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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 DISPOSAL OF PROPERTY

THE PROVISIONAL AGREEMENT

On 30 January 2023 (after trading hours), the Vendor and the Purchaser entered into the Provisional Agreement, pursuant to which the Vendor has agreed to sell, and the Purchaser has agreed to acquire the Property at the consideration of HK\$93,750,000.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Disposal exceeds 5% but is less than 25%, the Disposal 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 30 January 2023 (after trading hours), the Vendor and the Purchaser entered into the Provisional Agreement, pursuant to which the Vendor has agreed to sell, and the Purchaser has agreed to acquire the Property.

THE PROVISIONAL AGREEMENT

The principal terms of the Provisional Agreement are summarized below:

Date : 30 January 2023 (after trading hours)

- Parties** : (1) the Company, as the vendor; and
- (2) Fung Shing Steel Company Limited, as the purchaser.

The ultimate beneficial owners of the Purchaser are Yau Shung Fuk and Yau Shuen Tim. To the best knowledge, information and belief of the Directors having made all reasonable enquiry, each of the Purchaser and its ultimate beneficial owners are Independent Third Parties, and there is, and in the past twelve months, there has been, no material loan arrangement between (a) the counterparty of the Disposal (i.e. the Purchaser), any of its directors and legal representatives and/or and ultimate beneficial owners of the counterparty of the Disposal who can exert influence on the Disposal (being Yau Shung Fuk and Yau Shuen Tim); and (b) the Company, any connected person at the Company's level and/or any connected person at the subsidiary level (to the extent the subsidiary is involved in the Disposal).

Asset to be disposed of

The Property is located at section G of Lot 612 in DD 85 at Lau Shui Heung, the New Territories, Hong Kong. It is currently used by the Group for placing construction materials and recorded in the Company's financial statements as part of the "Right-of-use assets". The Property is not a revenue-generating asset and is subject to depreciation and no net profits (both before and after taxation) have been recorded since 1997 (year of acquisition). The Property is to be sold to the Purchaser on an "as is" basis.

Consideration

The Consideration for the Disposal is HK\$93,750,000, which shall be paid by the Purchaser to the Vendor in the following manner:

- (1) HK\$4,687,500 shall be paid upon the signing of the Provisional Agreement as the initial deposit;
- (2) HK\$4,687,500 shall be paid on or before 10 February 2023 as the further deposit; and
- (3) the remaining balance of HK\$84,375,000 shall be paid on Completion.

The Consideration was arrived at after arm's length negotiations between the Vendor and the Purchaser by taking into account various factors, including (i) the market value of similar properties within and adjacent to the area; and (ii) the valuation of the Property of HK\$90,750,000.

Other material terms

Both parties are subject to following other material terms:

- (a) The Property shall be delivered at a leased-back basis upon Completion. The Vendor shall lease the Property at a monthly rental of HK\$4 (exclusive) per square foot for a term of one year with an option to renew the lease for a term of one year on the same monthly rental cost.

- (b) The Purchaser shall, before Completion, have the right to cancel the sale and purchase of the Property and have full refund of all deposits and further deposits without interest if the Vendor fails to show prove and give good title to the Property in accordance with sections 13 and 13A of the Conveyancing and Property Ordinance.

Formal Agreement

Pursuant to the Provisional Agreement, the Formal Agreement is expected to be signed on or before 10 February 2023.

Completion

Completion is expected to take place on or before 28 April 2023.

FINANCIAL EFFECTS OF THE DISPOSAL AND USE OF PROCEEDS

It is expected that the Group will record a net gain of approximately HK\$81.7 million from the Disposal, taking into account, among other things, the Consideration, the book value of the Property as at 31 December 2022 of approximately HK\$10.6 million and the estimated expenses in connection with the Disposal. The actual amount of gain or loss as a result of the Disposal to be recorded by the Company will be subject to the review and final audit by the auditor of the Company.

The Group expects to receive net proceeds of approximately HK\$92.3 million from the Disposal. The Group currently intends to use the proceeds as general working capital and partial repayment of bank loans of the Group.

INFORMATION ON THE GROUP AND THE PARTIES TO THE PROVISIONAL AGREEMENT

The Vendor and the Group

The Vendor is a 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, tunnel and other facility management services), non-franchised bus services and manufacturing of positron emission tomography radiopharmaceuticals.

The Purchaser

The Purchaser is a company incorporated under the laws of Hong Kong with limited liability and is principally engaged in general trading.

REASONS FOR AND BENEFITS OF THE DISPOSAL

As explained in the Company's interim report 2022, interest rate hikes continue to affect the Group's business. One of the measures to deal with the challenge is to divest certain properties and investments and utilize the net proceeds as working capital and partial repayments of bank loans so as to reduce interest expenses.

Having considered the current market value of the Property and the current property market conditions in Hong Kong, the Board considers that the Disposal, if materializes, represents a good opportunity for the Group to cash out from selling the Property at a reasonable consideration to enhance the Group's cash flow. The net proceeds will be applied as general working capital and partial repayment of bank loans of the Group.

Taking into account the lease back of the Property, the Directors are of the view that the sale of the Property will not have material impact on the Group's business operations.

The terms of the Provisional Agreement were determined after arm's length negotiations between the parties thereto and the Directors are of the view that the terms of the Provisional Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

The Property is recorded in the Company's financial statements as part of the "Right-of-use assets" and therefore the Disposal is subject to Chapter 14 of the Listing Rules.

As one of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Disposal exceeds 5% but is less than 25%, the Disposal 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:

"Board"	the board of the Directors
"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 the Disposal in accordance with the terms and conditions of the Formal Agreement
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Consideration"	HK\$93,750,000, being the consideration for the Disposal
"Director(s)"	the director(s) of the Company
"Disposal"	the disposal of the Property by the Vendor to the Purchaser
"Formal Agreement"	the formal agreement for the Disposal, which is expected to be signed on or before 10 February 2023 pursuant to the Provisional 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
“Independent Third Party(ies)”	independent third party(ies) which is/are not connected person(s) of the Company and is/are independent of the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Property”	section G of Lot 612 in DD 85
“Provisional Agreement”	the provisional sale and purchase agreement dated 30 January 2023 entered into between the Vendor and the Purchaser in relation to the Disposal
“Purchaser”	Fung Shing Steel Company Limited, a company incorporated in Hong Kong with limited liability
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	as the meaning ascribed to it under the Listing Rules
“Vendor”	the Company
“%”	per cent

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

Hong Kong, 30 January 2023

As at the date of this announcement, the executive directors of the Company are Mr. Pang Yat Ting, Dominic, Mr. Xu Jianhua, Jerry, 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 Dr. Yim Yuk Lun, Stanley BBS JP, 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. Yen Gordon.