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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 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) 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**

Capitalized 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 4 to 10 of this circular.

24 June 2020

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DEFINITIONS

In this circular, 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
“Announcement”	the announcement of the Company dated 5 March 2020 in relation to, among other things, the entering into of the Agreement and 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 the Agreement
“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
“Consideration”	the consideration payable by the Purchaser for the acquisition of the Sale Share and the Sale Loan pursuant to the Agreement
“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
“Director(s)”	the director(s) 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

DEFINITIONS

“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
“Latest Practicable Date”	17 June 2020, 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
“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 Loan”	the amount of HK\$343.0 million owing by the Subject Company to the Vendor as at the date of the Agreement and immediately before Closing
“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 the Agreement
“SFO”	the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time
“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
“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 as at the date of the Agreement
“subsidiary(ies)”	has the meaning ascribed to it in the Listing Rules

DEFINITIONS

“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

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

Non-executive Director:

Ms. Wong Wendy Dick Yee

Independent Non-executive Directors:

Mr. Wu William Wai Leung
Mr. Lam Yau Fung, Curt
Mr. Ho Gilbert Chi Hang
Dr. Yim Yuk Lun, Stanley *BBS JP*

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Hong Kong

24 June 2020

To the Shareholders,

Dear Sir or Madam,

**(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**

INTRODUCTION

Reference is made to the Announcement in relation to the entering into of the Agreement between the Vendor (an indirect wholly-owned subsidiary of the Company) and the Purchaser for the disposal by the Vendor of the Sale Share and the Sale Loan at an aggregate consideration of US\$44,018,000 (equivalent to approximately HK\$341.1 million).

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among other things, (i) further information relating to the Disposal; (ii) the financial information of the Group; and (iii) other information required to be disclosed pursuant to the Listing Rules. Waivers dated 3 April 2020 and 12 May 2020, respectively, have been granted by the Stock Exchange for the delay in despatch of this circular.

THE AGREEMENT

Date

5 March 2020

Parties

- (1) Vendor: Chun Wo Overseas Holdings Limited (俊和海外控股有限公司), an indirect wholly-owned subsidiary of the Company
- (2) 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.

LETTER FROM THE BOARD

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 Sale Loan amount of approximately HK\$343.0 million and the Sale Share amount of US\$1; (iii) the market value of the Land; and (iv) the litigation costs incurred and expected to be incurred by the Group to recoup its investment in Dingway. The Group currently expects to record a loss on the Disposal of approximately HK\$1.3 million upon Closing.

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.

As at the Latest Practicable Date, the Group ceased to have any interest in the Subject Company which accordingly ceased to be a subsidiary of the Company.

Financial Information of the Subject Company

Based on the latest financial information available to the Company as at the date of the 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.

LETTER FROM THE BOARD

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 Latest Practicable Date, 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 by the Group 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.

LETTER FROM THE BOARD

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.

In respect of the legal proceedings initiated by the Group against CCCI and/or the three U.S. companies in Hong Kong and U.S., the details are summarized as follows:

Items	Actions	Court Action No.	Plaintiff or Claimant or Petitioner	Defendant or Respondent	Description of the Dispute
1	Litigation	HCA 1153/2017	Champ Prestige International Limited ("CPI")	CCCI	On 17 May 2017, CPI sued CCCI for the breach of sale and purchase agreement dated 2 Oct 2015 and its supplemental agreement dated 5 Feb 2016.
2	Litigation	HCA 279/2018	CPI	CCCI	On 1 Feb 2018, CPI sued CCCI for the breach of framework agreement dated 26 June 2017.
3	Winding Up Petition	HCCW 34/2018	CPI	1st Respondent: CCCI 2nd Respondent: Dingway	On 1 Feb 2018, CPI issued a petition seeking shareholder's compulsory winding up of Dingway.
4	Litigation	HCA 2343 of 2018	China City Construction & Development Co., (HK) Limited ("CCCD")	1st Defendant: CCCI 2nd Defendant: CPI	On 5 Oct 2018, CCCD filed to court alleging that it is the sole beneficial owner of the Land and CCCI was only CCCD's trustee on the Land. On 22 Oct 2018, CPI filed a summons to the court proposing itself to be joined as one of the defendants. On 17 Dec 2019, CCCD filed a Notice of Discontinuance to wholly discontinue this action against 1st and 2nd Defendants.

LETTER FROM THE BOARD

Items	Actions	Court Action No.	Plaintiff or Claimant or Petitioner	Defendant or Respondent	Description of the Dispute
5	Litigation	HCCW 166 of 2018	Original Petitioner: Value Partner Hong Kong Limited (“Value Partner”) 1st substituted Petitioner: Amuse Peace Co., Ltd (Judgment Creditor) Opposing Creditor: China City Construction Holding Group Company (“CCCC”) Opposing Creditor: CCCD Supporting Creditor: CPI Supporting Creditor: BNP Paribas	CCCI	Value Partner issued petition to wind up CCCI on 19 June 2018. On 8 October 2018, CPI filed a Notice of Intention to Appear on Petition to the court. On 11 Jan 2019, CCCC passed a special resolution to commence creditor’s voluntary winding up action for CCCI. In early Jan 2019, CPI, together with other creditors, filed an application to oppose the voluntary winding-up action. On 10 May 2019, the court made judgment in favour of creditors’ voluntary winding up action for CCCI.
6	Litigation	Lawsuit in the U.S. - Case no.: 2019- 19007 CA-43	CPI	CCCI CCCC INTERNATIONAL USA, LLC, a Delaware limited liability company REGA CENTER MIAMI HOLDINGS, LLC, a Delaware limited liability company, f/k/a CCCC INTERNATIONAL USA, LLC REGA CENTER USA CORP., a Delaware corporation f/k/a CCCC USA Holdings Corp. REGA CENTER DELAWARE LLC, a Delaware limited liability f/k/a CCCC Holdings LLC REGA CENTER, LLC, a California limited liability company Dingway	On 19 Dec 2019, CPI sought Miami Court’s approval to dispose of the Lands in Miami to a third party according to the terms and conditions stipulated in the framework agreement dated 26 June 2017.
7	Litigation	HCA 163/2020 (HCZZ 17/2020)	CPI	CCCD and its director and a director of Dingway	On 13 Feb 2020, CPI filed a lawsuit prohibiting the defendants from disposal of assets in Hong Kong.

LETTER FROM THE BOARD

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 ("GT Winners"), 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 the 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.

RECOMMENDATION

The Board considers that the terms and conditions of the Agreement and the Disposal are fair and reasonable and are on normal commercial terms and in the interest of the Company and the Shareholders as a whole. As such, the Board considers that the Disposal is in line with the Group's business strategy. If a general meeting was to be convened, the Board would recommend the Shareholders to vote in favour of the resolution to approve the Agreement and the Disposal at such general meeting.

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

The following is the text of a letter and valuation report prepared for the purpose of incorporation in this circular received from Cushman & Wakefield Regional, Inc., an independent property valuer, in connection with its opinion of value of the property interests of the Group as at May 31, 2020.



225 NE Mizner Blvd.,
Suite 300
Boca Raton, FL 33432

24 June 2020

The 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,

Instructions, Purpose & Valuation Date

In accordance with the instructions from Asia Allied Infrastructure Holdings Limited (the “Company”) for Cushman & Wakefield Regional, Inc. to value the property held by the Company and/or its subsidiaries (collectively the “Group”) situated in the United States of America (the “US”) (as more particularly described in the attached valuation report), we confirm that we have inspected the property, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the values of such property as at May 31, 2020 (the “valuation date”).

Valuation Basis

This valuation report has been prepared in compliance with the Uniform Standards of Professional Appraisal Practice (USPAP). Our valuation of the property represents its market value which in accordance with the International Valuation Standards issued by The International Valuation Standards Council 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”.

We confirm that the valuation is undertaken in accordance with the requirements set out in Chapter 5 of the Rules Governing the Listing of Securities published by The Stock Exchange of the Hong Kong Limited and the International Valuation Standards issued by the International Valuation Standards Council.

Our valuation of the property is on an entirety interest basis.

Valuation Assumptions

Our valuation of the property 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.

In the course of our valuation of the property, we have relied on the information and advice given by the Company regarding the title to the property and the interests of the Group in the property. Unless otherwise stated, we have assumed that the Group has an enforceable title to the property and has free and uninterrupted rights to use, occupy or assign the property for the whole of the respective unexpired land use term as granted and that any premium payable has already been fully paid.

We have assumed that all consents, approvals and licences from relevant government authorities for the development have been obtained without onerous conditions or delays. We have also assumed that the design and construction of the property are in compliance with the local planning regulations and have been approved by the relevant authorities.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property nor any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoings of any onerous nature which could affect its value.

On March 11, 2020, the World Health Organization (“WHO”) declared the novel coronavirus (“COVID-19”) outbreak a global pandemic. Economies around the world face significant headwinds as seen by the severe drop in demand for some services (such as travel, hospitality and entertainment). Further reduced economic activity has resulted from increasing social distance measures, including quarantines or lockdowns, throughout Europe and North America, as governments have taken unprecedented actions to stop the spread of the virus. As the stock market remains extremely volatile and financial markets struggle to quantify events that are still unfolding, there remains a lack of comparable transactions and market data. This leaves many commercial real estate participants reporting that they are not yet able to accurately assess risk. Proceeding through these uncertain times, the reader is asked to consider some key events that have transpired and have impact to the US market:

- In early March 2020, the disintegration of an alliance between Organization of the Petroleum Exporting Countries and Russia caused crude oil prices to dip to their lowest level since 2016. By April 20, 2020, demand dropped so much that oil prices fell below USD0 a barrel as producers are forced to pay to dispose of excess.
- On Thursday, March 12, 2020, the Federal Reserve announced that it would inject up to USD5 trillion into short-term markets to offset economic impacts brought on by the novel coronavirus. The Federal Reserve will be providing up to USD2.3 trillion in additional funding to support the economy, as of April 9, 2020.

- On Sunday, March 15, 2020, the Federal Open Market Committee cut interest rates to near zero for the first time since the 2008 recession. Since then, it has announced dollar swap lines with various foreign central banks, as well as various credit facilities aimed at backstopping and providing liquidity to key parts of financial markets.
- On Tuesday, March 17, 2020, Amazon announced the hiring of 100,000 new distribution workers to keep up with the online shopping surge caused by the coronavirus. Amazon has stated that the coronavirus outbreak has caused a surge of online shopping in the United States to keep with the demand. The company will also invest more than USD355 million to raise pay for hourly employees in warehouse and distribution roles through April 2020. Amazon is prioritizing medical supplies, household staples and other high-demand products through its warehouses until April 5, 2020. On April 13, 2020, Amazon announced they had filled the 100,000 jobs pledge and with increased demand the eCommerce retailer would be hiring an additional 75,000 workers to help serve customers during this unprecedented time.
- On Thursday, March 19, 2020, California Governor Gavin Newsom put into effect a shelter-in-place order to extend to all 40-million Californians. Then, on Friday, March 20, 2020, New York Governor Andrew Cuomo ordered residents to shelter in their homes, which was subsequently followed by Illinois Governor J.B. Pritzker. Many other states increased precautions throughout the week as well.
- On Friday, March 20, 2020, President Trump announced that he had invoked the Defense Production Act, a law that gives executive powers that can require and/or incentivize businesses to produce goods tied to national security.
- On Wednesday, March 25, 2020, the White House and Congress agreed to deliver USD2 trillion in government relief. This is the largest stimulus in history and more than double the USD800 billion bill that was passed in 2008 during the financial crisis.
- On Friday, March 27, 2020, the President signed the “Coronavirus Aid, Relief, and Economic Security Act” or “CARES Act” into law. The unparalleled USD2.2 trillion economic rescue package provides measures that include USD1,200 in direct payments to eligible Americans, and USD500 to children. The Treasury Department received USD500 billion that will support programs direct loans to airlines, cargo, and companies deemed important to national security. Additionally, the Treasury Department can provide loans or loan guarantees for other companies as well as provide funds to backstop lending programs to the Federation. Other funds will be divided as such: USD377 billion will go to loans and other forms of aid to small businesses; USD250 billion will help provide relief for unemployed workers; and USD100 billion has been assigned to boost healthcare. The bill finances a response with a price tag that amounts to 10% of 2019 nominal GDP.

- On Friday, April 24, 2020, the president signed a USD484 billion coronavirus relief package into law. This bill contains: USD370 billion in aid for small businesses in an effort to keep employees on the payroll, USD75 billion for hospitals, and USD25 billion to ramp up testing initiatives.
- On April 29, 2020, the Commerce Department estimated that the GDP fell at an annual rate of 4.8% in the first quarter of 2020. This is the first decline since 2014, and the largest in over a decade. They stated that because layoffs and closings did not come until the last month of the quarter, next quarter's GDP could drop by as much as 30%, a figure not seen since the Great Depression.
- After dropping 14% in March, the US stock market rebounded sharply in April, fueled largely by a flattening pandemic curve, especially in Italy and New York State, and positive results from clinical drug trials. Unlike the broader economy, the US stock market has made a V shaped recovery with Dow Jones Industrial Average Index, climbing back up to over 24,000 after bottoming out at 18,000 from its peak of 30,000. Optimism about a reopening of the economy appears to be behind the market's comeback.
- By early May 2020, jobless claims totaled about 33.5 million. All layoffs associated with social distancing practices have wiped out all job gains the economy has seen since the recovery from the Great Recession, and far surpasses job losses during the Great Depression.
- On May 12, 2020, the House of Representatives introduced a new stimulus bill called the Health and Economic Recovery Omnibus Emergency Solutions Act (HEROES Act). At USD3 trillion, the proposal would be the largest stimulus bill in American history, far surpassing the USD2.2 trillion CARES Act, and aims to provide the following: a new stimulus check, funding for state and local governments, hazard pay for essential workers, funding for coronavirus testing, rent and mortgage assistance, an extension of the USD600 weekly unemployment expansion, additional funding for the Supplemental Nutrition Assistance Program, additional funding for small businesses, emergency relief for the U.S. Postal Service, and provisions for election safety and facilitating voting by mail. At this point, the bill is still in negotiations and it is uncertain if it will be passed in this or a similar form.
- Plans to reopen are starting to shape up around the country. In some states, like New York and California, deadlines have been extended into June, while other states, such as Texas and Florida, have already reopened with limited capacity.

In recent times, the commercial real estate market has been driven by investor demand and strong liquidity. Asset values can fall significantly in short periods of time if either of these two factors, often in conjunction with many others, change significantly. While Cushman & Wakefield is closely monitoring the latest developments resulting from the COVID-19 pandemic, and will continue to provide updates as events unfold, the reader is cautioned to consider that values and incomes are likely to change more rapidly and significantly than during standard market conditions. Furthermore, the reader should be cautioned and reminded that any conclusions presented in this appraisal report apply only as of the effective date indicated. The appraiser makes no representation as to the effect on the subject property of this event, or any event, subsequent to the effective date of the appraisal.

Method of Valuation

In valuing the property, we have used Sales Comparison Approach by reference to comparable sales evidence as available in the relevant market subject to appropriate adjustments including but not limited to location, size and other relevant factors. Based on our analysis and knowledge of the subject property type and relevant investor profiles, it is our opinion that this approach would be considered necessary and applicable for market participants. Typical purchasers do not generally rely on Cost or Income Capitalization Approaches when purchasing a property such as the subject property. Therefore, we have not employed Cost Approach or the Income Capitalization Approach to develop an opinion of market value. The absence of these approaches does not diminish the reliability of the analysis.

We used Sales Comparison Approach to develop an opinion of land value. We examined current offerings and analyzed prices buyers have recently paid for comparable sites. Our search was based on similar zoned parcels of land traded recently in the Miami Downtown area. Our search started with recent sales of similarly zoned land parcels and when only a few were encountered we went further back in time. In addition, we searched the market for recent listings of similarly zoned parcels of land in the Miami Central Business District. If the comparable was superior to the subject, a downward adjustment was made to the comparable sale. If inferior, an upward adjustment was made. The most widely used and market-oriented units of comparison for properties with characteristics similar to those of the subject is price per square foot of land. All transactions used in this analysis are based on the most appropriate method used in the local market.

The major elements of comparison used to value the subject site include the property rights conveyed, the financial terms incorporated into the transaction, the conditions or motivations surrounding the sale, changes in market conditions since the sale, the location of the real estate, its utility and the physical characteristics of the property.

We note a total of five land sales comparables and analysed their differences in terms of location and size. Three comparables are located in inferior locations in the Miami Downtown area in relation to the subject's site in Brickell and we have adjusted these three comparables upward in our analysis. We have adjusted the fourth comparable downward based on its superior location in relation to the subject with unobstructed views of Biscayne Bay and Miami Beach. The fifth comparable is located across the street from Brickell CitiCenter and is considered to be a superior location to the subject in the Brickell submarket; therefore, we have adjusted downward. In terms of size, one

comparable is of similar size as the subject site and thus no adjustment is required. The remaining four comparables are smaller than the subject site and were adjusted downward to illustrate a lower price per square foot in the subject site which is of a bigger size. The third comparable contains an on-site garage at the time of sale generating income, as compared with the subject site which is raw land without any income was adjusted downward to reflect the lack of such benefit in the subject site. No other adjustments were required.

We have placed greatest reliance on the first land sale comparable based on its most recent sale date and lower amount of net adjustments. We have placed secondary reliance on the remaining sales and have reconciled nearest to the first land sales comparable in our analysis. We have also considered a recent land listing and its smaller size in relation to the subject and have reconciled below it in our analysis.

Source of Information

We have relied to a very considerable extent on the information given by the Company and have accepted advice given to us on such matters as planning approvals, statutory notices, easements, tenures, identification of land and buildings, particulars of occupancy, areas, plans, interests attributable to the Group and all other relevant matters.

Dimensions, measurements and areas included in the valuation report are based on the copies of documents or other information provided to us by the Company and are therefore only approximations. No on-site measurement has been carried out. We have had no reason to doubt the truth and accuracy of the information provided to us by the Group which is material to the valuation. We were also advised by the Group that no material facts have been omitted from the information provided.

Title Investigation

We have been provided with extracts of documents relating to the titles to the property in the US. However, we have not inspected the original documents to ascertain any amendments which may not appear on the copies handed to us. We are also unable to ascertain the title of the property in the US and we have therefore relied on the advice given by the Company regarding the interests of the Company in the US property.

Site Inspection

Adrian M Sanchez (Senior Director, MAI) inspected the property on June 15, 2020. No structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are, however, not able to report that the property is free of rot, infestation or any other structural defects. No tests were carried out to any of the services.

Unless otherwise stated, we have not been able to carry out on-site measurements to verify the areas of the property and we have assumed that the areas shown on the documents handed to us are correct.

Currency

Unless otherwise stated, all monetary sums stated in our valuation are in United States Dollars (“USD”), the official currency of the US.

Other Disclosure

We hereby confirm that Cushman & Wakefield Regional, Inc. and the valuers conducting the valuations have no pecuniary or other interests that could conflict with the proper valuation of the property or could reasonably be regarded as being capable of affecting our ability to give an unbiased opinion. We confirm that we are an independent qualified valuer, as referred to Rule 5.08 of the Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

We enclose herewith our valuation report for your attention.

Yours faithfully,
For and on behalf of
Cushman & Wakefield Regional, Inc.

Yours faithfully,
For and on behalf of
Cushman & Wakefield Regional, Inc.

Michael C. McNamara
MAI, MRICS
Executive Director
Valuation & Advisory
Practice Group Leader, Multifamily

Adrian M. Sanchez
MAI
Senior Director
Valuation & Advisory
Multifamily

Note: Mr. Michael C. McNamara is a State-Certified General Real Estate Appraiser who has over 25 years’ experience in the valuation of properties in the US. Mr. McNamara has sufficient current national knowledge of the market, and the skills and understanding to undertake the valuation competently.

Mr. Adrian M. Sanchez is a State-Certified General Real Estate Appraiser who has over 15 years’ experience in the valuation of properties in the US. Mr. Sanchez has sufficient current national knowledge of the market, and the skills and understanding to undertake the valuation competently.

VALUATION REPORT

Property held for development or for sale

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at May 31, 2020
Capital at Brickell, 1420 South Miami Avenue, Miami, Miami-Dade County, Florida 33130, The United States	<p>The property is a bare site consisting of 14 contiguous land parcels of a total site area of 120,688 square feet.</p> <p>The property is located along the western side of South Miami Avenue, the southern side of Southwest 14th Street, the eastern side of Southwest 1st Avenue, and the northern side of Southwest 14th Terrace in the Miami Downtown area.</p> <p>The property is held under fee simple interest.</p>	The property is currently raw land with no improvements on site and has been vacant for a number of years.	USD68,000,000 (UNITED STATES DOLLARS SIXTY EIGHT MILLION) (see Note (1))

Notes:—

- (1) As the property is currently raw land without improvements, the capital value of the land equals to its market value in existing state as at May 31, 2020.
- (2) The owner of the property is CCCC International USA LLC.
- (3) The property is zoned as T6-48B-O, Urban Transect Zone-Open. Permitted uses within this district include office, retail, residential, hospitality and restaurants. Prohibited uses within this district include industrial and manufacturing.
- (4) The consensus from our South Florida area interviews are that the current market backdrop (COVID-19 woes) results in downward value pressure on improved properties; however, this has yet to be reflected in land values as there is a sentiment that an offset on construction cost may negate any near term cash flow effects and the timeframe in which it takes to acquire permits and approvals for a given site may outlast some of the near term negative effects of the current pandemic (particularly for prime urban sites). We have considered the foregoing herein in our analysis of the subject.

Based on conversations with an active multifamily land broker in South Florida there has been a lack of transactional data in the market since COVID-19 for urban or suburban land sales. Most properties that were placed under contract prior to the shelter-in-place orders that occurred in mid March 2020 in South

Florida have been pushed out with buyers requesting extended closing periods due to current concerns with financing in capital markets. This broker noted that most developers anticipate construction costs to decrease over the next year with some estimating decreases of five to seven percent (although no data points exist at this time) and that some proposed apartment complexes in the pipeline will not be developed, which would balance out any near term decreases in rent or increases in concession and vacancy for multi-family product due to the current pandemic. Therefore, purchasers of multi-family sites remain active and are still bidding on properties, although pushing for longer due diligence timeframes and closing dates in lieu of current difficulties in the market brought upon by COVID-19. Thus there is no discernable difference in pricing that has occurred to date for multifamily sites in the region, and if so he thought that is would be minor in nature and with the projected lower construction costs in the near term and the potential lower amount of supply, these factors would most likely negate any potential decrease in rents over the near term. This broker noted that he had an active high-rise multi-family development site in an urban location in South Florida that he was marketing pre-COVID-19 that received 20 offers with pricing at and slightly above the asking price and of the 20 offers there is still substantial interest and only two have backed out due to COVID-19 related reasons.

We also discussed the local land market with an active commercial real estate capital market broker in Miami-Dade County, who has recently closed on land transactions in the region over the past six months and noted that there is currently a large amount of inquiries from a number of parties with lots of capital looking to purchase prime assets. This broker noted that he did not feel that there was a significant drop off in values that have been witnessed year in the market (although that would be based on product type, with retail obviously being affected the most). This broker noted that demand has remained high for industrial space and believes suburban office product will do well in this market. However, he noted that there are not many data points to determine if there is a price drop or any other near term effect with regard to land values as of yet.

1. FINANCIAL INFORMATION OF THE GROUP

Details of the financial information of the Group for the three years ended 31 March 2017, 2018 and 2019 are disclosed in the annual reports of the Company for the three years ended 31 March 2017, 2018 and 2019 respectively. These annual reports of the Company have been published on the websites of the Stock Exchange (<https://www.hkexnews.hk>) and the Company (<https://www.asiaalliedgroup.com>) respectively:

- annual report of the Company for the year ended 31 March 2017 published on 20 July 2017 (pages 108 to 234) available on:
<https://www1.hkexnews.hk/listedco/listconews/sehk/2017/0720/ltn20170720481.pdf>
- annual report of the Company for the year ended 31 March 2018 published on 24 July 2018 (pages 107 to 242) available on:
<https://www1.hkexnews.hk/listedco/listconews/sehk/2018/0724/ltn20180724379.pdf>
- annual report of the Company for the year ended 31 March 2019 published on 23 July 2019 (pages 124 to 297) available on:
<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0723/ltn20190723317.pdf>

2. INDEBTEDNESS OF THE GROUP**Borrowings**

As at the close of business on 30 April 2020 (being the latest practicable date for ascertaining information regarding this indebtedness statement), the Group had the following outstanding indebtedness:

- (i) outstanding bank borrowings of approximately HK\$2,726 million, of which approximately HK\$270 million were secured by certain of the Group's property, plant and equipment, right-of-use assets, bank deposits and an assignment of a construction contract; and
- (ii) lease liabilities with a present value of minimum lease payments of approximately HK\$63 million, of which HK\$1 million were secured by certain of the Group's right-of-use assets.

Contingent liabilities

On 30 April 2020, the Group had the following contingent liabilities:

- (i) the indemnities issued to financial institutions for performance bonds in respect of construction and professional services contracts undertaken by the subsidiaries, joint operations and a joint venture of the Group of approximately HK\$1,173 million;
- (ii) guarantee issued to financial institutions to secure credit facilities granted to a joint venture and associates of approximately HK\$1,487 million; and
- (iii) guarantees provided for property development projects given to banks which granted facilities to purchasers of the Group's properties held for sale of approximately HK\$18 million.

Save as aforesaid, the Group did not have any other debt securities, term loans, bank loans, bank overdrafts and liabilities under acceptances (other than normal trade bills) or other similar indebtedness, debentures or other loan capital, mortgages, charges, finance leases or hire purchase commitments, guarantees or other material contingent liabilities outstanding at the close of business on 30 April 2020.

3. WORKING CAPITAL

The Directors, after due and careful enquiry and consideration, are of the opinion that the Group will, after taking into account the effect of the Disposal and the present internal financial resources available to the Group including internally generated cash flows and existing banking and credit facilities available, have sufficient working capital for its present requirements in the next 12 months from the date of this circular in the absence of unforeseen material circumstances.

4. FINANCIAL AND TRADING PROSPECTS OF 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 Disposal has increased sources of funding to facilitate the development of the Group's existing and potential projects, and prepares for other future opportunities that may arise. During the current financial year, the Directors expect that with its cash flow and available credit facilities, the Group's financial position will remain stable. The Group will closely monitor the market situations and trends and will continue to strengthen its established markets. The Group will seek cooperation and development opportunities with an aim of maximizing the investment returns for its Shareholders.

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.

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 executives' interests and short positions in Shares, underlying shares and debentures of the Company and its associated corporation

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); or (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) Interests in the Shares and underlying shares

Name of Directors	Capacity/ Nature of interest	Number of ordinary shares held	Number of underlying shares held	% of the Company's issued share capital (<i>Note 1</i>)
Mr. Pang Yat Ting, Dominic	Beneficial owner (<i>Note 2</i>)	—	3,000,000 (L)	0.16% (L)
	Interests of controlled corporation (<i>Note 3</i>)	1,004,102,388 (L)	429,802,317 (L)	78.16% (L)
Mr. Xu Jianhua	Beneficial owner (<i>Note 2</i>)	—	3,000,000 (L)	0.16% (L)
Ir Dr. Pang Yat Bond, Derrick	Beneficial owner	7,326,000 (L)	—	0.39% (L)
Mr. Shea Chun Lok, Quadrant	Beneficial owner (<i>Note 2</i>)	—	3,000,000 (L)	0.16% (L)
Madam Li Wai Hang, Christina	Beneficial owner (<i>Note 2</i>)	10,880,875 (L)	1,200,000 (L)	0.65% (L)
	Interests of controlled corporation (<i>Note 3</i>)	1,004,102,388 (L)	429,802,317 (L)	78.16% (L)

Name of Directors	Capacity/ Nature of interest	Number of ordinary shares held	Number of underlying shares held	% of the Company's issued share capital (Note 1)
Ms. Wong Wendy Dick Yee	Beneficiary of a trust (Note 4)	166,000,000 (L)	166,000,000 (S)	9.04% (L) 9.04% (S)
Mr. Wu William Wai Leung	Beneficial owner (Note 2)	—	600,000 (L)	0.03% (L)
Mr. Lam Yau Fung, Curt	Beneficial owner (Note 2)	—	600,000 (L)	0.03% (L)
Mr. Ho Gilbert Chi Hang	Beneficial owner (Note 2)	—	600,000 (L)	0.03% (L)

(L): Long Position

(S): Short Position

Notes:

- As at the Latest Practicable Date, the total number of issued shares of the Company is 1,834,527,847.
- 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 Yat Ting, Dominic and 45% by Madam Li Wai Hang, Christina, 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”.
- Best Manage Holdings Limited (“Best Manage”) is wholly-owned by Brite-Tech Research Limited which is in turn wholly-owned by Surplus Assets Limited. Surplus Assets Limited is wholly-owned by Credit Suisse Trust Limited as the trustee of The Allan Wong 2011 Trust, a discretionary trust of which Ms. Wong Wendy Dick Yee is one of the beneficiaries. She also is one of the directors of Best Manage. By virtue of the SFO, she is deemed to be interested in the ordinary shares and underlying shares of the Company in which Best Manage had interest or was deemed to have interest. The details of such interests of Best Manage 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 Directors	Name of associated corporation	Capacity	Number of issued shares held	% of the associated corporation
Mr. Pang Yat Ting, Dominic <i>(Note)</i>	GT Winners	Beneficial owner	45	45%
Madam Li Wai Hang, Christina <i>(Note)</i>	GT Winners	Beneficial owner	45	45%

Note:

As at the Latest Practicable Date, both Mr. Pang Yat Ting, Dominic and Madam Li Wai Hang, Christina are directors of GT Winners.

Save as disclosed above, none of the Directors or chief executives 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:

Interests in the Shares or underlying shares

Name of Substantial Shareholders	Capacity/ Nature of interest	Number of ordinary shares held	Number of underlying shares held	% of the Company's issued share capital (Note 1)
GT Winners	Beneficial owner (Note 2)	1,004,102,388 (L)	429,802,317 (L)	78.16% (L)
SFund International Investment Fund Management Limited ("SFund International")	Beneficial owner (Note 3)	183,802,317 (L)	—	10.01% (L)
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 (L)	—	10.01% (L)
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 (L)	—	10.01% (L)
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 (L)	—	10.01% (L)
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 (L)	—	10.01% (L)
Best Manage	Beneficial owner	166,000,000 (L)	166,000,000 (S)	9.04% (L) 9.04% (S)

(L): Long Position

(S): Short Position

Notes:

1. As at the Latest Practicable Date, the total number of issued shares of the Company is 1,834,527,847.
2. These represent (i) a beneficial interest in 1,004,102,388 ordinary shares of the Company, representing approximately 54.73% 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 10.01% of the issued share capital of the Company, a beneficial interest in 166,000,000 underlying shares of the Company pursuant to a put option, representing approximately 9.04% of the issued share capital of the Company, and a beneficial interest in 80,000,000 underlying shares of the Company pursuant to a call option, representing approximately 4.36% of the issued share capital of the Company, directly held by GT Winners.
3. 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 CONTRACT

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which is not expiring or is not determinable by the Group within one year without payment of any compensation (other than statutory compensation).

4. DIRECTORS' INTEREST IN ASSETS OR CONTRACTS OR ARRANGEMENTS

As 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 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. COMPETING BUSINESS

Mr. Wu William Wai Leung, independent non-executive Director, is an independent non-executive director of JY Grandmark Holdings Limited (“JY Grandmark”) (a company listed on the Stock Exchange) which certain of its subsidiaries being engaged in the property development business. The Board is of the view that Mr. Wu William Wai Leung as an independent non-executive director of JY Grandmark, is not involved in its daily operation and therefore it does not compete with the 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 interest in any business (apart from the Group’s business) which competes or is likely to compete, either directly or indirectly, with the Group’s business.

6. LITIGATION

- (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.

- (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. In or about late November 2019, the plaintiff and the Subsidiary reached an amicable settlement and the above case has been discontinued accordingly.

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.

7. MATERIAL CONTRACTS

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by members of the Group within two years immediately preceding the date of this circular which are or maybe material:

- (a) The asset purchase agreement dated 30 November 2018 entered into between an indirect non wholly-owned subsidiary of the Company and Chun Kit Transportation Services Company Limited, Fu Yi Company Limited, Gainway Industries Limited and Yat Fung Motor Bus Company Limited, for the purchase of 47 non-franchised buses and the related passenger service licenses at the consideration of HK\$175,920,000.
- (b) The subscription agreement dated 9 May 2019 entered into between the Company and SFund International in relation to the subscription of promissory notes in the principal amount of HK\$180,000,000.
- (c) Two conditional sale and purchase agreements both dated 19 June 2019 entered into between an indirect wholly-owned subsidiary of the Company and Hua Bao Xing International Limited in relation to the disposal of entire interest in two subsidiaries, each of which indirectly holds the equity interest in 中城建第十三工程局有限公司 and 中城建第四工程局集團有限公司, at the consideration of HK\$74,000,000 and for a maximum consideration of HK\$74,000,000 respectively.
- (d) The provisional agreement dated 19 July 2019 entered into between the Company and Bright City International Limited in relation to the disposal of the property located Units C1 and C2, 5th Floor, Hong Kong Spinners Industrial Building Phases I and II, 601-603 Tai Nan West Street, 800 Cheung Sha Wan Road, Kowloon, Hong Kong, at the consideration of HK\$134,325,500.
- (e) The sale and purchase agreement dated 23 August 2019 entered into between an indirect wholly-owned subsidiary of the Company and Well Perfection Limited in relation to the acquisition of 40% interest in Clover Peak Limited, which indirectly holds 10% interest in site of Sha Tin Town Lot No. 579 at Area 56A Kau To, Sha Tin, New Territories, Hong Kong, at the consideration of HK\$119,911,000.

- (f) The share purchase agreement dated 5 March 2020 entered into between an indirect wholly-owned subsidiary of the Company and CCCD in relation to the disposal of a subsidiary, which indirectly holds 45% interest in 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., at the consideration of US\$44,018,000 (equivalent to approximately HK\$341.1 million).
- (g) The sale and purchase agreement dated 13 March 2020 entered into between an indirect wholly-owned subsidiary of the Company and Earning Hero Limited in relation to the disposal of a subsidiary, which indirectly holds 50% interest in Nos. 264, 264A and 264B, Prince Edward Road West, Kowloon, Hong Kong, at the consideration of HK\$116,900,000.

8. QUALIFICATION AND CONSENT OF EXPERT

The following is the name and qualification of the expert who has given its opinions and advice which are included in this circular:

Name	Qualification
Cushman & Wakefield Regional, Inc.	Independent valuer

Cushman & Wakefield Regional, Inc. has given and has not withdrawn its written consent to the issue of this circular, with the inclusion of the references to its name and/or its opinion in the form and context in which they are included.

As at the Latest Practicable Date, Cushman & Wakefield Regional, Inc. does not have any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any members of the Group.

As at the Latest Practicable Date, Cushman & Wakefield Regional, Inc. does not have any direct or indirect interest in any asset which has been acquired, or disposed of by, or leased to, or was proposed to be acquired, or disposed of by, or leased to any member of the Group since 31 March 2019, the date to which the latest published audited financial statement of the Group were made up.

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 HM12, 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 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:

- (a) the memorandum of association and the bye-laws of the Company;
- (b) the Agreement;
- (c) written resolutions of the Shareholder for approving the Disposal;
- (d) Valuation Report, the text of which is set out on pages I-1 to I-9 of this circular;
- (e) the annual reports of the Company for the three financial years ended 31 March 2017, 2018 and 2019;
- (f) the material contracts referred to in the paragraph headed "MATERIAL CONTRACTS" in this appendix;
- (g) the circular of the Company dated 28 November 2019 in relation to a disclosable and connected transaction referred to in item (e) of the paragraph headed "MATERIAL CONTRACTS" in this appendix;
- (h) the letters of consents issued by the expert referred to in the section headed "QUALIFICATION AND CONSENT OF EXPERT" in this appendix; and
- (i) this circular.