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亞洲聯合基建控股有限公司

ASIA ALLIED INFRASTRUCTURE HOLDINGS LIMITED

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

DISCLOSEABLE TRANSACTION IN RELATION TO THE ACQUISITION OF THE TARGET COMPANY

THE SALE AND PURCHASE AGREEMENT

On 20 October 2020 (after trading hours), the Purchaser, an indirect wholly-owned subsidiary of the Company, and the Vendor entered into the Sale and Purchase Agreement, pursuant to which the Purchaser has conditionally agreed to purchase, and the Vendor has conditionally agreed to sell, the Sale Shares at the consideration of HK\$64,000,000.

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 Acquisition exceed 5% but are less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 20 October 2020 (after trading hours), the Purchaser, an indirect wholly-owned subsidiary of the Company, and the Vendor entered into the Sale and Purchase Agreement, pursuant to which the Purchaser has conditionally agreed to purchase, and the Vendor has conditionally agreed to sell, the Sale Shares at the consideration of HK\$64,000,000.

THE SALE AND PURCHASE AGREEMENT

The principal terms of the Sale and Purchase Agreement are summarized below:

Date

20 October 2020

Parties

- (1) Purchaser: Great Adventure Limited, an indirect wholly-owned subsidiary of the Company
- (2) Vendor: Ample Honesty Limited

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, as at the date of this announcement, the Vendor and its ultimate beneficial owner are third parties independent of the Company and its connected persons. Saved for the Acquisition, the Vendor and its ultimate beneficial owner have no other business relationship with the Company and its connected persons

Assets to be acquired

Pursuant to the Sale and Purchase Agreement, the Purchaser has conditionally agreed to purchase and the Vendor has conditionally agreed to sell the Sale Shares at the consideration of HK\$64,000,000.

The Sale Shares represent the entire issued share capital of the Target Company as at the date of the Sale and Purchase Agreement and immediately before the Completion.

Consideration

The consideration for the Acquisition is HK\$64,000,000 and shall be paid by the Purchaser to the Vendor in the following manners:

- (i) HK\$60,000,000 shall be paid to the Vendor on the Completion Date; and
- (ii) the remaining balance of HK\$4,000,000 (the “**Remaining Balance**”), subject to adjustment, shall be paid to the Vendor pursuant to the terms and conditions as set out in the section headed “Profit guarantee and undertaking by the Guarantors” in this announcement.

Basis of the Consideration

The Consideration was determined after arm’s length negotiations between the parties to the Sale and Purchase Agreement by taking into consideration various factors, including but not limited to (i) the unaudited net asset value of the Target Company as at 31 August 2020; (ii) the business development opportunity and prospects of the Target Company; and (iii) the profit guarantee of the Target Company as set out in the Sale and Purchase Agreement.

Conditions precedent

Completion is conditional upon satisfaction or waiver (if applicable) of, among other things, the following conditions precedent on the Completion Date:

- (i) the Purchaser being satisfied with the due diligence exercises conducted against the Target Company;
- (ii) the provision by the Vendor of such evidence to the satisfaction of the Purchaser demonstrating the Target Company has sufficient working capital for at least three (3) months from the Completion Date;

- (iii) the net asset value of the Target Company being not less than HK\$14,000,000 as at 30 September 2020; and
- (iv) none of the warranties having been breached in any material respect (or, if capable of being remedied, not having been remedied), or being untrue or inaccurate or misleading.

If any of the conditions precedent has not been satisfied or waived (as the case may be) on or before 5:00 p.m. on the Long Stop Date, the Sale and Purchase Agreement shall cease and determine and none of the parties shall have any obligations and liabilities thereunder.

Completion

The Completion shall take place on the Completion Date upon all conditions set out in the Sale and Purchase Agreement are satisfied or waived (as the case may be).

Upon the Completion, the Company will indirectly own the entire issued share capital of the Target Company, and the Target Company will become a subsidiary of the Company.

Profit guarantee and undertaking by the Guarantors

Pursuant to the Sale and Purchase Agreement, the Vendor guarantees to the Purchaser, among others, during the Guarantee Period, the aggregate audited net profit after tax of the Target Company will not be less than HK\$24,000,000 (the “**Guaranteed Profit**”).

Where the Guaranteed Profit is achieved at any time during the Guarantee Period, the Remaining Balance shall be paid to the Vendor by the Purchaser within fifteen (15) Business Days from the date the Guaranteed Profit is ascertained.

Where the Guaranteed Profit is not achieved during the Guarantee Period, the Remaining Balance shall be subject to the following adjustments:

- (a) if the Shortfall is less than the Remaining Balance, “Shortfall Payment A” should be paid to the Vendor by the Purchaser, whereas:

$$\text{Shortfall Payment A} = (\text{Remaining Balance} - \text{Shortfall})$$

- (b) if the Shortfall is greater than the Remaining Balance, then the Purchaser shall not be obliged to pay the Remaining Balance, “Shortfall Payment B” should be paid to the Purchaser by the Vendor, whereas:

$$\text{Shortfall Payment B} = (\text{Shortfall} - \text{Remaining Balance})$$

Shortfall Payment A or Shortfall Payment B shall be paid to either party within fifteen (15) Business Days following the completion of the audit of the Target Company's accounts for the final fiscal year of the Guarantee Period, provided that:

- (i) Shortfall Payment B shall not, in any event, exceed HK\$20,000,000; and
- (ii) the Vendor shall not be obliged to pay the Shortfall Payment B if such amount is caused by any disruption of the business operation of the Target Company for a continuous period of three (3) months as a result of, among other things, an act of God and/or war.

Separately, the Guarantors have entered into the personal guarantee on a joint and several basis to (i) guarantee to the Purchaser the due and punctual payment by the Vendor of the Shortfall as it become due under the Sale and Purchase Agreement; and (ii) undertake to the Purchaser that whenever the Vendor fails to pay any amount of the Shortfall as the same becomes due and payable under the Sale and Purchase Agreement, he/she shall immediately on demand pay that amount as if he/she was the principal obligor.

INFORMATION ON THE TARGET COMPANY

The Target Company is a company incorporated in Hong Kong with limited liability and is wholly owned by the Vendor.

The Target Company is principally engaged in manufacturing of positron emission tomography (“PET”) radio-pharmaceuticals for medical use, such as fluorodeoxyglucose 18F.

Financial information of the Target Company

Set out below are the financial information of the Target Company as extracted from its audited financial statements for the year ended 31 December 2018 and unaudited financial statements for the twelve months ended 31 December 2019 and eight months ended 31 August 2020, which were prepared in accordance with the Hong Kong Financial Reporting Standards:

	For the year ended 31 December 2018 HK\$ (audited)	For the twelve months ended 31 December 2019 HK\$ (unaudited)	For the eight months ended 31 August 2020 HK\$ (unaudited)
Profit before taxation	2,214,273	8,931,448	9,153,099
Profit after taxation	2,612,419	7,457,759	7,642,838

The unaudited net asset value of the Target Company as at 31 August 2020 amounted to HK\$14,152,719.

INFORMATION ON THE GROUP, THE COMPANY AND THE PARTIES TO THE SALE AND PURCHASE AGREEMENT

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), non-franchised bus services and other activities.

The Purchaser

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

The Vendor

The Vendor is a company incorporated in the BVI with limited liability and its principal activity is investment holding.

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

The Target Company was established in 2006 as a radio-pharmaceutical manufacturer specializing in PET drugs and it operates one of the largest PET radiopharmacy distribution network in Hong Kong with provision of PET drugs to hospitals and imaging centers.

Having considered (i) the potential growth in demand due to enhanced health awareness of the general public; and (ii) profitability enhancement, the Directors consider that the Acquisition provides an excellent opportunity for the Group to expand business scale with diversification of revenue stream.

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 Acquisition exceed 5% but are less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Acquisition”	the acquisition of the Sale Shares from the Vendor by the Purchaser pursuant to the terms and conditions of the Sale and Purchase Agreement
“Board”	the board of Directors
“Business Day(s)”	a day on which licensed banks in Hong Kong are generally open for normal banking business (other than Saturday, Sunday and public holiday)
“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 in accordance with the Sale and Purchase Agreement
“Completion Date”	a date which falls within fifteen (15) Business Days after the satisfaction or waiver (where applicable) of the conditions set out in the Sale and Purchase Agreement or such later date as may be agreed by the Vendor and the Purchaser
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	HK\$64,000,000, being the consideration of the Acquisition
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries from time to time
“Guarantee Period”	the period from 1 April 2020 to 31 March 2023
“Guarantors”	two independent third parties, one of them is the beneficial owner of the Vendor and the other one is the consultant of the Target Company
“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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	20 November 2020 (or such later date as the Vendor and the Purchaser may agree)

“Purchaser”	Great Adventure Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary the Company
“Sale and Purchase Agreement”	the sale and purchase agreement dated 20 October 2020 entered into between the Purchaser and the Vendor in respect of the Acquisition
“Sale Shares”	the 100 ordinary shares of the Target Company which are legally and beneficially owned by the Vendor, representing the entire issued share capital of the Target Company as at the date of the Sale and Purchase Agreement and immediately before Completion
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of issued Shares
“Shortfall”	the amount by which the actual aggregate audited net profits of the Target Company for the Guarantee Period falls short of the guaranteed profit in accordance with the Sale and Purchase Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Target Company”	Hong Kong Cyclotron Laboratories Limited, a company incorporated in Hong Kong with limited liability which is wholly owned by the Vendor as at the date of the Sale and Purchase Agreement
“Vendor”	Ample Honesty Limited, a company incorporated in the BVI with limited liability
“%”	per cent

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

Hong Kong, 20 October 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 and Madam Li Wai Hang, Christina, the non-executive directors of the Company are Ms. Wong Wendy Dick Yee and Ir Dr. Wong Nai Keung, Philco, and the independent non-executive directors of the Company are Mr. Wu William Wai Leung, Mr. Lam Yau Fung, Curt, Mr. Ho Gilbert Chi Hang and Dr. Yim Yuk Lun, Stanley BBS JP.