due or owing or payable by the mortgagor to the Finance Parties under or pursuant to all the other Finance Documents (as defined in the Agreement) to which the mortgagor is a party including the Deed.

As per the assumptions and conditions stated in page I-2 & I-3, no allowance has been made in our valuation for any charges, mortgages or amounts owing on the Property Interest nor for any expenses or taxation which may be incurred in effecting a sale and the Property Interest is not subject to any unusual or onerous covenants, restrictions, encumbrances or outgoings.

- (3) As at the Valuation Date, the Property Interest was situated within an area zoned for “Residential (Group B)” uses under Approved Sha Tin Outline Zoning Plan No. S/ST/34 dated 29 May 2018.

- (4) Uses and development of the Property Interest were governed by the conditions stipulated in New Grant No. 21660. While the entire document shall be noted, the salient conditions for the restrictions on the use and development are summarised below:—
- a. The development shall be completed and made fit for occupation on or before the 31st day of December 2019.
 - b. The Property Interest shall not be used for any purpose other than for private residential purposes.
 - c. The total gross floor area of any building(s) erected or to be erected on the Property Interest shall not be less than 193,989 sq ft (or 18,022 sq m which was stipulated on the lease conditions) and shall not exceed 323,308 sq ft (or 30,036 sq m which was stipulated on the lease conditions).
- (5) In determining the market value of the Property Interest, we have taken into account the total estimated construction costs and professional fees and the construction costs and professional fees incurred as at the Valuation Date by the Company which are about HK\$2.45 billion and HK\$1.91 billion respectively.
- (6) The gross development value of the proposed development on the Property Interest, assuming it was completed as at the Valuation Date, was approximately HK\$8,400,000,000.
- (7) In the course of our valuation, we have made certain assumptions which collectively may have a material impact on our valuation and these are noted as follows:—
- a. The Property Interest is vested by the registered owner and can be fully transferred, mortgaged and developed by the registered owner without any restrictions;
 - b. The land premium has been fully settled;
 - c. The Property Interest will be developed into a residential development according to the proposed development scheme;
 - d. All such approvals, permits and consents required including planning approval, building plan approval, construction permit, etc. were or will be obtained from the relevant government authorities without onerous conditions and delays for the construction of the proposed development; and
 - e. The proposed development will be completed to a good condition and ready for immediate occupation with the benefit of vacant possession and all such approvals, permits and consents required including occupation permit, certificate of compliance, etc. will be obtained from the relevant government authorities without onerous conditions and delays for the occupation of the proposed development.

The following is the text of a valuation report, prepared for the purpose of incorporation in this circular received from CH Global Valuation & Advisory Services Limited, an independent valuer, in connection with its valuation as at 31 August 2019 of the equity interest held by the Target Group.



CH Global Valuation & Advisory Services Limited
Room 1101, 11/F, Leighton Centre,
77 Leighton Road,
Causeway Bay, Hong Kong
Telephone: +852 2894 6888

Our Reference: CHGV/3088a/2019

Date: 28 November 2019

The Board of Directors

Asia Allied Infrastructure Holdings Limited

C1, 5th Floor, Hong Kong Spinners Industrial Building Phase 1,
601-603 Tai Nan West Street, Cheung Sha Wan,
Kowloon, Hong Kong

Dear Sirs,

RE: Business Valuation of 40% Equity Interest in Clover Peak Limited

In accordance with an instruction from Asia Allied Infrastructure Holdings Limited (“Asia Allied” or the “Instructing Party”), we hereby provide this valuation report on the fair value basis of 40% equity interest (“Equity Interest”) in Clover Peak Limited (“Clover Peak” or the “Company”) as at 31 August 2019 (the “Valuation Date”).

We confirm that we have made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion on the Equity Interest of the Company. This valuation is complied with the RICS Valuation — Professional Standards published by the Royal Institution of Chartered Surveyors (“RICS”) and International Valuation Standards (“IVS”) published by the International Valuation Standards Council.

1. PURPOSE OF VALUATION

The purpose of this report is to express an independent opinion on the market value of the Equity Interest of Clover Peak for Instructing Party’s public circular purpose only.

2. SCOPE OF WORK

By conducting this valuation exercise, we have:

- coordinated with the Instructing Party’s representatives to obtain the required information and documents for our valuation;
- gathered the relevant information of the Company, including the legal documents, licenses and financial statements, etc. made available to us;
- discussed with the senior management of the Instructing Party (the “Management”) to understand the history, business model, operations and business development plan, etc. of the Company for valuation purpose;
- carried out researches in the sector concerned and collected relevant market data from reliable sources for analysis;
- investigated into the information of the Company made available to us and considered the basis and assumptions of our conclusion of value;
- designed an appropriate valuation model to analyze the market data and derived the Equity Interest of the Company; and
- compiled a report on the valuation, which outlines our findings, valuation methodology and assumptions, and conclusion of value.

When performing our valuation, all relevant information, documents, and other pertinent data concerning the assets, liabilities and contingent liabilities should be provided to us. We relied on such data, records and documents in arriving at our opinion of value and had no reason to doubt the truth and accuracy of the information provided to us by the Company, the Instructing Party and its authorized representatives.

3. BACKGROUND OF CLOVER PEAK

Clover Peak holds 100% Equity Interest in Wealth Anchor Investments Limited (“Wealth Anchor”) which holds 10% Equity Interest in Golden Concept Development Limited (“Golden Concept”). Golden Concept is engaged in property development and holds a property under development located in Sha Tin Town Lot 579, Area 56A, Kau To, Sha Tin, New Territories. The property is a development site in its final stage of construction.

4. VALUATION METHODOLOGY

In carrying out this valuation practice, there are three generally accepted valuation approaches in valuation of the Equity Interest of the Company:

4.1 Asset Approach (or Cost Approach)

Asset approach (or known as cost approach) is an asset-based rather than a market-oriented method. It requires valuing the business or the balance sheet items on an individual basis to add up to the total valuation of the Equity Interest.

Under this approach, the expenses or costs on replacing or re-acquiring individual items or parts are estimated by valuers on an itemized basis, thus arriving at the valuation of the Equity Interest of the Company.

4.2 Market Approach

Market approach is the most straightforward valuation method in determining the Equity Interest of the Company. Under this approach, valuers seek to identify the comparable companies for value comparison. The market approach provides an indication of value by comparing the asset with identical or comparable assets for which price information is available.

The market approach should be used as the primary basis for a valuation when the asset has recently been sold in a transaction appropriate for consideration under the basis of value and the asset or comparable assets are actively traded in public market.

4.3 Income Approach

Income approach is an income-oriented valuation method assuming that the investors may invest in alternative assets with similar characteristics but not necessarily identical with the subject asset.

Under the income approach, the enterprise value of the Company equals to the present value of the future expected income or economic benefit, which involves the principle of capitalisation. Generally, capitalisation is a process through which the expected benefit is discounted based on the required rate of return (risk factors). Then the Equity Interest of the Company is the enterprise value adjusted by debt, non-operating assets and cash.

4.4 Selection of Assessment Methodology

We consider that the income approach is not applicable for the valuation, as the Company is a holding company which holds property under development. Concrete financial projection is difficult to be made. We also consider that the market approach is not applicable for the valuation, as there are insufficient comparable companies in the market. Thus, we determine that the asset approach is the most appropriate valuation approach to value the Equity Interest of the Company. The property under development was evaluated using market-based approach by making reference to recent market sales evidences available in the market in order to determine the market value of the property under development. The balance sheet items on an individual basis were valued to add up to the total valuation of the Equity Interest of the Company.

5. SUMMARY OF BALANCE SHEET ITEMS OF GOLDEN CONCEPT

The book values and fair values of balance sheet items of Golden Concept as at the Valuation Date are shown as follow:

Balance Sheet Item	Book Value	Fair Value	Remark
Current assets			
Properties held for development	4,844,625	7,040,000	<i>Section 6</i>
Other current assets	222,067	222,067	
Total assets	5,066,692	7,262,067	
Total liabilities	5,089,540	5,089,540	
Net (liabilities)/assets	(22,848)	2,172,527	

Unit: HKD thousand

6. DISCUSSION ON FAIR VALUE ADJUSTMENT FOR GOLDEN CONCEPT

Properties held for development

Golden Concept is holding company which holds a development site located in Sha Tin Town Lot 579, Area 56A, Kau To, Sha Tin, New Territories. The development site is in its final stage of construction. The market value of the Property Under Development as at the Valuation Date is extracted from the property valuation report dated 28 November 2019 prepared by Knight Frank Petty Limited, property valuer engaged by the Instructing Party.

7. VALUATION OF EQUITY INTEREST IN GOLDEN CONCEPT

After fair value adjustment, the market value of 10% Equity Interest in Golden Concept as at the Valuation Date is shown as below:

Subject	Value	Formula
Market Value of 100% Equity Interest in Golden Concept	HKD2,172,527,000*	a
Minority Discount	25%	b
Market Value of 10% Equity Interest in Golden Concept	HKD162,940,000*	c = a x (1- b) x 10%

* Figure is rounded

As Wealth Anchor is holding 10% Equity Interest in Golden Concept, 25% minority discount is added to the calculation of the market value of 10% Equity Interest in Golden Concept. A minority discount is the reduction applied to the valuation of a minority equity position in a company due to the absence of control. Minority shareholders usually have the inability to dictate the future strategic direction of the company, the election of directors, the nature, quantum and timing of their return on investment, or even the sale of their own shares. This absence of control reduces the value of the minority equity position against the total enterprise value of the company.

8. SUMMARY OF BALANCE SHEET ITEMS OF CONSOLIDATED ACCOUNTS OF CLOVER PEAK AND WEALTH ANCHOR

The book values and fair values of balance sheet items of consolidated accounts of Clover Peak and Wealth Anchor as at the Valuation Date are shown as follow:

Balance Sheet Item	Book Value	Fair Value	Remark
Non-current assets			
Investment — Golden Concept			
Development Limited	160,962	162,940	Section 7
Other non-current assets	334,200	334,200	
Current assets			
Other current assets	1,011	1,011	
Total assets	496,173	498,151	
Total liabilities	374,286	374,286	
Net assets	121,887	123,865	

Unit: HKD thousand

9. VALUATION OF EQUITY INTEREST IN CLOVER PEAK

After fair value adjustment, the market value of 40% Equity Interest in Clover Peak is shown as below:

Subject	Value	Formula
Market Value of 100% Equity Interest in Clover Peak	HKD123,865,000*	a
Market Value of 40% Equity Interest in Clover Peak	HKD49,546,000*	b = a x 40%

* Figure is rounded

10. SOURCE OF INFORMATION

Our investigation covers the discussion with the Instructing Party's representatives, the collection of information including the details of the Company. We have considered, reviewed and relied upon the following key information provided by the Instructing Party, the Company and from the public:

- overview of the business nature of the Company;
- financial statements of the Company;
- an analysis of the competitive environment of the Company;
- discussions with the management of the Company; and
- Bloomberg database, and other reliable sources of market data.

We assume that the data obtained in the course of the valuation, along with the opinions and representations provided to us by the Instructing Party were prepared in reasonably care.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Instructing Party and the Company. We have also sought confirmation from the Instructing Party that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive an informed view, and we have no reason to suspect that any material information has been withheld.

11. VALUATION ASSUMPTIONS

The following assumptions have been adopted in the valuation:

- All licenses issued by any authorized entity that will materially affect the operation of the Company have been obtained or can be obtained upon request;
- There will be no material change in the political, legal, fiscal, technological, market and economic conditions in the jurisdiction where the Company operates;
- The market return, market risk, interest rates and exchange rates will not differ materially from those of present or expected;
- The core operation of the Company will not differ materially from those of present or expected;
- The information in respect of the Company have been prepared after due and careful consideration by the senior management of the Company; and
- There will be no human disruptions or natural disasters that will materially affect the operation of the Company.

12. DISCLAIMER AND LIMITATION

The service(s) provided by CH Global has been performed in accordance with professional appraisal standard. Our compensation is not contingent in any way upon our conclusions of value. We assume, without independent verification, the accuracy, of all data provided to us. We act as an independent contractor and reserve the right to use subcontractors. All files, working papers or documents developed by us during the course of the engagement are our property. We will retain this data for at least six years.

Our findings or conclusion of values in this report are valid only for the stated purpose and at the Valuation Date, and for the sole use of the Instructing Party. No reliance may be made by any third party without our prior written consent. You may show our report in its entirety to those third parties who need to review the information contained herein. No one should rely on our report as a substitute for their own due diligence. We or our personnel shall not be required to give testimony or attendance in court or to any government agency by reason of this report, and the valuer accepts no responsibility whatsoever to any other person.

This report and valuation shall be used only in its entirety and no part shall be used without making reference to the whole report. Our report is to be used only for the specific purpose stated herein and any other use is invalid. Except for financial reporting and auditing purposes, no reference to our name or our report, in whole or in part, in any document you prepare and/or distribute to third parties may be made without our written consent.

The valuation may not be used in conjunction with any other valuation or study. The value conclusion(s) stated in this valuation is based on the program of utilization described in the report, and may not be separated into parts. No change of any item in any of the valuation shall be made by anyone other than CH Global and we shall have no responsibility for any such unauthorized change.

Our liability for loss or damage shall be limited to such sum as we ought reasonably to pay having regard to our responsibility for the same on the basis that all other consultants and specialists, where appointed, shall be deemed to have provided to the Instructing Party contractual undertakings in respect of their services and shall be deemed to have paid to the Instructing Party such contribution as may be appropriate having regard to the extent of their responsibility for such loss or damage.

Any decision to purchase, sell or transfer any interest in the valuation subjects shall be the owners' sole responsibility, as well as the structure to be utilized and the price to be accepted.

Our liability for any loss or damage arising out of the action or proceedings aforesaid shall, notwithstanding the preceding provisions, in any event be limited to a sum not exceeding the charges paid to us for the portion of services or work products giving rise to liability. In no event shall we be liable for consequential, special, incidental or punitive loss, damage or expense (including without limitation, loss of profits, opportunity cost, etc.), even if it has been advised of their possible existence. For the avoidance of doubt our liability shall never exceed the lower of the sum calculated in accordance with the preceding provisions and the sum provided for in this clause.

The Instructing Party is required to indemnify and hold us and our personnel harmless from any claims, liabilities, costs and expenses (including, without limitation, attorney's fees and the time of our personnel involved) brought against, paid or incurred by us at a time and in any way based on the information made available in connection with our engagement except to the extent that any such losses, expenses, damages or liabilities are ultimately determined to be the result of gross negligence, misconduct, willful default or fraud of our engagement team in conducting its work. This provision shall survive even after the termination of this engagement for any reason.

We reserve the right to include your company/firm name in our client list, but we will maintain the confidentiality of all conversations, documents provided to us, and the contents of our reports, subject to legal or administrative process or proceedings. These conditions can only be modified by written documents executed by both parties.

No opinion is intended to be expressed for matters which require legal or other specialized expertise or knowledge, beyond that customarily employed by appraisers.

The selection of the price to be accepted requires consideration of factors beyond the information we will provide or have provided. An actual transaction involving the subject business might be concluded at a higher value or at a lower value, depending upon the circumstances of the transaction and the business, and the knowledge and motivations of the buyers and sellers at that time.

In all matters that may be potentially challenged by a Court or others, we do not take any responsibility for the degree of reasonableness of contrary positions that others may choose to take, nor for the costs or fees that may be incurred in the defense of our recommendations against such challenge(s). We will, however, retain our supporting work papers for your matter(s), and will be available to assist in active defense of our professional positions taken, at our then current rates, plus direct actual expenses and according to our standard professional agreement.

13. CONCLUSION

The conclusion of value is based on the accepted valuation procedures and practices that rely substantially on the use of numerous assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained.

While the assumptions and consideration of such matters are considered to be reasonable, they are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the control of the Instructing Party and/or CH Global.

Based on the valuation methodology adopted, we are of the opinion that the market value of 40% Equity Interest in Clover Peak Limited, as at 31 August 2019, was in the sum of **HKD49,546,000 (HONG KONG DOLLARS FORTY NINE MILLION FIVE HUNDRED AND FORTY SIX THOUSAND)**.

We hereby certify that we have neither present nor prospective interests in the Company or the value reported.

Yours faithfully,

For and on behalf of
CH Global Valuation & Advisory Services Limited

Kenson Yeung *CFA MRICS FRM CAIA MFin MPhil*
Principal

Remarks: Mr. Kenson Yeung is a Chartered Financial Analyst (CFA) charterholder, Member of the Royal Institution of Chartered Surveyors (MRICS), certified Financial Risk Manager (FRM) holder and Chartered Alternative Investment Analyst (CAIA) charterholder. He specializes in business valuation with over 9 years' experience in the industry.

Appendix — General Services Terms and Conditions

- 1. Reliance**

Unless otherwise documented in a separate reliance letter, this valuation is strictly and only for the use of the Reliant Party(ies) and for the Purpose specifically stated. No reliance may be made by any third party without our prior written consent. No one should rely on our report as a substitute for their own due diligence.
- 2. Integrity of the Whole Report**

This report and valuation, including this appendix, shall be used only in its entirety and no part shall be used without making reference to the whole report. The valuation may not be used in conjunction with any other valuation or study.
- 3. Verification**

We recommend that before any financial transaction is entered into based upon this valuation, you obtain verification of the information contained within our report and the validity of the assumptions you have adopted. We would advise you that whilst we have valued the Subject(s) reflecting current market conditions, there are certain risks, which may be or may become uninsurable. Before undertaking any financial transaction based upon this valuation, you should satisfy yourselves as to the current insurance cover and the risks that may be involved should an uninsured loss occur.
- 4. Confidentiality**

The contents of this valuation and report are confidential to the party to whom they are addressed for the specific purpose to which they refer and are for their use only. No responsibility will be accepted or assumed to any third party who may use or rely on the whole or any part of our valuation.
- 5. Publication**

Neither the whole nor any part of this valuation may be published in any document, statement, circular or otherwise by any party other than CH Global, nor in any communication with any third party, without the prior written approval from CH Global, and subject to any conditions determined by CH Global, including the form and context in which it is to appear.
- 6. Status of Valuer**

We certify that the valuer(s) who handled this valuation is competent and authorised to practise as an External Valuer. The valuer does not have a pecuniary interest, financial or otherwise, that could conflict with the proper valuation and is in a position to provide an objective and unbiased valuation. Our compensation is not contingent in any way upon our conclusions of value.

- 7. Challenge from Court** We or our personnel shall not be required to give testimony or attendance in court or to any government agency by reason of this report, and the valuer accepts no responsibility whatsoever to any other person. In all matters that may be potentially challenged by a Court or others, we do not take any responsibility for the degree of reasonableness of contrary positions that others may choose to take, nor for the costs or fees that may be incurred in the defence of our recommendations against such challenge(s). We will, however, retain our supporting work papers for your matter(s), and will be available to assist in active defence of our professional positions taken, at our then current rates, plus direct actual expenses and according to our standard professional agreement.
- 8. Extent of Our Investigations** We are not engaged to carry out all possible investigations in relation to the Subject(s). We assume, without independent verification, the accuracy, of all data provided to us from the Instructing Party(ies) and its agents/representative. Where in our report we identify certain limitations to our investigations, this is to enable the Instructing Party(ies)/Reliant Party(ies) to instruct further investigations where considered appropriate or where we recommend as necessary prior to reliance. CH Global is not liable for any loss occasioned by a decision not to conduct further investigations.
- 9. Information from other Sources** The valuation contains information which is derived from other sources. Unless otherwise specifically instructed by you and/or stated in the valuation, we have not independently verified that information, nor adopted it as our own, or accepted its reliability. The Reliant Party(ies) accepts the risk that if any of the unverified information/advice provided by others and referred to in the valuation is incorrect, then this may have an effect on the valuation.
- 10. Projections** To the extent that the valuation includes any statement as to any projections/future matter(s), that statement is provided as an estimate and/or opinion based on the information known to CH Global. CH Global does not warrant that such statements are accurate or correct.
- 11. Local Legislations** No effort has been made to determine the possible effect, if any, on the Subject(s) because of future country, provincial or local legislations/regulations, including any environmental or ecological matters or interpretations thereof.

- 12. Other Expertise** No opinion is intended to be expressed for matters which require legal or other specialized expertise or knowledge, beyond that customarily employed by appraisers.
- 13. Valuation Opinion** CH Global employs recognised valuation methodology(ies) in estimating the value of the Subject(s). The result is the best estimate of value CH Global can produce, but it is an estimate and not a guarantee, and it is fully dependent upon the accuracy of the assumptions as to income, expenses, and market conditions. We have not independently verified market evidence/information nor can we comment on or accept its reliability. The Reliant Party(ies) accepts the risk that if any of the evidence/information/advice provided by others and referred to in our valuation is incorrect, then this may have an effect on the valuation.
- 14. Future Change in Value** This valuation and report reflect facts and conditions existing at the Valuation Date. Subsequent events have not been considered, and we have no obligation to update our report for such events and conditions. We have no responsibility or obligation to update this report for events or circumstances occurring subsequent to the Valuation Date.
- 15. Regular Review Recommended** No warranty can be given as to the maintenance of this value into the future. Therefore, valuation of the Subject(s) should be reviewed periodically.
- 16. Reliance Window** Without limiting the generality of the above comment, we do not assume any responsibility or accept any liability, nor should the valuation be relied upon, after the expiration of 3 months from the date of valuation, or such earlier date if the Reliant Party(ies) becomes aware of any factors that may have an effect on the valuation and has not disclosed such information to CH Global.
- 17. Other Matters may affect Value** If the Instructing Party(ies)/Reliant Party(ies) becomes aware of any matters which affect or may affect the valuation, then CH Global must be advised of those matters, and reliance must not be placed on the valuation under any circumstance.
- 18. Retention of Documents** All files, working papers or documents developed by us during the course of the engagement will be our property. We will retain this data for at least six years.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquires, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors' and chief executive's interests and short positions in the Shares, underlying shares and debentures of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Listing Rules, were as follows:

(i) Long position in the Shares and underlying shares

Name of Director	Capacity/ Nature of interest	Number of ordinary shares held (long position)	Number of underlying shares held (long position)	% of the Company's issued share capital (Note 1)
Mr. Pang Yat Ting, Dominic	Beneficial owner (Note 2)	—	3,000,000	0.16%
	Interests of controlled corporation (Note 3)	1,281,994,388	183,802,317	79.37%
Mr. Xu Jianhua	Beneficial owner (Note 2)	—	3,000,000	0.16%
Ir Dr. Pang Yat Bond, Derrick	Beneficial owner	7,326,000	—	0.39%
Mr. Shea Chun Lok, Quadrant	Beneficial owner (Note 2)	—	3,000,000	0.16%
Madam Li Wai Hang, Christina	Beneficial owner (Note 2)	10,880,875	1,200,000	0.65%
	Interests of controlled corporation (Note 3)	1,281,994,388	183,802,317	79.37%

Name of Director	Capacity/ Nature of interest	Number of ordinary shares held (long position)	Number of underlying shares held (long position)	% of the Company's issued share capital (Note 1)
Mr. Wu William Wai Leung	Beneficial owner (Note 2)	—	600,000	0.03%
Mr. Lam Yau Fung, Curt	Beneficial owner (Note 2)	—	600,000	0.03%
Mr. Ho Gilbert Chi Hang	Beneficial owner (Note 2)	—	600,000	0.03%

Notes:

- As at the Latest Practicable Date, the total number of issued shares of the Company is 1,846,683,847.
- The underlying shares of the Company held by the Directors are share options granted pursuant to the share option scheme adopted by the Company.
- GT Winners was owned as to 45% by Mr. Pang and 45% by Madam Li respectively. By virtue of the SFO, each of them was deemed to be interested in the ordinary shares and underlying shares of the Company in which GT Winners had interest or was deemed to have interest. The details of such interests of GT Winners are set out in below section headed “(b) Substantial Shareholders’ interests and short positions in the Shares and underlying shares”.

(ii) Long positions in the shares of the Company’s associated corporation

Name of Director	Name of associated corporation	Capacity	Number of issued shares held	% of the associated corporation
Mr. Pang Yat Ting, Dominic *	GT Winners	Beneficial owner	45	45%
Madam Li Wai Hang, Christina *	GT Winners	Beneficial owner	45	45%

* As at the Latest Practicable Date, both Mr. Pang and Madam Li are directors of GT Winners.

Save as disclosed above, none of the Directors or chief executive of the Company had any interests or short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise to be notified to the Company and the Stock Exchange pursuant to the Model Code as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors was a director or employee of a company which had an interest or short position in the Shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

(b) Substantial Shareholders' interests and short positions in the Shares and underlying shares

So far as is known to the Directors and the chief executive of the Company, as at the Latest Practicable Date, the following persons (other than a Director or chief executive of the Company) had an interest or a short position in the Shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

Long positions in the Shares or underlying shares

Name of Substantial Shareholder	Capacity/ Nature of interest	Number of ordinary shares held (long position)	Number of underlying shares held (long position)	% of the Company's issued share capital (Note 1)
GT Winners	Beneficial owner (Note 2)	1,281,994,388	183,802,317	79.37%
SFund International Investment Fund Management Limited ("SFund International")	Beneficial owner (Note 3)	183,802,317	—	9.95%
廣州匯垠天粵股權投資基金管理有限公司 (transliterated as Guangzhou Huiyin Tianyue Equity Investment Fund Management Co., Ltd. ("GZHYTY"))	Interests of controlled corporation (Note 3)	183,802,317	—	9.95%
廣州科技金融創新投資控股有限公司 (transliterated as Guangzhou Financial Innovation Investment Holdings Co., Ltd. ("GZFI"))	Interests of controlled corporation (Note 3)	183,802,317	—	9.95%

Name of Substantial Shareholder	Capacity/ Nature of interest	Number of ordinary shares held (long position)	Number of underlying shares held (long position)	% of the Company's issued share capital (Note 1)
廣州產業投資基金管理有限公司 (transliterated as Guangzhou Industrial Investment Fund Management Co., Ltd. ("GZI"))	Interests of controlled corporation (Note 3)	183,802,317	—	9.95%
廣州市城市建設投資集團有限公司 (transliterated as Guangzhou City Construction Investment Group Co., Ltd ("GZCC"))	Interests of controlled corporation (Note 3)	183,802,317	—	9.95%

Notes:

- As at the Latest Practicable Date, the total number of issued shares of the Company is 1,846,683,847.
- These represent (i) a beneficial interest in 1,281,994,388 ordinary shares of the Company, representing approximately 69.42% of the issued share capital of the Company; and (ii) a beneficial interest in 183,802,317 underlying shares of the Company pursuant to a call option, representing approximately 9.95% of the issued share capital of the Company, directly held by GT Winners.
- SFund International was wholly-owned by GZHYTY, which was in turn wholly-owned by GZFI. GZFI was wholly-owned by GZI and GZI was wholly-owned by GZCC.

Save as disclosed above, no other person (other than a Director or chief executive of the Company) had any interests or short positions in the Shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO as at the Latest Practicable Date.

3. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation other than statutory compensation.

4. DIRECTORS' INTEREST IN CONTRACTS AND ASSETS

Save as disclosed in this circular, as at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any asset since 31 March 2019, being the date to which the latest published audited consolidated financial statements of the Group were made up and up to the Latest Practicable Date, which had been acquired or disposed of by, or leased to, or are proposed to be acquired or disposed of by, or leased to, any member of the Group.

As at the Latest Practicable Date, there is no contract or arrangement entered into by a related party subsisting in which a Director is materially interested and significant in relation to the business of the Group.

5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position or prospect of the Group since 31 March 2019 (being the date to which the latest published audited consolidated financial statements of the Group were made up) up to the Latest Practicable Date.

6. COMPETING BUSINESS

As disclosed in the section headed "INFORMATION OF THE TARGET COMPANY AND THE TARGET GROUP" contained in the Letter from the Board of this circular, Mr. Pang and Madam Li, both being executive Directors, held through their controlled corporation 40% equity interest in the Target Company, which held 10% indirect interest in the Site through Wealth Anchor. The Site had been used for property development purpose and therefore Mr. Pang and Madam Li were regarded as being interested in such businesses which competed or were likely to compete with the Group. Upon completion of the Proposed Acquisition, 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, therefore Mr. Pang and Madam Li will cease to have any interest in the competing business of the Group.

In addition, Mr. Ho Gilbert Chi Hang, independent non-executive Director, is an executive director of NWS Holdings Limited and a non-executive director of Wai Kee Holdings Limited (both companies are listed on the Stock Exchange) which certain of their subsidiaries being engaged in the construction business. The Board is of the view that the construction business of both companies is similar to but in different scale and nature with that of the Group and therefore it does not compete with the business of the Group.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or any proposed director nor their respective close associates (as defined in the Listing Rules) had any interests in any business, which competes or is likely to compete, either directly or indirectly, with businesses of the Group.

7. LITIGATION

- (a)(i) In or about December 2013 and March 2014, a plaintiff commenced two separate legal proceedings against a subsidiary of the Company (the “Subsidiary”) and the Company, respectively, alleging that the Subsidiary’s termination of a proposed transaction in relation to the sale of a commercial development of No. 8 Clear Water Bay Road (the “Commercial Development”) and 49% interest in the car park development at No. 8 Clear Water Bay Road (collectively, the “Properties”) was wrongful and in breach of a memorandum entered into between the plaintiff and the Subsidiary in September 2013. The plaintiff claimed against the Subsidiary and the Company for the loss of capital appreciation of the Properties.

The above two cases were heard together before a judge at the Court of First Instance in Hong Kong between 15 January 2019 and 31 January 2019, between 19 August 2019 and 22 August 2019 and on 16 October 2019 and 17 October 2019. The Court of First Instance in Hong Kong has completed hearing of factual evidence and expert valuation evidence on 22 August 2019. The Court has heard the parties’ closing submission on 17 October 2019 and judgement has been reserved.

As advised by the legal advisers to the Subsidiary and the Company, respectively, having considered the facts and submissions made in relation to the two cases, the Subsidiary and the Company each has a reasonable prospect in successfully defending the claim and, therefore, no material adverse financial impact on the Group is expected.

- (a)(ii) Besides, in or about April 2014, another plaintiff commenced legal proceedings against the Subsidiary alleging that the Subsidiary’s termination of a proposed transaction in relation to the sale of the Commercial Development was wrongful and sought damages from the Subsidiary.

Both the plaintiff and the defendant have completed the stages of disclosure, preparation of witness statements. There was a pre-trial review on 3 September 2019. The above case will be heard before a judge at the Court of First Instance in Hong Kong between 10 December 2019 and 23 December 2019. As advised by the legal adviser to the Subsidiary for this case, based on the facts and the documents submitted by the parties, the Subsidiary has a good chance of success in defending the case and hence no material adverse financial on the Group is expected.

- (b) As disclosed in the announcement of the Company dated 20 June 2019 which referred to a circular published by the Company on 30 September 2016 (the “CCCC Circular”), to recover the HK\$148,000,000 not yet recovered from China Chengjian Investment Limited, AAI Investment Holdings Limited (“AAI Investment” which is the current name of the “Purchaser” referred to in the CCCC Circular and which remains a wholly-owned subsidiary of the Company) entered into two conditional agreements with an independent third party to sell the Target Shares (as defined in the CCCC Circular) and the interests in the Target Group (as defined in the CCCC Circular) to such third party. One condition to the completion of the sale is the application by AAI Investment to the Court of First Instance in Hong Kong to set aside the Court order obtained by AAI Investment on 2 April 2019 in relation to the above-mentioned outstanding amount. On 10 September 2019, the Court of First Instance granted a leave to AAI Investment to discontinue its claim under such Court order. The Company will make announcement(s) if there is any substantial development in respect of these two agreements.

Save as disclosed above, as at the Latest Practicable Date, no litigation or claim of material importance was known to the Directors to be pending against or threatened against any member of the Group.

8. QUALIFICATION AND CONSENT OF EXPERTS

The following sets out the qualifications of the experts who have given opinion or advice contained in this circular:

Name	Qualification
Red Sun Capital Limited	a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Knight Frank Petty Limited	independent professional valuer
CH Global Valuation & Advisory Services Limited	independent professional valuer

Each of the above experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which they appear respectively.

As at the Latest Practicable Date, each of the above experts did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, none of the above experts had any direct or indirect interest in any assets since 31 March 2019, being the date to which the latest published audited consolidated financial statements of the Group were made up, which had been acquired or disposed of by, or leased to, or are proposed to be acquired or disposed of by, or leased to, any member of the Group.

9. MISCELLANEOUS

- (a) The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.
- (b) The head office and principal place of business of the Company in Hong Kong is at C1, 5th Floor, Hong Kong Spinners Industrial Building Phase 1, 601-603 Tai Nan West Street, Cheung Sha Wan, Kowloon, Hong Kong.
- (c) The principal share registrar and transfer office of the Company is MUFG Fund Services (Bermuda) Limited at 4th floor, North Cedar House, 41 Cedar Avenue, Hamilton HM 12, Bermuda.
- (d) The Hong Kong branch share registrar and transfer office of the Company is Tricor Secretaries Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (e) The company secretary of the Company is Mr. Shea Chun Lok, Quadrant. He is a fellow member of CPA Australia, a member of Hong Kong Institute of Certified Public Accountants, The Taxation Institute of Hong Kong, The Chartered Institute of Management Accountants of the United Kingdom and Institute of Singapore Chartered Accountants and a Chartered Global Management Accountant. He is also a Certified Tax Adviser of Hong Kong and a China Tax Committee member of The Taxation Institute of Hong Kong and obtained a Certificate of Pass in Practice Training Examination for Hong Kong Certified Tax Advisers Serving in Shenzhen-Hong Kong Modern Service Industry Cooperation Zone, Qianhai, Shenzhen jointly issued by Shenzhen Municipal Office of the State Administration of Taxation and Shenzhen Local Taxation Bureau.
- (f) The English text of this circular shall prevail over the Chinese text, in case of any inconsistency.

10. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents or copies are available for inspection at our head office and principal place of business in Hong Kong at C1, 5th Floor, Hong Kong Spinners Industrial Building Phase 1, 601-603 Tai Nan West Street, Cheung Sha Wan, Kowloon, Hong Kong during normal business hours for 14 days from the date of this circular, up to and including the date of the SGM:

- (a) the memorandum of association and the bye-laws of the Company;
- (b) the Sale and Purchase Agreement;

- (c) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out on pages 15 to 16 of this circular;
- (d) the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 17 to 38 of this circular;
- (e) Knight Frank Petty Limited 's property valuation report, the text of which is set out on pages I-1 to I-8 of this circular;
- (f) CH Global Valuation & Advisory Services Limited's business valuation report, the text of which is set out on pages II-1 to II-12 of this circular;
- (g) the letters of consents issued by the experts referred to in the section headed "QUALIFICATIONS AND CONSENT OF EXPERTS" in this appendix; and
- (h) this circular.

NOTICE OF SGM



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)

NOTICE IS HEREBY GIVEN that the special general meeting of Asia Allied Infrastructure Holdings Limited (the “Company”) will be held at Peony, Magnolia and Camomile, Lower Level II, Kowloon ShangriLa, 64 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong on Friday, 20 December 2019 at 2:30 p.m. (the “Meeting”) to consider and, if thought fit, with or without modifications, passing the following resolution as an ordinary resolution:

ORDINARY RESOLUTION

“**THAT:**

- (a) the sale and purchase agreement dated 23 August 2019 (the “Sale and Purchase Agreement”) entered into among Well Perfection Limited (the “Vendor”), Grand Palace Global Limited (the “Purchaser”), an indirect wholly-owned subsidiary of the Company and Mr. Pang Yat Ting, Dominic, pursuant to which the Purchaser has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell, (i) the 40 shares of Clover Peak Limited (the “Target Company”) (the “Sale Shares”), representing 40% of the total issued shares of the Target Company, and (ii) 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 (the “Sale Loan”) on or before completion of sale and purchase of the Sale Shares and Sale Loan in accordance with the Sale and Purchase Agreement at the consideration of HK\$119,911,000, and the transactions contemplated thereunder be and hereby approved, confirmed and ratified; and
- (b) any one or more director of the Company (the “Director”) be and hereby authorised, for and on behalf of the Company, to execute all such other documents, instruments and agreements and to do all such acts or things as they consider necessary and to sign and execute all such documents, and to take all such steps which in their opinion may be necessary, appropriate, desirable or expedient for the purpose of giving effect to the Sale and Purchase Agreement and completing the transactions contemplated thereby.”

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

Hong Kong, 28 November 2019

NOTICE OF SGM

Notes:

- (1) Any member of the Company entitled to attend and vote at the Meeting (or any adjournment thereof) is entitled to appointed one or more proxies to attend and vote in his or her stead. A proxy need not be a member of the Company.
- (2) To be valid, a form of proxy, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy thereof, must be deposited at the Hong Kong Branch Share Registrar of the Company, Tricor Secretaries Limited (“Tricor”) at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong not less than 48 hours before the time appointed for holding of the Meeting (or any adjournment thereof). Completion and return of the form of proxy will not preclude you from attending and voting in person at the Meeting (or any adjournment thereof) if you so wish and in such event, the form of proxy shall be deemed to be revoked.
- (3) In the case of joint registered holders of any share(s) of the Company (“Shares(s)”), any one of such holders may attend and vote at the Meeting (or any adjournment thereof), either personally or by proxy, in respect of such Share(s) as if he/she was solely entitled thereto, but if more than one of such joint holders are present at the Meeting (or any adjournment thereof), either personally or by proxy, then one of the said persons so present whose name stands first on the register of members of the Company in respect of such Share(s) shall alone be entitled to vote in respect thereof.
- (4) All the resolutions at the Meeting are to be voted by way of poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands.
- (5) **The register of members of the Company will be closed from Monday, 16 December 2019 to Friday, 20 December 2019 (both days inclusive) for the purpose of determining the entitlement to attend and vote at the Meeting, during which period no transfer of Share(s) will be registered. In order to be eligible to attend and vote at the Meeting, all completed transfer documents accompanied by the relevant share certificate(s) must be lodged with Tricor at the above address for registration not later than 4:30 p.m. on Friday, 13 December 2019. Shareholders whose names appear on the register of members of the Company on Friday, 20 December 2019 shall be entitled to attend and vote at the Meeting.**
- (6) If typhoon signal No.8 or above remains hoisted or a black rainstorm warning signal is in force at 8:00 a.m. at the date of the Meeting, the Meeting will be postponed. The Company will post an announcement on The Stock Exchange of Hong Kong Limited’s website at www.hkexnews.hk and the Company’s website at www.asiaalliedgroup.com to notify shareholders of the Company of the date, time and place of the rescheduled meeting.