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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) MAJOR TRANSACTION IN RELATION TO DISPOSAL OF THE ENTIRE INTEREST IN SUBJECT COMPANY AND (2) UPDATE ON LEGAL PROCEEDINGS IN RESPECT OF A JOINT DEVELOPMENT PROJECT IN MIAMI**

#### **THE DISPOSAL**

The Board announces that on 5 March 2020, the Vendor (an indirect wholly-owned subsidiary of the Company) entered into the Agreement with the Purchaser, pursuant to which the Vendor has agreed to dispose of and the Purchaser has agreed to acquire the Sale Share and the Sale Loan at an aggregate consideration of US\$44,018,000 (equivalent to approximately HK\$341.1 million).

Upon Closing, the Subject Company will cease to be a subsidiary of the Company and the financial results of the Subject Company will no longer be consolidated into the consolidated financial statements of the Group.

#### **IMPLICATIONS UNDER THE LISTING RULES**

As one of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Disposal exceeds 25% but is less than 75%, the Disposal constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is subject to reporting, announcement and shareholders' approval requirements pursuant to Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief, none of the Shareholders has any material interest in the Disposal and therefore no Shareholder is required to abstain from voting if the Company were to convene a special general meeting for the approval of the Disposal. On 5 March 2020, the Company has obtained a written Shareholder's approval from GT Winners Limited, a controlling shareholder of the Company directly holding 1,281,994,388 Shares, representing approximately 69.52% of the issued share capital of the Company as at the date of this announcement, for approving the Agreement and the transactions contemplated thereunder in lieu of a resolution to be passed at a general meeting of the Company pursuant to Rule 14.44 of the Listing Rules. Accordingly, no general meeting of the Company will be held for the approval of the Agreement and the transactions contemplated thereunder.

## **INTRODUCTION**

Reference is made to the announcements of the Company dated 2 October 2015, 1 February 2018 and 14 February 2020, respectively, in relation to a joint development project for the Land. The Board announces that on 5 March 2020, the Vendor (an indirect wholly-owned subsidiary of the Company) entered into the Agreement with the Purchaser, pursuant to which the Vendor has agreed to dispose of and the Purchaser has agreed to acquire the Sale Share and the Sale Loan at an aggregate consideration of US\$44,018,000 (equivalent to approximately HK\$341.1 million).

The principal terms and conditions of the Agreement are set out below.

## **THE AGREEMENT**

### **Date**

5 March 2020

### **Parties**

- (i) Vendor : Chun Wo Overseas Holdings Limited (俊和海外控股有限公司), an indirect wholly-owned subsidiary of the Company
- (ii) Purchaser : China City Construction & Development Co., (HK) Limited (中國城市建設開發(香港)有限公司)

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

### **Assets to be disposed of**

Pursuant to the Agreement, the Vendor has agreed to dispose of and the Purchaser has agreed to acquire the Sale Share and the Sale Loan.

The Sale Share shall be acquired by the Purchaser free from all encumbrances together with all rights attached thereto upon Closing.

The Subject Company was financed almost entirely by the shareholder's loan provided by the Vendor, i.e. the Sale Loan. As at the date of the Agreement, the Sale Loan amounts to approximately HK\$343.0 million, representing the consideration for acquiring the 45% interest in Dingway and the administrative, legal and professional fees incurred by the Subject Company in relation to the Land.

### **Consideration**

The aggregate consideration for the Disposal is US\$44,018,000 (equivalent to approximately HK\$341.1 million), which shall be payable by the Purchaser by cashier orders on or before the date of the Agreement.

The consideration was determined after arm's length negotiations between the parties to the Agreement with reference to (i) the original consideration of approximately US\$40.5 million (equivalent to approximately HK\$313.9 million) paid by the Group for acquiring the 45% interest in Dingway as disclosed in the announcement of the Company dated 2 October 2015; (ii) the outstanding amount of the Sale Loan; (iii) the market value of the Land; and (iv) litigation costs incurred and expected to be incurred by the Group to recoup its investment in Dingway.

## **Closing**

Closing has taken place on the date of the Agreement, where the Sale Share was sold to, and the Sale Loan was assigned to, the Purchaser. Since then, the Subject Company has ceased to be a subsidiary of the Company and the financial results of the Subject Company will no longer be consolidated into the consolidated financial statements of the Group.

## **INFORMATION OF THE SUBJECT COMPANY**

The Subject Company is a company incorporated in the BVI with limited liability and is an indirect wholly-owned subsidiary of the Company. As disclosed in the announcement of the Company dated 14 February 2020, the Subject Company directly holds 45% interest in Dingway, which, before the Unauthorized Transfer (as defined below), held indirect interest in the Land through three U.S. companies. The Subject Company is principally engaged in investment holding and its primary asset is the 45% interest in Dingway.

### **Financial Information of the Subject Company**

Based on the latest financial information available to the Company as at the date of this announcement, there were no net profit/loss before taxation and extraordinary items and no net profit/loss after taxation and extraordinary items for the financial years ended 31 March 2018 and 31 March 2019, respectively.

As at 28 February 2020, the unaudited net liability of the Subject Company attributable to the Company was approximately HK\$495,000.

## **INFORMATION ON THE PARTIES**

### **The Group and the Company**

The Company is an investment holding company. 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 Vendor**

The Vendor is a company incorporated in the Cayman Islands with limited liability and its principal activity is investment holding. As at the date of this announcement, the Vendor is an indirect wholly-owned subsidiary of the Company.

## **The Purchaser**

The Purchaser is a company incorporated in Hong Kong with limited liability and is principally engaged in investment management. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

## **FINANCIAL EFFECT OF THE DISPOSAL AND USE OF PROCEEDS**

Based on, inter alia, the consideration, the unaudited book value of the Group's investment in Dingway being approximately HK\$313.9 million, and the related expenses for the Disposal, the Group currently expects to record a loss on the Disposal of approximately HK\$1.3 million upon Closing. Shareholders should note that the actual amount of the gain or loss on the Disposal to be recognised in the consolidated financial statements of the Group is subject to review and final audit by the auditors of the Company.

The net proceeds arising from the Disposal of approximately HK\$341.1 million (after deducting tax and other expenses in relation to the Disposal) will be used for general working capital.

## **REASONS FOR AND BENEFITS OF ENTERING INTO OF THE AGREEMENT AND UPDATE ON LEGAL PROCEEDINGS**

As disclosed in the announcement of the Company dated 2 October 2015, the Subject Company acquired from CCCI 45% interest in Dingway at the consideration of approximately US\$40.5 million (equivalent to approximately HK\$313.9 million). The only assets of Dingway prior to the Unauthorized Transfer (as defined below) were the interests in a chain of three U.S. companies which hold the interest in the Land.

As further disclosed in Company's announcements dated 1 February 2018 and 14 February 2020, the Group has commenced legal proceedings against CCCI on 1 February 2018 due to CCCI's repeated failures to perform its obligations under the agreements with the Group to jointly develop the Land. In January 2019, CCCI went into creditors' voluntary liquidation in Hong Kong. In June 2019, the Group commenced legal proceedings in Miami (where the Land is located) against CCCI (in liquidation) and the three U.S. companies through which Dingway held the Land.

As further disclosed in the Company's announcement dated 14 February 2020, the interest of Dingway in the three U.S. companies was disposed of to the Purchaser and subsequently to another third party without the notice and approval from the Group (the "**Unauthorized Transfer**"). After discovering the Unauthorized Transfer, the Group has timely amended its legal proceedings in Miami to include the Unauthorized Transfer to recoup its investment.

Upon Closing, the Subject Company has become a wholly-owned subsidiary of the Purchaser and thus the Group has ceased control over the Subject Company as well as the legal proceedings commenced by the Subject Company in Hong Kong and Miami in relation to the joint development project and the Land. Also, the Group will not, and is not obliged to, continue with any of the legal proceedings commenced by the Subject Company.

Having considered that (i) the Group had commenced various legal proceedings (in the name of the Subject Company) in Hong Kong and Miami in relation to the Land at different points in time and incurred costs and manpower on such legal proceedings; and (ii) it is uncertain when the Group can recoup its investment in the Land following the conclusion of the relevant legal proceedings, the Directors consider that the Disposal is in the interest of the Group as it provides the Company with an opportunity to recoup its investment in the Land without having to continue with the legal proceedings.

Therefore, the Directors consider the terms and conditions of the Agreement are on normal commercial terms, fair and reasonable and the Disposal is in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As one of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Disposal exceeds 25% but is less than 75%, the Disposal constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is subject to reporting, announcement and shareholders' approval requirements pursuant to Chapter 14 of the Listing Rules.

## **WRITTEN SHAREHOLDER'S APPROVAL**

To the best of the Directors' knowledge, information and belief, none of the Shareholders has any material interest in the Disposal and therefore no Shareholder is required to abstain from voting if the Company were to convene a special general meeting for the approval of the Disposal. On 5 March 2020, the Company has obtained a written Shareholder's approval from GT Winners Limited, a controlling shareholder of the Company directly holding 1,281,994,388 Shares, representing approximately 69.52% of the issued share capital of the Company as at the date of this announcement, for approving the Agreement and the transactions contemplated thereunder in lieu of a resolution to be passed at a general meeting of the Company pursuant to Rule 14.44 of the Listing Rules. Accordingly, no general meeting of the Company will be held for the approval of the Agreement and the transactions contemplated thereunder.

A circular containing, among other things, details of the Disposal will be despatched to the Shareholders. As additional time is required for the Company to prepare the relevant information to be included in the circular, the Company expects to dispatch the circular to the Shareholders on or before 9 April 2020.

## **DEFINITIONS**

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

“Agreement”	the share purchase agreement entered into between the Vendor and the Purchaser on 5 March 2020 relating to the Disposal
“Board”	the board of Directors
“BVI”	British Virgin Islands
“CCCI”	China City Construction (International) Co., Limited (in liquidation), which holds 55% interest in Dingway as at the date of this announcement
“Closing”	closing of the Disposal
“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)
“connected person(s)”	has the same meaning ascribed to it in the Listing Rules
“controlling shareholder(s)”	has the same meaning ascribed to it in the Listing Rules

“Dingway”	Dingway Investment Limited (鼎匯投資有限公司), a company incorporated in the BVI with limited liability which is held as to 45% by the Subject Company
“Directors”	the directors of the Company
“Disposal”	the disposal of the Sale Share and the Sale Loan by the Vendor to the Purchaser at an aggregate consideration of US\$44,018,000 (equivalent to approximately HK\$341.1 million) pursuant to the terms and conditions of the Agreement
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Land”	parcels of land located between SW 14th Street and SW 14th Terrace and between S. Miami and SW 1st Avenues in Miami, Florida, the U.S. which were held by Dingway indirectly through three U.S. companies
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Purchaser”	China City Construction & Development Co., (HK) Limited (中國城市建設開發(香港)有限公司), a company incorporated in Hong Kong with limited liability
“Sale Share”	one ordinary share with a par value of US\$1 of the Subject Company legally and beneficially owned by the Vendor, representing the entire issued share of the Subject Company as at the date of this announcement
“Sale Loan”	an outstanding shareholder’s loan owing by the Subject Company to the Vendor as at the date of the Agreement and immediately before Closing
“Share(s)”	the ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subject Company”	Champ Prestige International Limited (冠譽國際有限公司), a company incorporated in the BVI with limited liability holding 45% interest in Dingway
“U.S.”	the United States of America
“US\$”	US dollar(s), the lawful currency of the U.S.

“Vendor” Chun Wo Overseas Holdings Limited (俊和海外控股有限公司), a company incorporated in the Cayman Islands with limited liability and an indirect wholly-owned subsidiary of the Company

“%” per cent

*For the purpose of this announcement, unless otherwise indicated, the exchange rate of US\$1 = HK\$7.75 has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amount has been, could have been or may be exchanged at such rate or any other rate or at all on the date or dates in question or any other date.*

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

Hong Kong, 5 March 2020

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