THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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 Asiasec Properties Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

亞證地產有限公司

ASIASEC PROPERTIES LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 271)

(1) MAJOR DISPOSAL AND CONNECTED TRANSACTION INVOLVING DISPOSAL OF CERTAIN NON-CONTROLLING PROPERTY INTERESTS; (2) POSSIBLE DECLARATION OF SPECIAL DIVIDEND OF HK$0.95 PER SHARE; AND (3) NOTICE OF EXTRAORDINARY GENERAL MEETING

Financial Adviser to the Company

YU MING INVESTMENT MANAGEMENT LIMITED
禹 銘 投 資 管 理 有 限 公 司

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

PELICAN FINANCIAL
百 利 勤 金 融

Capitalised terms used on this cover page shall have the same meanings as those defined in the section headed "Definitions" in this circular, unless the context requires otherwise.

A letter from the Board is set out on pages 7 to 26 of this circular and a letter from the IBC containing its recommendation to the Independent Shareholders is set out on page 27 of this circular. A letter of advice from Pelican Financial Limited, the IFA, containing its advice and recommendation to the IBC and the Independent Shareholders is set out on pages 28 to 53 of this circular.

A notice convening the EGM to be held at Basement 3, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Tuesday, 26th October, 2021 at 3:00 p.m. is set out on pages 74 to 76 of this circular. A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's share registrar, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof, provided that no account is to be taken of any part of a day that is a public holiday. Completion and return of the form of proxy will not preclude the Shareholders from attending and voting in person at the EGM or any adjournment thereof should they so wish.

PRECAUTIONARY MEASURES FOR THE EGM

Please see page 1 of this circular for measures being taken to try to prevent and control the spread of the Novel Coronavirus ("**COVID-19**") at the EGM, including:

- **compulsory body temperature checks**
- **compulsory wearing of surgical face masks for each attendee**

Any person who does not comply with the precautionary measures or is subject to any Hong Kong Government prescribed quarantine may be denied entry into the EGM venue. The Company also encourages the Shareholders to consider appointing the Chairman of the EGM as his/her proxy to vote on the resolution at the EGM as an alternative to attending the EGM in person.

5th October, 2021

CONTENTS

In view of the ongoing COVID-19 epidemic and recent requirements for prevention and control of its spread, the Company will implement the following preventive measures at the EGM:

(i) Compulsory body temperature checks will be conducted on every Shareholder, proxy and other attendees at the entrance of the EGM venue. Any person with a body temperature of over 37.4 degrees Celsius may be denied entry into the EGM venue and be asked to leave the EGM venue.

(ii) All Shareholders, proxies and other attendees that (a) have travelled, and have been in close contact with any person who has travelled from the mainland China, Macao and Taiwan at any time in the preceding 14 days, or from overseas at any time in the preceding 21 days (in accordance with and subject to the latest guidelines issued by the Hong Kong Government at www.chp.gov.hk from time to time); (b) are, and have been, in close contact with any person who is, subject to any Hong Kong Government prescribed compulsory quarantine (including home quarantine); (c) are, and have been, in close contact with anyone who has contracted COVID-19, has been tested preliminarily positive of COVID-19 or is suspected of contracting COVID-19; or (d) have any flu-like symptoms, may be denied entry into the EGM venue and be asked to leave the EGM venue.

(iii) All Shareholders, proxies and other attendees are required to wear surgical face masks inside the EGM venue at all times. Any person who does not comply with this requirement may be denied entry into the EGM venue and be asked to leave the EGM venue. A safe distance between seats are also recommended.

To the extent permitted under the laws of Hong Kong, the Company reserves the right to deny entry into the EGM venue or require any person to leave the EGM venue in order to ensure the safety of the attendees at the EGM.

In the interest of all stakeholders' health and safety and to be consistent with recent COVID-19 guidelines for prevention and control, the Company reminds all Shareholders that physical attendance in person at the EGM is not necessary for the purpose of exercising voting rights. As an alternative to attending the EGM in person, Shareholders are encouraged to consider appointing the Chairman of the EGM as their proxy to vote on the resolution at the EGM by submitting forms of proxy with voting instructions inserted.

The form of proxy for the EGM is enclosed with this circular. Alternatively, the form of proxy can be downloaded from the Company's website at http://www.asiasec.com.hk and the website of the Stock Exchange at http://www.hkexnews.hk. If you are not a registered Shareholder (if your Shares are held via banks, brokers, custodians or the Hong Kong Securities Clearing Company Limited), you should consult directly with your banks or brokers or custodians (as the case may be) to assist you in the appointment of proxy.

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

"Announcement"	the announcement of the Company dated 9th July, 2021 relating to the Proposal
"ASL Properties"	the properties interested by the Company as at the date of the Joint Announcement and up to the Latest Practicable Date
"associates"	having the meaning ascribed to it under HKFRS unless otherwise defined
"Board"	the board of the directors of the Company
"BVI Holdco"	a company incorporated or to be incorporated in the British Virgin Islands with limited liability, which shall be directly wholly-owned by the Company upon completion of the Reorganisation
"Company"	Asiasec Properties Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 271)
"Completion"	completion of the Transaction pursuant to the Sale and Purchase Agreement
"Completion Date"	the third business day after fulfilment (or waiver where applicable) of all Conditions, or such later date as may be agreed by the Purchaser and the Company in writing
"Condition(s)"	the condition(s) precedent to the Transaction as set out in the Sale and Purchase Agreement, which are required to be satisfied or waived (where applicable) on or before the Long Stop Date
"Consideration"	the total consideration payable by the Purchaser to the Company for the Transaction, being HK$1,080,000,000
"Dan Form"	Dan Form (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability, being a direct wholly-owned subsidiary of the Company as at the Latest Practicable Date and will become a direct wholly-owned subsidiary of the Target Company upon completion of the Reorganisation

"Director(s)"	the director(s) of the Company
"Distributable Profit"	the distributable profit of the Company as at 31st December, 2020 as disclosed in the 2020 annual report of the Company
"EGM"	an extraordinary general meeting to be convened by the Company at Basement 3, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Tuesday, 26th October, 2021 at 3:00 p.m. for the Independent Shareholders to consider and, if thought fit, approve the Transaction and the declaration of the Special Dividend
"Excluded Companies"	certain wholly-owned subsidiaries of Dan Form as at the Latest Practicable Date which shall be excluded from the Target Group upon completion of the Reorganisation
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"HKFRS"	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
"Hong Kong"	Hong Kong Special Administrative Region of the PRC
"IBC"	an independent committee of the Board (comprising Messrs. Li Chak Hung and Choi Kin Man, being the remaining Independent Non-Executive Directors excluding Ms. Lisa Yang Lai Sum) established for the purpose of advising the Independent Shareholders in respect of the Transaction and the possible declaration of the Special Dividend
"IFA"	Pelican Financial Limited, a corporation licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser to the IBC and the Independent Shareholders in respect of the Transaction and the possible declaration of the Special Dividend

"Independent Shareholder(s)"	the Shareholder(s) (other than TACI and its associates as defined under the Listing Rules including the Purchaser) who are not interested in the Sale and Purchase Agreement and are not required under the Listing Rules to abstain from voting at the EGM to approve the same and the transactions thereunder, and the Special Dividend
"Joint Announcement"	the announcement jointly published by the Company and TACI dated 23rd June, 2021
"Latest Practicable Date"	29th September, 2021, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Long Stop Date"	31st October, 2021 or such other date as may be agreed by the Purchaser and the Company in writing
"Main Board"	Main Board of the Stock Exchange (excludes the option market) operated by the Stock Exchange which is independent from and operated in parallel with GEM of the Stock Exchange
"Offer"	the general offer to acquire the controlling stake in the Company by TACI in 2016
"Offer Letter"	the offer letter dated 23rd June, 2021 issued by TACI to the Company in relation to the Proposal
"Percentage Ratio(s)"	percentage ratio(s) as set out in Rule 14.07 of the Listing Rules to be applied for determining the classification of a transaction
"PRC"	the People's Republic of China, for the purpose of this circular only, excludes Taiwan, Hong Kong and Macau Special Administrative Region of the People's Republic of China
"Properties"	certain properties and car-parking spaces interested by the Company through its interests in associates (i.e. the Target Group) upon completion of the Reorganisation and as at Completion

"Proposal"	the proposal made by TACI to the Company in relation to (i) the Transaction; (ii) the reorganisation of Dan Form; and (iii) the declaration of the Special Dividend by the Company by applying the proceeds from the Transaction and the Distributable Profit
"Purchaser"	Advance Growth Investments Limited, a company incorporated in the British Virgin Islands with limited liability, being a direct wholly-owned subsidiary of TACI and the purchaser under the Sale and Purchase Agreement
"Record Date"	the date to be fixed for determining the entitlements of the Shareholders to the Special Dividend
"Reorganisation"	the reorganisation of the Company and Dan Form, as described in the paragraph headed "The Reorganisation" in the "Letter from the Board" in this circular
"RMB"	Renminbi, the lawful currency of the PRC
"Sale and Purchase Agreement"	a sale and purchase agreement dated 2nd August, 2021 entered into between the Purchaser and the Company in relation to the Transaction
"Sale Shares"	all such number of the ordinary shares of the Target Company legally and beneficially owned by the BVI Holdco after the Reorganisation and immediately before the Completion, representing the entire issued share capital of the Target Company as at Completion
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	the ordinary share(s) of the Company
"Shareholder(s)"	the shareholder(s) of the Company
"Shareholder's Loan"	any shareholder's loan due to the BVI Holdco by the Target Company upon completion of the Reorganisation
"Special Dividend"	the special cash dividend of HK$0.95 per Share to be declared and paid by the Company to the Shareholders upon Completion having taken place

"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"TACI"	Tian An China Investments Company Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 28) and being the substantial shareholder of the Company
"TACI Group"	TACI and its subsidiaries
"Target Company"	a company incorporated or to be incorporated in the British Virgin Islands with limited liability, which shall be directly wholly-owned by the BVI Holdco upon completion of the Reorganisation
"Target Group"	the Target Company and certain companies in which the Target Company is interested, directly or indirectly, excluding the Excluded Companies upon completion of the Reorganisation, details of which are set out under the paragraph headed "The Reorganisation – Group structure of the Target Group after the Reorganisation and immediately before the Completion" in the "Letter from the Board" in this circular
"Transaction"	the disposal of the Sale Shares by the BVI Holdco to the Purchaser and the assignment of the Shareholder's Loan by the BVI Holdco to the Purchaser pursuant to the Sale and Purchase Agreement
"US$"	United States dollars, the lawful currency of the United States of America
"Valuer"	Norton Appraisals Holdings Limited, the independent property valuer appointed by the Company to assess the value of the Properties
"sq.ft."	square feet
"%"	per cent.

In this circular, the terms "close associate(s)", "connected person(s)" and "substantial shareholder(s)" have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

亞證地產有限公司
ASIASEC PROPERTIES LIMITED
(Incorporated in Hong Kong with limited liability)
(Stock Code: 271)

Executive Directors:
Patrick Lee Seng Wei *(Chairman)*
Lee Shu Yin *(Chief Executive)*
Edwin Lo King Yau
Tao Tsan Sang

Independent Non-Executive Directors:
Li Chak Hung
Choi Kin Man
Lisa Yang Lai Sum

Registered Office:
9th Floor
Allied Kajima Building
138 Gloucester Road
Wanchai
Hong Kong

5th October, 2021

To the Shareholders

Dear Sir or Madam,

(1) MAJOR DISPOSAL AND CONNECTED TRANSACTION INVOLVING DISPOSAL OF CERTAIN NON-CONTROLLING PROPERTY INTERESTS;
(2) POSSIBLE DECLARATION OF SPECIAL DIVIDEND OF HK$0.95 PER SHARE; AND
(3) NOTICE OF EXTRAORDINARY GENERAL MEETING

INTRODUCTION

References are made to the Joint Announcement, the announcements of the Company dated 30th June, 2021, 9th July, 2021, 30th July, 2021, 31st August, 2021 and 30th September, 2021 in relation to the Proposal made by TACI to the Company, and the announcement jointly published by the Company and TACI dated 2nd August, 2021 in relation to the Sale and Purchase Agreement and the transactions contemplated thereunder.

As disclosed in the Joint Announcement, on 23rd June, 2021, TACI (the substantial shareholder of the Company) issued the Offer Letter to the Company in respect of the Proposal, pursuant to which TACI proposed (i) to acquire the Company's interest in all property interests held by the associates of the Company in Hong Kong through the acquisition of the Target Group (being all interests in associates of the Company); and (ii) that, upon completion of the Transaction, the Board shall apply the proceeds from the Transaction and the Distributable Profit to declare the Special Dividend of HK$0.95 per Share. Further, as disclosed in the Announcement, on 9th July, 2021, the Board resolved to put forward the Proposal to the Independent Shareholders for consideration after seeking professional advice from the advisers of the Company on the Proposal.

As disclosed in the announcement jointly published by the Company and TACI dated 2nd August, 2021, on 2nd August, 2021, the Company entered into the Sale and Purchase Agreement with the Purchaser, a direct wholly-owned subsidiary of TACI, in respect of the Transaction based on the terms of the Proposal.

The purpose of this circular is to provide you with, among other things, (i) further information on the Transaction; (ii) a letter of advice from the IFA to the IBC and the Independent Shareholders; (iii) a letter of recommendation from the IBC to the Independent Shareholders; (iv) the property valuation report of the Properties; and (v) a notice of the EGM to be convened and held to consider and, if thought fit, approve the Transaction and the possible declaration of the Special Dividend.

THE SALE AND PURCHASE AGREEMENT

The principal terms of the Sale and Purchase Agreement are as follows:

Date

2nd August, 2021

Parties

(1) The Purchaser (as purchaser)

(2) The Company (as vendor)

Subject matter

Pursuant to the Sale and Purchase Agreement and subject to the fulfilment (or waiver where applicable) of the Conditions, (i) the Purchaser shall acquire and the Company shall procure the BVI Holdco to sell the Sale Shares; and (ii) the Shareholder's Loan shall be assigned by the BVI Holdco to the Purchaser. The Sale Shares, representing the entire issued share capital of the Target Company, will be sold free from all encumbrances together with all rights to any dividend or other distribution declared, made or paid on or after the Completion Date.

Consideration

The Consideration for the Transaction shall be HK$1,080,000,000, and shall be payable by the Purchaser to the BVI Holdco (or its nominee(s)) upon Completion by way of electronic transfer (or such other method as agreed by the Purchaser and the Company in writing).

The Consideration was determined by TACI (being the holding company of the Purchaser) taking into account (i) the net asset value of the Target Group; (ii) the share of results of associates of the Company of a loss of approximately HK$69,029,000 for the year ended 31st December, 2020 and a profit of approximately HK$8,967,000 for the year ended 31st December, 2019; (iii) the discount represented by the share price of the Company to the net asset value of the Company; (iv) dividend received from the associates of the Company of approximately HK$65,215,000 and nil for the years ended 31st December, 2020 and 31st December, 2019, respectively; and (v) the reasons for and the benefits of the Proposed Acquisition (as defined in the Joint Announcement) set out in the section headed "Reasons for and benefits of the Proposal" in the Joint Announcement.

The Consideration was determined by TACI and the Board did not participate in the negotiation nor contemplation of the Proposal. As advised by TACI, the Proposal constitutes an offer to acquire the Target Group from the Company, which may accept or reject the Proposal as it is, but the Consideration is non-negotiable, much like the "no increase statement" under Rule 18.3 of the Hong Kong Code on Takeovers and Mergers.

The Proposal was first contemplated by the management of TACI in the second quarter of 2021. The Proposal does not alter the intention of TACI on the Target Group. Irrespective of the Proposal, TACI considers the Target Group a long-term investment and has no intention to dispose of the Target Group. However, subject to the consensus of the members of the associates of the Target Group, it has been TACI's investment strategy to dispose of the individual property units held by the associates of the Target Group when their intrinsic value is reflected.

Although the interest in the Target Group is significant to the Company's net asset value (representing approximately 58.8% of the net asset value of the Group as at 31st December, 2020), the associates of the Target Group are not consolidated into the accounts of the Group and do not make any revenue and operating profit contribution to the Group. This may have caused the distortion of market valuation of the Company, resulting in the deep discount of share price to net asset value. TACI believes that the Proposal is able to unlock the valuation of the Company, which is evidently the case as the price of the Shares increased significantly by over 20% since the date of the Joint Announcement, while Hang Seng Index has fallen by more than 10% over the same period. Given the interest in the Target Group is relatively small to the net asset value of the TACI Group (representing approximately 10% of the net asset value of the TACI Group as at 31st December, 2020), TACI was willing to put forward the Proposal for an internal restructuring of transferring the Target Group from the Company to the Purchaser. After Completion, TACI's effective interest in the Target Group will only increase by the portion held by the Independent Shareholders.

Although the Consideration represents a discount of approximately 57.5% to the adjusted net asset value of the Target Group of HK$2,540,150,000 as at 30th June, 2021 (taking into account the valuation of the Properties as at 8th July, 2021), having considered the following factors, the Directors (excluding Messrs. Patrick Lee Seng Wei, Edwin Lo King Yau, Tao Tsan Sang and Ms. Lisa Yang Lai Sum, who are subject to abstain from voting on the relevant Board resolutions, and Messrs. Li Chak Hung and Choi Kin Man, being the remaining Independent Non-Executive Directors whose opinion is set out in the "Letter from the Independent Board Committee" in this circular) have come to a view that the Sale and Purchase Agreement and the transactions contemplated thereunder, entailing the receipt of the Consideration and enabling the payment of the Special Dividend, is fair and reasonable and is in the interest of the Shareholders as a whole:–

(i) Hurdles in the disposal of the Properties

The Company has been interested in the Properties since the completion of the construction of the Properties between 1979 and 1992 through its investment in associates of the Target Group together with two independent investors. The other members of the relevant associates are third parties independent of the Company and its connected persons (including TACI), and there are no arrangements made between (a) the directors and legal representatives and any ultimate beneficial owner(s) of the other members of the relevant associates; and (b) the Company or any connected person at the Company's level (including TACI) on the disposal of the Properties. None of the investors in the Target Group, including the Company, has a controlling stake in the Target Group and major decisions of the disposal of the Properties require a majority approval of the investors based on the relevant articles of association of such associates and/or agreements entered into among the investors. In fact, all major decisions of the Target Group had been approved unanimously by the investors in the past four years. In order to maintain the long-established partnership, it is expected that the disposal of the Properties will only proceed with unanimous consensus of its members in the future. The Properties had been held by the parties as long-term investment for more than 29 years. Since each member of the associates of the Target Group has its own investment strategy for the Properties (including renovation, leasing and disposal), it has been difficult in reaching a consensus on the disposal strategy among them when there are potential buyers for individual property units of the Properties, resulting in the slow-paced disposal of a limited number of individual property units of the Properties in the past. The Company expects that such situation will continue to exist and it is uncertain when the investment in the Properties will be substantively realised. The valuation of the Properties as set out in the property valuation report in Appendix II to this Circular will only be realised if they are disposed of. Otherwise, such valuation will only remain as a book entry in the balance sheet of the associates of the Target Group and the associates will distribute an insignificant dividend to the Company as explained below. Such book value will remain "locked" in the financial accounts, and the Shares would continue to trade at a steep discount (value trap), but has no true monetary value to the Shareholders until liquidation. The Proposal, even merely the announcement of it, has released significant amount of the locked value to the Shareholders as reflected by the increase in Share price of the Company.

(ii) Financial impacts of the associates of the Target Group

The associates of the Target Group were loss making and did not make a significant contribution to the financial results of the Group in the past two years – a loss for the year ended 31st December, 2020 and an insignificant profit for the year ended 31st December, 2019. Moreover, since the associates of the Target Group are not consolidated into the accounts of the Company, their financial performance was not reflected in the revenue and operating profit of the Group, but as "share of profit or loss from associates". Therefore, it is expected that the Transaction will not have any impact on the revenue and operating profit in the financial statements of the Group in the future.

The associates of the Target Group mainly derived their revenue from leasing and property management income of the Properties (the "**Leasing Business**") and disposal of the Properties. Excluding non-recurring revenue from disposal of the Properties, set out below is the financial performance of the Leasing Business for the years ended 31st December, 2019 and 2020 and for the six months ended 30th June, 2020 and 2021:–

	For the year ended 31st December, 2019	**For the year ended 31st December, 2020**	**For the six months ended 30th June, 2020**	**For the six months ended 30th June, 2021**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(unaudited)	*(unaudited)*	*(unaudited)*	*(unaudited)*
Revenue from Leasing Business				
– Leasing	116,599	112,345	56,051	56,227
– Property management	12,318	12,909	6,538	6,383
	128,917	125,254	62,589	62,610
Operation expenses	61,320	65,070	36,212	21,656
Net income before tax	67,597	60,184	26,377	40,954

The return of the Leasing Business to the Company is relatively low. Based on the above, the average net income before tax of the Leasing Business in 2019 and 2020 was approximately HK$63.9 million, of which approximately HK$24.4 million is attributable to the Company. The Consideration represents a multiple of about 44.3 times of such average net income before tax attributable to the Company. Based on the average net income before tax in 2019 and 2020, the Leasing Business will take more than 44 years to accumulate an earning equivalent to the amount of the Consideration of HK$1,080,000,000 attributable to the Company. The revenue of the Leasing Business is mainly contributed by the leasing of commercial and industrial units of the Properties, representing about 88% of the total revenue of the Leasing Business for the year ended 31st December, 2020. However, the average occupancy rate of the commercial and industrial units of the Properties was unsatisfactory in the past five years, decreasing from about 90% in the first half of 2016 (the time of making the Offer) to about 59% in the first half of 2021 (the time of contemplation of the Proposal). The decrease in average occupancy rate was mainly due to a major tenant having reduced its leased area by a total of about 263,000 sq.ft (representing about 22.5% of the total leasable area of the commercial and industrial units of the Properties) upon expiration of the leasing terms between the period from July 2016 to July 2017. Most of such leasable area remains vacant up to the Latest Practicable Date despite the continuous efforts of the management of the associates to source new tenants, including but not limited to leasing through property agencies and business contacts of the sales and leasing department of the associates. The Company, being a passive investor, receives monthly rental report from the associates and closely monitors their performance. Revenue contribution from the residential properties has been relatively low in the past five years as not more than five houses have been leased out during the period. As at 30th June, 2021, the residential properties include 33 houses and 103 car-parking spaces of The Redhill Peninsula, out of which five houses have been leased out with an average gross yield of approximately 1.6% per annum. In view of the low gross yield of these premium properties and the fact that renovation of each of these premium houses may cost about HK$1.0 million to HK$4.5 million before leasing depending on their conditions, the net return of leasing these residential properties could be minimal and hence the members of the associates have decided to launch the residential properties for sale rather than for rental since 2017. However, since each member of the associates has its own disposal strategy for these residential properties (including renovation and pricing), it has been difficult in reaching a consensus among them when there are potential buyers for these residential properties, resulting in the slow-paced disposal.

The dividend received from the associates of the Company of approximately HK$65,215,000 and nil for the years ended 31st December, 2020 and 31st December, 2019, respectively, averaging HK$32,607,500. The Consideration represents a multiple of about 33.1 times of the average of such dividend received by the Company in the past two years. Assuming the dividend distribution of the associates of the Target Group remains the same as 2019 and 2020 and such dividend received are fully declared and paid to the Shareholders, it will take about 33 years for the Shareholders to receive the equivalent amount of the Consideration of HK$1,080,000,000. Shareholders should note that the net income before tax of the Leasing Business is not sufficient to support the distribution of dividend of HK$32,607,500 per annum to the Company without disposal of the Properties.

The Proposal provides an opportunity to the Independent Shareholders to receive a return of investment in the associates in advance without consideration of the uncertainties of the disposal of the Properties.

(iii) Yield of investment

Based on the average net income before tax of approximately HK$24.4 million from the Leasing Business in 2019 and 2020 attributable to the Company and the Consideration of HK$1,080,000,000, the yield of the Transaction for TACI is about 2.3% per annum.

Based on the average dividend of HK$32,607,500 received from the associates of the Target Group in 2019 and 2020 and the Consideration of HK$1,080,000,000, the yield of the Transaction for TACI is about 3.0% per annum.

As disclosed in the annual report of TACI for the year ended 31st December 2020, the borrowing cost of TACI was 1.32% to 10% in 2020. The above yield of return is just slightly above TACI's borrowing cost at the lowest edge while the uncertainties of the disposal of the Properties will be borne by TACI.

(iv) Market valuation of the Shares

The market valuation of the Group's assets is underrated, with the Shares trading at the price-to-book multiples of 0.31 to 0.38 times in the past year up to and including the date of the Joint Announcement (based on the lowest and the highest closing price of the Shares of HK$1.10 and HK$1.33 and the net asset value of the Group of HK$3.50 per Share as at 31st December, 2020). Effectively, the Shares were traded at a discount of 62% to 69% to the net asset value of the Group which indicated that an offer price representing a significant discount to net asset value is necessary to attract investors to make investments in the business of the Company. The discount represented by the Consideration to the adjusted net asset value of the Target Group at 57.5% is better than the discount in the Share price.

(v) Comparable transactions

In view of the unique investment background and shareholding structure of the associates as mentioned in point (i) above, the Company could not identify similar transactions for comparison purpose.

Instead, the Company considers the terms of the Offer is more relevant for assessment of the Consideration. In 2016, TACI made the Offer to acquire the controlling stake in the Company. Based on the offer price of HK$2.75 per Share and the 1,242,424,945 Shares then in issue, the entire issued Shares of the Company was valued at approximately HK$3,416,668,599. Given the business nature of the Group is heavy-asset based comprising mainly property interests (being wholly-owned properties and non-controlling interests in the Properties through its interests in associates) and the Group has liabilities associated with its business, the Company considers that it is most appropriate to assess the Offer consideration (which represented the valuation of the Group by TACI) with reference to the portfolio of assets and liabilities of the Group. As at 30th June, 2016, the assets of the Group mainly comprised investment in associates of HK$3,158,109,000 and other assets including cash and bank balances of HK$1,104,071,000 and investment properties of HK$1,038,750,000. The liabilities of the Group mainly comprised deferred income tax liabilities of HK$135,535,000, creditors and accruals of HK$214,706,000 and amounts due to associates of HK$98,655,000. Assuming the Group's other assets and liabilities were acquired on dollar to dollar basis, the Offer consideration for the investment in associates would be approximately HK$1,559,664,599 which represented a discount of approximately 50.6% to the book value of the associates as at 30th June, 2016. The calculation of the discount is as follows:

Offer consideration *Note 1*	HK$3,416,668,599
Less: Consideration for other assets and liabilities of the Group (other than the investment in associates) as at 30th June, 2016 *Note 2*	HK$1,857,004,000
Offer consideration for the investment in associates	HK$1,559,664,599
Book value of the investment in associates as at 30th June, 2016	HK$3,158,109,000
Discount represented by the Offer consideration for the investment in associates to the book value of the investment in associates as at 30th June, 2016	50.6%

Notes:

1. The Offer consideration of HK$3,416,668,599 represented offer value of 100% of the issued Shares at the time of the Offer.

2. As at 30th June, 2016, other than the investment in associates of HK$3,158,109,000, other assets of the Group comprised cash and bank balances of HK$1,104,071,000, investment properties of HK$1,038,750,000, property, plant and equipment of HK$85,240,000, available-for-sale financial assets of HK$45,526,000 and others of HK$33,085,000; and liabilities of the Group comprised deferred income tax liabilities of HK$135,535,000, creditors and accruals of HK$214,706,000, amounts due to associates of HK$98,655,000 and income tax payable of HK$772,000. Excluding the associates of the Target Group, the net asset value of the Group as at 30th June, 2016 would be HK$1,857,004,000.

The Target Group mainly comprises the investment in associates. As at 30th June, 2021, the total assets of associates is approximately HK$8,777.4 million, mainly including the Properties which consist of investment properties of approximately HK$7,457.1 million and properties for sale of approximately HK$1,148.8 million; and the total liabilities of the associates is approximately HK$1,499.3 million, mainly including deferred tax liabilities of HK$1,309.6 million arising from the revaluation gain of the Properties in the past. The net asset value of the associates is approximately HK$7,278.1 million, of which approximately HK$2,537.9 million is attributable to the Target Company. As at 30th June, 2021, the adjusted net asset value of the Target Group is approximately HK$2,540.2 million (taking into account the valuation of the Properties as at 8th July, 2021). The investment in associates as at 30th June, 2016 acquired by TACI through the Offer and the Target Group offered to be acquired by TACI under the Proposal are essentially the same target business. Therefore, comparing the discount represented by the Consideration to the adjusted net asset value of the Target Group as at 30th June, 2021 with the discount represented by the Offer consideration for the investment in associates to the value of the investment in associates as at 30th June, 2016 is a relevant and appropriate reference for the assessment of the fairness and reasonableness of the Consideration.

The Company considers the acceptance of the Offer represents a meaningful indicator of the fairness and reasonableness of the discount represented by the Offer consideration. Upon completion of the Offer, TACI had acquired approximately 90.65% shareholding in the Company from the then Shareholders, which demonstrated that over 90% of the then Shareholders considered that a discount of 50.6% was fair and reasonable to them. Although the discount represented by the Consideration is about 7 percentage points higher than the discount represented by the Offer consideration, taking into account that the average occupancy rate of the industrial and commercial property units of the Properties has decreased significantly from about 90% in the first half of 2016 (the time of making the Offer) to about 59% in the first half of 2021 (the time of contemplation of the Proposal) as discussed under the paragraph headed "The Sale and Purchase Agreement – Consideration – (ii) Financial impact of the associates of the Target Group" above, the lower occupancy rate may induce lower return to TACI of holding the Properties, therefore the Company considers a more prudent offer price and a slightly higher discount are acceptable.

(vi) Share price performance

The closing price of the Shares rose by approximately 27% on 24th June, 2021, being the following trading day after publication of the Joint Announcement, a strong indication of positive response of the market towards the Proposal. Closing price of the Shares was at an average of HK$1.18 during the twelve months prior to the date of the Joint Announcement, and stayed between HK$1.54 and HK$1.65 since the date of the Joint Announcement up to and including the Latest Practicable Date.

Conditions

Completion is conditional upon the fulfilment of each of the following Conditions:

(i) the passing of the resolution(s) by the Shareholders and/or Independent Shareholders at the EGM approving the Transaction in accordance with the Listing Rules, and the Special Dividend to be distributed by the Company to the Shareholders whose names appear on the register of members of the Company on the Record Date as soon as practicable after Completion;

(ii) the Reorganisation having been duly completed;

(iii) all other necessary governmental and regulatory approvals, consents, waivers, authorisations, registrations, filings and compliance with all the requirements under the Listing Rules and other applicable laws and regulations in connection with the transactions contemplated under the Sale and Purchase Agreement having been obtained and not revoked prior to Completion;

(iv) all necessary consents, waivers and/or authorisations from any relevant third parties (where applicable) in connection with the transactions contemplated under the Sale and Purchase Agreement having been obtained and not revoked prior to Completion;

(v) the representations, warranties and undertakings given or made by the Company remaining true and accurate and not misleading in any material respect as if repeated at Completion and at all times between the date of the Sale and Purchase Agreement and the Completion Date; and

(vi) the representations, warranties and undertakings given or made by the Purchaser remaining true and accurate and not misleading in any material respect as if repeated at Completion and at all times between the date of the Sale and Purchase Agreement and the Completion Date.

Conditions (i) to (iv) above cannot be waived. The Purchaser may in its absolute discretion at any time waive Condition (v), while the Company may in its absolute discretion at any time waive Condition (vi). As at the Latest Practicable Date, none of the Conditions has been fulfilled.

Completion

Upon the fulfilment of the Conditions (or waiver where applicable) on or before the Long Stop Date, completion of the transactions contemplated under the Sale and Purchase Agreement shall take place on the Completion Date.

As at the Latest Practicable Date, Dan Form is a wholly-owned subsidiary of the Company, which is in turn a non wholly-owned subsidiary of TACI. After the completion of the Reorganisation and upon Completion, the Target Company, being the holding company of Dan Form after the Reorganisation, shall cease to be a subsidiary of the Company and the Company shall cease to have any interest in the Target Company.

If any of the Conditions is not satisfied or waived by the Purchaser or the Company (as the case may be) on or before 5:00 p.m. on the Long Stop Date, (i) the Sale and Purchase Agreement will be terminated immediately at that time and date; (ii) all the rights, obligations and liabilities of the parties under the Sale and Purchase Agreement will cease and determine save for any antecedent rights and obligations already accrued before the termination; and (iii) none of the parties to the Sale and Purchase Agreement shall have any claim against each other, except in respect of claims arising out of any antecedent breach of any provision of the Sale and Purchase Agreement.

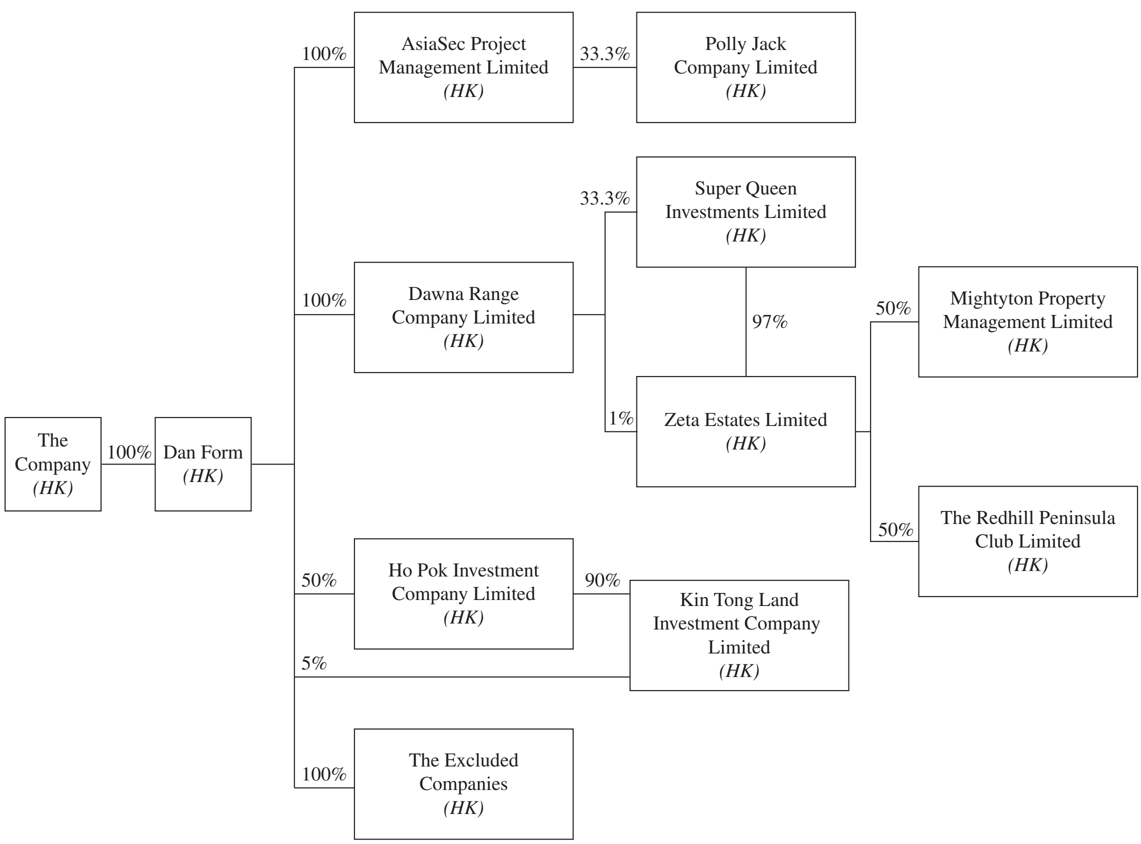
THE REORGANISATION

As a Condition to the completion of the Transaction, the Company and Dan Form shall undergo the Reorganisation involving and to the effect that, among other things, (i) the BVI Holdco be directly wholly-owned by the Company and the Target Company be directly wholly-owned by the BVI Holdco; (ii) the transfer of the total number of issued shares in Dan Form by the Company to the Target Company; (iii) the assignment of such shareholder's loans of the Excluded Companies from Dan Form to the Company or its wholly-owned subsidiaries; (iv) any such amounts due to the Excluded Companies by Dan Form shall be settled in full by the Company; and (v) the Excluded Companies which are currently held by Dan Form be excluded from the Target Group.

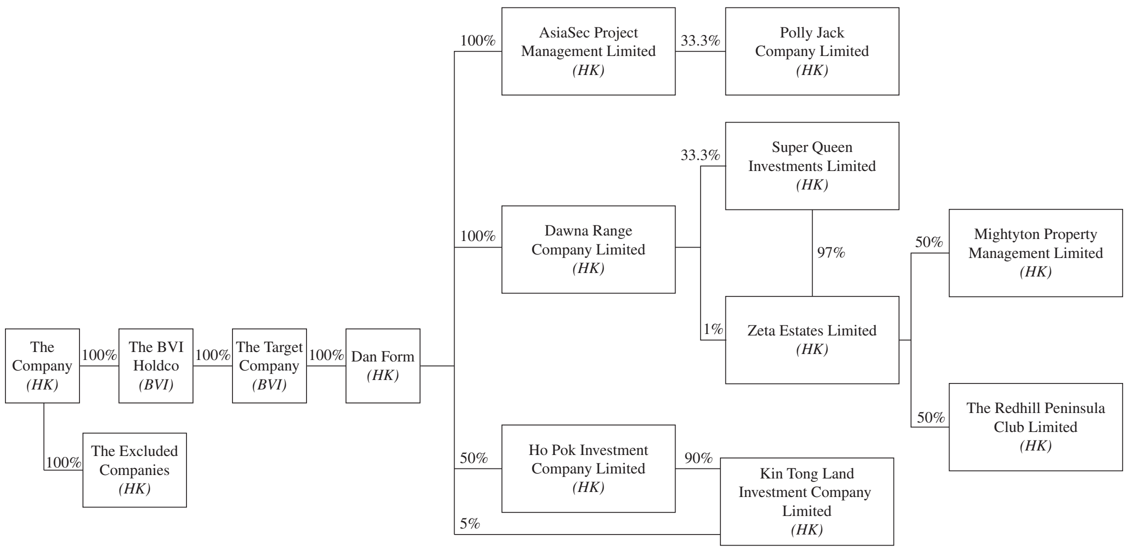
The operations of the Excluded Companies are property investment and property management. The major properties interests held by the Excluded Companies are a portion of Harbour Crystal Centre located at Tsimshatsui, Hong Kong as well as certain units of residential properties, commercial properties and car-parking spaces in Hong Kong. The Excluded Companies are wholly-owned subsidiaries of, and controlled by the Company. The financial results of the Excluded Companies are consolidated into the accounts of the Company. The Target Group holds non-controlling interest in the Properties through its interests in associates. The financial results of the associates are not consolidated into the accounts of the Company, and therefore it is expected that the Transaction will not have any impact on the revenue and operating profit in the financial statements of the Group in future.

The group structure of (i) Dan Form as at the Latest Practicable Date before the Reorganisation; and (ii) the Target Group after the Reorganisation and immediately before the Completion are as follows:

Group structure of Dan Form as at the Latest Practicable Date before the Reorganisation



Group structure of the Target Group after the Reorganisation and immediately before the Completion



INFORMATION ON THE TARGET GROUP AND THE PROPERTIES UPON COMPLETION OF THE REORGANISATION

The Target Group

The Target Company would be a company incorporated in the British Virgin Islands with limited liability and an investment holding company. The Target Group is engaged in property holding and investment. The primary assets of the Target Group are mainly the Properties interested by the Company through its interests in associates.

The following is the unaudited consolidated financial information of the Target Group (on the assumption that the Reorganisation had taken place on 1st January, 2019 and 1st January, 2020, respectively and the financial results of the Excluded Companies had been excluded) for the years ended 31st December, 2019 and 31st December, 2020, respectively, which has been prepared in accordance with HKFRS:

	For the year ended 31st December, 2019 *HK$'000* *(unaudited)*	**For the year ended 31st December, 2020** *HK$'000* *(unaudited)*
Revenue	26	26
Net profit/(loss) before taxation	7,513	(70,465)
Net profit/(loss) after taxation	7,440	(70,631)

The change in financial position of the Target Group from a net profit of approximately HK$7,440,000 for the year ended 31st December, 2019 to a net loss of approximately HK$70,631,000 for the year ended 31st December, 2020 was primarily due to a loss from change in the fair value of the Properties for the year ended 31st December, 2020 (compared with a gain from change in the fair value of the Properties for the year ended 31st December, 2019).

According to the unaudited consolidated financial information of the Target Group (on the assumption that the Reorganisation had taken place on 1st January, 2019 and 1st January, 2020, respectively and the financial results of the Excluded Companies had been excluded), as at 30th June, 2021, the Target Group had a net asset value of approximately HK$2,534,026,000.

The Properties

The Properties comprise a total of five properties, namely a portion of each of (i) Harbour Industrial Centre located in Ap Lei Chau; (ii) Oceanic Industrial Centre located in Ap Lei Chau; (iii) Phases 1 to 4 of The Redhill Peninsula located in Tai Tam; (iv) Queen's Centre located in Wanchai; and (v) Wah Shun Industrial Building located in Yau Tong, and car-parking spaces. As at 30th June, 2021, the total gross floor area of these five Properties interested by the Company via its interests in its associates is approximately 1,353,000 sq.ft., and the total gross floor area attributable to the Target Group is approximately 478,000 sq.ft., with the breakdown as follows:

The Properties	**Total gross floor area interested by the Company via its interests in associates**	**Total gross floor area attributable to the Target Group**
	(sq.ft)	*(sq.ft)*
(i) Harbour Industrial Centre	266,126	88,700
(ii) Oceanic Industrial Centre	741,706	247,211
(iii) The Redhill Peninsula		
– Phase 1	10,427	3,475
– Phase 2	98,250	32,747
– Phase 3	75,131	25,041
– Phase 4 (103 car-parking spaces)	N/A	N/A
(iv) Queen's Centre	27,457	13,729
(v) Wah Shun Industrial Building	134,236	67,118
Total:	**1,353,333**	**478,021**

FINANCIAL IMPACT OF THE TRANSACTION ON THE COMPANY

Upon Completion, it is estimated that the Group will record an unaudited loss of approximately HK$1,454,026,000 calculated on the basis of the Consideration of HK$1,080,000,000 less the consolidated unaudited net asset value of the Target Group of HK$2,534,026,000 as at 30th June, 2021.

The Shareholders should note that the above figures are for illustrative purposes only. The actual effect arising from the Transaction may be different from the above estimation and will be determined based on the book value of the Target Group and the relevant expenses incurred at the Completion and is subject to review by auditors of the Company.

Following the Completion, based on the financial information of the Company as at 30th June, 2021, and without taking other factors into account, the total assets of the Group will decrease by approximately HK$1,486,562,000 as a result of the loss from the Transaction, the total liabilities of the Group will be reduced by the liabilities attributable to Target Group in the amount of approximately HK$32,536,000 and the Group will record an unaudited loss from the Transaction. Save as the abovementioned, the Directors consider that the Transaction will not have any other material effect on the total assets, total liabilities and earnings of the Group.

USE OF PROCEEDS BY THE COMPANY FROM THE TRANSACTION

The entire proceeds arising from the Transaction of HK$1,080,000,000 net of expenses directly attributable to the Transaction will be used by the Group for the payment of the Special Dividend.

POSSIBLE DECLARATION OF THE SPECIAL DIVIDEND BY THE COMPANY

Subject to approval of the Independent Shareholders at the EGM and Completion having taken place, the Board shall declare the Special Dividend of HK$0.95 per Share to the Shareholders whose names appear on the register of members of the Company on the Record Date. A further announcement will be made by the Company in this regard as and when appropriate.

Pursuant to the Sale and Purchase Agreement, subject to Completion having taken place, the Company shall declare the Special Dividend within two business days from the Completion Date.

INFORMATION ON THE COMPANY, TACI AND THE PURCHASER

The Company

The Company is incorporated in Hong Kong with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange, and is a non wholly-owned subsidiary of TACI.

The principal business activity of the Company is investment holding, while that of its subsidiaries are property investment, property leasing and estate management in Hong Kong.

TACI

TACI is incorporated in Hong Kong with limited liability and the shares of which are listed on the Main Board of the Stock Exchange.

The principal business activity of TACI is investment holding. The TACI Group is engaged principally in the development of apartments, villas, office buildings and commercial properties, property investment and property management on the mainland in the PRC, as well as property investment and property management in Hong Kong.

The Purchaser

The Purchaser is incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of TACI.

The principal business activity of the Purchaser is investment holding.

THE BOARD'S ASSESSMENT OF THE PROPOSAL

The Board has considered the advantages and disadvantages as to the acceptance or rejection of the Proposal. Set out below is the Board's assessment:-

Rejection of the Proposal

Advantages

If the Company rejects the Proposal, the Company will continue to hold the interests in the associates of the Target Group. Therefore, the Company will continue to report share of profit/(loss) of the associates of the Target Group in the prospective financial statements of the Group and will be entitled to receive dividend to be distributed by the associates of the Target Group in the future.

Disadvantages

As set out in the paragraph headed "The Sale and Purchase Agreement – Consideration – (ii) Financial impacts of the associates of the Target Group", the return of the Leasing Business to the Company is relatively low. The investment in the associates will only bring a considerable return to the Company if the Properties could be sold. However, as set out in the paragraph headed "The Sale and Purchase Agreement – Consideration – (i) Hurdles in the disposal of the Properties", since each member of the associates of the Target Group has its own investment strategy for the Properties (including renovation, leasing and disposal), it has been difficult in reaching a consensus on the disposal strategy among them when there are potential buyers for individual property units of the Properties, resulting in the slow-paced disposal of a limited number of individual property units of the Properties in the past. The Company expects that such a situation will continue to exist and it is uncertain when the investment in the Properties will be substantively realised. The Company has been holding the interests in the associates of the Target Group for more than 29 years. It is expected that the return of the Leasing Business to the Company will remain low and the Company would not be able to reward the Shareholders by way of dividend distribution if the Proposal is rejected. Moreover, although the Company does not have any imminent need to execute the Transaction, TACI may be discouraged from acquiring the Target Group again if the Proposal is rejected. The Proposal could be the only chance for the disposal of the Target Group by the Company.

Acceptance of the Proposal

Advantages

Given the return of the Leasing Business to the Company is relatively low and it is uncertain when the Properties will be substantively realised, the Proposal, if approved by the Independent Shareholders, provides an opportunity for the Company to receive a substantial lump sum without the uncertainties of the timing of disposal of the Properties, and for the Shareholders to receive the Special Dividend of HK$0.95 per Share, which represents approximately 75% of the closing price of HK$1.26 per Share as quoted on the Stock Exchange on the date of the Joint Announcement.

Disadvantages

The Company is presented with an offer to dispose of the associates of the Target Group at a deep discount to its intrinsic value. The Consideration represents a discount of approximately 57.5% to the adjusted net asset value of the Target Group of HK$2,540,150,000 as at 30th June, 2021 (taking into account the valuation of the Properties as at 8th July, 2021).

The Transaction is expected to result in an unaudited disposal loss of approximately HK$1,454,026,000 to the Group. The Company will also forgo the share of profit/(loss) of the associates of the Target Group in the prospective financial statements of the Group and the dividend to be distributed by the associates of the Target Group to the Company in the future.

Declaration of Special Dividend

The Special Dividend of HK$0.95 per Share represents (i) approximately 75% of the closing price of HK$1.26 per Share as quoted on the Stock Exchange on the date of the Joint Announcement; (ii) approximately 81% of the average closing price of HK$1.18 per Share as quoted on the Stock Exchange for the past one year up to and including the date of the Joint Announcement; and (iii) approximately 59% of the closing price of HK$1.62 per Share as quoted on the Stock Exchange on the date of the Announcement. The expected amount of Special Dividend to be distributed would be approximately HK$1,179,000,000 which exceeds the proceeds of HK$1,080,000,000 from the Transaction. The excess of approximately HK$99,000,000 will be funded by the cash of the Company which is available for dividend distribution. As disclosed in the annual report of the Company for the year ended 31st December, 2020, the Group had cash and cash equivalents of approximately HK$186,175,000 as at 31st December, 2020 and the Group would actively evaluate opportunities of investment in properties for long-term holdings. Since the Group had not identified any suitable investment opportunities up to the Latest Practicable Date, it is fair and reasonable and in the interest of the Company and the Shareholders to distribute the proceeds from the Transaction and part of the cash to the Shareholders as the Special Dividend. The Special Dividend also provides an opportunity for the Shareholders to realise a significant value from their shareholdings in the Company and receive an upfront cash return while continuing to be invested in the Company's remaining businesses.

Other options available

There are three members, namely Member A, Member B and the Company, who have an interest in the associates. Since the inception of the associates more than 29 years ago, upon mutual agreement, Member A has been responsible for the management and daily operation of the associates. The Company and Member B, represented by their nominated directors, are responsible for the approval of major decisions, such as renovation and disposal, at the board meetings of the associates. Despite the passive role of the Company in the Target Group, the Company has from time to time assisted the Target Group in soliciting potential buyers to acquire individual property units of the Target Group in order to expedite the disposal of such properties and unlock their value. Since the completion of the Offer, the Company has introduced more than ten potential buyers to acquire individual property units which were interested by the Target Group, out of which four buyers eventually acquired a few individual property units from the Target Group. Disposal of the property units of the Target Group remains slow despite the Company's referrals.

Since TACI has become a substantial shareholder of the Company in 2016, TACI has communicated to the Board that it considered the Company a long-term investment and has no intention to dispose of its interest in the ASL Properties including the Target Group. TACI considered that disposal of the property units held by the Target Group on an individual basis could realise the intrinsic value of the Target Group, which the Board concurs. TACI has indicated that it will not approve the disposal of the Target Group by the Company. Since the disposal of the Target Group will constitute a major transaction of the Company, shareholders' approval is required under Rule 14.33 of the Listing Rules. In light of the investment strategy of TACI and the disposal requirement under the Listing Rules, the Company considers that disposal of the Target Group to others is not an option available to the Company and any attempt to dispose of the Target Group will be futile without the support of TACI. Therefore, the Company has not solicited other potential buyers for the Target Group.

View of the Board

The Board has taken into account the advantages and disadvantages of each of accepting and rejecting the Proposal as well as other options available to the Company, and considered that accepting the Proposal is in the best interests of the Company and the Shareholders.

Notwithstanding the Transaction is expected to result in a disposal loss of approximately HK$1,454,026,000 to the Group, having considered (i) the factors set out in the section headed "Consideration" above; (ii) such disposal loss has no impact on the operation and cash flow of the Group; (iii) the opportunity of unlocking the value of the non-controlling property interests held by the Target Group; and (iv) the Share price already expects the payment of the Special Dividend, the Directors (excluding Messrs. Patrick Lee Seng Wei, Edwin Lo King Yau, Tao Tsan Sang and Ms. Lisa Yang Lai Sum, who are subject to abstain from voting on the relevant Board resolutions, and Messrs. Li Chak Hung and Choi Kin Man, being the remaining Independent Non-Executive Directors whose opinion is set out in the "Letter from the Independent Board Committee" in this circular) are of the opinion that the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder, together with the Special Dividend are fair and reasonable and are in the interest of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the relevant Percentage Ratio(s) in respect of the Transaction exceeds 25% but is less than 75%, the Transaction constitutes a major disposal for the Company. Furthermore, as at the Latest Practicable Date, as TACI is the substantial shareholder of the Company, it is a connected person of the Company under Chapter 14A of the Listing Rules and therefore the Transaction constitutes a connected transaction for the Company.

Accordingly, the Transaction is subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules.

Messrs. Patrick Lee Seng Wei, Edwin Lo King Yau and Tao Tsan Sang, being the Executive Directors, are also executive directors of TACI. Save for Mr. Edwin Lo King Yau who did not attend the relevant Board meeting at which the Transaction was considered, all of them have abstained from voting on the relevant Board resolutions. Ms. Lisa Yang Lai Sum, being an Independent Non-Executive Director, is also an independent non-executive director of TACI. She was not appointed as a member of the IBC and has abstained from voting on the relevant Board resolutions.

Apart from the above, none of the Directors has any material interest in the Transaction and is required to abstain from voting on the Board resolutions approving the Sale and Purchase Agreement and the transactions contemplated thereunder, and the possible declaration of the Special Dividend.

Pursuant to Rule 14A.36 of the Listing Rules, as TACI has a material interest in the Proposal, TACI will abstain from voting at the EGM on the resolution to approve the Transaction and the possible declaration of the Special Dividend. As at the Latest Practicable Date, TACI, through its subsidiaries, was deemed to be interested in, for the purpose of the SFO, 930,376,898 Shares, representing approximately 74.98% of the total number of issued Shares of the Company. Save as disclosed above, to the best knowledge, belief and information of the Directors and having made all reasonable enquiries, no other Shareholder and any of their respective close associates has any material interest in the Transaction and is required to abstain from voting at the EGM on the resolution to approve the Sale and Purchase Agreement and the possible declaration of the Special Dividend.

The Transaction is subject to a number of Conditions which may or may not be fulfilled, and therefore the Special Dividend may or may not be declared. The Shareholders and potential investors of the Company should exercise caution when dealing in the Shares.

EGM

A notice convening the EGM to be held by the Company at Basement 3, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Tuesday, 26th October, 2021 at 3:00 p.m. is set out on pages 74 to 76 of this circular. An ordinary resolution will be proposed to the Independent Shareholders to consider and, if thought fit, approve the Transaction and the possible declaration of the Special Dividend.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Accordingly, the resolution will be put to vote by way of poll at the EGM. An announcement on the result of the vote by poll will be made by the Company after the EGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's share registrar, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM (i.e. on or before Saturday, 23rd October, 2021 at 3:00 p.m. (Hong Kong time)) or any adjournment thereof, provided that no account is to be taken of any part of a day that is a public holiday. Completion and return of the form of proxy will not preclude the Shareholders from attending and voting in person at the EGM or any adjournment thereof if they so wish.

RECOMMENDATION

The IBC has been established to advise the Independent Shareholders in respect of the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder, and the possible declaration of the Special Dividend. The Company has appointed the IFA to advise the IBC and the Independent Shareholders in relation to the fairness and reasonableness of the Transaction and the possible declaration of the Special Dividend.

Your attention is drawn to the letter from the IBC set out on page 27 of this circular which contains its recommendation to the Independent Shareholders on the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder, together with the possible declaration of the Special Dividend. Your attention is also drawn to the letter of advice from the IFA set out on pages 28 to 53 in this circular which contains its advice to the IBC and the Independent Shareholders in relation to the fairness and reasonableness of the Transaction and the possible declaration of the Special Dividend.

The Directors (excluding Messrs. Patrick Lee Seng Wei, Edwin Lo King Yau, Tao Tsan Sang and Ms. Lisa Yang Lai Sum, being common directors of the Company and TACI, who are subject to abstain from voting on the relevant Board resolutions, and Messrs. Li Chak Hung and Choi Kin Man, being the remaining Independent Non-Executive Directors whose opinion is set out in the "Letter from the Independent Board Committee" in this circular) consider that the Transaction and the possible declaration of the Special Dividend are not in the ordinary and usual course of business of the Group, the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder, together with the possible declaration of the Special Dividend are fair and reasonable and are in the interest of the Company and its Shareholders as a whole, and as such, recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to consider, and if thought fit, approve the Transaction and the possible declaration of the Special Dividend.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in (i) a letter from the IBC; (ii) a letter of advice from the IFA; and (iii) the appendices to this circular.

Yours faithfully,
On behalf of the Board
Asiasec Properties Limited
Lee Shu Yin
Executive Director and Chief Executive

The following is the text of a letter from the IBC setting out its recommendation to the Independent Shareholders in relation to the Sale and Purchase Agreement, the Transaction and the possible declaration of the Special Dividend:

亞證地產有限公司

ASIASEC PROPERTIES LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 271)

5th October, 2021

To the Independent Shareholders

Dear Sir or Madam,

(1) MAJOR DISPOSAL AND CONNECTED TRANSACTION INVOLVING DISPOSAL OF CERTAIN NON-CONTROLLING PROPERTY INTERESTS; AND (2) POSSIBLE DECLARATION OF SPECIAL DIVIDEND OF HK$0.95 PER SHARE

We refer to the circular to all Shareholders (the "**Circular**") dated 5th October, 2021 of the Company of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless otherwise specified.

We have been appointed by the Board as members of the IBC to advise the Independent Shareholders on whether the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder, together with the possible declaration of the Special Dividend (details set out in the "Letter from the Board" in the Circular) are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned and whether the Transaction and the possible declaration of the Special Dividend are in the interests of the Company and the Shareholders as a whole. Pelican Financial Limited has been appointed as the IFA of the Company to advise the IBC and the Independent Shareholders on the same.

Having considered the information set out in the "Letter from the Board" in the Circular as well as the major factors, reasons and opinion stated in the letter of advice from the IFA, we are of the view that the Transaction and the possible declaration of the Special Dividend are not in the ordinary and usual course of business of the Group, the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder, together with the possible declaration of the Special Dividend are on normal commercial terms and fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

Accordingly, we advise the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Transaction and the possible declaration of the Special Dividend.

Yours faithfully,
For and on behalf of the
IBC of
Asiasec Properties Limited
Li Chak Hung and Choi Kin Man
Independent Non-Executive Directors

The following is the text of a letter of advice from Pelican Financial Limited to the IBC and the Independent Shareholders, which has been prepared for the purpose of incorporation in this circular.

PELICAN FINANCIAL
百利勤金融

PELICAN FINANCIAL LIMITED

21/F, Lee Garden Three, 1 Sunning Road, Causeway Bay, Hong Kong

5 October 2021

To the Independent Board Committee and the Independent Shareholders of Asiasec Properties Limited

Dear Sir/Madam,

(1) MAJOR DISPOSAL AND CONNECTED TRANSACTION INVOLVING DISPOSAL OF CERTAIN NON-CONTROLLING PROPERTY INTERESTS AND (2) POSSIBLE DECLARATION OF SPECIAL DIVIDEND OF HK$0.95 PER SHARE

INTRODUCTION

We refer to our appointment as the IFA to the IBC and the Independent Shareholders in respect of the Transaction and the possible declaration of the Special Dividend, details of which are set out in the letter from the Board (the "**Board Letter**") contained in the circular of the Company dated 5 October 2021 (the "**Circular**"), of which this letter forms a part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

References are made to the Joint Announcement, the announcements of the Company dated 30 June 2021, 9 July 2021 and 30 July 2021 in relation to the Proposal made by TACI to the Company, and the announcement jointly published by the Company and TACI dated 2 August 2021 in relation to the Sale and Purchase Agreement and the transactions contemplated thereunder.

As disclosed in the Joint Announcement, on 23 June 2021, TACI (the controlling shareholder of the Company) issued the Offer Letter to the Company in respect of the Proposal, pursuant to which TACI proposed (i) to acquire the Company's interest in all property interests held by the associates of the Company in Hong Kong through the acquisition of the Target Group (being all interests in associates of the Company); and (ii) that, upon completion of the Transaction, the Board shall declare the Special Dividend of HK$0.95 per Share which will be composed of the proceeds from the Transaction and the Distributable Profit.

As disclosed in the announcement jointly published by the Company and TACI dated 2 August 2021, on 2 August 2021, the Company entered into the Sale and Purchase Agreement with the Purchaser, a direct wholly-owned subsidiary of TACI, in respect of the Transaction based on the terms of the Proposal.

As the relevant Percentage Ratio(s) in respect of the Transaction exceeds 25% but is less than 75%, the Transaction constitutes a major disposal for the Company. Furthermore, as at the Latest Practicable Date, TACI, through its subsidiaries, was deemed to be interested in, for the purpose of the SFO, 930,376,898 Shares, representing approximately 74.98% of the total number of issued Shares of the Company. Accordingly, TACI is a controlling shareholder and connected person of the Company under Chapter 14A of the Listing Rules and the Transaction constitutes a connected transaction for the Company. Therefore, the Transaction is subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules.

The Board currently comprises four executive Directors and three independent non-executive Directors. The IBC, which currently comprises two of the three independent non-executive Directors, being Messrs. Li Chak Hung and Choi Kin Man, has been established to advise the Independent Shareholders in respect of the Transaction and the possible declaration of the Special Dividend. We have been appointed by the Company as the IFA to advise the IBC and the Independent Shareholders in this respect and such appointment has been approved by the IBC.

Pelican Financial Limited ("**Pelican**") is not connected with the Directors, chief executive or substantial shareholders of the Company or any of their respective associates and therefore is considered suitable to give independent advice to the IBC and the Independent Shareholders. As at the Latest Practicable Date, we were not aware of any relationships or interest between Pelican and the Company nor any other parties that could be reasonably be regarded as a hindrance to Pelican's independence to act as the IFA to the IBC and the Independent Shareholders in respect of the Transaction and the possible declaration of the Special Dividend. In the last two years, there was no engagement between the Company and Pelican. Apart from normal professional fees payable to us in connection with this appointment of us as the IFA, no arrangement exists whereby Pelican will receive any fees or benefits from the Company or the Directors, chief executive or substantial shareholders of the Company or any of their respective associates, and we are not aware of the existence of or change in any circumstances that would affect our independence. Accordingly, we consider that we are eligible to give independent advice on the Transaction and the possible declaration of the Special Dividend.

Our role is to provide you with our independent opinion and recommendation as to (i) whether the Transaction and the possible declaration of the Special Dividend will be entered into in the ordinary and usual course of business of the Company and on normal commercial terms; (ii) whether the terms of the Transaction and the possible declaration of the Special Dividend are fair and reasonable so far as the Independent Shareholders are concerned and whether they are in the interests of the Company and the Shareholders as a whole; and (iii) how the Independent Shareholders should vote in respect of the relevant resolution(s) on the Transaction and the possible declaration of the Special Dividend at the EGM.

BASIS OF OUR OPINION

We have performed relevant procedures and steps which we deemed necessary in forming our opinions to the IBC and the Independent Shareholders. These procedures and steps include, among other things, review of relevant agreements, documents as well as information provided by the Company and verified them, to an extent, with the relevant public information, statistics and market data, industry guidelines and regulations as well as information, facts and representations provided, and the opinions expressed, by the Company and/or the Directors and/or the management of the Group. The documents reviewed include, but are not limited to, the Proposal, the Joint Announcement, the announcements of the Company dated 30 June 2021, 9 July 2021, 30 July 2021 and 2 August 2021 in relation to the Proposal, the annual report of the Company for the financial year ended 31 December 2020 (the "**2020 Annual Report**"), the property valuation report of the Target Group prepared by an independent property valuer (the "**Valuer**") as at 30 June 2021 (the "**Valuation Report**"), and the Circular. We have assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its management and/or the Directors, which have been provided to us.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any statement in the Circular misleading.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent verification of the information included in the Circular and provided to us by the Directors and the management of the Group, nor have we conducted any form of an in-depth investigation into the business and affairs or prospects of the Group, TACI, the Target Group or their respective subsidiaries or associates (if applicable).

PRINCIPAL FACTORS TAKEN INTO CONSIDERATION

In formulating our opinion in respect of the Transaction and the possible declaration of the Special Dividend, we have considered the following principal factors and reasons.

1. Information of the Group

The Company is incorporated in Hong Kong with limited liability and the Shares are listed on the Main Board of the Stock Exchange. The Company is also a non wholly-owned subsidiary of TACI. The principal business activity of the Company is investment holding, while that of its subsidiaries are property investment, property leasing and estate management in Hong Kong.

Set out below is a summary of the audited financial information of the Group for the two years ended 31 December 2019 and 2020 as extracted from the 2020 Annual Report.

Table 1: Financial information of the Group

	For the year ended 31 December	
	2019	**2020**
	HK$'000	*HK$'000*
	(Audited)	*(Audited)*
Revenue		
– Fixed rental income from investment properties	49,532	44,421
– Estate management fees	4,912	5,330
– Dividend income from equity instrument at fair value through other comprehensive income ("**FVTOCI**")	1,500	1,500
Total revenue	**55,944**	**51,251**
Operating profit	52,704	15,242
(Loss)/profit for the year	58,014	(56,650)

According to the 2020 Annual Report, the revenue of the Group had decreased by about 8.4%, from approximately HK$49,532,000 for the year ended 31 December 2019 to approximately HK$44,421,000 for the year ended 31 December 2020. Such a decrease in the Group's revenue was mainly driven by the decrease in its fixed rental income from investment properties of about 10.3%, or approximately HK$5,111,000, between the two years ended 31 December 2019 and 2020. According to the 2020 Annual Report, the decrease in the Group's rental income was attributable to the rent concession granted by the Group of an average of around 50% of the original rents to some of the tenants in the Group's commercial properties situated at Harbour Crystal Centre, as the Group responded to the trades and mandatory closure period of premises since January 2020 because of the COVID-19 pandemic.

While the Group's revenue had slightly dropped between the two years ended 31 December 2019 and 2020, the Group recorded a loss for the year ended 31 December 2020 of approximately HK$56,650,000, as compared to a profit for the year ended 31 December 2019 of approximately HK$58,014,000, which was mainly due to (i) a share of loss of associates of HK$69,029,000 in the current year compared with a share of profit of associates of HK$8,967,000 in last year; and (ii) a fair value loss of investment properties of HK$32,635,000 in the current year compared with a fair value gain of investment properties of HK$9,128,000 in last year.

Meanwhile, set out below is a summary of the consolidated assets and liabilities of the Group as at 31 December 2020 as extracted from the 2020 Annual Report.

Table 2: Financial position of the Group

	As at 31 December 2020 *HK$'000* *(Audited)*
Total assets	
– Non-current assets	**4,098,679**
– Current assets	**445,823**
Total liabilities	
– Non-current liabilities	**166,849**
– Current liabilities	**31,734**
Net current assets	**414,089**
Net assets	**4,345,919**

As at 31 December 2020, the non-current assets of the Group mainly comprised of (i) interests in associates of approximately HK$2,556,436,000; (ii) investment properties of approximately HK$1,354,293,000; (iii) loan receivables of approximately HK$110,009,000; (iv) financial assets at fair value through profit or loss of approximately HK$39,296,000; and (v) equity instrument at fair value through other comprehensive income of approximately HK$33,457,000. Meanwhile, the Group's current assets as at 31 December 2020 were mainly consisted of (i) cash and cash equivalents of approximately HK$186,175,000; (ii) loan receivables of approximately HK$139,159,000; (iii) financial assets at fair value through profit or loss of approximately HK$61,866,000; (iv) trade and other receivables, prepayments and deposits of approximately HK$34,645,000; and (v) amounts due from associates of approximately HK$23,209,000.

As at 31 December 2020, the consolidated net current assets and net assets of the Group amounted to approximately HK$414,089,000 and HK$4,345,919,000 respectively. The Group's current ratio, which was calculated by dividing its current assets by its current liabilities, was approximately 14.0 as at 31 December 2020 as compared with approximately 6.2 as at 30 June 2020, indicating the Company's increased ability in meeting its short-term obligations remained strong during the period of time.

2. Information of TACI, the Purchaser, the associates of the Target Group, the Target Group and the Properties

2.1. TACI

TACI is incorporated in Hong Kong with limited liability and the shares of which are listed on the Main Board of the Stock Exchange.

The principal business activity of TACI is investment holding. The TACI Group is engaged principally in the development of apartments, villas, office buildings and commercial properties, property investment and property management on the mainland in the PRC, as well as property investment and property management in Hong Kong.

2.2. The Purchaser

The Purchaser is incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of TACI.

The principal business activity of the Purchaser is investment holding.

2.3. The associates of the Target Group

The associates of the Target Group mainly derived their revenue from leasing and property management income of the Properties (the "**Leasing Business**") and the disposal of the Properties. Excluding non-recurring revenue from the disposal of the Properties, set out below is the financial performance of the Leasing Business in 2019 and 2020 and for the six months ended 30 June 2020 and 2021.

Table 3: Financial performance of the Leasing Business in 2019 and 2020

	For the year ended 31 December		For the six months ended 30 June	
	2019	**2020**	**2020**	**2021**
	(Unaudited)	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Revenue from Leasing Business	128,917	125,254	62,589	62,610
Operation expenses	61,320	65,070	36,212	21,656
Net income before tax	67,597	60,184	26,377	40,954

2.4. The Target Group

The Target Company would be a company incorporated in the British Virgin Islands with limited liability and an investment holding company. The Target Group is engaged in property holding and investment. The primary assets of the Target Group are mainly the Properties interested by the Company through its interests in associates.

The following is the unaudited consolidated financial information of the Target Group (on the assumption that the Reorganisation had taken place on 1 January 2019 and 1 January 2020, respectively and the financial results of the Excluded Companies had been excluded) for the years ended 31 December 2019 and 31 December 2020, respectively, which has been prepared in accordance with HKFRS.

Table 4: Financial information of the Target Group upon the completion of the Reorganisation

	For the year ended 31 December 2019	For the year ended 31 December 2020
	(Unaudited)	*(Unaudited)*
	HK$'000	*HK$'000*
Revenue	26	26
Net profit/(loss) before taxation	7,513	(70,465)
Net profit/(loss) after taxation	7,440	(70,631)

The change in financial position of the Target Group from a net profit of approximately HK$7,440,000 for the year ended 31 December 2019 to a net loss of approximately HK$70,631,000 for the year ended 31 December 2020 was primarily due to a loss from the change in the fair value of the Properties for the year ended 31 December 2020 (compared with a gain from the change in the fair value of the Properties for the year ended 31 December 2019).

According to the unaudited consolidated financial information of the Target Group (on the assumption that the Reorganisation had taken place on 1 January 2019 and 1 January 2020, respectively and the financial results of the Excluded Companies had been excluded), the Target Group had a net asset value ("**NAV**") of approximately HK$2,534,026,000 as at 30 June 2021.

2.5. The Properties

The Properties comprise a total of five properties, namely a portion of each of (i) Harbour Industrial Centre located in Ap Lei Chau; (ii) Oceanic Industrial Centre located in Ap Lei Chau; (iii) Phases 1 to 4 of The Redhill Peninsula located in Tai Tam; (iv) Queen's Centre located in Wanchai; and (v) Wah Shun Industrial Building located in Yau Tong, and car-parking spaces. As at 30 June 2021, the total gross floor area of these five Properties interested by the Company via its interests in its associates is approximately 1,353,000 sq.ft., and the total gross floor area attributable to the Target Group is approximately 478,000 sq.ft..

For details on the breakdown of the Properties, please refer to the section headed "Information on the Target Group and the Properties upon Completion of the Reorganisation" in the Board Letter.

3. Reasons for and benefits of the Transaction and the possible declaration of the Special Dividend

(i) Hurdles in disposing of the Properties

As set out in the Board Letter, the Target Group holds a non-controlling interest in the Properties through its interests in associates. Despite that the Company's interest in the Target Group amounted to approximately 58.8% of its net assets as at 31 December 2020, the Company does not have a controlling stake in the associates of the Target Group. As such, any intention to dispose of the Properties has not been materialized as any major decisions regarding the Properties would require majority approval of the members of the relevant associates based on the relevant articles of association of such associates and/or agreements entered into among the members of such associates. The other members of the relevant associates are third parties independent of the Company and its connected persons (including TACI), and there are no arrangements made between (i) the directors and legal representatives and any ultimate beneficial owner(s) of the other members of the relevant associates; and (ii) the Company; or any connected person at the Company's level (including TACI) on the disposal of the Properties.

On the other hand, as disclosed in the Board Letter, given that TACI considered the ASL Properties as a long-term investment and has no intention to dispose of its interest in the ASL Properties which include the Properties held by the Target Group, it is not feasible for the Company to dispose of the Target Group to other buyers without the approval of TACI who is a controlling shareholder of the Company as at the Latest Practicable Date. Therefore, the Company has not approached other potential buyers for the disposal of the Target Group.

Rather, the Company has from time to time assisted the Target Group in soliciting potential buyers to acquire individual property units of the Properties which were then interested by the Target Group in order to expedite the disposal of such properties and unlock their value. Since the completion of the Offer, the Company has introduced more than 10 potential buyers to acquire individual property units of the Properties which were interested by the Target Group, out of which four buyers eventually acquired a few individual property units from the Target Group.

As no consensus could be reached between the shareholders of the associates in respect of the disposal of the Properties, there have not been any major disposal of the Properties since the completion of the Offer. Based on the historical sales record, the Board believes that the disposal of the Properties on a large scale will not be forthcoming in the foreseeable future. Therefore, it is uncertain when the investment in the Properties will be realised and we concur with the Board that without the Proposal, the value of the Company's interest in the Properties held through the Target Group will likely continue to be locked up.

(ii) Lower discount as represented by the Consideration

As stated in the Board Letter, given that the associates of the Target Group are not consolidated into the accounts of the Group and do not make any revenue and operating profit contribution to the Group, the market valuation of the Company may have been distorted, resulting in a deep discount of the Share price to the NAV per Share. In this regard, we noted that during the one-year up to and including the date of Joint Announcement, the market price of the Shares ranged from HK$1.10 and HK$1.33, at an average and median of about HK$1.18 and HK$1.19, respectively. Given that the audited consolidated NAV per Share as at 31 December 2020 was approximately HK$3.50, the Shares had been trading at a deep discount at between 62% to 69% to the NAV per Share during the same period. Accordingly, we agree with the Company that the discount represented by the Consideration to the adjusted NAV of the Target Group of 57.5% is better than the discount represented by the Share price.

(iii) Higher return from the Consideration

As set out in the Board Letter, the return of the Leasing Business to the Company has been relatively low as the average occupancy rate of the commercial and industrial units of the Properties have been unsatisfactory in the past five years, decreasing from about 90% in the first half of 2016 to about 59% in the first half of 2021, despite the continuous efforts of the management of the associates of the Target Group to sources new tenants after a major tenant have reduced its leased area upon expiration of leasing terms between the period from July 2016 to July 2017. As at 30 June 2021, the residential properties included 33 houses and 103 car-parking spaces of The Redhill Peninsula, out of which five houses had been leased out with an average gross yield of approximately 1.6% per annum. In view of the low gross yield and the potential renovation cost of HK$1.0 million to HK$4.5 million before leasing depending on their conditions, the members of the associates have decided to launch the residential properties for sale rather than for rental since 2017. However, since each member of the associates has its own disposal strategy for these residential properties (including renovation and pricing), it has been difficult in reaching a consensus among them when there are potential buyers for these residential properties, resulting in the slow-paced disposal.

On the other hand, as set out in Table 3 above, the average net income before tax of the Leasing Business of the associates of the Target Group was approximately HK$63.9 million for each of the two years ended 31 December 2019 and 2020, of which approximately HK$24.4 million was attributable to the Company each year. The Consideration represents a multiple of about 44.3 times of such average net income before tax attributable to the Company. Based on the average net income before tax in 2019 and 2020, the Leasing Business will take more than 44 years to accumulate an earning equivalent to the amount of the Consideration of HK$1,080,000,000 attributable to the Company.

The dividends received from the associates of the Company amount to approximately HK$65,215,000 and nil for the years ended 31 December 2020 and 31 December 2019, respectively, averaging HK$32,607,500. The Consideration represents a multiple of about 33.1 times of the average of such dividends received by the Company in the past two years. Assuming the dividend distribution of the associates of the Target Group remains the same as 2019 and 2020 and such dividend received are fully declared and paid to the Shareholders, it will take about 33 years for the Shareholders to receive the equivalent amount of the Consideration of HK$1,080,000,000.

Given the above comparison, we consider that it is fair and reasonable to argue that the Consideration represents a higher return to the Company compared with the Company's continue holding onto the Properties, especially in view of the low return from the Leasing Business and the difficulties in disposing the Properties.

(iv) Realization of the Company's true value

On the other hand, we noted from our review of the 2020 Annual Report that, the Group recorded a loss for the year ended 31 December 2020 of approximately HK$56,650,000, as compared to a profit for the year ended 31 December 2019 of approximately HK$58,014,000, partly because of a share of loss of associates of HK$69,029,000 in the current year compared with a share of profit of associates of HK$8,967,000 in last year, which was primarily due to a loss from the change in the fair value of the Properties for the year ended 31 December 2020 (compared with a gain from the change in the fair value of the Properties for the year ended 31 December 2019) as discussed earlier. In other words, the Company's holding in the Properties through these associates had negatively affected its financial position for the year ended 31 December 2020, and it is uncertain whether such negative impact would continue in the coming financial years, especially when the COVID-19 pandemic is not yet over as at the date of this letter. Despite that any future gain from the change in the fair value of the Properties would once again positively affect the Company's financial position, we consider that since the Company does not have any controlling stake in the Properties, either a future gain or a future loss from the change in the fair value of the Properties would not fairly represent the change in the financial position or value of the Company.

In the same vein, we agree with the Company that the valuation of the Properties as set out in the Valuation Report will only be realised if they are disposed of. Otherwise, such valuation will only remain as a book value in the balance sheet of the associates of the Target Group and the associates will distribute an insignificant dividend to the Company as explained in point (iii) above. Such book value will remain "locked" in the financial accounts, and the Shares would continue to be traded at a steep discount but has no true monetary value to the Shareholders until liquidation.

Accordingly, the Transaction would allow the Group to dispose of the Properties, which it has no controlling stakes, and allow its book to better reflects the true value of its underlying assets.

(v) "Liquidity event" for Shareholders

As disclosed in the Board Letter, the Company has been holding the interests in the associates of the Target Group for more than 29 years. It is expected that the return of the Leasing Business to the Company will remain low and the Company would not be able to reward the Shareholders by way of dividend distribution nor it can guarantee that there would be another opportunity for TACI to acquire the Target Group again if the Proposal is rejected. In light of the fact that the Company had not obtained any opportunities to realise its investment in the Properties held through its interests in associates and that the goal of a company should be to maximise its shareholders' interest, we consider the Proposal a positive "liquidity event" to the Shareholders that would allow the Company and the Shareholders to cash out some of their investments. Our positive view regarding the Proposal is echoed by the fact that the Proposal is well perceived by the market, as reflected by the significant increase in the price of the Shares by approximately 26.98% from HK$1.26 per Share on the date of the Joint Announcement to HK$1.60 per Share on the following trading day, and the fact that the price of the Share has remained at above HK$1.54 per Share after the publication of the Joint Announcement and up to the Latest Practicable Date. As at the Latest Practicable Date, the price of the Share was HK$1.54 per Share, reflecting that the market had remained positive towards the Proposal.

We are also aware that the Group has a low indebtedness level and a high net current asset value, and that it will retain sufficient financial resources. As such, we consider it appropriate for the Company to distribute the proceeds from the Transaction through the Special Dividend in recognition of the Shareholders' support, especially when the Company did not distribute any dividends to the Shareholders in 2020.

(vi) Limitation of other options available

Since the inception of the associates of the Target Group, the Company has from time to time assisted the Target Group in soliciting potential buyers to acquire individual property units of the Target Group in order to expedite the disposal of such properties and unlock their value. Nonetheless, disposal of the property units of the Target Group remains slow despite the Company's referrals. Since 2016, TACI has become a controlling shareholder of the Company, which has indicated to the Board that it has no intention to dispose of its interest in the ASL Properties including the Target Group and it considered that disposal of individual property units held by the Target Group could instead realise the intrinsic value of the Target Group. In light of the investment strategy of TACI, the Company considers that disposal of the Target Group to others is not an option available to the Company and any attempt to dispose of the Target Group will be futile without the support of TACI. Hence, the Company has not solicited other potential buyers for the Target Group.

(vii) Section conclusion

Having considered that the Board had taking into account the advantages and disadvantages as to the acceptance or rejection of the Proposal (as further discussed in the section headed "The Board's Assessment of the Proposal" in the Circular) and the aforementioned benefits brought along by the Proposal, being (i) the Company would be able to unlock its investment in the Properties held by the Target Group and use the proceeds from the Transaction to reward the Shareholders for their investment in and support for the Company through the Special Dividend; (ii) the true value of the underlying assets of the Group would be better reflected in its book; and (iii) the terms of the Transaction and the possible declaration of the Special Dividend are fair and reasonable as further discussed below; we concur with the Directors that the Transaction and the possible declaration of the Special Dividend are in the interests of the Company and its Shareholders as a whole.

4. The Sale and Purchase Agreement

The principal terms of the Sale and Purchase Agreement are as follows:

4.1. Date

2 August 2021

4.2. Parties

(1) The Company (as vendor); and

(2) The Purchaser (as purchaser)

4.3. Subject matter

Pursuant to the Sale and Purchase Agreement and subject to the fulfilment (or waiver where applicable) of the Conditions, (i) the Purchaser shall acquire and the Company shall procure the BVI Holdco to sell the Sale Shares; and (ii) the Shareholder's Loan shall be assigned by the BVI Holdco to the Purchaser. The Sale Shares, representing the entire issued share capital of the Target Company, will be sold free from all encumbrances together with all rights to any dividend or other distribution declared, made or paid on or after the Completion Date.

4.4. Consideration

The Consideration for the Transaction shall be HK$1,080,000,000, and shall be payable by the Purchaser to the BVI Holdco or its nominee(s) upon Completion by way of electronic transfer (or such other method as agreed by the Purchaser and the Company in writing).

As disclosed in the Board Letter, the Consideration was determined by TACI (being the holding company of the Purchaser) taking into account (i) the NAV of the Target Group; (ii) the share of results of the associates of the Company of a loss of approximately HK$69,029,000 for the year ended 31 December 2020 and a profit of approximately HK$8,967,000 for the year ended 31 December 2019; (iii) the discount represented by the share price of the Company to the NAV of the Company; (iv) dividend received from the associates of the Company of approximately HK$65,215,000 and nil for the years ended 31 December 2020 and 31 December 2019, respectively; and (v) the reasons for and the benefits of the Proposed Acquisition (as defined in the Joint Announcement) set out in the section headed "Reasons for and benefits of the Proposal" in the Joint Announcement.

The Consideration was determined by TACI and the Board did not participate in the negotiation nor contemplation of the Proposal. As advised by TACI, the Proposal constitutes an offer to acquire the Target Group from the Company, which may accept or reject the Proposal as it is, but the Consideration is non-negotiable, much like the "no increase statement" under Rule 18.3 of the Hong Kong Code on Takeovers and Mergers.

4.5. Conditions

Completion is conditional upon the fulfilment of each of the following Conditions:

(i) the passing of the resolution(s) by the Shareholders and/or Independent Shareholders at the EGM approving the Transaction in accordance with the Listing Rules, and the Special Dividend to be distributed by the Company to the Shareholders whose names appear on the register of members of the Company on the Record Date as soon as practicable after Completion;

(ii) the Reorganisation having been duly completed;

(iii) all other necessary governmental and regulatory approvals, consents, waivers, authorisations, registrations, filings and compliance with all the requirements under the Listing Rules and other applicable laws and regulations in connection with the transactions contemplated under the Sale and Purchase Agreement having been obtained and not revoked prior to Completion;

(iv) all necessary consents, waivers and/or authorisations from any relevant third parties (where applicable) in connection with the transactions contemplated under the Sale and Purchase Agreement having been obtained and not revoked prior to Completion;

(v) the representations, warranties and undertakings given or made by the Company remaining true and accurate and not misleading in any material respect as if repeated at Completion and at all times between the date of the Sale and Purchase Agreement and the Completion Date; and

(vi) the representations, warranties and undertakings given or made by the Purchaser remaining true and accurate and not misleading in any material respect as if repeated at Completion and at all times between the date of the Sale and Purchase Agreement and the Completion Date.

Conditions (i) to (iv) above cannot be waived. The Purchaser may in its absolute discretion at any time waive Condition (v), while the Company may in its absolute discretion at any time waive Condition (vi). As at the Latest Practicable Date, none of the Conditions has been fulfilled.

We consider that the Conditions are fair and reasonable as they protect the interests of the Company and the Shareholders as a whole.

4.6. Completion

Upon the fulfilment of the Conditions (or waiver where applicable) on or before the Long Stop Date, completion of the transactions contemplated under the Sale and Purchase Agreement shall take place on the Completion Date.

As at the Latest Practicable Date, Dan Form is a wholly-owned subsidiary of the Company, which is in turn a non wholly-owned subsidiary of TACI. After the completion of the Reorganisation and upon Completion, the Target Company, being the holding company of Dan Form after the Reorganisation, shall cease to be a subsidiary of the Company and the Company shall cease to have any interest in the Target Company.

If any of the Conditions is not satisfied or waived by the Purchaser or the Company (as the case may be) on or before 5:00 p.m. on the Long Stop Date, (i) the Sale and Purchase Agreement will be terminated immediately at that time and date; (ii) all the rights, obligations and liabilities of the parties under the Sale and Purchase Agreement will cease and determine save for any antecedent rights and obligations already accrued before the termination; and (iii) none of the parties to the Sale and Purchase Agreement shall have any claim against each other, except in respect of claims arising out of any antecedent breach of any provision of the Sale and Purchase Agreement.

5. Use of proceeds by the Company from the Transaction

The entire proceeds arising from the Transaction of HK$1,080,000,000 net of expenses directly attributable to the Transaction will be used by the Group for the payment of the Special Dividend.

6. Possible declaration of the Special Dividend

Subject to the approval of the Independent Shareholders at the EGM and Completion having taken place, the Board shall declare the Special Dividend of HK$0.95 per Share to the Shareholders whose names appear on the register of members of the Company on the Record Date. A further announcement will be made by the Company in this regard as and when appropriate. Pursuant to the Sale and Purchase Agreement, subject to Completion having taken place, the Company shall declare the Special Dividend within two business days from the Completion Date.

The Special Dividend of HK$0.95 per Share represents (i) approximately 75% of the closing price of HK$1.26 per Share as quoted on the Stock Exchange on the date of the Joint Announcement; (ii) approximately 81% of the average closing price of HK$1.18 per Share as quoted on the Stock Exchange for the past one year up to and including the date of the Joint Announcement; and (iii) approximately 59% of the closing price of HK$1.62 per Share as quoted on the Stock Exchange on the date of the Announcement.

The expected amount of Special Dividend to be distributed would be approximately HK$1,179,000,000, which exceeds the proceeds of HK$1,080,000,000 from the Transaction. The excess of approximately HK$99,000,000 will be funded by the cash of the Company which is available for dividend distribution. As disclosed in the 2020 Annual Report, the Group had cash and cash equivalents of approximately HK$186,175,000 as at 31 December 2020 and the Group would actively evaluate opportunities of investment in properties for long-term holdings.

As stated in the Board Letter, since the Group had not identified any suitable investment opportunities up to the Latest Practicable Date, it is fair and reasonable and in the interests of the Company and the Shareholders as a whole for the Company to distribute the proceeds from the Transaction and part of the Group's cash to the Shareholders through the Special Dividend.

Subject to the Completion having taken place, the Special Dividend provides an opportunity for the Shareholders to realise a significant value from their shareholdings in the Company and receive an upfront cash return while continuing to be invested in the Company's remaining businesses.

7. Assessment of the Consideration

7.1. Valuation Report

In considering the fairness and reasonableness of the Consideration, we have taken into account the discount of approximately 57.5% as represented by the Consideration for the Transaction of HK$1,080,000,000 to the adjusted NAV of the Target Group of HK$2,540,150,000 as at 30 June 2021 (taking into account the valuation of the Properties as at 8th July 2021 as stated in the Valuation Report). As stated in the Board Letter, the Directors (excluding Messrs. Patrick Lee Seng Wei, Edwin Lo King Yau, Tao Tsan Sang and Ms. Lisa

Yang Lai Sum, who are subject to abstain from voting on the relevant Board resolutions, and Messrs. Li Chak Hung and Choi Kin Man, being the remaining Independent Non-Executive Directors whose opinion are set out in the "Letter from the Independent Board Committee" in the Circular) have come to a view that the Sale and Purchase Agreement and the transactions contemplated thereunder, entailing the receipt of the Consideration and enabling the payment of the Special Dividend, are fair and reasonable and in the interest of the Company and the Shareholders as a whole in view of (i) the hurdles in the disposal of the Properties; (ii) the financial impacts of the associates of the Target Group; (iii) the yield of investment from the Leasing Business; (iv) the market valuation of the Shares; (v) the comparable transaction considering the Offer consideration; and (vi) the Share price performance, details of which can be referred to in the sub-section headed "Consideration" under the section headed "The Sale and Purchase Agreement", as well as our opinions thereon as discussed in the above section headed "Reasons for and benefits of the Transaction and the possible declaration of the Special Dividend" of this letter.

We have performed the works as required under Note 1(d) to Rule 13.80 of the Listing Rules and paragraph 5.3 of the Corporate Finance Adviser Code of Conduct in respect of the Valuation Report, which included (i) assessment of the Valuer' experiences; (ii) obtaining information on the Valuer' track records; (iii) inquiry on the Valuer' current and prior relationship with the parties involved in the Transaction; (iv) review of the terms of the Valuer' engagement; and (v) discussion with the Valuer regarding the bases, methodology and assumptions adopted in the Valuation Report.

7.1.1. The Valuer

We understand that Mr. Paul M. K. Wong, the director of the Valuer and the co-signor of the Valuation Report, is a registered professional surveyor and a member of the Hong Kong Institute of Surveyors, as well as a registered business valuer of the Hong Kong Business Valuation Forum with about 30 years of experience in the valuation of properties and businesses. Meanwhile, we understand that the other co-signor of the Valuation Report and the associate director of the Valuer, Mr. Oliver Y. Pan, is a member of Royal Institution of Chartered Surveyors, CFA Charter holder, a member of the Hong Kong Society of Financial Analyst as well as a Certified Financial Risk Manager with close to 7 years of experience in the valuation of properties, businesses, tangible and intangible assets across various sectors. In assessing the Valuer's experiences in valuing properties in the Hong Kong similar to the Properties, we have also obtained information on the Valuer's track records on other valuations and noted that the Valuer had acted as the valuer for a wide range of properties in Hong Kong. As such, we are of the view that the Valuer is qualified, experienced and competent in performing property valuations and providing a reliable opinion in respect of the valuation of the Properties.

We have also enquired with the Valuer as to its independence from the Company and the parties to the Sale and Purchase Agreement and were given to understand that the Valuer is an independent third party of the Company and its connected persons. The Valuer also confirmed to us that it was not aware of any relationship or interest between itself and the Company or any other parties that would reasonably be considered to affect its independence to act as an independent valuer for the Company. The Valuer confirmed to us that apart from normal professional fees payable to it in connection with its engagement for the valuation, no arrangements exist whereby it will receive any fee or benefit from the Company and its associates.

Furthermore, we also noted from the engagement letter entered into between the Company and the Valuer that the scope of work was appropriate for the Valuer to form the opinion required to be given and there were no limitations on the scope of work which might adversely impact the degree of assurance given by the Valuer in the Valuation Report.

7.1.2. Valuation basis

We have reviewed the Valuation Report and understand that it was prepared in accordance with the "HKIS Valuation Standards 2020 Edition" published by The Hong Kong Institute of Surveyors (the "**HKIS**").

As defined by HKIS, market value is defined as "*the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.*" Since no unusual matters had come to our attention that led us to believe that the Valuation Report was not prepared on a reasonable basis, we believe that the valuation fairly represents the market value of the Properties and forms a fair and reasonable basis for our further assessment on the consideration for the Disposal.

According to the Valuation Report, the Valuer had applied the definition of market value to each property interest independently.

7.1.3. Valuation methodology

As disclosed in the Valuation Report, in valuing the Properties, the Valuer mainly adopted the investment approach by taking into account the current passing rents and the reversionary income potential of the tenancies or, wherever appropriate, direct comparison approach by making reference to comparable sale evidence as available in the relevant markets.

Based on our interview with the Valuer, we understand that given the data on comparable premises/properties in the Hong Kong property market are mostly publicly available and contained in online property databases that could be easily subscribed by professional valuers, the Valuer considered the adoption of the investment approach and the direct comparison approach as the most appropriate as they would provide a more objective result. In fact, both approaches are commonly used valuation methods in Hong Kong as well as other mature markets, as it is generally considered that the best evidence of value is the price paid for similar properties. Given that Hong Kong has an active and well-publicised property market and that there already exists sufficient samples of comparable premises/properties available for analysis, we are of the view that these comparable premises/properties provide good and objective benchmarks for the valuation of the Properties. Accordingly, we agree with the Valuer that the investment approach and the direct comparison approach were appropriate for the valuation of the Properties.

As discussed with the Valuer, when valuing the Properties using the investment approach and the direct comparison approach, the Valuer had identified and analysed various comparable premises/properties which had been receiving rental income and/or recently transferred their legal ownership. We have reviewed the list of comparable premises/properties adopted by the Valuer and noted that in valuing the Properties (which comprise residential properties, commercial properties and car-parking spaces), the Valuer had chosen comparable premise/property located in the same districts of the Properties with similar conditions and facilities as the Properties.

Through our discussion with the Valuer, we also understand that data and information about the comparable premises/properties were mostly obtained from online property database subscribed by the Valuer. As confirmed by the Valuer, these comparable premises/properties represent an exhaustive list to the best of their knowledge. Accordingly, we considered that the selection of the comparable premises/properties used in the valuation of the Properties is fair and reasonable.

7.1.4. Valuation assumptions

According to the Valuation Report, the valuation of the Properties was made on the assumption (i) the owner has valid and enforceable title to the Properties which are freely transferable, and has free and uninterrupted right to use the same, for the whole of the land use terms granted subject to payment of annual land use fees and all requisite premium payable have been fully paid; (ii) the owner sells the properties on the open market in their existing states without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which would serve to affect the values of such property interests; (iii) no account has been taken of any option or right of pre-emption concerning or affecting sales of the properties and no forced sale situation in any manner; and (iv) the areas shown on the documents and official site plans handed by the Company to it are correct.

In this regard, we noted from the Valuer that these assumptions are commonly adopted in the valuation of properties. Given that we consider it objective and appropriate to appraise the Properties the same way as other similar properties on the open market, and that nothing material has come to our attention, we are of the view that these valuation assumptions are fair and reasonable.

7.1.5. Our assessment of the Valuation

In light of our view above and the fact that the Consideration was determined partly based on the adjusted NAV of the Target Group, which was determined after taking into account the valuation of the Properties as stated in the Valuation Report, we consider that the Valuation Report is an appropriate reference for determining the adjusted NAV of the Target Group and hence the Consideration.

7.2. Pricing multiples analysis

In assessing the fairness and reasonableness of the Consideration, we have conducted an independent analysis and studied the price-to-book ratios (the "**P/B Ratio(s)**"), being one of the most commonly adopted valuation benchmarks in evaluating a company or its asset(s), of the companies that are comparable to Company, against the P/B Ratio of the Target Group as implied by the Consideration (the "**Implied P/B Ratio**"). Given that the Transaction essentially involves the disposal of the Target Group by the Group to the TACI Group, and that the financial performance of the associates of the Target Group (particularly of their Leasing Business) is reflected in the accounts of the Target Group, we consider that it is fair and reasonable to consider the Target Group as a business and assess it with reference to comparable companies on the market.

In this regard, we have looked for companies that (i) were listed on the Main Board of the Stock Exchange as did the Company as at the Latest Practicable Date; (ii) derived over 50% of their revenue from property investments for their latest financial year, as did the Group and the Target Group for their latest financial year; (iii) held over 90% of their investment properties in Hong Kong as does the Group and the Target Group as at the end date their latest financial year; and (iv) had a market capitalization of between HK$1 billion and HK$3 billion as at the Latest Practicable Date in view of the Company's market capitalization of approximately HK$1.91 billion as at the same date. With these selection criteria, we have identified 4 companies (excluding the Company) (the "**Comparable Companies**"), which represent an exhaustive list of companies comparable to the Company as far as we are aware.

While we are aware that as at the Latest Practicable Date, the Comparable Companies were listed companies with a basket of project portfolio with controlling stakes and/or that some of them provided value-added services such as property management, which is different from the Target Group because the Target Company, being a private company, does not have a controlling stake in the Properties and offers no value-added services, we consider that these factors would not affect the fairness and reasonableness of the Comparable Companies, given that (i) the Properties are held by the Company which is a listed company on the Main Board of the Stock Exchange and selecting property investment companies which are also listed on the Main Board of the Stock Exchange with a similar level of market capitalization, would provide a better and more comparable reference on the book values of these companies given that the sizes and quality their property portfolios are expected to be more similar; (ii) whether the Comparable Companies have a controlling or non-controlling stake in their properties would not affect the valuation of these properties and hence the book value of the Comparable

Companies, given that a property valuation is determined solely based on the market value of the subject property(ies) regardless of whether the holder(s) thereof has a controlling stake in it/them; in the event the Comparable Company(ies) has a controlling stake in the property(ies), the share price of which, under normal circumstances, is expected to be higher and results in a higher P/B Ratio that may lead to a more critical, and perhaps less favourable, assessment of the Consideration in comparison (which is not the case as illustrated below); and (iii) property management or other value-added services provided by the Comparable Companies (as well as the Company) are only supplemental businesses to their property investment businesses, and hence are expected to have a minimal effect on their book values. In light of the above and the fact that the principal activities of the Comparable Companies and the Target Group had both been property investment in Hong Kong for their respective latest financial year, we consider that our selection criteria and the Comparable Companies are fair and reasonable and that their book values, as well as P/B Ratios, are also fair and meaningful references for our analysis. We are also of the view that the P/B Ratios of the Comparable Companies, rather than their price-to-earnings ratios ("**P/E Ratio**"), are more suitable references for our analysis of the Consideration, given that 3 of the 4 Comparable Companies were at a loss position during their latest financial year, and hence did not have a P/E Ratio for comparison.

Set out in Table 5 below are (i) the P/B Ratios of the Comparable Companies as at the Latest Practicable Date; (ii) the P/B Ratio of the Group as at the Latest Practicable Date; and (iii) the Implied P/B Ratio of the Target Group. The P/B Ratio of the Group as at the Latest Practicable Date is included to provide an additional reference to the Shareholders regarding the performance of the Shares.

The P/B Ratios of the Comparable Companies were obtained by dividing their respective market capitalisation as at the Latest Practicable Date by their respective consolidated equity attributable to the owners of the company as extracted from their latest published financial statements, while the P/B Ratio of the Group as at the Latest Practicable Date of approximately 0.44 times was obtained by dividing the market capitalisation of the Group as at the Latest Practicable Date of approximately HK$1.91 billion, by the audited total equity attributable to Shareholders of approximately HK$4.35 billion as at 31 December 2020.

On the other hand, the Implied P/B Ratio of the Target Group of approximately 0.43 times was obtained by dividing the Consideration of HK$1,080,000,000, by the NAV of the Target Group of approximately HK$2,534,026,000 as at 30 June 2021.

Table 5: The Comparable Companies and their P/B Ratios and NAV

Company	**Stock code**	**Principal activities of the group**	**Percentage of revenue from investment properties over total revenue** *(Note 1)* *(%)*	**Percentage of fair value of investment properties located in Hong Kong over total investment properties** *(Note 2)* *(%)*	**NAV attributable to owners** *(HK$ mil)*	**P/B Ratio** *(times)*
Pioneer Global Group Limited	224	Property and hotels investments and other investment holdings business	80.43	99.61	7,378.94	0.16
Pokfulam Development Company Limited	225	Property investment and management, trading of visual and sound equipment and securities investment	68.62	98.23	5,425.10	0.22
Safety Godown Company Limited	237	Godown operations, property investment and treasury investment	83.25	100.00	4,323.27	0.31
Tian Teck Land Limited	266	Property investment	100.00	99.67	5,669.39	0.41
Minimum:						**0.16**
Maximum:						**0.41**
Median:						**0.27**
Average:						**0.28**
The Group (as at the Last Practicable Date)		***Property investment, property leasing and estate management in Hong Kong***	***86.68***	***95.66***	***4,345.92***	***0.44***
The Target Group (as implied by the Consideration)		***Property holding and investment***	***100.00***	***100.00***	***2,534.03 (Note 3)***	***0.43***
The Target Group (as implied by the Consideration with DLOM (as defined below) applied)			***100.00***	***100.00***	***2,133.65 (Note 3)***	***0.51***

Source: the website of the Stock Exchange and the respective annual report of the listed company

Note:

(1) For the latest financial year

(2) As at the end date of the latest financial year

(3) As at 30 June 2021

As shown in the table above, the P/B Ratios of the Comparable Companies ranged from approximately 0.16 times to 0.41 times, with a median and an average of approximately 0.27 and approximately 0.28 times respectively.

As shown in the above table, the P/B Ratio of the Group as at the Latest Practicable Date was approximately 0.44 times and was above the maximum P/B Ratio of the Comparable Companies as at the same date, reflecting that while the Shares were undervalued with reference the Group's NAV per Share as at 31 December 2020 as discussed in the above section headed "Reasons for and benefits of the Transaction and the possible declaration of the Special Dividend" of this letter, they were less undervalued compared to the shares of the Comparable Companies.

Similarly, the Implied P/B Ratio of the Target Group of approximately 0.43 times remains above the maximum P/B Ratio of the Comparable Companies as at the Latest Practicable Date, reflecting that the Consideration better reflects the financial/book value of the Target Group than do the share prices of the Comparable Companies in reflecting their financial value.

7.2.1. Discount for lack of marketability ("DLOM")

In view of the Company's non-controlling interest in the Properties and the fact that it is difficult for the Group to dispose of the Properties, we consider that it is meaningful and appropriate to incorporate valuation adjustment(s) into our analysis to reflect such lack of marketability of the Properties or the Target Group.

Marketability refers to the liquidity of an asset, that is, when the owner of the asset intends to sell, how quickly, costly and easily the asset can be liquidated. Compared with the shares of listed companies, there is no readily available market for assets that are held through a company's interests in associates, and therefore a DLOM, which is a downward adjustment of value, would need to be applied in the valuation to reflect the lack of liquidity of such assets.

DLOM is also affected by the controlling position of a shareholder. Given that it is generally easier for controlling shareholders to sell their majority-held assets to the market than shareholders who have little or no control over such assets, as in the case of the Company over the Properties, a DLOM would also need to be applied in the valuation of such assets which are not majority-held.

In this regard, we have reviewed the Stout Restricted Stock Study, which "consists of over 750 restricted stock transactions with distinct transaction and company characteristics on which comparisons to a subject company can be made", and "represents the most widely used and accepted database available to valuators for DLOM determination."[1] We understand that the Stout Restricted Stock Study is widely used by professional valuers and hence we consider it a credible reference for our determination of the DLOM.

Upon our review of the Stout Restricted Stock Study, we noted that the overall average DLOM for all 759 transactions in the study (as of June 2020) was 20.6%, and the median DLOM was 15.8%. Given the large number of transactions and the likelihood of extreme data in the study, we consider it appropriate to adopt the median DLOM of 15.8% in our assessment of the Consideration.

In incorporating the DLOM of 15.8% in our assessment of the Consideration, we have multiplied the NAV of the Target Group of approximately HK$2,534,026,000 as at 30 June 2021 by 84.2% (i.e. 1-15.8%) and obtained an discounted NAV of the Target Group of approximately HK$2,133,649,892. We then divided the Consideration of HK$1,080,000,000 by such discounted NAV of the Target Group of approximately HK$2,133,649,892 and obtained an adjusted Implied P/B Ratio of the Target Group of approximately 0.51 times.

With the DLOM applied in our assessment, the adjusted Implied P/B Ratio of the Target Group of approximately 0.51 times is not only above the maximum P/B Ratio of the Comparable Companies as at the Latest Practicable Date but also above the P/B Ratio of the Company as at the Latest Practicable Date, implying that the Consideration outperforms the share prices of the Comparable Companies as well as the Share price of the Company when it comes to reflecting the financial value of the underlying assets.

7.3. Reference transaction

We have considered other valuation methodologies, in particular comparable transaction analysis, when assessing the fairness and reasonableness of the Consideration, however, after having reviewed all of the transactions conducted by other issuers over the past three-year up to and including the Latest Practicable Date that involved the disposals of the respective issuer's non-controlling interest in its property(ies), we noticed that there is no comparable transaction on the market that involved an investment background and shareholding structure similar to that of the associates of the Target Group. Accordingly, we are of the view that a comparable analysis with transactions conducted by other issuers is not applicable in this case.

In this regard, while our assessment of the Consideration relies principally on our pricing multiples analysis as discussed in the above sub-section, we consider that the Offer can serve as an additional reference for the Independent Shareholders when assessing the Consideration, given that (i) the principal activities of the Target Group since 2016 have remained to be

[1] Please refer to https://www.bvresources.com/docs/default-source/free-downloads/restricted-stock-study-stout-companion-guide.pdf?sfvrsn=b0ebc8b2_4

leasing and property management of the Properties and disposal of the Properties; (ii) the property portfolio held by the associates of the Target Group as at 30 June 2016 and 30 June 2021 is the same except for the disposal of certain property units during the period; and (iii) the decrease in the NAV of the associates of the Target Group from approximately HK$3,158 million as at 30 June 2016 to approximately HK$2,534 million as at 30 June 2021 was mainly due to disposal of certain property units and the application of the proceeds therefrom for dividend distribution to their members, which should have had no material impact on the principal business and property portfolio of the associates of the Target Group. Nonetheless, in view of the passage of time between the Offer and the Transaction, we advise the Independent Shareholders to refer to our pricing multiples analysis as discussed in the above sub-section when assessing the Consideration and take reference from the Offer if they find it appropriate.

In 2016, TACI made the Offer to acquire the controlling stake in the Company. Based on the offer price of HK$2.75 per Share (the "**Offer Price**") and the 1,242,424,945 Shares then in issue, the entire issued Shares of the Company was valued at approximately HK$3,416,668,599 (the "**Offer Consideration**").

As stated in the Board Letter, as at 30 June 2016, the assets of the Group comprised investment in associates of HK$3,158,109,000, cash and bank balances of HK$1,104,071,000, investment properties of HK$1,038,750,000, property, plant and equipment of HK$85,240,000, available-for-sale financial assets of HK$45,526,000 and others of HK$33,085,000. As at 30 June 2016, the liabilities of the Group comprised deferred income tax liabilities of HK$135,535,000, creditors and accruals of HK$214,706,000, amounts due to associates of HK$98,655,000 and income tax payable of HK$772,000. In assessing the value of the Group's investment in associates as at 30 June 2016, we noted that the Board has (i) determined the fair value of the Group's cash and bank balances and liabilities at their face values, investment properties at their market values as at 30 June 2016 as reflected in the then valuation performed by an independent qualified professional valuer (given that the Company had a controlling interest in these properties in 2016 and hence no discounts need to be applied to such valuation), property, plant and equipment at their salvage value after depreciations and the value of available-for-sale financial assets also at their market values which were reflected in the balance sheet of the Group as at 30 June 2016; (ii) assumed that the Group's assets (other than investment in associates) and liabilities were acquired on dollar to dollar basis; and (iii) derived the implied offer consideration for the investment in associates on this basis by deducting these amounts from the Offer Consideration.

Under this basis, the Offer consideration for the investment in associates would be approximately HK$1,559,664,599, which represented a discount of approximately 50.6% to the book value of the associates as at 30 June 2016, and is about 7 percentage points higher than the discount represented by the Offer consideration. As stated in the Board Letter, taking into account that the average occupancy rate of the industrial and commercial property units of the Properties has decreased significantly from about 90% in the first half of 2016 (the time of making the Offer) to about 59% in the first half of 2021 (the time of contemplation of the Proposal), and that the lower occupancy rate may induce lower return to TACI for its holding of the Properties, the Company considers that a slightly higher discount is acceptable.

We noted the Board's assessment and view in this regard and consider that the Independent Shareholders can take reference from the Offer when assessing the Consideration. Nonetheless, as discussed above, given the passage of time between the Offer and the Transaction, our pricing multiples analysis as discussed in the above sub-section remains the principal factor in our assessment of the Consideration and the Offer should serve as a reference transaction only.

8. Financial effects of the Transaction

After the completion of the Reorganisation and upon Completion, the Target Company, being the holding company of Dan Form after the Reorganisation, shall cease to be a subsidiary of the Company and the Company shall cease to have any interest in the Target Company. As a result, the financial results of the Target Company (including Dan Form) will cease to be consolidated into the financial statements of the Group.

The financial effects of the Transaction on the Group's earnings, working capital and NAV are set out below. It should be noted that the analysis below is for illustrative purposes only and does not purport to represent how the financial position of the Group would be upon Completion.

8.1. Earnings

As disclosed in the Board Letter, it is expected that the Group will record an unaudited loss of approximately HK$1,454,026,000 upon Completion, calculated based on the Consideration of HK$1,080,000,000 less the consolidated unaudited NAV of the Target Group of HK$2,534,026,000 as at 30 June 2021.

The earnings of the Group will decrease by an amount equivalent to such loss from the Transaction. The final amount of the loss from the Transaction is subject to the review by the auditors of the Company.

On the other hand, since the associates of the Target Group are not consolidated into the accounts of the Company, their financial performance was not reflected in the earnings and operating profit of the Group, but as "share of profit or loss from associates". Therefore, it is expected that the Transaction will not have any impact on the earnings and operating profit in the financial statements of the Group in the future.

8.2. Working capital

The working capital of the Company is expected to decrease by approximately HK$99,000,000, being the amount of Distributable Profit which will be declared as the Special Dividend and funded by the working capital of the Company.

As disclosed in the 2020 Annual Report, the Group had cash and cash equivalents of approximately HK$186,175,000 as at 31 December 2020. Hence, the possible declaration of the Special Dividend, which entails the distribution of the Distribution Profit, is not expected to exert considerable pressure on the working capital position of the Company.

8.3. NAV

Following the Completion and without taking other factors into account, the total assets of the Group will decrease by approximately HK$1,486,562,000 as a result of the loss from the Transaction, and the total liabilities of the Group will be reduced by the liabilities attributable to the Target Group in the amount of approximately HK$32,536,000.

Save as the abovementioned, it is expected that the Transaction will not have any other material effects on the earnings, working capital position and NAV of the Group.

While we noted that the Transaction would have negative financial effects on the Group, having considered the reasons for and benefits of the Transaction, the fairness and reasonableness of the Consideration and the fact that the Shareholders would be benefited by the possible declaration of the Special Dividend, we are of the view that the Transaction is fair and reasonable so far as the Independent Shareholders are concerned.

RECOMMENDATION

Having considered the principal factors and reasons referred to above, we are of the opinion that while the Transaction and the possible declaration of the Special Dividend are not entered into the ordinary and usual course of business of the Group, they are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the IBC to recommend the Independent Shareholders to vote in favour of the resolution(s) approving the Transaction and the possible declaration of the Special Dividend at the EGM. We also recommend the Independent Shareholders to vote in favour of the resolution(s) relating to the Transaction and the possible declaration of the Special Dividend at the EGM.

Yours faithfully,
For and on behalf of
Pelican Financial Limited
Charles Li*
Managing Director

* *Charles Li is a responsible person registered under the SFO to carry out Type 6 (advising on corporate finance) regulated activity for Pelican Financial Limited and has over 30 years of experience in the accounting and financial services industry.*

1. FINANCIAL INFORMATION OF THE GROUP

The Company is required to set out or refer to in this circular the information for the last three financial years ended 31st December, 2020 and the six months ended 30th June, 2021 with respect to the profits and losses, financial record and position, set out as a comparative table and the latest published audited balance sheet together with the notes on the annual accounts for the last financial year or period for the Group. The financial information of the Group is disclosed in the following documents which have been published on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.asiasec.com.hk):

- Annual report of the Company for the year ended 31st December, 2020 published on 14th April, 2021 (pages 59 to 175):
  https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0414/2021041400469.pdf

- Annual report of the Company for the year ended 31st December, 2019 published on 9th April, 2020 (pages 58 to 167):
  https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0409/2020040900563.pdf

- Annual report of the Company for the year ended 31st December, 2018 published on 9th April, 2019 (pages 58 to 167):
  https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0409/ltn20190409761.pdf

- Interim report of the Company for the six months ended 30th June, 2021 published on 9th September, 2021 (pages 4 to 37):
  https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0909/2021090900831.pdf

2. INDEBTEDNESS OF THE GROUP

As at the close of business on 31st August, 2021, being the latest practicable date for the purpose of ascertaining the indebtedness of the Group prior to the printing of this circular, the Group had an indebtedness of approximately HK$57,071,000 representing the amounts due to associates which are unsecured.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities and normal trade payables, as at the close of business on 31st August, 2021, the Group did not have any (i) debt securities of the Group issued and outstanding, and authorised or otherwise created but unissued, and term loans; (ii) other borrowings or indebtedness in the nature of borrowing of the Group including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits or hire purchase commitments; (iii) mortgages and charges; and (iv) any material contingent liabilities or guarantees.

3. WORKING CAPITAL

Taking into account presently financial available resources including internally generated cash flows, bank balances and cash and the cash flow impact of the Transaction and the declaration of the Special Dividend, the Directors, after due and careful enquiry, are of the opinion that the working capital of the Group is sufficient for its present requirements for at least the next 12 months from the date of this circular.

The Company has obtained the relevant confirmation from its auditor as required under Rule 14.66(12) of the Listing Rules.

4. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group's core businesses comprise property investment, property leasing and estate management in Hong Kong. It is expected that the surge in COVID-19 vaccination rate in Hong Kong will have a marginally positive effect on the businesses in the Group's retail space in Harbour Crystal Centre (portion) for the remainder of the year. The tenants in the food and beverage industry in particular should see further improvements to their business. However, those tenants that depend on shoppers from mainland China for the bulk of their revenue will continue to see a very difficult trading environment due to the border with the mainland now expected not to re-open fully this year.

The positive turnaround in sentiment in the local residential property market since early this year should continue given the low interest rate environment. Recent transactions at close to record prices for luxury houses and new properties in the Southern District should also give support for the Group's joint venture Redhill Peninsula.

Office and industrial rental markets should continue to be under pressure though partly as a result of lower demand from mainland Chinese companies. This will have a continued negative impact on the Group's joint ventures in Harbour Industrial Centre (portion) and Oceanic Industrial Centre (portion) and in the Group's office space in Billion Centre.

Overall, the Group is still optimistic over the long-term prospects for the Hong Kong property market and will actively evaluate available opportunities in this generally difficult market.

In relation to the future likely development of the Group, the business objectives are as follows:

(i) continue to improve its investment portfolio through acquisition of quality properties at attractive valuations and disposals of under-performing properties in order to balance the demands of short-term returns and long-term capital appreciation;

(ii) review the management system and cost structure of the Group so as to improve efficiency and reduce expenses where possible; and

(iii) consider gearing up the projects of the Group in a responsible manner in order to increase its return on equity.

The following is the text of the letter, summary of valuation and valuation report received from Norton Appraisals Holdings Limited, an independent valuer, prepared for the purpose of inclusion in this circular, in connection with its valuation as at 8th July, 2021 of the Properties.

Norton Appraisals
Registered Professional Surveyors, Valuers & Property Advisers

Unit F, 18/F., Seabright Plaza
9-23 Shell Street
North Point, Hong Kong
Tel : (852) 2810 7337
Fax : (852) 2810 6337

5th October, 2021

The Directors
Asiasec Properties Limited
9th Floor, Allied Kajima Building
138 Gloucester Road
Wanchai, Hong Kong

Dear Sirs,

In accordance with the instructions from Asiasec Properties Limited (hereinafter referred to as the "Company") and its subsidiaries (hereinafter together referred to as "Asiasec Group") for us to value the properties located in the Hong Kong Special Administrative Region (hereinafter referred to as "Hong Kong") (as more particularly described in the attached summary of values) (hereinafter referred to as the "Properties"), we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for providing you with our opinion of values of the Properties as at 8th July, 2021 (hereinafter referred to as the "Date of Valuation") for public documents.

Our valuations have been undertaken on the basis of the Market Value, which is defined by The Hong Kong Institute of Surveyors 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".

In valuing the Properties, we have assumed that the owner has valid and enforceable title to the Properties which are freely transferable, and has free and uninterrupted right to use the same, for the whole of the land use terms granted subject to payment of annual government rent and all requisite land premium payable have been fully paid.

Our valuations have been made on the assumption that owner sells the properties on the open market in their existing states without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which would serve to affect the values of such property interests. In addition, no account has been taken of any option or right of pre-emption concerning or affecting sales of the properties and no forced sale situation in any manner is assumed in our valuations. We have been provided with extracts of title documents of the property interests but have not scrutinised the original documents.

In valuing the Properties, we have adopted investment approach by taking into account the current passing rents and the reversionary income potential of the tenancies or, wherever appropriate, direct comparison approach by making reference to comparable sale evidence as available in the relevant markets.

We have inspected the exterior and, where possible, the interior of the properties, by our director Mr. Paul Wong and associate director Mr. Oliver Pan on 6th and 7th July, 2021, including the physical external and internal building conditions, surrounding environments, pedestrian flow, accessibility, internal finishing, layout and facilities provided etc.. During the course of our inspectors, we did not note any serious defects. However no structural survey has been made and we are therefore unable to report as to whether the properties are free from rot, infestation or other defects.

We have not carried out site measurements to verify the correctness of the site and floor areas in respect of the Properties but have assumed that the areas shown on the documents and official site plans handed to use are correct. All dimensions, measurements and areas included in the valuation report are based on information contained in the documents provided to us by Asiasec Group and therefore only approximations.

We have relied to a considerable extent on the information provided by Asiasec Group and have accepted advice on such matters as planning approvals, statutory notices, easements, tenures, completion dates of buildings, particulars of occupancy, tenancy summaries, site and floor areas and all other relevant matter in the identification of the Properties.

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

Our valuations have been carried out in accordance with The HKIS Valuation Standards 2020 issued by the Hong Kong Institute of Surveyors and under generally accepted valuation procedures and practices. Our valuations have also been prepared under the generally accepted valuation procedures and are in compliance with Chapter 5 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Unless otherwise stated, all sums stated in our valuations are in Hong Kong dollars.

Our summary of values and the valuation report are enclosed herewith.

Yours faithfully,
For and on behalf of
Norton Appraisals Holdings Limited

Paul M. K. Wong *MHKIS, RPS (G.P.), MCIREA*	**Oliver Pan** *MRICS, CFA, FRM*
Director	*Associate Director*

Notes: Mr. Paul M. K. Wong is a Registered Professional Surveyor who has more than 30 years' experience in valuation of properties in Hong Kong and in the PRC.

Mr. Oliver Pan is a member of the Royal Institution of Chartered Surveyor who has more than 7 years' experience in valuation of properties in Hong Kong and in the PRC.

SUMMARY OF VALUES

	Property	Market value in existing state as at 8th July, 2021 *(HK$)*	Interest attributable to Asiasec Group	Market value in existing state attributable to Asiasec Group as at 8th July, 2021 *(HK$)*
Group I: Property interests held by Asiasec Group for Investment in Hong Kong				
1	House Nos. 1 and 69, Palm Drive, The Redhill Peninsula – Site D (Phase 1), No. 18 Pak Pat Shan Road, Tai Tam, Hong Kong	143,800,000	⅓ share	47,933,333
2	House Nos. 60, 62, 68, 70, 76, 78, 97, 99, 105, 107, 113, 115, 121 and 123, Palm Drive and House Nos. 108, 110 and 134, Cedar Drive, The Redhill Peninsula – Site C (Phase 2), No. 18 Pak Pat Shan Road, Tai Tam, Hong Kong	1,293,000,000	⅓ share	431,000,000
3	103 car parking spaces, The Redhill Peninsula – Phase 4, No. 18 Pak Pat Shan Road, Tai Tam, Hong Kong	78,280,000	⅓ share	26,093,333
4	Basement; Units A, B, C, D and F on Ground Floor; 1st Floor; Units C and D on 2nd Floor; Units A, B and C on 3rd Floor; Units B and C on 5th Floor; Units A, B and C on 7th – 8th Floor; Units A and C on 9th Floor; Unit C on 10th Floor; Units A, B and C on 11th Floor; Unit A on 16th Floor; Units A and B on 19th Floor; and Units A and B on 21st Floor, Queen's Centre, 58-64 Queen's Road East, Wanchai, Hong Kong	390,000,000	50%	195,000,000
5	Various industrial units and car parking spaces of Harbour Industrial Centre, No. 10 Lee Hing Street and Oceanic Industrial Centre, No. 2 Lee Lok Street, Ap Lei Chau, Hong Kong	5,144,000,000	⅓ share	1,714,666,667

SUMMARY OF VALUES

	Property	Market value in existing state as at 8th July, 2021 *(HK$)*	Interest attributable to Asiasec Group	Market value in existing state attributable to Asiasec Group as at 8th July, 2021 *(HK$)*
6	The whole of the Lower Ground and Ground Floors; Units D and E on 1st Floor; Units A, B and G on 3rd Floor; Unit E & Flat Roof E and Unit G on 4th Floor, Units B, C, E, G and P on 5th Floor, Units C, F and G on 6th Floor, Units A, C, D, G and H on 8th Floor and Roofs thereon; Lorry Car Parking Space Nos. L14 and L15 on Lower Ground Floor; Private Car Parking Space Nos. P4 and P5, Lorry Car Parking Space Nos. L2, L3, L7, L12, L13 and Container Car Parking Space No. C15 on 1st Floor, Wah Shun Industrial Building, No. 4 Cho Yuen Street, Yau Tong, Kowloon	408,000,000	50%	204,000,000
Group II: Property interest held by Asiasec Group for sale in Hong Kong				
7	House Nos. 129 and 137, Palm Drive and House Nos. 63, 65, 71, 73, 79, 81, 87, 89, 95, 97, 101 and 140, Cedar Drive, The Redhill Peninsula – Site B (Phase 3), No. 18 Pak Pat Shan Road, Tai Tam, Hong Kong	1,167,200,000	⅓ share	389,066,667
	Total:	**8,624,280,000**		**3,007,760,000**

VALUATION REPORT

Group I: Property interests held by Asiasec Group for Investment in Hong Kong

	Property	Description and Tenure	Particulars of Occupancy	Market Value in existing state as at 8th July, 2021 *(HK$)*
1	House Nos. 1 and 69, Palm Drive, The Redhill Peninsula – Site D (Phase 1), No. 18 Pak Pat Shan Road, Tai Tam, Hong Kong 120/9,100th shares of and in Section A of Rural Building Lot No. 1050	The property comprises 2 semi-detached houses of Phase 1 of a large-scale residential development named The Redhill Peninsula completed in 1990. The total floor area of the property is approximately 10,427 sq.ft. (968.69 sq.m.). The breakdown of area is as follows: **Floor Area** *(sq.ft.)* Saleable Area 5,285 Garden 1,493 Flat Roof 1,617 Carport/Entrance 2,032 Total 10,427 The Lot is held under Conditions of Sale No. 11461 for a term of 75 years commencing on 2nd January, 1981 renewable for a further term of 75 years. The Government rent payable for the Lot is HK$1,000 per annum.	House No. 1 is subject to a tenancy for a term of 2 years expiring on 23rd June, 2022 at a monthly rent of HK$98,000 while House No. 69 is subject to a tenancy for a term of 2 years expiring on 10th December, 2022 at a monthly rent of HK$90,000.	143,800,000 (⅓ share attributable interest to Asiasec Group: 47,933,333)

Notes:

(i) The registered owner of the property is Zeta Estates Limited, an associate company of Asiasec Group, vide Memorial No. 05080401760011 dated 16th July, 2005.

(ii) The property falls into the Tai Tam & Shek O Outline Zoning Plan No. S/H18/10 dated 16/5/2008 and is classified as "Residential (c)2" use.

VALUATION REPORT

	Property	Description and Tenure	Particulars of Occupancy	Market Value in existing state as at 8th July, 2021 *(HK$)*
2	House Nos. 60, 62, 68, 70, 76, 78, 97, 99, 105, 107, 113, 115, 121 and 123, Palm Drive and House Nos. 108, 110 and 134, Cedar Drive, The Redhill Peninsula – Site C (Phase 2), No. 18 Pak Pat Shan Road, Tai Tam Hong Kong 1,020/2,620th shares of and in The Remaining Portion of Section B of Rural Building Lot No. 1050	The property comprises 17 semi-detached houses of Phase 2 of a large-scale residential development named The Redhill Peninsula completed in 1991. The total floor area of the property is approximately 98,250 sq.ft. (9,127.65 sq.m.). The breakdown of area is as follows: **Floor Area** *(sq.ft.)* Saleable Area 46,742 Yard of Garden 24,022 Flat Roof 18,894 Carport/Entrance 8,592 98,250 The Lot is held under Conditions of Sale No. 11461 for a term of 75 years commencing on 2nd January, 1981 renewable for a further term of 75 years. The Government rent payable for the Lot is HK$1,000 per annum.	House No. 68 Palm Drive is subject to a tenancy for a term of 2 years expiring on 27th July, 2021 at a month rent of HK$130,000. House No. 70 Palm Drive is subject to a tenancy for a term of 2 years expiring on 24th March, 2023 at a month rent of HK$102,000. House No. 78 Palm Drive is subject to a tenancy for a term of 2 years expiring on 29th April, 2023 at a month rent of HK$108,000. The remaining portion of the property is vacant.	1,293,000,000 (⅓ share attributable interest to Asiasec Group: 431,000,000)

Notes:

(i) The registered owner of the property is Zeta Estates Limited, an associate company of Asiasec Group, vide Memorial No. UB5157011 dated 31st December, 1991.

(ii) As advised by Asiasec Group, House No. 115, Palm Drive, is subject to Agreement for Sale and Purchase at a consideration of HK$83,980,000 dated 13th May, 2021. In the course of our valuation, we have taken into account of the said Agreement for Sale and Purchase.

(iii) The property falls into the Tai Tam & Shek O Outline Zoning Plan No. S/H18/10 dated 16/5/2008 and is classified as “Residential (C)2” use.

VALUATION REPORT

	Property	Description and Tenure	Particulars of Occupancy	Market Value in existing state as at 8th July, 2021 *(HK$)*
3	103 car parking spaces, The Redhill Peninsula – Phase 4, No. 18 Pak Pat Shan Road, Tai Tam, Hong Kong 103/5,000th shares of and in The Remaining Portion of Rural Building Lot No. 1050	The property comprises 103 car parking spaces of Phase 4 of a large-scale residential development named The Redhill Peninsula completed in 1992. The Lot is held under Conditions of Sale No. 11461 for a term of 75 years commencing on 2nd January, 1981 renewable for a further term of 75 years. The Government rent payable for the Lot is HK$1,000 per annum.	The property is currently vacant.	78,280,000 (⅓ share attributable interest to Asiasec Group: 26,093,333)

Notes:

(i) The property comprises Car Parking Spaces Nos. 4, 34, 37-40, 59, 70, 74, 212-216 and 234 on Level 1 and Car Parking Spaces Nos. 1-4, 6, 9-11, 13-15, 28-44, 58-62, 64-67, 71-75, 77, 109, 124-127, 141, 143-144, 146-147, 174, 181-189, 211-228, 247-249 and 269-272 on Level 2 of the development.

(ii) The registered owner of the property is Zeta Estates Limited, an associate company of Asiasec Group, vide Memorial No. 14072902300058 dated 18th July, 2014.

(iii) The property falls into the Tai Tam & Shek O Outline Zoning Plan No. S/H18/10 dated 16/5/2008 and is classified as "Residential (C)2" use.

VALUATION REPORT

	Property	Description and Tenure	Particulars of Occupancy	Market Value in existing state as at 8th July, 2021 *(HK$)*
4	Basement; Units A, B, C, D and F on Ground Floor, 1st Floor; Units C and D on 2nd Floor; Units A, B and C on 3rd Floor; Units B and C on 5th Floor; Units A, B and C on 7th – 8th Floor; Units A and C on 9th Floor; Unit C on 10th Floor; Units A, B and C on 11th Floor; Unit A on 16th Floor; Units A and B on 19th Floor; and Units A and B on 21st Floor, Queen's Centre, 58-64 Queen's Road East, Wanchai, Hong Kong 118/228th shares of and in the Remaining Portion of Inland Lot No. 2243	The property comprises various commercial units on basement, ground floor and various office units on various floors of a 22-storey commercial building completed in 1982. The total gross floor area of the property is approximately 27,457 sq.ft. (2,550.81 sq.m.). The breakdown of area is as follows: **Gross Floor Area** *(sq.ft.)* Basement, Units on G/F & 1/F: 8,712 Units on Upper Floor: 18,745 Total: 27,457 The Lot is held under a Government lease for a term of 999 years commencing on 9th July, 1844. The Government rent payable for the Lot is HK$30 per annum.	The property is subject to various tenancies for terms of mainly 2 to 3 years with the latest tenancy expiring on 31st July, 2024, yielding a total monthly rent of approximately HK$744,751.	390,000,000 (50% attributable interest to Asiasec Group: 195,000,000)

Notes:

(i) The registered owner of the property is Kin Tong Land Investment Company Limited, an associate company of Asiasec Group, vide Memorial No. UB1630112 dated 16th November, 1978.

(ii) The property falls into the Wanchai Outline Zoning Plan No. S/H5/28 dated 4/May/2018 and is classified as "Residential (A)" use.

VALUATION REPORT

	Property	Description and Tenure	Particulars of Occupancy	Market Value in existing state as at 8th July, 2021 *(HK$)*
5	Various industrial units and car parking spaces of Harbour Industrial Centre, No. 10 Lee Hing Street and Oceanic Industrial Centre, No. 2 Lee Lok Street, Ap Lei Chau, Hong Kong 159,060/236,843rd shares of and in Ap Lei Chau Inland Lot No. 116	The property comprises 692 industrial units and 133 car parking spaces on various floors of two blocks of 24-storey industrial building completed in 1991. The gross floor area of the property (excluding car parking spaces) are approximately as follows: **Gross Floor Area** *(sq.ft.)* *Harbour Industrial Centre* Industrial units 242,931 Roof 23,195 *Oceanic Industrial Centre* Industrial units 704,152 Roof 37,554 The Lot is held under Conditions of Exchange No. 11820 for a term of 75 years commencing on 1st October, 1980 renewable for a further term of 75 years. The Government rent payable for the Lot is HK$1,000 per annum.	Except for a portion of the industrial portion of the property with a total gross floor area of 399,976 sq.ft. (37,158.68 sq.m.) which are currently vacant, the industrial portion of the property is subject to various tenancies for terms of mainly 2 years yielding a total monthly rent of approximately HK$6,652,229. A portion of the car parking spaces are subject to various tenancies for terms of mainly 1 year yielding a total monthly rent of approximately HK$349,700.	5,144,000,000 (⅓ share attributable interest to Asiasec Group: 1,714,666,667)

Notes:

(i) The registered owner of the property is Zeta Estates Limited, an associate company of Asiasec Group, vide Conditions of Exchange No. 11820 of APLIL 116.

(ii) The property comprises the following units:

Harbour Industrial Centre

Floor(s)	Unit(s)
1st	Car parking spaces Nos. P1-P30 and L1-L29
2nd	1-12
3rd	5, 6, 8, 9, 11
4th – 6th	1-12
7th	2, 9, 10-14, 16-19
8th	7
9th	2, 10-12, 14, 16-20

Floor(s)	Unit(s)
10th	11-14, 16-19
11th	7, 9-11, 13-14, 16-19
12th	5, 16
13th	5, 11, 14, 19
14th	5, 7, 16-18
16th	5
17th	16
20th	16
21st	16, 21
22nd	7, 16, 21
23rd	1-3, 5-21

Oceanic Industrial Centre

Floor(s)	Unit(s)
Ground	Car parking spaces Nos. P1-P3 and L1-L7
1st	P1-P34, L1-L30
2nd	1-10, 12-32
3rd	16-26
4th – 11th	1-26
12th – 13th	1-27
14th	6-27
15th	8-15, 17, 19-27
16th – 23rd	1-27

(iii) The property falls into the "Aberdeen & Ap Lei Chau" Outline Zoning Plan No. S/H15/33 dated 31/8/2018 and is classified as "Other Specified Uses".

VALUATION REPORT

	Property	Description and Tenure	Particulars of Occupancy	Market Value in existing state as at 8th July, 2021 *(HK$)*
6	The whole of the Lower Ground and Ground Floors; Units D and E on 1st Floor; Units A, B and G on 3rd Floor; Unit E & Flat Roof E and Unit G on 4th Floor; Units B, C, E, G and P on 5th Floor; Units C, F and G on 6th Floor; Units A, C, D, G and H on 8th Floor and Roofs thereon, Lorry Car Parking Space Nos. L14 and L15 on Lower Ground Floor; Private Car Parking Space Nos. P4 and P5, Lorry Car Parking Space Nos. L2, L3, L7, L12, L13 and Container Car Parking Space No. C15 on 1st Floor, Wah Shun Industrial Building, No. 4 Cho Yuen Street, Yau Tong, Kowloon 7867/20 of 1,653rd shares of and in Yau Tong Inland Lot No. 29	The property comprises various industrial units, lorry parking spaces, container parking space and private car parking spaces on various floors of a 10-storey industrial building completed in 1979. The total gross floor area of the property (excluding car parking spaces) is approximately 134,236 sq.ft. (12,470.83 sq.m.). The Lot is held under Conditions of Sale No. 10916 for a term of 99 years commencing on 1st July, 1898 and has been statutorily extended to 30th June, 2047. The Government rent payable for the Lot is 3% of the rateable value from time to time of the Lot per annum.	Except for portion of the industrial portion of the property with a gross floor area of approximately 14,160 sq.ft. (1,315.50 sq.m.) which are vacant, the industrial portion of the property is subject to various tenancies for terms of mainly 2 years with the latest tenancy expiring on 31st March, 2024 yielding a monthly rent of HK$992,370. The car parking spaces are subject to various tenancies yielding a total monthly rent of HK$27,800.	408,000,000 (50% attributable interest to Asiasec Group: 204,000,000)

Notes:

(i) The registered owner of the property is Kin Tong Land Investment Company Limited, an associate company of Asiasec Group, vide Memorial No. UB1610837 dated 31st October, 1978.

(ii) The property falls into the “Cha Kwo Ling, Yau Tong, Lei Yue Mun” Outline Zoning Plan No. 28/4/2017 and is classified as “Residential Group (E)” use.

VALUATION REPORT

Group II: Property interest held by Asiasec Group for sale in Hong Kong

	Property	Description and Tenure	Particulars of Occupancy	Market Value in existing state as at 8th July, 2021 *(HK$)*
7	House Nos. 129 and 137, Palm Drive and House Nos. 63, 65, 71, 73, 79, 81, 87, 89, 95, 97, 101 and 140, Cedar Drive, The Redhill Peninsula – Site B (Phase 3), No. 18 Pak Pat Shan Road, Tai Tam, Hong Kong 840/3,580th shares of and in Section C of Rural Building Lot No. 1050	The property comprises 14 semi-detached houses of Phase 3 of a large-scale residential development named The Redhill Peninsula completed in 1991. The total floor area of the property is approximately 75,131 sq.ft. (6,979.84 sq.m.). The breakdown of area is as follows: **Floor Area** *(sq.ft.)* Saleable Area 39,386 Yard & Garden 13,533 Flat Roof 13,574 Carport/Entrance 8,638 75,131 The Lot is held under Conditions of Sale No. 11461 for a term of 75 years commencing on 2nd January, 1981 renewable for a further term of 75 years. The Government rent payable for the Lot is HK$1,000 per annum.	The property is currently vacant.	1,167,200,000 (⅓ share attributable interest to Asiasec Group: 389,066,667)

Notes:

(i) The registered owner of the property is Zeta Estates Limited, an associate company of Asiasec Group, vide Memorial No. UB5497333 dated 12th November, 1992.

(ii) As advised by Asiasec Group, House No. 129, Palm Drive is subject to Agreement for Sale and Purchase at a consideration of HK$110,151,510 dated 24th June, 2019.

(iii) As advised by Asiasec Group, House No. 137, Palm Drive is subject to Agreement for Sale and Purchase at a consideration of HK$101,557,680 dated 17th May, 2019. In the course of our valuation, we have taken into account of the said Agreement for Sale and Purchase.

(iv) The property falls into the Tai Tam & Shek O Outline Zoning Plan No. S/H18/10 dated 16/5/2008 and is classified as “Residential (C)2” use.

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 enquiries, 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. DIRECTORS' INTERESTS

As at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests or short positions in the Shares, underlying Shares and 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 (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or 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 of the Listing Rules.

As at the Latest Practicable Date, the following Directors were directors of companies which had an interest in the Shares and underlying Shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of part XV of the SFO:

(a) Messrs. Patrick Lee Seng Wei, Edwin Lo King Yau and Tao Tsan Sang are executive directors and Ms. Lisa Yang Lai Sum is an independent non-executive director of TACI. TACI, through its subsidiaries, is deemed to be interested in, for the purpose of the SFO, 930,376,898 Shares, representing approximately 74.98% of the total number of issued Shares of the Company; and

(b) Mr. Edwin Lo King Yau is an executive director and Ms. Lisa Yang Lai Sum is an independent non-executive director of Allied Group Limited ("**AGL**"). AGL is interested in approximately 49.75% of the total number of issued shares of TACI through its subsidiaries. Accordingly, AGL is also deemed to be interested in, for the purpose of the SFO, 930,376,898 Shares, representing approximately 74.98% of the total number of issued Shares of the Company, in which TACI was interested.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other Director who was a director or employee of a company which had an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of part XV of the SFO.

3. DIRECTORS' SERVICE CONTRACTS

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

4. DIRECTORS' INTERESTS IN COMPETING BUSINESS

Save as disclosed below, as at the Latest Practicable Date, none of the Directors (not being the Independent Non-Executive Directors) and their respective close associates (as defined in the Listing Rules) was considered to have interests in any competing businesses of the Group pursuant to the Listing Rules:

(a) Messrs. Patrick Lee Seng Wei, Edwin Lo King Yau and Tao Tsan Sang are directors of TACI which, through certain of its subsidiaries, is partly engaged in the businesses of money lending, property investment and property management; and

(b) Mr. Edwin Lo King Yau is a director of AGL which, through certain of its subsidiaries, is partly engaged in the businesses of money lending, property investment and property management.

Although the above-mentioned Directors have competing interests in other companies by virtue of their respective common directorship, they will fulfil their fiduciary duties in order to ensure that they will act in the best interests of the Shareholders and the Company as a whole at all times. Hence, the Group is capable of carrying on its businesses independently of, and at arm's length from, the businesses of such companies.

5. DIRECTORS' INTERESTS IN CONTRACTS AND ASSETS

As at the Latest Practicable Date, there was no contract or arrangement subsisting in which any Director was materially interested and which was significant in relation to the business of the Group.

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been, since 31st December, 2020 (being the date to which the latest published audited financial statements of the Group were made up), (i) acquired or disposed of by; or (ii) leased to; or (iii) proposed to be acquired or disposed of by; or (iv) proposed to be leased to, any member of the Group.

6. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending 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) were entered into by members of the Group within two years immediately preceding the issue of this circular and are or may be material:

(a) an application form dated 7th November, 2019 relating to the subscription of note in the principal amount of US$10 million (equivalent to approximately HK$77.5 million) issued by Sun Hung Kai & Co. (BVI) Limited and guaranteed by Sun Hung Kai & Co. Limited unconditionally and irrevocably; and

(b) a loan agreement dated 17th June, 2020 entered into between 深圳隆運諮詢服務有限公司 (Shenzhen Long-Yun Consulting Service Co., Ltd.*) as lender and a wholly-owned subsidiary of the Company, and 惠州市惠陽區淡水新陽城建設有限公司 (Huizhou Huiyang Danshui Xinyangcheng Construction Company Limited*) as borrower and a wholly-owned subsidiary of TACI, relating to a loan in the amount of RMB40,000,000 (equivalent to approximately HK$48,193,000).

8. 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 of the Group since 31st December, 2020, being the date to which the latest published audited financial statements of the Group were made up.

9. EXPERTS AND CONSENTS

The following are the qualifications of the experts who have been named in this circular or have given opinions or advice which are contained in this circular:

Name	Qualification
Pelican Financial Limited	a corporation licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO
Norton Appraisals Holdings Limited	an independent property valuer

The letter, report and/or opinion from each of the above experts are given as of the date of this circular for incorporation in this circular. Each of the above experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion therein of its letter, report and/or opinion, as the case may be, and references to its name in the form and context in which it appears.

As at the Latest Practicable Date, each of the experts named above:

(a) did not have any direct or indirect interest in any assets which had since 31st December, 2020 (being the date to which the latest published audited financial statements of the Group were made up) been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group; and

(b) did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

10. GENERAL

(a) The registered office of the Company is 9th Floor, Allied Kajima Building, 138 Gloucester Road, Wanchai, Hong Kong.

(b) The share registrar of the Company is Tricor Tengis Limited of Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.

(c) The company secretary of the Company is Ms. Cynthia Chen Si Ying, who is a fellow member of The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators) and The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries).

(d) The English texts of this circular and the accompanying proxy form shall prevail over the Chinese texts in the event of any inconsistency.

11. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.asiasec.com.hk) from the date of this circular up to and including the date of the EGM:

(a) the letter from the IBC as set out in this circular;

(b) the letter from the IFA as set out in this circular;

(c) the property valuation report relating to the Properties prepared by the Valuer, the texts of which are set out in Appendix II to this circular;

(d) the written consents referred to in the section headed "Experts and consents" in this appendix;

(e) all material contracts referred to in the section headed "Material Contracts" in this appendix;

(f) the Offer Letter; and

(g) the Sale and Purchase Agreement.

* *for identification purpose only*

亞證地產有限公司
ASIASEC PROPERTIES LIMITED
(Incorporated in Hong Kong with limited liability)
(Stock Code: 271)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the "EGM") of Asiasec Properties Limited (the "Company") will be held at Basement 3, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Tuesday, 26th October, 2021 at 3:00 p.m. for the purpose of considering and, if thought fit, passing with or without modification, the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

"**THAT**:

(a) the sale and purchase agreement dated 2nd August, 2021 (the "Sale and Purchase Agreement") entered into between Advance Growth Investments Limited as purchaser (the "Purchaser") and the Company as vendor, pursuant to which:

  (i) the Purchaser shall acquire and the Company shall procure its direct wholly-owned subsidiary incorporated or to be incorporated in the British Virgin Islands with limited liability (the "BVI Holdco") to sell the entire issued share capital of another company to be legally and beneficially owned by the BVI Holdco (the "Target Company"), which in turn owns the total number of issued shares of Dan Form (Hong Kong) Limited; and

  (ii) any shareholder's loan that is due to the BVI Holdco by the Target Company shall be assigned by the BVI Holdco to the Purchaser

(collectively, the "Transaction") on the terms and subject to the conditions therein (details of the Sale and Purchase Agreement are set out in the Company's circular dated 5th October, 2021 and a copy of the Sale and Purchase Agreement marked "A" has been produced to the EGM and initialed by the chairman of the EGM for the purpose of identification) and the Transaction be and are hereby approved, ratified and confirmed;

(b) the Chief Executive of the Company (the "CE") be and is hereby authorised to execute all such other documents and to do all such acts or things for and on behalf of the Company as he may consider appropriate or desirable relating to or in connection with the Transaction and the matters contemplated therein; and

(c) subject to the completion of the Transaction having taken place, a special cash dividend of HK$0.95 per ordinary share of the Company be declared and paid by the Company (the "Special Dividend") to the shareholders of the Company (the "Shareholders") whose names appear on the register of members of the Company on the record date to be fixed for determining the entitlements of the Shareholders to the Special Dividend and the CE be and is hereby authorised to take such action, do such things and execute such further documents as the CE may at his absolute discretion consider necessary or desirable for the purpose of or in connection with the implementation of the payment of the Special Dividend."

By Order of the Board
Asiasec Properties Limited
Cynthia Chen Si Ying
Company Secretary

Hong Kong, 5th October, 2021

Registered office:
9th Floor
Allied Kajima Building
138 Gloucester Road
Wanchai
Hong Kong

Notes:

1. The resolution set out in this notice of the EGM will be taken by poll pursuant to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and the results of the poll will be published on the websites of the Stock Exchange and the Company in accordance with the Listing Rules.

2. A member of the Company entitled to attend and to speak and vote at the EGM will be entitled to appoint one or more proxies to attend and to speak and, on a poll, vote in his or her stead. A proxy need not be a member of the Company.

3. A form of proxy in respect of the EGM is enclosed. Whether or not you intend to attend the EGM in person, you are urged to complete and return the form of proxy in accordance with the instructions printed thereon. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting thereof if you so wish. In the event that you attend the EGM after having lodged the form of proxy, it will be deemed to have been revoked.

4. To be valid, the form of proxy, together with any power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority, must be deposited at the Company's share registrar, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not less than 48 hours before the time appointed for holding of the EGM or any adjournment thereof, provided that no account is to be taken of any part of a day that is a public holiday.

5. Where there are joint registered holders of any ordinary share(s) of the Company ("Share(s)"), any one of such joint holders may vote at the EGM, either personally or by proxy in respect of such Share as if he or she was solely entitled thereto, but if more than one of such joint registered holders be present at the EGM personally or by proxy, that one of such joint holders so present whose name stands first on the register of members of the Company shall alone be entitled to vote in respect of such Shares.

6. For determining the entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Thursday, 21st October, 2021 to Tuesday, 26th October, 2021 (both days inclusive), during which period no transfer of Shares will be registered. In order for a member to be eligible to attend and vote at the EGM, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Tengis Limited of Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 20th October, 2021.

7. In order to facilitate the prevention and control of the spread of the Novel Coronavirus (COVID-19) epidemic and to safeguard the health and safety of the Shareholders, the Company encourages Shareholders to consider appointing the Chairman of the EGM as his/her proxy to vote on the resolution at the EGM as an alternative to attending the EGM in person.