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)

(I) VERY SUBSTANTIAL ACQUISITION IN RELATION TO ACQUISITION OF TARGET COMPANY A;
(II) MAJOR DISPOSALS AND CONNECTED TRANSACTIONS IN RELATION TO DISPOSAL OF TARGET COMPANY B AND TARGET COMPANIES C;
AND
(III) NOTICE OF EGM

IFA to the IBC and the Independent Shareholders in relation to Transaction B and Transaction C

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 9 to 35 of this circular and a letter from the IBC containing its recommendation to the Independent Shareholders in relation to Transaction B and Transaction C is set out on page 36 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 in relation to Transaction B and Transaction C is set out on pages 37 to 59 of this circular.

A notice convening the EGM to be held at Plaza 4, Basement 3, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Friday, 30th June, 2023 at 10:00 a.m. is set out on pages 150 to 153 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 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible and in any event not less than 48 hours before the time fixed 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.

10th June, 2023

CONTENTS

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

"AGL"	Allied Group 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: 373)
"AGL Announcements"	the announcements dated 24th September, 2018 and 9th November, 2018 respectively made by AGL, and the joint announcements dated 23rd January, 2019, 10th April, 2019 and 26th July, 2019 respectively made by AGL and Allied Properties (H.K.) Limited
"AGL Share(s)"	the ordinary share(s) of AGL
"ASL Announcements"	the announcements dated 26th November, 2021 and 22nd November, 2022 made by the Company
"ASL Auditor"	Deloitte Touche Tohmatsu, the auditor of the Company
"associates"	having the meaning ascribed to it under HKFRS unless otherwise defined
"BH Management"	BH Management Company Limited, a company incorporated in Hong Kong with limited liability
"Board"	the board of the directors of the Company
"BVI"	the British Virgin Islands
"Claude Associates"	Claude Associates Limited, a company incorporated in BVI with limited liability and wholly-owned by Mr. SC Wong
"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), being an indirect non-wholly owned subsidiary of TACI
"Consideration A"	the total consideration payable by Purchaser A to the Lenders in the amount of HK$3 for the sale and purchase of Sale Shares A and the assignment of Sale Loan A
"Consideration B"	the total consideration payable by Purchaser B to Vendor B for Transaction B, being HK$80,000,000

"Consideration C"	the total consideration payable by Purchaser C to Vendor C for Transaction C, being HK$250,000,000
"Continuing Provisions"	the continuing provisions of an agreement in relation to confidentiality, continuing effect, entirety and severability, waiver of rights of a party, notice, assignment, costs and expenses, counterpart, governing law, a party's right to seek independent advice, third party's right and where applicable, process agent of a party
"CPO"	Conveyancing and Property Ordinance (Cap. 219 of the Laws of Hong Kong)
"Deed of Assignment"	a deed of assignment dated 26th November, 2021 relating to Sale Loan A provided by Claude Associates as assignor in favour of a security agent acting for and on behalf of the Lenders, as security under the Facility Agreement
"Director(s)"	the director(s) of the Company
"EGM"	an extraordinary general meeting to be convened by the Company at Plaza 4, Basement 3, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Friday, 30th June, 2023 at 10:00 a.m. for (i) the Shareholders to consider and, if thought fit, approve Transaction A; and (ii) the Independent Shareholders to consider and, if thought fit, approve Transaction B and Transaction C
"Enlarged Group"	the Group upon completion of Transaction A
"Facility Agreement"	a facility agreement dated 26th November, 2021 entered into among, among others, the Lenders (as lender) and Target Company A (as borrower)
"Group"	the Company and its subsidiaries
"Hero Bless"	Hero Bless Investments Limited, a company incorporated in BVI with limited liability and a direct wholly-owned subsidiary of Vendor C as at the Latest Practicable Date
"HK$"	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 Transaction B and Transaction C
"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 Transaction B and Transaction C
"Independent Shareholder(s)"	the Shareholder(s) (other than TACI, AGL and their respective associates as defined under the Listing Rules) who are not interested in Transaction B and Transaction C, and are not required under the Listing Rules to abstain from voting at the EGM to approve the same
"Latest Practicable Date"	6th June, 2023, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
"Lenders"	Ms. Chong, Nice Zone and BH Management
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Loan"	the secured loan in the total amount of HK$1,000,000,000 to be made available by Purchaser A to Target Company A on the terms and subject to the conditions set out in the Loan Agreement
"Loan Agreement"	a loan agreement to be entered into between Purchaser A (as lender) and Target Company A (as borrower), pursuant to which Purchaser A shall provide the Loan to Target Company A, the indebtedness, liabilities and obligations of which are to be secured by, *inter alia*, a property mortgage over, an assignment of rental income and sale proceeds and an assignment of insurance in respect of Property A in favour of Purchaser A or its nominee, and the proceeds of the loan shall be remitted to the Lenders (or as they may direct)
"Long Stop Date A"	31st August, 2023 (or such other date as the Lenders and Purchaser A may mutually agree in writing)

"Long Stop Date B"	31st August, 2023 (or such other date as the Vendor B and Purchaser B may mutually agree in writing)
"Long Stop Date C"	31st August, 2023 (or such other date as the Vendor C and Purchaser C may mutually agree 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
"Mr. SC Wong"	Mr. Wong Sai Chung, who owns the entire issued share capital of Claude Associates
"Ms. Chong"	Ms. Chong Sok Un
"Nice Zone"	Nice Zone Limited, a company incorporated in BVI with limited liability
"Novation Deed"	a novation deed to be entered into among Target Company A, the Lenders and Mr. SC Wong at completion of SPA A, pursuant to which the parties agree to a novation of Target Company A's obligations, duties and liabilities as borrower under the Facility Agreement to Mr. SC Wong upon the terms and conditions therein
"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
"Previous Announcements"	comprises AGL Announcements, ASL Announcements and TACI Announcement
"Properties"	Property A, Property B and Property C
"Property A"	comprises certain commercial units on Basement 1, Ground Floor to Fourth Floor of Concord Square at the Blue Yard, 1 Tai Uk Street and 88 Chuen Lung Street, Tsuen Wan, New Territories and 91 car-parking spaces on Basement 2 of Concord Square, with a total gross floor area of 163,538 sq. ft.

"Property B"	comprises six individual residential units and/or mixed-use commercial properties in the PRC to be held by the subsidiaries of Target Company B upon completion of the Reorganisation, with a total gross floor area of 8,514 sq. ft.
"Property C"	comprises one office property, three residential properties and five car-parking spaces in Hong Kong held by the subsidiaries of Target Companies C, with a gross floor area of 13,851 sq. ft. for the office property and a total saleable area of 4,361 sq. ft. for the residential properties
"Purchaser A"	Cosmic Gold Holdings Limited, a company incorporated in BVI with limited liability and an indirect wholly-owned subsidiary of the Company, being the purchaser of Sale Shares A under Transaction A
"Purchaser B"	Advance Growth Investments Limited, a company incorporated in BVI with limited liability and a direct wholly-owned subsidiary of TACI, being the purchaser of Sale Share B under Transaction B
"Purchaser C"	AP Development Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of AGL, being the purchaser of Sale Shares C under Transaction C
"Reorganisation"	the reorganisation of the Reorganisation Companies, as described in the paragraph headed "Transaction B – The Reorganisation" in the section "Letter from the Board" in this circular
"Reorganisation Companies"	comprises (i) Landfine Investment Limited; (ii) Man Lee Offshore Limited; (iii) New Wise Investment Limited; (iv) 深圳隆運諮詢服務有限公司 (Shenzhen Longyun Consulting Services Co. Ltd.*); (v) Novel Beauty Limited; (vi) Oriental Dragon Investment Limited; (vii) Shining East Holdings Limited; and (viii) Winshine Properties Limited, being companies wholly-owned by Vendor B as at the Latest Practicable Date, and upon completion of the Reorganisation, be directly or indirectly wholly-owned by Target Company B (as the case may be)
"Sale Loan A"	the sum which Target Company A is presently indebted and may hereafter become indebted to Claude Associates which has been assigned to a security agent pursuant to the Deed of Assignment, and as at 31st October, 2022, was HK$112,053,167.10

"Sale Loan B"	the sum which Target Company B may hereafter become indebted to Vendor B upon completion of the Reorganisation, and on the assumption that the Reorganisation had taken place on 1st January, 2020 and 1st January, 2021, as at 30th November, 2022, was HK$68,070,154.37
"Sale Loans C"	comprise (i) the sum which Hero Bless is presently indebted and may hereafter become indebted to Vendor C and as at 30th November, 2022, was HK$80,327,972.94; and (ii) the sum which Wisdom Giant is presently indebted and may hereafter become indebted to Vendor C and as at 30th November, 2022, was HK$76,509,304.33
"Sale Share B"	one ordinary share in the share capital of Target Company B, representing the entire issued share capital of Target Company B
"Sale Shares A"	two ordinary shares of Target Company A, representing the total number of issued shares of Target Company A
"Sale Shares C"	comprises (i) one ordinary share in the share capital of Hero Bless (representing the entire issued share capital of Hero Bless); and (ii) one ordinary share in the share capital of Wisdom Giant (representing the entire issued share capital of Wisdom Giant)
"SFO"	Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
"Share Mortgage"	a share mortgage dated 26th November, 2021 in respect of Sale Shares A provided by Claude Associates and Mr. SC Wong as mortgagors in favour of a security agent acting for and on behalf of the Lenders, as security under the Facility Agreement
"Share(s)"	the ordinary share(s) of the Company
"Shareholder(s)"	the shareholder(s) of the Company
"SPA A"	a sale and purchase agreement dated 27th February, 2023 entered into among Purchaser A, the Lenders, Claude Associates, Mr. SC Wong and Target Company A in relation to Transaction A

"SPA B"	a sale and purchase agreement dated 27th February, 2023 entered into between Purchaser B and Vendor B in relation to Transaction B
"SPA C"	a sale and purchase agreement dated 27th February, 2023 entered into between Purchaser C and Vendor C in relation to Transaction C
"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 Announcement"	the announcement dated 14th April, 2020 made by TACI
"TACI Group"	TACI and its subsidiaries
"TACI Share(s)"	the ordinary share(s) of TACI
"Target Companies C"	comprises Hero Bless and Wisdom Giant
"Target Company A"	Boost Investments Limited, a company incorporated in Hong Kong with limited liability, and wholly-owned by Claude Associates as at the Latest Practicable Date
"Target Company B"	Spring Victory Holdings Limited, a company incorporated in BVI with limited liability, which is a direct wholly-owned subsidiary of Vendor B as at the Latest Practicable Date
"Total Payment"	HK$1,000,000,003, being the total payment payable by Purchaser A to the Lenders for Transaction A, comprising Consideration A and the Loan
"Transaction A"	comprises (i) the acquisition of Sale Shares A by Purchaser A from the Lenders, as mortgagees in possession; (ii) the assignment of Sale Loan A by the Lenders, as mortgagees in possession, to Purchaser A; and (iii) the provision of the Loan by Purchaser A to Target Company A at completion, pursuant to SPA A
"Transaction B"	the acquisition of Sale Share B by Purchaser B from Vendor B and the assignment of Sale Loan B pursuant to SPA B

"Transaction C"	the acquisition of Sale Shares C by Purchaser C from Vendor C and the assignment of Sale Loans C pursuant to SPA C
"Transactions"	Transaction A, Transaction B and Transaction C
"Valuer"	Norton Appraisals Holdings Limited, the independent property valuer appointed by the Company to assess the value of the Properties
"Vendor B"	Dan Form (China) Limited, a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of the Company, being the vendor of Sale Share B under Transaction B
"Vendor C"	Simply Global Enterprises Limited, a company incorporated in BVI with limited liability and a direct wholly-owned subsidiary of the Company, being the vendor of Sale Shares C under Transaction C
"Wisdom Giant"	Wisdom Giant Holdings Limited, a company incorporated in BVI with limited liability and a direct wholly-owned subsidiary of Vendor C as at the Latest Practicable Date
"sq. ft."	square feet
"%"	per cent.

In this circular, (i) 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; and (ii) the English translation of the Chinese name of the relevant entity is for identification and reference only, and such translation may not be accurate and such entity may not have an official English translation/version of its Chinese name.

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

10th June, 2023

To the Shareholders

Dear Sir or Madam,

**(I) VERY SUBSTANTIAL ACQUISITION IN RELATION TO ACQUISITION OF TARGET COMPANY A;
(II) MAJOR DISPOSALS AND CONNECTED TRANSACTIONS IN RELATION TO DISPOSAL OF TARGET COMPANY B AND TARGET COMPANIES C;
AND
(III) NOTICE OF EGM**

INTRODUCTION

Reference is made to the announcement dated 27th February, 2023 jointly published by the Company, AGL and TACI. On 27th February, 2023, Purchaser A, an indirect wholly-owned subsidiary of the Company, entered into SPA A with the Lenders, Claude Associates, Mr. SC Wong and Target Company A, pursuant to which (i) Purchaser A shall purchase Sale Shares A (representing the total number of issued shares of Target Company A) from the Lenders, as mortgagees in possession; and (ii) Sale Loan A shall be assigned by the Lenders as mortgagee in possession to Purchaser A, at Consideration A of HK$3.

Under SPA A, at completion of Transaction A, Purchaser A shall enter into the Loan Agreement whereby it shall provide to Target Company A the Loan in the amount of HK$1,000,000,000, and which amount shall be remitted to the Lenders (or as they may direct).

With a view to restructure the Company's property portfolio, on 27th February, 2023, (i) Vendor B, a direct wholly-owned subsidiary of the Company, agreed to sell Sale Share B (representing the entire issued share capital of Target Company B) and assign Sale Loan B to Purchaser B, a direct wholly-owned subsidiary of TACI, at Consideration B of HK$80,000,000; and (ii) Vendor C, a direct wholly-owned subsidiary of the Company, agreed to sell Sale Shares C (representing the entire issued share capital of the relevant entities comprising Target Companies C) and assign Sale Loans C to Purchaser C, an indirect wholly-owned subsidiary of AGL, at Consideration C of HK$250,000,000.

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

TRANSACTION A

The principal terms of SPA A are summarised below:

Date

27th February, 2023

Parties

(1) Ms. Chong, as mortgagee in possession

(2) Nice Zone, as mortgagee in possession

(3) BH Management, as mortgagee in possession

(4) Claude Associates

(5) Mr. SC Wong

(6) Purchaser A, as purchaser

(7) Target Company A

As at the Latest Practicable Date, Ms. Chong was interested in (i) 142,938,000 TACI Shares (representing approximately 9.74% of the total number of issued shares of TACI as at the Latest Practicable Date) via companies owned by her; and (ii) 303,033,100 AGL Shares (representing approximately 8.62% of the total number of issued shares of AGL as at the Latest Practicable Date) via companies owned by her.

Save as disclosed above, to the best knowledge, information and belief of the Directors having made all reasonable enquiries, as at the Latest Practicable Date, Ms. Chong, Nice Zone, BH Management, Claude Associates, Mr. SC Wong, Target Company A and their respective ultimate beneficial owner(s) (where applicable) were all third parties independent of the Company and its connected persons.

The Company made contact with the agent of the Lenders (the identity which became known to the Company based on public information) to obtain more information on Property A, and became acquainted with the representatives of Target Company A and Claude Associates during the due diligence process of Target Company A and Property A.

Subject matter

Under the Facility Agreement, Ms. Chong, Nice Zone and BH Management together as the Lenders agreed to make available a facility to Target Company A, and as securities for the facility, among others, (i) the Share Mortgage in respect of Sale Shares A was provided by Claude Associates (which owns the total number of issued shares of Target Company A) and Mr. SC Wong (who holds the entire issued share capital of Claude Associates), both as mortgagors, in favour of a security agent acting for and on behalf of the Lenders; and (ii) the Deed of Assignment relating to Sale Loan A was provided by Claude Associates as assignor in favour of a security agent acting for and on behalf of the Lenders.

As at the Latest Practicable Date, Target Company A was in default under the Facility Agreement and accordingly, the Lenders became entitled to enforce the securities constituted under the Share Mortgage and the Deed of Assignment.

In light of the above default and right to securities enforcement, SPA A was entered into whereby, subject to the fulfilment (or waiver where applicable) of the conditions contemplated thereunder, (i) Purchaser A (an indirect wholly-owned subsidiary of the Company) shall acquire, and the Lenders as mortgagees in possession shall sell, Sale Shares A together with all rights and benefits attaching or accruing to them on or after the date of SPA A with respect to Sale Shares A; and (ii) Sale Loan A shall be assigned by the Lenders as mortgagees in possession to Purchaser A, at Consideration A of HK$3.

The parties to SPA A further agreed that, at completion of Transaction A, Purchaser A shall enter into the Loan Agreement whereby it shall provide to Target Company A the secured Loan in the amount of HK$1,000,000,000, and which amount shall be remitted to the Lenders (or as they may direct).

Total Payment

The Total Payment for Transaction A shall be HK$1,000,000,003 (comprising Consideration A and the Loan), and shall be payable by Purchaser A at completion of Transaction A via bank transfer in accordance with the payment instructions given by the Lenders.

The amount of Total Payment was determined by Purchaser A and the Lenders after arm's length negotiation taking into account (i) the valuation of Property A (being the principal asset held by Target Company A) of HK$1,240,000,000 as at 14th December, 2022 as determined by an independent valuer; (ii) the adjusted net asset value of Target Company A as at 31st October, 2022 of approximately HK$199,926,000 after taking into account the valuation of Property A as at 14th December, 2022; (iii) the disclaimer of opinion issued by the auditor on the financial statements of Target Company A for the year ended 31st December, 2021, and the expectation that the provisions under SPA A together with the action of obtaining independent valuation of Property A would be sufficient in resolving the issues constituting the disclaimer of opinion; (iv) the positive prospect of Target Company A, the assessment of which was set out in the paragraph headed "Information of Target Company A" in this section; and (v) the current property market sentiment in Hong Kong, which has been positively impacted by the relaxation of social distancing measures and the resumption of quarantine-free travel between Hong Kong and Mainland China.

The Total Payment shall be financed by internal resources of the Group and/or borrowings.

Conditions

Completion of the sale and purchase of Sale Shares A and the assignment of Sale Loan A is conditional upon the fulfilment of each of the following conditions:

(i) all authorisations (including but not limited to approvals or permissions of any kind of, from or by the Stock Exchange and the Securities and Futures Commission) and any shareholder's approval necessary for the consummation of the transactions contemplated under SPA A having been obtained by the Lenders, Purchaser A, Target Company A and, as the case may be, the holding companies of Purchaser A, namely the Company, TACI and AGL, and remaining in full force and effect;

(ii) Target Company A having shown and proved and being able to show, prove and give a good title to Property A in accordance with sections 13 and 13A of the CPO;

(iii) the representations and warranties given by Mr. SC Wong and Claude Associates and all the representations, undertakings and warranties given by the Lenders under SPA A being and shall remain true, accurate, and not misleading in all respects up to completion;

(iv) Purchaser A having been satisfied with the results of such enquiries, investigations and due diligence reviews of the business, operations, assets, position (financial or otherwise) of Target Company A and Property A conducted by or on behalf of Purchaser A or any of its officers, employees, agents, professional advisers or other agents as Purchaser A, in its sole discretion, deems necessary, desirable or appropriate to undertake; and

(v) no material adverse change in the business, operations, assets, position (financial or otherwise) of Target Company A or Property A having occurred.

Purchaser A may, at its absolute discretion, waive any of the conditions to be performed and/or fulfilled by the other parties to SPA A (except conditions (i) and (ii), which cannot be waived). As at the Latest Practicable Date, none of the conditions to Transaction A had been fulfilled.

Completion

Completion of Transaction A is not inter-conditional upon completion of Transaction B nor Transaction C.

The completion of Transaction A shall take place on the date falling three business days after all conditions are fulfilled or waived (as the case may be) or such other date as the Lenders and Purchaser A may mutually agree in writing.

Upon completion, Target Company A shall become an indirect wholly-owned subsidiary of the Company and its financial results shall be consolidated into the Group's financial statements.

If any of the conditions to Transaction A is not fulfilled or waived by Purchaser A (except that conditions (i) and (ii) cannot be waived) on or before Long Stop Date A, (i) no party to SPA A shall be obliged to proceed to completion; (ii) save for the Continuing Provisions in SPA A, SPA A shall cease to have any effect; and (iii) no party shall have any claim against any of the other parties, except in respect of claims arising out of any antecedent breach of any provision of SPA A, and of the Continuing Provisions of SPA A.

Novation and releases

Pursuant to SPA A, it is agreed among the parties that, at completion:

(i) Target Company A, the Lenders and Mr. SC Wong shall enter into the Novation Deed, whereby Target Company A's obligations, duties and liabilities as borrower under the Facility Agreement shall be novated to Mr. SC Wong, to the effect that Mr. SC Wong shall be personally liable for all obligations, duties and liabilities associated with the Facility Agreement;

(ii) Target Company A, Mr. SC Wong and the relevant creditor(s) shall enter into novation deed(s) whereby Target Company A's obligations, duties and liabilities as borrower under any loan, credit or facility agreement(s) or arrangement(s) other than the Facility Agreement as shown in (a) the audited financial statements of Target Company A for the years ended 31st December, 2021 and 31st December, 2022; and/or (b) the management accounts of Target Company A for the period from 1st January, 2023 up to the date of completion of Transaction A, shall be novated to Mr. SC Wong;

(iii) (in respect of any pending claims, proceedings, litigation, arbitration or contingent liability subsisting on or prior to the completion of Transaction A which Target Company A is a party, whether as plaintiff or defendant or otherwise being a party thereto (collectively, the "**Pending Claims**")) in the event that there is any underlying agreement or contractual arrangement with regard to such Pending Claims and in which Target Company A is a party, Target Company A, Mr. SC Wong and the relevant counterparty(ies) shall enter into novation deed(s) whereby Target Company A's obligations, duties and liabilities under such agreements or contractual arrangements shall be novated to Mr. SC Wong; and

(iv) all existing encumbrances over Sale Shares A, Sale Loan A and/or the assets of Target Company A (including but not limited to the Share Mortgage and the Deed of Assignment) shall be duly and fully discharged or released or extinguished by the relevant parties.

Purchaser A shall not be obliged to proceed with the completion of Transaction A unless and until such novation and releases have been validly and duly effected.

Undertaking by Mr. SC Wong and Claude Associates

Mr. SC Wong and Claude Associates jointly and severally covenant and undertake with Purchaser A and Target Company A that they will fully and effectually indemnify and at all times keep fully and effectually indemnified each of Target Company A and Purchaser A from and against any losses, claims, damages, costs, expenses, liabilities and obligations incurred or suffered by Target Company A on or before the date of completion of Transaction A.

Information of Target Company A

Target Company A is a company incorporated in Hong Kong with limited liability and is engaged in property investment. The principal asset of Target Company A is Property A.

Set out below is the financial information of Target Company A for the years ended 31st December, 2021 and 2022 as extracted from its financial statements.

	For the year ended 31st December, 2021	**For the year ended 31st December, 2022**
	HK$'000	*HK$'000*
	(Audited)	*(Audited)*
Revenue	3,600	3,600
Net loss before tax	117,794[1]	347,113
Net loss after tax	117,794[1]	347,113

(1) According to the financial statements of Target Company A for the year ended 31st December, 2022, the net loss before tax and net loss after tax have been restated to be the amount of approximately HK$1,266,994,000 and HK$1,266,994,000, respectively. The restatement was arrived at after a valuation report has been obtained to determine the fair value of Property A as at 31st December, 2021, which led to (i) a decrease in the carrying value of Property A; (ii) an increase in the loss and total comprehensive expenses; and (iii) a revision of the net loss before and after tax.

According to the audited financial information of Target Company A, as at 31st December, 2022, Target Company A had a net asset value of approximately HK$282,837,000. Should the said carrying value of Property A be adjusted by the valuation of Property A of HK$1,270,000,000 as at 31st March, 2023 as determined by the Valuer (which has taken into account the proposed renovation/fitting out costs of Property A of approximately HK$60,000,000), Target Company A would have an adjusted net asset value of approximately HK$195,937,000. The difference between the fair value of Property A of HK$1,240,000,000 as at 31st December, 2022 as determined by the Valuer and the latest valuation of HK$1,270,000,000 as at 31st March, 2023 was HK$30,000,000, which was due to a general increase in rental income in retail sector and improvement in sentiment in the property market in Hong Kong.

Disclaimer of opinion by auditor of Target Company A

The financial statements of Target Company A for the year ended 31st December, 2021 contain a disclaimer of opinion by the auditor of Target Company A, which stated that (i) the auditor was unable to obtain a valuation report to determine the fair value of the investment properties (i.e. Property A) and whether the carrying value of such investment properties as set out in the said financial statements was fairly stated; and (ii) the auditor was unable to obtain sufficient evidence to satisfy itself that Target Company A is able to generate future sufficient cashflows to meet its liabilities and obligations as they fall due, and accordingly, it was unable to determine the reasonableness of the assumptions that Target Company A could operate as a going concern.

The Directors have looked into the causes of the said disclaimer of opinion. To the best of their knowledge and belief having made all reasonable enquiries, since (i) the Company has engaged an independent valuer, which issued a valuation report stating that the market value of Property A was in the sum of HK$1,240,000,000 as at 14th December, 2022 and 31st December, 2022; and (ii) upon completion of Transaction A, all existing obligations, duties and liabilities of Target Company A as borrower or otherwise under any loan, credit or facility agreement(s) or arrangement(s) and all existing encumbrances over Sale Shares A, Sale Loan A and/or the assets of Target Company A shall either be novated, discharged, released, extinguished or indemnified by the relevant parties under SPA A, it is expected that the issues constituting the disclaimer of opinion shall be resolved upon completion of Transaction A.

Subsequently, it was stated in the financial statements of Target Company A for the year ended 31st December, 2022 prepared by its auditor that a valuation report has been obtained to determine the fair value of the investment properties (i.e. Property A) as at 31st December, 2021. Therefore, the financial statements of Target Company A for the year ended 31st December, 2021 have been restated, to the effect that (i) the carrying value of investment properties (i.e. Property A) decreased by HK$1,149,200,000; (ii) the loss and total comprehensive expenses increased by HK$1,149,200,000; and (iii) the net loss before and after tax were revised to the amount of approximately HK$1,266,994,000. Based on the above, the Directors are of the view that the disclaimer of opinion by the auditor of Target Company A in the financial statements of Target Company A for the year ended 31st December, 2021 on the part of the carrying value of Property A has been resolved.

The financial statements of Target Company A for the year ended 31st December, 2022 contain a disclaimer of opinion by the auditor of Target Company A, which stated that the auditor was unable to obtain sufficient evidence to satisfy itself that Target Company A is able to generate future sufficient cashflows and accordingly, it was unable to determine the reasonableness of the assumptions that Target Company A could operate as a going concern.

After looking into the causes of the said disclaimer of opinion and to the best of the knowledge and belief of the Directors having made all reasonable enquiries, since upon completion of Transaction A, all existing obligations, duties and liabilities of Target Company A as borrower or otherwise under any loan, credit or facility agreement(s) or arrangement(s) and all existing encumbrances over Sale Shares A, Sale Loan A and/or the assets of Target Company A shall either be novated, discharged, released, extinguished or indemnified by the relevant parties under SPA A, it is expected that the issue of going concern constituting the disclaimer of opinion shall be resolved upon completion of Transaction A.

Disclaimer of opinion by the ASL Auditor

As disclosed in Appendix II to this circular, the accountants' report of Target Company A contained a disclaimer of opinion by the ASL Auditor which stated that, among other things, the ASL Auditor was unable to assess whether the investment properties (i.e. Property A) as at 31st December, 2022 are free from material misstatement.

In preparing the accountants' report of Target Company A as disclosed in Appendix II to this circular, the ASL Auditor has conducted its work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 Accountants' Report on historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants.

The historical financial information of Target Company A for the three years ended 31st December, 2022 as disclosed in Appendix II to this circular ("**Historical Financial Information**") was prepared by the ASL Auditor based on the previously issued financial statements of Target Company A (which were audited by the auditor of Target Company A) in which the fair value of the investment properties held by Target Company A as at 31st December, 2022 was carried out by the valuer engaged by Target Company A. The ASL Auditor has approached the management of Target Company A to liaise with the auditor of Target Company A in obtaining the working papers, however, it was informed by the management of Target Company A that the auditor refused to release the working papers to the ASL Auditor, being an unrelated third party. Due to the above, the ASL Auditor was unable to assess the valuation of investment properties as at 31st December, 2022 carried out by the valuer engaged by Target Company A, and a disclaimer opinion in this respect was issued. The valuation report prepared by the Valuer which was engaged by the Company was not adopted in the Historical Financial Information.

It is expected by the Company that the ASL Auditor will be engaged as the auditor of Target Company A upon completion of Transaction A. The ASL Auditor will perform necessary audit procedures on the valuation of the investment properties of Target Company A. If the ASL Auditor does not identify any material irregularities from the audit procedures, a disclaimer of opinion on the fair value of the investment properties of Target Company A as at 31st December, 2023 is not expected to be issued.

The Directors have taken into account the reason(s) provided by the ASL Auditor on the disclaimer of opinion on the carrying value of Property A. As the Company has independently engaged the Valuer to carry out a valuation on Property A, which stated that the market value of Property A was both in the sum of HK$1,240,000,000 as at 14th December, 2022 and 31st December, 2022, the Directors were of the view that the Total Payment which was based on, among other things, the valuation of Property A prepared by the Valuer, is fair and reasonable and the disclaimer of opinion by the ASL Auditor as abovementioned has no bearing on their assessment on the valuation of Property A carried out by the Valuer.

Information of Property A

Property A comprises certain commercial units on Basement 1, Ground Floor to Fourth Floor of Concord Square at the Blue Yard, 1 Tai Uk Street and 88 Chuen Lung Street, Tsuen Wan, New Territories and 91 car-parking spaces on Basement 2 of Concord Square, with a total gross floor area of 163,538 sq. ft.

Based on the information provided by Target Company A, Property A has undergone refurbishment and was closed since then, and the major refurbishment was completed in June 2021. The management of the Company has conducted a site visit of Property A and concluded that its internal condition was fair. Should Transaction A materialise and complete, the Company plans to carry out improvement and addition & alteration works for Property A with the intention to increase its rental and/or resale value.

As part of the preliminary planning process for the improvement and addition & alteration works and to ascertain the feasibility thereof, the Company has arranged technical expert(s) to conduct a preliminary technical due diligence on the conditions of existing facilities of Property A, the results which showed that (i) the electrical, mechanical and fire service systems are functioning, but in need of certain repair works; and (ii) all relevant certifications of such systems needs to be renewed. Further addition & alteration works and upgrading works are also suggested so as to improve the condition of the Property A prior to its re-opening.

In assessing the feasibility of the leasing out of Property A in future, the Company has carried out internal market researches to (i) analyse the prospect of Property A based on the latest development of Tsuen Wan; and (ii) study any possible strategies on the tenant mix of Property A which in turn may facilitate the leasing out of Property A in future.

The research results showed that (i) a number of large-scale residential projects were completed in Tsuen Wan West in recent years, which are expected to contribute to consumer spending in that area; (ii) the surrounding area of Property A has a heavy pedestrian flow; and (iii) Tsuen Wan has an established transport network which is conducive to attract customers from other parts of Hong Kong. In addition, the relaxation of social distancing measures in December 2022 as well as the resumption of quarantine-free travel between Hong Kong and Mainland China from February 2023 onwards are expected to positively impact market sentiment in Hong Kong. With the view to facilitate the leasing out of Property A, the Company has researched on the tenant mix of the neighbourhood shopping malls in Tsuen Wan District in general, and actively approached several real estate agents, marketing agencies and consultants to discuss on the possible positioning of Property A and options for the tenant mix therein. With such suggestions, the Company has also gathered feedback and advice from several external consultants on possible changes to the interior design of Property A so as to re-direct customer traffic flow inside Property A for better shopping experience. The Company is currently reviewing the proposals on the refurbishment plan from such consultants, and expects to continue the discussions with the consultants, and to engage other experts if and when necessary.

Having obtained external advice from professionals and carried out internal market researches, and considered (i) the development of Tsuen Wan, which is conducive to the prospect of Property A; (ii) the strategy on the possible tenant mix of Property A, which may facilitate the leasing out of Property A in future; and (iii) the possible renovation works that may be carried out for the improvement of the condition of Property A, subject to any unforeseen market changes, the Directors are of the view that the feasibility of leasing out of Property A has been assessed in detail, the acquisition of Property A is a reasonable investment opportunity for the Company and would strengthen the retail segment of the Company's commercial property investment. The Company will evaluate its financial position and fund the improvement works of Property A by its financial resources available at that point in time, borrowings, or a combination of both after the scope and estimated cost of the improvement works for Property A are finalised.

Should Transaction A materialise and complete, it is expected that it will take around four months for the Company to finalise the scope of the improvement and addition & alteration works for Property A, and from that, five months for the completion of such works. Taking into account the time required for the marketing of the retail portion of Property A and subject to any unforeseen circumstances, the Company expects the retail portion of Property A will be leased out and generate rental income gradually after two months from the date of completion of the improvement and addition & alteration works for Property A. Whilst it is the current intention of the Company to lease out Property A should Transaction A complete, subject to change in market sentiment and with the view to enhance the returns of the Shareholders, the Company does not rule out the possibility of disposing of Target Company A in future to realise its capital gain.

Loan Arrangements

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries with, and/or as provided by, the relevant parties, or making references to the public information available:

(i) in the past twelve (12) months, there have been material loan arrangements between (a) the counterparties of Transaction A, its directors and legal representatives and/or any ultimate beneficial owner(s) of the counterparties of Transaction A who can exert influence on Transaction A; and (b) the Company, the connected person(s) at the Company's level and/or the connected person(s) at the Company's subsidiary level (to the extent that such subsidiary(ies) are involved in Transaction A ("**Loan Arrangements**")). The outstanding principal amount of such Loan Arrangements which have been disclosed in the Previous Announcements in aggregate represents a majority of the total outstanding principal amount under all such Loan Arrangements;

(ii) the Loan Arrangements have no relationship with Claude Associates, Mr. SC Wong, Target Company A and Property A in respect of Transaction A; and

(iii) there is no agreement, arrangement, understanding of memorandum or undertaking, formally or informally, which has been entered into, or proposes to be entered into in respect of Transaction A and the Total Payment for Transaction A between (a) Claude Associate and the Lenders and their ultimate beneficial owners and (b) the Company, any connected person at the Company's level and/or any connected person of the Company's subsidiaries involved in Transaction A.

The Loan Arrangements are not within the scope of consideration by the Board in its assessment of Transaction A.

The independent non-executive Directors (excluding Ms. Lisa Yang Lai Sum, being an independent non-executive director of each of AGL and TACI, who has abstained from voting in the Board resolutions in respect of the Transactions) have considered, and are satisfied with, the abovementioned confirmations made by the Directors, and are of the view that the terms of Transaction A are fair and reasonable having noted the Loan Arrangements.

FINANCIAL IMPACT OF TRANSACTION A ON THE COMPANY

As Transaction A is an acquisition of assets, the difference between (i) the Total Payment; (ii) the adjusted net asset value of Target Company A; and (iii) the amount of Sale Loan A would be reflected in the consolidated statement of financial position of the Group. Accordingly, should Transaction A materialise, it will not have any material impact on the earnings of the Group. Following completion of Transaction A, the gain of HK$235,403,000 will be recorded, which is the fair value change of Property A of HK$240,000,000 and adjusted by the acquisition cost of HK$4,597,000 (which mainly comprises of professional fees and stamp duty). The fair value change was calculated by the fair value of Property A at 31st December, 2022 of HK$1,240,000,000 (which was determined by the Valuer), and less the Total Payment.

Based on the unaudited pro forma financial Information of the Enlarged Group as set out in the Appendix IV to this circular, assuming Transaction A had been completed as at 31st December, 2022, the Group's total assets would increase by approximately HK$1,238,309,000 to approximately HK$2,979,423,000 and the Group's total liabilities would increase by approximately HK$1,002,906,000 to approximately HK$1,189,915,000 taking into account the Total Payment. As a result, the Group's net assets would increase by approximately HK$235,403,000 to approximately HK$1,789,508,000.

The Shareholders should note that the above figures are for illustrative purposes only, which may be different from the above estimation and will be determined based on the book value of Target Company A and the relevant expenses incurred at completion and is subject to review by the auditors of the Company.

TRANSACTION B

The principal terms of SPA B are summarised below:

Date

27th February, 2023

Parties

(1) Vendor B, as vendor

(2) Purchaser B, as purchaser

Subject matter

Pursuant to SPA B and subject to the fulfilment (or waiver where applicable) of the conditions contemplated thereunder, (i) Purchaser B (a direct wholly-owned subsidiary of TACI) shall acquire, and Vendor B (a direct wholly-owned subsidiary of the Company) shall sell, Sale Share B and together with all rights and benefits attaching or accruing to it on or after the date of SPA B with respect to Sale Share B; and (ii) Sale Loan B shall be assigned by Vendor B to Purchaser B.

Consideration

The consideration for Transaction B shall be HK$80,000,000, and shall be payable by Purchaser B to Vendor B (or its nominee) at completion of Transaction B via bank transfer in accordance with the payment instructions given by Vendor B.

The amount of Consideration B was determined by Purchaser B and Vendor B after arm's length negotiation taking into account (i) the valuation of Property B (being the principal asset held by the subsidiaries of Target Company B) of HK$57,240,000 as at 14th December, 2022 as determined by an independent valuer jointly engaged by the Company and TACI; (ii) the consolidated net asset value of Target Company B (on the assumption that the Reorganisation had taken place on 1st January, 2020 and 1st January, 2021) as at 30th November, 2022 of approximately HK$10,171,000; and (iii) the amount of Sale Loan B.

Conditions

Completion of the sale and purchase of Sale Share B is conditional upon the fulfilment of each of the following conditions:

(i) the representations and warranties given by Vendor B remaining true and accurate and not misleading in any material respect as given as of the date of SPA B and as of completion, and as if given at all times between the date of SPA B and completion;

(ii) all authorisations (including but not limited to approvals or permissions of any kind of, from or by the Stock Exchange and the Securities and Futures Commission) and any shareholders' approval necessary for the consummation of the transactions contemplated in SPA B having been obtained by Vendor B, Purchaser B, Target Company B, the Reorganisation Companies and, as the case may be, by the respective holding companies of Vendor B and Purchaser B, and remaining in full force and effect;

(iii) completion of the Reorganisation having taken place;

(iv) the relevant Reorganisation Companies being in full control and possession of the respective properties under Property B owned by each of them subject only to the existing tenancies in respect of Property B;

(v) Purchaser B having been satisfied with the results of such enquiries, investigations and due diligence reviews of the business, operations, assets, position (financial or otherwise) of Target Company B, the Reorganisation Companies and Property B conducted by or on behalf of Purchaser B or any of its officers, employees, agents, professional advisers or other agents as Purchaser B, in its sole discretion, deems necessary, desirable or appropriate to undertake; and

(vi) no material adverse change in the business, operations, assets, position (financial or otherwise) of Target Company B, the Reorganisation Companies or Property B having occurred.

Purchaser B, may at its absolute discretion, waive any of the conditions to be performed and/or fulfilled by Vendor B (except conditions (ii), (iii) and (iv), which cannot be waived). As at the Latest Practicable Date, none of the conditions to Transaction B had been fulfilled.

Completion

Completion of Transaction B is not inter-conditional upon completion of Transaction A nor Transaction C.

The completion of Transaction B shall take place on the date falling three business days after all conditions are fulfilled or waived (as the case may be) or such other date as Purchaser B and Vendor B may mutually agree in writing.

As at the Latest Practicable Date, Target Company B was an indirect wholly-owned subsidiary of the Company. Upon completion, the Company shall cease to have any interest in Target Company B.

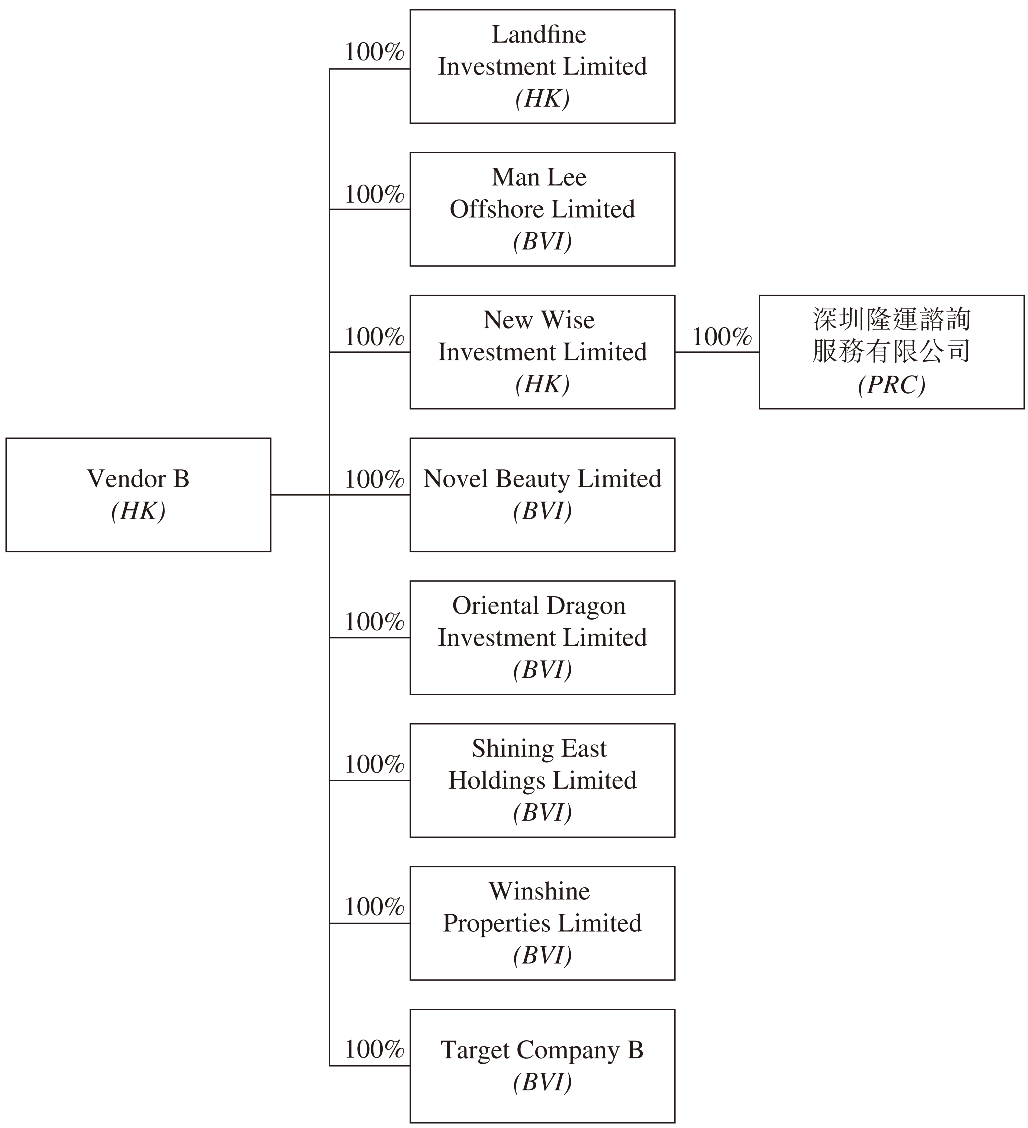
If any of the conditions to Transaction B is not fulfilled or waived by Purchaser B (except that conditions (ii), (iii) and (iv) cannot be waived) on or before Long Stop Date B, (i) no party to SPA B shall be obliged to proceed to completion; (ii) save for the Continuing Provisions in SPA B, SPA B shall cease to have any effect; and (iii) no party shall have any claim against the other party, except in respect of claims arising out of any antecedent breach of any provision of SPA B, and of the Continuing Provisions of SPA B.

The Reorganisation

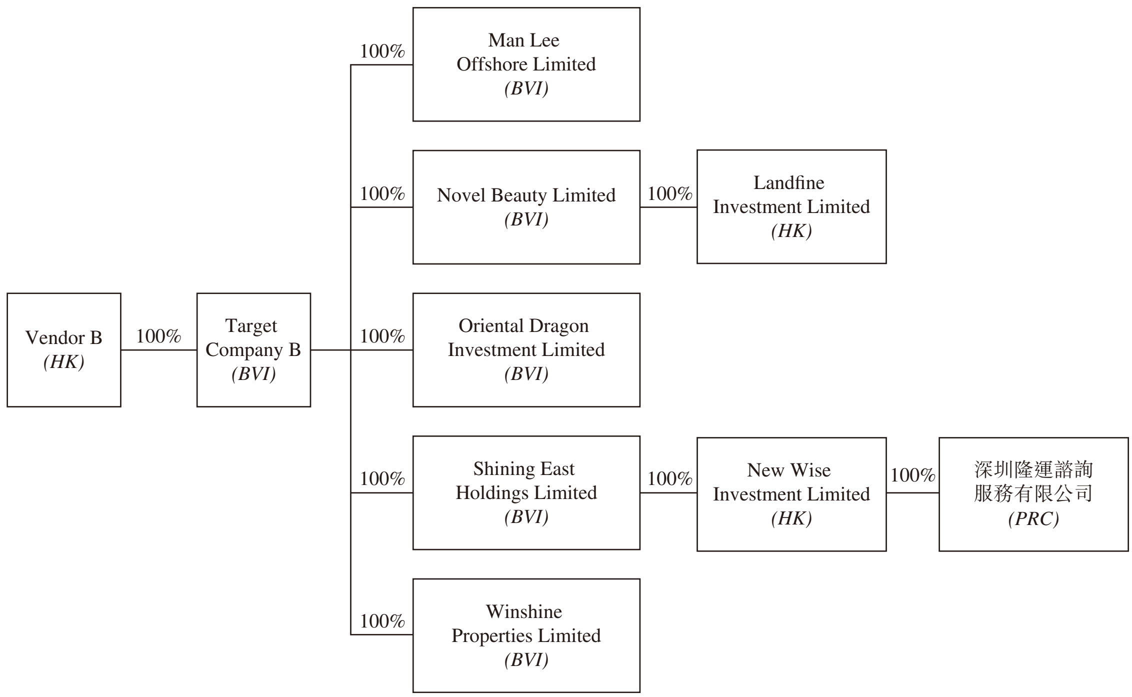
In order to fulfill condition (iii) to completion of Transaction B, Vendor B shall undergo the Reorganisation involving and to the effect that the Reorganisation Companies will be directly or indirectly wholly-owned by Target Company B.

The group structures of (i) the Reorganisation Companies as at the Latest Practicable Date; and (ii) Target Company B after the Reorganisation and immediately before completion are as follows:

Before the Reorganisation



After the Reorganisation



Information of Target Company B

Target Company B is a company incorporated in BVI with limited liability and is an investment holding company. The principal assets of Target Company B and its subsidiaries, upon completion of the Reorganisation, would be Property B.

The following is the unaudited consolidated financial information of Target Company B (on the assumption that the Reorganisation had taken place on 1st January, 2021 and 1st January, 2022) for the years ended 31st December, 2021 and 2022, which has been prepared in accordance with HKFRS:

	For the year ended 31st December, 2021 *HK$'000*	**For the year ended 31st December, 2022** *HK$'000*
Revenue	1,216	1,264
Net profit/(loss) before tax	3,263	(559)
Net profit/(loss) after tax	2,531	(1,205)

According to the unaudited consolidated financial information of Target Company B (on the assumption that the Reorganisation had taken place on 1st January, 2021 and 1st January, 2022), as at 31st December, 2022, Target Company B had (i) a consolidated net asset value of approximately HK$11,801,000; and (ii) an adjusted consolidated net asset value of approximately HK$13,339,000 after adjusted for the latest valuation of Property B of HK$58,640,000 as at 31st March, 2023 as determined by the Valuer. The difference of HK$1,538,000 between the fair value of Property B of HK$57,102,000 as at 31st December, 2022 and the latest valuation of

HK$58,640,000 as at 31st March, 2023 was due to a general increase in rental income, improvement in sentiment in the property market in the PRC and appreciation of Renminbi against HKD.

Property B comprises a total of six individual residential properties and/or mixed-use commercial properties in the PRC which shall be indirectly held by Target Company B upon completion of the Reorganisation, with a total gross floor area of 8,514 sq. ft.

FINANCIAL IMPACT OF TRANSACTION B ON THE COMPANY

Upon completion of the transactions contemplated under SPA B, it is estimated that the Group will record a loss of approximately HK$2,334,000 which is calculated on the basis of (i) Consideration B of HK$80,000,000; (ii) the adjusted consolidated net asset value of Target Company B of approximately HK$13,339,000 as at 31st December, 2022 (on the assumption that the Reorganisation had taken place on 1st January, 2021 and 1st January, 2022 and adjusted for the latest valuation of Property B as at 31st March, 2023 as determined by the Valuer); and (iii) the amount of Sale Loan B of approximately HK$68,995,000 as at 31st December, 2022.

Consideration B of HK$80,000,000 represents an excess of HK$66,661,000 over the adjusted consolidated net asset value of Target Company B of approximately HK$13,339,000 as at 31st December, 2022 (on the assumption that the Reorganisation had taken place on 1st January, 2021 and 1st January, 2022 and adjusted for the latest valuation of Property B as at 31st March, 2023 as determined by the Valuer).

Following completion of Transaction B, based on the financial information of the Company as at 31st December, 2022 after adjusted for the latest valuation of Property B as at 31st March, 2023 as determined by the Valuer, and without taking other factors into account, the total assets of the Group will decrease by approximately HK$17,566,000, the total liabilities of the Group will be reduced by the liabilities attributable to Target Company B and its subsidiaries in the amount of approximately HK$15,232,000 and the Group will record an unaudited loss from Transaction B. Save as the abovementioned, the Directors consider that Transaction B will not have any other material effect on the total assets, total liabilities and earnings of the Group.

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

USE OF PROCEEDS OF TRANSACTION B BY THE COMPANY

The proceeds arising from Transaction B of approximately HK$80,000,000 shall be used by the Company for general working capital purposes.

TRANSACTION C

The principal terms of SPA C are summarised below:

Date

27th February, 2023

Parties

(1) Vendor C, as vendor

(2) Purchaser C, as purchaser

Subject matter

Pursuant to SPA C and subject to the fulfilment (or waiver where applicable) of the conditions contemplated thereunder, (i) Purchaser C (an indirect wholly-owned subsidiary of AGL) shall acquire, and Vendor C (a direct wholly-owned subsidiary of the Company) shall sell, Sale Shares C and together with all rights and benefits attaching or accruing to them on or after the date of SPA C with respect to Sale Shares C; and (ii) Sale Loans C shall be assigned by Vendor C to Purchaser C.

Consideration

The consideration for Transaction C shall be HK$250,000,000, and shall be payable by Purchaser C to Vendor C (or its nominee) at completion of Transaction C via bank transfer in accordance with the payment instructions given by Vendor C.

The amount of Consideration C was determined by Purchaser C and Vendor C after arm's length negotiation taking into account (i) the valuation of Property C (being the principal asset held by the subsidiaries of Target Companies C) of HK$252,300,000 as at 14th December, 2022 as determined by an independent valuer jointly engaged by the Company and AGL; (ii) the aggregated consolidated net asset value of Target Companies C as at 30th November, 2022 of approximately HK$101,176,000; and (iii) the amount of Sale Loans C.

Conditions

Completion of the sale and purchase of Sale Shares C is conditional upon the fulfilment of each of the following conditions:

(i) the representations and warranties given by Vendor C remaining true and accurate and not misleading in any material respect as given as of the date of SPA C and as of completion, and as if given at all times between the date of SPA C and completion;

(ii) all authorisations (including but not limited to approvals or permissions of any kind of, from or by the Stock Exchange and the Securities and Futures Commission) and any shareholders' approval necessary for the consummation of the transactions contemplated in SPA C having been obtained by Vendor C, Purchaser C, Target Companies C and their subsidiaries and, as the case may be, by the respective holding companies of Vendor C and Purchaser C, and remaining in full force and effect;

(iii) the relevant subsidiaries of Target Companies C being in full control and possession of the respective properties under Property C owned by each of them subject only to the existing tenancies in respect of Property C;

(iv) Purchaser C having been satisfied with the results of such enquiries, investigations and due diligence reviews of the business, operations, assets, position (financial or otherwise) of Target Companies C, their subsidiaries and Property C conducted by or on behalf of Purchaser C or any of its officers, employees, agents, professional advisers or other agents as Purchaser C, in its sole discretion, deems necessary, desirable or appropriate to undertake; and

(v) no material adverse change in the business, operations, assets and position (financial or otherwise) of Target Companies C, their subsidiaries or Property C having occurred.

Purchaser C, may at its absolute discretion, waive any of the conditions to be performed and/or fulfilled by Vendor C (except conditions (ii) and (iii), which cannot be waived). As at the Latest Practicable Date, none of the conditions precedent to Transaction C had been fulfilled.

Completion

Completion of Transaction C is not inter-conditional upon completion of Transaction A nor Transaction B.

The completion of Transaction C shall take place on the date falling three business days after all conditions are fulfilled or waived (as the case may be) or such other date as Purchaser C and Vendor C may mutually agree in writing.

As at the Latest Practicable Date, each entity of Target Companies C was an indirect wholly-owned subsidiary of the Company. Upon completion, the Company shall cease to have any interest in Target Companies C.

If any of the conditions to Transaction C is not fulfilled or waived by Purchaser C (except that conditions (ii) and (iii) cannot be waived) on or before Long Stop Date C, (i) no party to SPA C shall be obliged to proceed to completion; (ii) save for the Continuing Provisions in SPA C, SPA C shall cease to have any effect; and (iii) no party shall have any claim against the other party, except in respect of claims arising out of any antecedent breach of any provision of SPA C, and of the Continuing Provisions of SPA C.

Information of Target Companies C

Hero Bless

Hero Bless is a company incorporated in BVI with limited liability on 21st July, 2021 and is an investment holding company. The principal assets of Hero Bless and its subsidiary are an office property and two car-parking spaces in Hong Kong.

Set out below is the unaudited consolidated financial information of Hero Bless for the years ended 31st December, 2021 and 2022 (assuming Hero Bless was incorporated on 1st January, 2021).

	For the year ended 31st December, 2021 HK$'000	For the year ended 31st December, 2022 HK$'000
Revenue	2,998	3,370
Net loss before tax	1,303	1,956
Net loss after tax	1,286	2,315

According to the unaudited consolidated financial information of Hero Bless, as at 31st December, 2022, Hero Bless had (i) a consolidated net asset value of approximately HK$69,254,000; and (ii) an adjusted consolidated net asset value of approximately HK$67,372,000 after adjusted for the latest valuation of the properties held by Hero Bless of HK$149,900,000 as at 31st March, 2023 as determined by the Valuer. The difference of HK$3,300,000 between the fair value of the properties held by Hero Bless of HK$153,200,000 as at 31st December, 2022 and the latest valuation of HK$149,900,000 as at 31st March, 2023 was due to a general decrease in rental income in the office property market in Hong Kong.

Wisdom Giant

Wisdom Giant is a company incorporated in BVI with limited liability on 28th July, 2021 and is an investment holding company. The principal assets of Wisdom Giant and its subsidiary are three residential properties and three car-parking spaces in Hong Kong.

Set out below is the unaudited consolidated financial information of Wisdom Giant for the years ended 31st December, 2021 and 2022 (assuming Wisdom Giant was incorporated on 1st January, 2021).

	For the year ended 31st December, 2021 HK$'000	For the year ended 31st December, 2022 HK$'000
Revenue	1,980	1,721
Net profit/(loss) before tax	2,638	(8,199)
Net profit/(loss) after tax	2,564	(8,349)

According to the unaudited consolidated financial information of Wisdom Giant, as at 31st December, 2022, Wisdom Giant had (i) a consolidated net asset value of approximately HK$19,522,000; and (ii) an adjusted consolidated net asset value of approximately HK$21,822,000 after adjusted for the latest valuation of the properties held by Wisdom Giant of HK$99,100,000 as at 31st March, 2023 as determined by the Valuer. The difference of HK$2,300,000 between the fair value of the properties held by Wisdom Giant of HK$96,800,000 as at 31st December, 2022 and the latest valuation of HK$99,100,000 as at 31st March, 2023 was due to a general increase in rental income and improvement in sentiment in the property market in Hong Kong.

FINANCIAL IMPACT OF TRANSACTION C ON THE COMPANY

Based on the amount of Consideration C of HK$250,000,000, the aggregated adjusted consolidated net asset value of Target Companies C of approximately HK$89,194,000 as at 31st December, 2022 (as adjusted for the latest valuation of Property C as at 31st March, 2023 as determined by the Valuer) and the amount of Sale Loans C of approximately HK$157,289,000 as at 31st December, 2022, it is expected that, upon completion of the transactions contemplated under SPA C, the Group will record a gain of approximately HK$3,517,000.

Consideration C of HK$250,000,000 represents an excess of HK$160,806,000 over the aggregated adjusted consolidated net asset value of Target Companies C of approximately HK$89,194,000 as at 31st December, 2022 (as adjusted for the latest valuation of Property C as at 31st March, 2023 as determined by the Valuer).

Following completion of Transaction C, based on the financial information of the Company as at 31st December, 2022 after adjusted for the latest valuation of Property C as at 31st March, 2023 as determined by the Valuer, and without taking other factors into account, the total assets of the Group will decrease by approximately HK$739,000, the total liabilities of the Group will be reduced by the liabilities attributable to Target Companies C and their subsidiaries in the amount of approximately HK$4,256,000 and the Group will record an unaudited gain from Transaction C. Save as the abovementioned, the Directors consider that Transaction C will not have any other material effect on the total assets, total liabilities and earnings of the Group.

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

USE OF PROCEEDS OF TRANSACTION C BY THE COMPANY

The proceeds arising from Transaction C of approximately HK$250,000,000 will be used by the Company for general working capital purposes.

INFORMATION RELATING TO THE COMPANY, TACI, AGL AND THE PARTIES TO THE TRANSACTIONS

(1) The Company

The Company is a company 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 the Company is investment holding. The Group is principally engaged in property investment, property leasing and estate management in Hong Kong.

(2) TACI

TACI is a company incorporated in Hong Kong with limited liability, and the shares of which are listed on the Main Board of the Stock Exchange. As at the Latest Practicable Date, TACI was owned as to (i) approximately 55.72% by AGL, which in turn is beneficially owned as to approximately 74.99% by Lee and Lee Trust (inclusive of Mr. Lee Seng Hui's personal interests), being a discretionary trust; (ii) approximately 18.03% by PIA Ltd (held as investment manager); (iii) approximately 9.74% by Ms. Chong; and (iv) approximately 7.01% by Mr. Chan Kin.

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.

(3) AGL

AGL is a company incorporated in Hong Kong with limited liability, and the shares of which are listed on the Main Board of the Stock Exchange. As at the Latest Practicable Date, AGL was beneficially owned as to approximately 74.99% by Lee and Lee Trust (inclusive of Mr. Lee Seng Hui's personal interests), being a discretionary trust.

The principal business activity of AGL is investment holding. The principal business activities of its major subsidiaries are property development mainly comprising apartments, villas, office buildings and commercial properties, property investment, hospitality related activities, provision of elderly care services, property management, cleaning and security guarding services, logistics services, and the provision of finance, investments in listed and unlisted securities and funds management.

(4) Ms. Chong

Ms. Chong is an individual and a merchant.

(5) Nice Zone

Nice Zone is a company incorporated in BVI with limited liability and beneficially owned as to 50% by Mr. Lam Shan and 50% by Ms. Lam Mei Yan Joyce.

The principal business activity of Nice Zone is investment holding.

(6) BH Management

BH Management is a company incorporated in Hong Kong with limited liability and beneficially wholly-owned by Mr. Lau Yau Cheung.

The principal business activity of BH Management is investment holding.

(7) Claude Associates

Claude Associates is a company incorporated in BVI with limited liability and wholly-owned by Mr. SC Wong.

The principal business activity of Claude Associates is investment holding.

(8) Mr. SC Wong

Mr. SC Wong is an individual and a merchant.

(9) Target Company A

Target Company A is a company incorporated in Hong Kong with limited liability and as at the Latest Practicable Date, wholly-owned by Claude Associates which in turn is wholly-owned by Mr. SC Wong.

The principal business activity of Target Company A is property investment and provision of estate agency services.

(10) Vendor B

Vendor B is a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of the Company.

The principal business activity of Vendor B is investment holding.

(11) Vendor C

Vendor C is a company incorporated in BVI with limited liability and a direct wholly-owned subsidiary of the Company.

The principal business activity of Vendor C is investment holding.

(12) Purchaser A

Purchaser A is a company incorporated in BVI with limited liability and an indirect wholly-owned subsidiary of the Company.

The principal business activity of Purchaser A is investment holding.

(13) Purchaser B

Purchaser B is a company incorporated in BVI with limited liability and a direct wholly-owned subsidiary of TACI.

The principal business activity of Purchaser B is investment holding.

(14) Purchaser C

Purchaser C is a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of AGL.

The principal business activity of Purchaser C is investment holding.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The Group's core businesses comprise property investment, property leasing and estate management in Hong Kong. It regularly looks for attractive opportunities to add to and/or restructure its property portfolio.

The property investment portfolio of the Company comprises mainly of commercial properties with retail elements, namely shopping malls as disclosed in the 2021 annual report of the Company, and other non-core residential properties and mixed-use commercial properties such as offices and car-parking spaces in Hong Kong and the PRC. With a view to streamlining the Company's property investment portfolio which may be conducive to bringing better returns to the Shareholders, it is the intention of the Board to (i) focus more on the retail segment of the Company's commercial property investment through the acquisitions of relevant properties and to concentrate on its development thereafter; and/or (ii) depending on the market sentiment and without materially affecting the operations of the Group, dispose of the non-core residential properties and mixed-use commercial properties of the Company.

Having considered that (i) Property A is located in Hong Kong where most of the investment properties currently managed by the Group are at; (ii) a stable recurring rental income could be generated from the leasing of Property A; (iii) the amount of Total Payment represents a discount to the valuation of Property A as at 14th December, 2022; (iv) the terms of Transaction A involve the novation of Target Company A's obligations and liabilities as borrower under the Facility Agreement and all other liabilities under any loan, credit, agreement(s) or arrangement(s) falling on Target Company A as at the date of completion to Mr. SC Wong at completion of Transaction A; (v) the undertaking given by Mr. SC Wong and Claude Associates to indemnify Purchaser A from and against any losses suffered by Target Company A on or before the date of completion of Transaction A; (vi) completion of Transaction A is subject to the release of all existing encumbrances over the assets of Target Company A; and (vii) the issues constituting the disclaimer of opinion issued by the auditor on the financial statements of Target Company A for the year ended 31st December, 2021 are expected to be resolved upon completion of Transaction A, the Directors (excluding those who shall abstain from voting on the relevant Board resolutions, namely, Mr. Patrick Lee Seng Wei, Mr. Tao Tsan Sang and Ms. Lisa Yang Lai Sum, or did not attend the relevant Board meetings, namely, Mr. Edwin Lo King Yau) are of the view that the amount of the Total Payment is fair and reasonable, and Transaction A is a reasonable investment opportunity for the Group realise its plan to focus more on the retail segment of its commercial property investment and enhance the returns on investment for the Group.

In relation to Transaction B and Transaction C, the Directors (excluding those who shall abstain from voting on the relevant Board resolutions, namely, Mr. Patrick Lee Seng Wei, Mr. Tao Tsan Sang and Ms. Lisa Yang Lai Sum, or did not attend the relevant Board Meetings, namely, Mr. Edwin Lo King Yau, and the relevant independent non-executive directors, namely Messrs. Li Chak Hung and Choi Kin Man, whose opinion will be provided after reviewing the advice of the IFA) have assessed the impact of the two transactions on the Group independently on a stand-alone basis, and are of the view that:

(i) the amount of Consideration B and Consideration C are fair and reasonable with reference to the valuation of Property B and Property C prepared by an independent valuer jointly engaged by the Company and TACI (in the case of Property B), and by the Company and AGL (in the case of Property C) respectively;

(ii) the proceeds of Transaction B and Transaction C can be used as general working capital for, among other things, maintenance of the properties under the existing portfolio of the Group, and future expansion of the Company's commercial property investment, particularly the retail segment. In the event that Transaction B and/or Transaction C materialise and complete prior to the completion of Transaction A, the Company may consider to use a portion or all of the proceeds to fund part of the Total Payment; and

(iii) with the disposal of its non-core residential properties and mixed-use commercial properties upon completion of Transaction B and Transaction C, irrespective of whether Transaction A will proceed to completion, the Company can focus more on and better allocate its resources to the retail segment of its commercial property investment.

Having considered all of the above, the Directors (excluding those who shall abstain from voting on the relevant Board resolutions or did not attend the relevant Board Meetings, and the relevant independent non-executive directors, namely Messrs. Li Chak Hung and Choi Kin Man, whose opinion in respect of Transaction B and Transaction C will be provided after reviewing the advice of the IFA) are of the opinion that the terms of SPA A, SPA B and SPA C, and the respective transactions contemplated thereunder, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As Purchaser A, Vendor B and Vendor C are direct or indirect wholly-owned subsidiaries (as the case may be) of the Company, the Transactions shall be transactions for the Company under the Listing Rules as the definition of "listed issuer" under Chapter 14 of the Listing Rules shall include the listed issuer's subsidiaries.

As one of the relevant Percentage Ratios in respect of Transaction A exceeds 100%, Transaction A constitutes a very substantial acquisition for the Company and is subject to the notification, announcement, circular and the Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As more than one of the relevant Percentage Ratios in respect of Transaction B exceed 5% but are below 25%, Transaction B constitutes a discloseable transaction for the Company.

As one of the relevant Percentage Ratios in respect of Transaction C exceeds 25% but is below 75%, Transaction C constitutes a major disposal for the Company.

As one of the relevant Percentage Ratios in respect of Transaction B and Transaction C when aggregated with each other in accordance with Rule 14.22 of the Listing Rules exceeds 25% but is below 75%, Transaction B and Transaction C constitute major disposals for the Company. Furthermore, as at the Latest Practicable Date, each of TACI and AGL was a substantial shareholder of the Company. Therefore, Purchaser B, being a direct wholly-owned subsidiary of TACI, and Purchaser C, being an indirect wholly-owned subsidiary of AGL, are connected persons of the Company under Chapter 14A of the Listing Rules and Transaction B and Transaction C constitute connected transactions for the Company. Accordingly, Transaction B and Transaction C are subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapters 14 and 14A of the Listing Rules.

Messrs. Patrick Lee Seng Wei and Tao Tsan Sang are common directors of TACI and the Company, Mr. Edwin Lo King Yau is an executive director of each of AGL, TACI and the Company, and Ms. Lisa Yang Lai Sum is an independent non-executive director of each of AGL, TACI and the Company. Mr. Edwin Lo King Yau did not attend the relevant Board meetings at which the Transactions were considered, and Mr. Patrick Lee Seng Wei, Mr. Tao Tsan Sang and Ms. Lisa Yang Lai Sum have abstained from voting on the relevant Board resolutions in respect of the Transactions. In addition, Ms. Lisa Yang Lai Sum was not appointed as a member of the IBC.

Apart from the above, none of the Directors has any material interest in the Transactions and is required to abstain from voting on the Board resolutions approving the Transactions.

To the best of the knowledge and belief of the Directors having made all reasonable enquiries, as at the Latest Practicable Date:

(i) TACI 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 through its wholly-owned subsidiary, Advance Growth Investments Limited, which in turn owned 100% of the issued share capital of Autobest Holdings Limited, a company which was directly interested in 930,376,898 Shares; and

(ii) AGL indirectly owned approximately 55.72% of the total number of issued shares of TACI through directly and indirectly (via Capscore Limited, Citiwealth Investment Limited and Sunhill Investments Limited, all being direct wholly-owned subsidiaries of AGL) owning 100% of the total number of issued shares of Allied Properties (H.K.) Limited ("**APL**"). APL owned 100% of the issue share capital of Fine Class Holdings Limited, which in turn owned 100% of the issued share capital of China Elite Holdings Limited ("**China Elite**"). China Elite was directly interested in approximately 55.72% of the issued shares of TACI.

Save and except the fact that TACI, AGL and their respective associates (as described above), which controlled or were entitled to control over the voting right in respect of their shares in the Company, have a material interest in Transaction B and Transaction C and shall abstain from voting at the EGM on the resolution(s) to approve Transaction B and Transaction C, no other Shareholder(s) and any of their respective close associates has a material interest in the Transactions such that he or she or it shall abstain from voting at the EGM on the resolution(s) to approve the Transactions.

Completion of each of the Transactions are not inter-conditional upon each other. Each of the Transactions are subject to a number of conditions which may or may not be fulfilled and may or may not proceed. 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 Plaza 4, Basement 3, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Friday, 30th June, 2023 at 10:00 a.m. is set out on pages 150 to 153 of this circular. Ordinary resolutions will be proposed to (i) the Shareholders to consider and, if thought fit, approve Transaction A; and (ii) the Independent Shareholders to consider and, if thought fit, approve each of Transaction B and Transaction C.

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 resolutions 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 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not less than 48 hours before the time fixed for the holding of the EGM (i.e. on or before Wednesday, 28th June, 2023 at 10:00 a.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 each of SPA B and SPA C and the transactions contemplated thereunder. The Company has appointed the IFA to advise the IBC and the Independent Shareholders in relation to the fairness and reasonableness of Transaction B and Transaction C.

Your attention is drawn to the letter from the IBC set out on page 36 of this circular which contains its recommendation to the Independent Shareholders on the terms of each of SPA B and SPA C and the transactions contemplated thereunder. Your attention is also drawn to the letter of advice from the IFA set out on pages 37 to 59 in this circular which contains its advice to the IBC and the Independent Shareholders in relation to the fairness and reasonableness of Transaction B and Transaction C.

The Directors (excluding those who shall abstain from voting on the relevant Board resolutions or did not attend the relevant Board Meetings, and the relevant independent non-executive Directors, namely Messrs. Li Chak Hung and Choi Kin Man, whose opinion in relation to Transaction B and Transaction C is set out in the "Letter from the IBC" in this circular) consider that Transaction B and Transaction C are in the ordinary and usual course of business of the Group, the terms of SPA A, SPA B, SPA C and the transactions contemplated thereunder are fair and reasonable and are in the interest of the Company and its Shareholders as a whole, and as such, recommend (i) the Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to consider, and if thought fit, approve Transaction A; and (ii) the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to consider, and if thought fit, approve Transaction B and Transaction C.

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 Transaction B and Transaction C.

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

10th June, 2023

To the Independent Shareholders

Dear Sir or Madam,

MAJOR DISPOSALS AND CONNECTED TRANSACTIONS IN RELATION TO DISPOSAL OF TARGET COMPANY B AND TARGET COMPANIES C

We refer to the circular to all Shareholders (the "**Circular**") dated 10th June, 2023 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 each of SPA B and SPA C, and the respective transactions contemplated thereunder (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 each of Transaction B and Transaction C is 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 Transaction B and Transaction C are in the ordinary and usual course of business of the Group, the terms of SPA B and SPA C, and the respective transactions contemplated thereunder, 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 resolutions to be proposed at the EGM to approve Transaction B and Transaction C.

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 in relation to Transaction B and Transaction C, which has been prepared for the purpose of incorporation in this circular.

PELICAN FINANCIAL
百 利 勤 金 融

PELICAN FINANCIAL LIMITED

28/F, Lee Garden Two, 28 Yun Ping Road, Causeway Bay, Hong Kong

10 June 2023

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

Dear Sirs/Madams,

MAJOR DISPOSALS AND CONNECTED TRANSACTIONS IN RELATION TO DISPOSAL OF TARGET COMPANY B AND TARGET COMPANIES C

INTRODUCTION

We refer to our appointment as the IFA to the IBC and the Independent Shareholders in respect of Transaction B and Transaction C (together referred as the "**Transactions**"), details of which are set out in the letter from the Board (the "**Board Letter**") contained in the circular of the Company dated 10 June 2023 (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.

Reference is made to the joint announcement of the Company dated 27 February 2023 published by the Company, AGL and TACI (the "**Joint Announcement**"), in relation to the disposal of Target Company B and Target Companies C (together referred as the "**Target Companies**") and the transactions contemplated thereunder.

As disclosed in the Joint Announcement, on 27 February 2023, (i) Vendor B, a direct wholly-owned subsidiary of the Company, agreed to sell Sale Share B (representing the entire issued share capital of Target Company B) and assign Sale Loan B to Purchaser B, a direct wholly-owned subsidiary of TACI, at Consideration B of HK$80,000,000; and (ii) Vendor C, a direct wholly-owned subsidiary of the Company, agreed to sell Sale Shares C (representing the entire issued share capital of the relevant entities comprising Target Companies C) and assign Sale Loans C to Purchaser C, an indirect wholly-owned subsidiary of AGL, at Consideration C of HK$250,000,000.

As one of the relevant Percentage Ratio(s) in respect of the Transactions when aggregated with each other in accordance with Rule 14.22 of the Listing Rules exceeds 25% but is below 75%, Transactions constitute major disposals for the Company. Furthermore, as at the Latest Practicable Date, each of TACI and AGL was a substantial shareholder of the Company. Therefore, Purchaser B, being a direct wholly-owned subsidiary of TACI, and Purchaser C, being an indirect wholly-owned subsidiary of AGL, are connected persons of the Company under Chapter 14A of the Listing Rules and the Transactions constitute connected transactions for the Company. Accordingly, the Transactions are subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapters 14 and 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 Transactions. 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 Transactions. In the last two years, other than our engagement by the Company to act as its independent financial advisor in respect of its connected transaction in relation to the major disposal of certain non-controlling property interest as disclosed in its circular dated 5 October 2021, there was no other engagement between the Company and us. 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 Transactions.

Our role is to provide you with our independent opinion and recommendation as to (i) whether the Transactions 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 each of SPA B and SPA C and the transactions contemplated thereunder 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 Transactions 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 Joint Announcement, the announcements of the Company dated 26 November 2021 and 22 November 2022, the annual report of the Company for the financial year ended 31 December 2022 (the "**2022 Annual Report**"), the property valuation reports of the Target Company B and Target Companies C in terms of Property B and Property C (together, the "**Properties**") and prepared by an independent property valuer (the "**Valuer**") as at 31 March 2023 (the "**Valuation Report(s)**"), the SPA B, the SPA C 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, AGL or their respective subsidiaries or associates (if applicable).

PRINCIPAL FACTORS TAKEN INTO CONSIDERATION

In formulating our opinion in respect of the Transactions, 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 2021 and 2022 as extracted from the 2022 Annual Report.

Table 1: Financial information of the Group

	For the year ended 31 December	
	2021	**2022**
	HK$'000	*HK$'000*
	(Audited)	*(Audited)*
Revenue		
– Fixed rental income from investment properties	31,304	32,164
– Estate management fees	5,362	4,715
– Dividend income from equity instrument at fair value through other comprehensive income ("**FVTOCI**")	1,500	1,500
Total revenue	**38,166**	**38,379**
Operating loss	**1,563,826**	**44,286**
Loss for the year	**1,563,052**	**43,701**

According to the 2022 Annual Report, the revenue of the Group increased by about 0.56%, from approximately HK$38,166,000 for the year ended 31 December 2021 to approximately HK$38,379,000 for the year ended 31 December 2022. Furthermore, the Group recorded a loss of approximately HK$43,701,000 for the year ended 31 December 2022, representing a significant decrease of approximately HK$1,519,351,000 from the loss of approximately HK$1,563,052,000 for the year ended 31 December 2021. Such decrease in loss was mainly attributable to (i) the absence of a loss on disposal of a subsidiary of approximately HK$1,467,958 which was completed in October 2021; and (ii) the impairment losses on loan and interest receivable of approximately HK$22,691,000 in 2022 as compared with the impairment losses of approximately HK$74,370,000 in the previous year, which was mainly caused by the default of a senior note issued by an independent listed group in Hong Kong, of which the Group has subscribed for investment purposes in 2018.

Meanwhile, the consolidated assets and liabilities of the Group as at 31 December 2021 and 31 December 2022 as extracted from the 2022 Annual Report are summarized as follows:

Table 2: Financial position of the Group

	As at 31 December 2021	**As at 31 December 2022**
	(Audited)	*(Audited)*
	HK$'000	*HK$'000*
Total assets		
– non-current assets	1,522,268	1,453,057
– current assets	269,058	288,057
	1,791,326	**1,741,114**
Total liabilities		
– non-current liabilities	163,708	161,040
– current liabilities	22,197	25,969
	185,905	**187,009**
Net current assets	**246,861**	**262,088**
Net assets	**1,605,421**	**1,554,105**

The Group recorded total assets of approximately HK$1,741,114,000 as at 31 December 2022. The non-current assets of the Group mainly comprised of (i) investment properties of approximately HK$1,297,022,000; (ii) loan receivables of approximately HK$78,024,000; (iii) financial assets at fair value through profit or loss of approximately HK$43,079,000; and (iv) equity instrument at fair value through other comprehensive income of approximately HK$29,600,000.

Meanwhile, the Group's current assets as at 31 December 2022 mainly consisted of (i) cash and cash equivalents of approximately HK$147,668,000; (ii) loan receivables of approximately HK$76,705,000; (iii) financial assets at fair value through profit or loss of approximately HK$35,147,000; and (iv) trade and other receivables, prepayments and deposits of approximately HK$26,752,000.

On the other hand, the Group recorded total liabilities of approximately HK$187,009,000 as at 31 December 2022. As such, the consolidated net current assets and net assets of the Group amounted to approximately HK$246,861,000 and HK$1,605,421,000 respectively. The Group's current ratio, which was calculated by dividing its current assets by its current liabilities, was approximately 11.1 as at 31 December 2022 as compared with approximately 12.1 as at 31 December 2021, indicating the Company's decreased ability in meeting its short-term obligations during the period of time.

2. Information of TACI, AGL and the parties to the Transactions

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. As at the Latest Practicable Date, TACI was owned as to (i) approximately 55.72% by AGL, which in turn is beneficially owned as to approximately 74.99% by Lee and Lee Trust (inclusive of Mr. Lee Seng Hui's personal interests), being a discretionary trust; (ii) approximately 18.03% by PIA Ltd (held as investment manager); (iii) approximately 9.74% by Ms. Chong; and (iv) approximately 7.01% by Mr. Chan Kin.

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. AGL

AGL is a company incorporated in Hong Kong with limited liability, and the shares of which are listed on the Main Board of the Stock Exchange. As at the Latest Practicable Date, AGL is beneficially owned as to approximately 74.99% by Lee and Lee Trust (inclusive of Mr. Lee Seng Hui's personal interests), being a discretionary trust.

The principal business activity of AGL is investment holding. The principal business activities of its major subsidiaries are property development mainly comprising apartments, villas, office buildings and commercial properties, property investment, hospitality related activities, provision of elderly care services, property management, cleaning and security guarding services, logistics services, and the provision of finance, investments in listed and unlisted securities and funds management.

2.3. Subsidiaries of the Company

2.3.1. Vendor B

Vendor B is a company incorporated in Hong Kong with limited liability and a direct wholly owned subsidiary of the Company.

The principal business activity of Vendor B is investment holding.

2.3.2. The information of Target Company B

Target Company B is a company incorporated in BVI with limited liability and is an investment holding company. The principal assets of Target Company B and its subsidiaries, upon completion of the Reorganisation, would be Property B.

The following is the unaudited consolidated financial information of Target Company B (on the assumption that the Reorganisation had taken place on 1 January 2021 and 1 January 2022) for the years ended 31 December 2021 and 2022, which has been prepared in accordance with HKFRS:

Table 3: Financial information of Target Company B

	For the year ended 31 December	
	2021	**2022**
	(Unaudited)	*(Unaudited)*
	HK$'000	*HK$'000*
Revenue	1,216	1,264
Net profit/(loss) before tax	3,263	(559)
Net profit/(loss) after tax	2,531	(1,205)

The change from net profit after tax to net loss after tax between the two years was mainly due to the reversal of approximately HK$3.1 million in previously recognized gains, arising from the write-off of an amount due to the deregistration of a fellow subsidiary (with the gains being absorbed by the holding company), as well as the foreign currency exchange loss in 2022.

According to the unaudited consolidated financial information of Target Company B (on the assumption that the Reorganisation had taken place on 1 January 2021 and 1 January 2022), as at 31 December 2022, Target Company B had (i) a consolidated net asset value ("**NAV**") of approximately HK$11,801,000; and (ii) an adjusted consolidated NAV of approximately HK$13,339,000 after adjusted for the latest valuation of Property B of HK$58,640,000 as at 31 March 2023 as determined by the Valuer. The difference of HK$1,538,000 between the fair value of Property B of HK$57,102,000 as at 31 December 2022 and the latest valuation of HK$58,640,000 as at 31 March 2023 was due to a general increase in rental income, improvement in sentiment in the property market in the PRC and appreciation of Renminbi against HKD.

Property B comprises a total of six individual residential properties and/or mixed-use commercial properties in the PRC which shall be indirectly held by Target Company B upon completion of the Reorganisation, with a total gross floor area of 8,514 sq. ft.

2.3.3. Vendor C

Vendor C is a company incorporated in BVI with limited liability and a direct wholly owned subsidiary of the Company.

The principal business activity of Vendor C is investment holding.

2.3.4. The information of Target Companies C

Hero Bless

Hero Bless is a company incorporated in BVI with limited liability on 21 July 2021 and is an investment holding company. The principal assets of Hero Bless and its subsidiary are an office property and two car-parking spaces in Hong Kong.

Set out below is the unaudited consolidated financial information of Hero Bless for the years ended 31 December 2021 and 2022 (assuming Hero Bless was incorporated on 1 January 2021).

Table 4: Financial information of Hero Bless

	For the year ended 31 December	
	2021	**2022**
	(Unaudited)	*(Unaudited)*
	HK\$'000	*HK\$'000*
Revenue	2,998	3,370
Net loss before tax	1,303	1,956
Net loss after tax	1,286	2,315

The company's net loss before tax and net loss after tax increased 50.11% and 80.02% respectively, which was primarily due to the change in fair value of investment properties and the increase in deferred tax liabilities.

According to the unaudited consolidated financial information of Hero Bless, as at 31 December 2022, Hero Bless had (i) a consolidated NAV of approximately HK$69,254,000; and (ii) an adjusted consolidated NAV of approximately HK$67,372,000 after adjusted for the latest valuation of the properties held by Hero Bless of HK$149,900,000 as at 31 March 2023 as determined by the Valuer. The difference of HK$3,300,000 between the fair value of the properties held by Hero Bless of HK$153,200,000 as at 31 December 2022 and the latest valuation of HK$149,900,000 as at 31 March 2023 was due to a general decrease in rental income in the office property market in Hong Kong.

Wisdom Giant

Wisdom Giant is a company incorporated in BVI with limited liability on 28 July 2021 and is an investment holding company. The principal assets of Wisdom Giant and its subsidiary are three residential properties and three car-parking spaces in Hong Kong.

Set out below is the unaudited consolidated financial information of Wisdom Giant for the years ended 31 December 2021 and 2022 (assuming Wisdom Giant was incorporated on 1 January 2021).

Table 5: Financial information of Wisdom Giant

	For the year ended 31 December	
	2021	**2022**
	(Unaudited)	*(Unaudited)*
	HK$'000	*HK$'000*
Revenue	1,980	1,721
Net profit/(loss) before tax	2,638	(8,199)
Net profit/(loss) after tax	2,564	(8,349)

The change from net profit after tax to net loss after tax between the two years was mainly due to the change in fair value of investment properties in 2022.

According to the unaudited consolidated financial information of Wisdom Giant, as at 31 December 2022, Wisdom Giant had (i) a consolidated NAV of approximately HK$19,522,000; and (ii) an adjusted consolidated NAV of approximately HK$21,822,000 after adjusted for the latest valuation of the properties held by Wisdom Giant of HK$99,100,000 as at 31 March 2023 as determined by the Valuer. The difference of HK$2,300,000 between the fair value of the properties held by Wisdom Giant of HK$96,800,000 as at 31 December 2022 and the latest valuation of HK$99,100,000 as at 31 March 2023 was due to a general increase in rental income and improvement in sentiment in the property market in Hong Kong.

2.4. Purchasers of the Disposals Agreements and their ultimate controlling shareholder

2.4.1. Purchaser B

Purchaser B is a company incorporated in BVI with limited liability and a direct wholly owned subsidiary of TACI.

The principal business activity of Purchaser B is investment holding.

2.4.2. Purchaser C

Purchaser C is a company incorporated in Hong Kong with limited liability and an indirect wholly owned subsidiary of AGL.

The principal business activity of Purchaser C is investment holding.

3. Reasons for and benefits of the Transactions

As set out in the Board Letter, the Group's core businesses comprise property investment, property leasing and estate management in Hong Kong. It regularly looks for attractive opportunities to add to and/or restructure its property portfolio. While the current property investment portfolio of the Group consists of commercial properties with retail elements, such as shopping malls, as well as non-core residential properties and mixed-use commercial properties like offices and car-parking spaces in Hong Kong and the PRC, it is the Group's intention to streamline its property investment portfolio to bring better returns to shareholders. This includes (i) focusing on the retail segment of commercial property investment through property acquisitions and development and (ii) potentially selling non-core residential properties and mixed-use commercial properties, depending on market sentiment and without materially affecting the ASL Group's operations.

According to the property consultancy Colliers Hong Kong[1], the property market in Hong Kong is expected to recover in 2023 as China eases Covid restrictions and reopens, especially in the high street shop segment, which is expected to be the first sector to lead the post-Covid recovery in 2023 with both rents and prices. It is also expected that there will be an 8% increase year-on-year, in terms of the retail rental performance. However, the residential market is expected to dampen due to the high interest rates, while the office market is predicted to only see a 3% increase, making it less attractive than the retail market. As such, since Target Company B is in possession of Property B that includes six individual residential and/or mixed-use commercial properties in the PRC, and Target Companies C combinedly hold an office property, three residential properties and five car-parking spaces in Hong Kong. The expected dampening of the residential market due to high-interest rates and the less attractive growth rate of the office market compared to the retail market makes Target Company B's and Target Companies C's properties less favourable investments.

After discussions with the Company and a review of the management accounts of the Target Companies, it was revealed that Hero Bless had recorded a net loss during the two financial years as disclosed above. As a result, the Group can use this opportunity to address the underperforming subsidiaries and free up resources for investments in more profitable ventures. This includes the disposal of Hero Bless and potentially other subsidiaries that are not performing well. The Group is confident that this decision will lead to a more focused and sustainable business strategy going forward.

In conclusion, having considered that (i) the Company would be able to free up resources for working capital as it helps improve operational efficiency and better position itself for long term-success and generate higher returns for its Shareholders; (ii) the Company would be able to focus on the retail segment of the commercial property investment which has more growth potential; and (iii) the terms of each of SPA B and SPA C and the transactions contemplated thereunder are fair and reasonable as further discussed below; we concur with the Directors that the Transactions are in the interests of the Company and its Shareholders as a whole.

[1] Please refer to the CNBC's article dated 12 January 2023 regarding the property market in Hong Kong at https://www.cnbc.com/2023/01/12/chinas-reopening-set-to-boost-hong-kongs-property-market.html

4. The Sale and Purchase Agreement

4.1. TRANSACTION B

The principal terms of the SPA B are as follows:

Date

27 February 2023

Parties

1) Vendor B (as vendor); and

2) Purchaser B (as purchaser)

Subject matter

Pursuant to SPA B and subject to the fulfilment (or waiver where applicable) of the conditions contemplated thereunder, (i) Purchaser B (a direct wholly-owned subsidiary of TACI) shall acquire, and Vendor B (a direct wholly-owned subsidiary of the Company) shall sell, Sale Share B and together with all rights and benefits attaching or accruing to it on or after the date of SPA B with respect to Sale Share B; and (ii) Sale Loan B shall be assigned by Vendor B to Purchaser B.

Consideration

The consideration for Transaction B shall be HK$80,000,000, and shall be payable by Purchaser B to Vendor B (or its nominee) at completion of Transaction B via bank transfer in accordance with the payment instructions given by Vendor B.

The amount of Consideration B was determined by Purchaser B and Vendor B after arm's length negotiation taking into account (i) the valuation of Property B (being the principal asset held by the subsidiaries of Target Company B) of HK$57,240,000 as at 14 December 2022 as determined by an independent valuer jointly engaged by the Company and TACI; (ii) the consolidated NAV of Target Company B (on the assumption that the Reorganisation had taken place on 1 January 2020 and 1 January 2021) as at 30 November 2022 of approximately HK$10,171,000; and (iii) the amount of Sale Loan B.

Consideration B shall be financed by internal resources of the TACI Group.

Conditions

Completion of the sale and purchase of Sale Share B is conditional upon the fulfilment of each of the following conditions:

(i) the representations and warranties given by Vendor B remaining true and accurate and not misleading in any material respect as given as of the date of SPA B and as of completion, and as if given at all times between the date of SPA B and completion;

(ii) all authorisations (including but not limited to approvals or permissions of any kind of, from or by the Stock Exchange and the Securities and Futures Commission) and any shareholders' approval necessary for the consummation of the transactions contemplated in SPA B having been obtained by Vendor B, Purchaser B, Target Company B, the Reorganisation Companies and, as the case may be, by the respective holding companies of Vendor B and Purchaser B, and remaining in full force and effect;

(iii) completion of the Reorganisation having taken place;

(iv) the relevant Reorganisation Companies being in full control and possession of the respective properties under Property B owned by each of them subject only to the existing tenancies in respect of Property B;

(v) Purchaser B having been satisfied with the results of such enquiries, investigations and due diligence reviews of the business, operations, assets, position (financial or otherwise) of Target Company B, the Reorganisation Companies and Property B conducted by or on behalf of Purchaser B or any of its officers, employees, agents, professional advisers or other agents as Purchaser B, in its sole discretion, deems necessary, desirable or appropriate to undertake; and

(vi) no material adverse change in the business, operations, assets, position (financial or otherwise) of Target Company B, the Reorganisation Companies or Property B having occurred.

Purchaser B, may at its absolute discretion, waive any of the conditions to be performed and/or fulfilled by Vendor B (except conditions (ii), (iii) and (iv), which cannot be waived). As at the Latest Practicable Date, none of the conditions to Transaction B had 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.

Completion

Completion of Transaction B is not inter-conditional upon completion of Transaction C.

The completion of Transaction B shall take place on the date falling three business days after all conditions are fulfilled or waived (as the case may be) or such other date as Purchaser B and Vendor B may mutually agree in writing. As at the Latest Practicable Date, Target Company B is an indirect wholly-owned subsidiary of the Company. Upon completion, the Company shall cease to have any interest in Target Company B, and Target Company B shall become an indirect wholly-owned subsidiary of TACI and its financial results will remain consolidated in the TACI Group's financial statements.

If any of the conditions to Transaction B is not fulfilled or waived by Purchaser B (except that conditions (ii), (iii) and (iv) cannot be waived) on or before Long Stop Date B, (i) no party to SPA B shall be obliged to proceed to completion; (ii) save for the Continuing Provisions in SPA B, SPA B shall cease to have any effect; and (iii) no party shall have any claim against the other party, except in respect of claims arising out of any antecedent breach of any provision of SPA B, and of the Continuing Provisions of SPA B.

4.2. *TRANSACTION C*

The principal terms of the SPA C are as follows:

Date

27 February 2023

Parties

1) Vendor C (as vendor); and

2) Purchaser C (as purchaser)

Subject matter

Pursuant to SPA C and subject to the fulfilment (or waiver where applicable) of the conditions contemplated thereunder, (i) Purchaser C (an indirect wholly-owned subsidiary of AGL) shall acquire, and Vendor C (a direct wholly-owned subsidiary of the Company) shall sell, Sale Shares C and together with all rights and benefits attaching or accruing to them on or after the date of SPA C with respect to Sale Shares C; and (ii) Sale Loans C shall be assigned by Vendor C to Purchaser C.

Consideration

The consideration for Transaction C shall be HK$250,000,000, and shall be payable by Purchaser C to Vendor C (or its nominee) at completion of Transaction C via bank transfer in accordance with the payment instructions given by Vendor C.

The amount of Consideration C was determined by Purchaser C and Vendor C after arm's length negotiation taking into account (i) the valuation of Property C (being the principal asset held by the subsidiaries of Target Companies C) of HK$252,300,000 as at 14 December 2022 as determined by an independent valuer jointly engaged by the Company and AGL; (ii) the aggregated consolidated NAV of Target Companies C as at 30 November 2022 of approximately HK$101,176,000; and (iii) the amount of Sale Loans C.

Consideration C shall be financed by internal resources of the AGL Group and/or borrowings.

Conditions

Completion of the sale and purchase of Sale Share C is conditional upon the fulfilment of each of the following conditions:

(i) the representations and warranties given by Vendor C remaining true and accurate and not misleading in any material respect as given as of the date of SPA C and as of completion, and as if given at all times between the date of SPA C and completion;

(ii) all authorisations (including but not limited to approvals or permissions of any kind of, from or by the Stock Exchange and the Securities and Futures Commission) and any shareholders' approval necessary for the consummation of the transactions contemplated in SPA C having been obtained by Vendor C, Purchaser C, Target Companies C and their subsidiaries and, as the case may be, by the respective holding companies of Vendor C and Purchaser C, and remaining in full force and effect;

(iii) the relevant subsidiaries of Target Companies C being in full control and possession of the respective properties under Property C owned by each of them subject only to the existing tenancies in respect of Property C;

(iv) Purchaser C having been satisfied with the results of such enquiries, investigations and due diligence reviews of the business, operations, assets, position (financial or otherwise) of Target Companies C, their subsidiaries and Property C conducted by or on behalf of Purchaser C or any of its officers, employees, agents, professional advisers or other agents as Purchaser C, in its sole discretion, deems necessary, desirable or appropriate to undertake; and

(v) no material adverse change in the business, operations, assets and position (financial or otherwise) of Target Companies C, their subsidiaries or Property C having occurred.

Purchaser C, may at its absolute discretion, waive any of the conditions to be performed and/or fulfilled by Vendor C (except conditions (ii) and (iii), which cannot be waived). As at the Latest Practicable Date, none of the conditions precedent to Transaction C had 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.

Completion

Completion of Transaction C is not inter-conditional upon completion of Transaction B.

The completion of Transaction C shall take place on the date falling three business days after all conditions are fulfilled or waived (as the case may be) or such other date as Purchaser C and Vendor C may mutually agree in writing.

As at the Latest Practicable Date, each entity of Target Companies C is an indirect wholly-owned subsidiary of the Company. Upon completion, TACI (via its interest in the Company) and the Company shall cease to have any interest in Target Companies C, and each entity of Target Companies C shall become an indirect wholly-owned subsidiary of AGL and their financial results will remain consolidated in the AGL Group's financial statements.

If any of the conditions to Transaction C is not fulfilled or waived by Purchaser C (except that conditions (ii) and (iii) cannot be waived) on or before Long Stop Date C, (i) no party to SPA C shall be obliged to proceed to completion; (ii) save for the Continuing Provisions in SPA C, SPA C shall cease to have any effect; and (iii) no party shall have any claim against the other party, except in respect of claims arising out of any antecedent breach of any provision of SPA C, and of the Continuing Provisions of SPA C.

5. Use of proceeds by the Company from the Transactions

The aggregate proceeds arising from the Transactions of HK$330,000,000 will be used by the Group for general working capital purposes.

6. Assessment of the considerations

According to the Board Letter, the amount of Consideration B of HK$80,000,000 was determined by Purchaser B and Vendor B after arm's length negotiation taking into account (i) the valuation of Property B (being the principal asset held by the subsidiaries of Target Company B) of HK$57,240,000 as at 14 December 2022 as determined by an independent valuer jointly engaged by the Company and TACI; (ii) the consolidated NAV of Target Company B (on the assumption that the Reorganisation had taken place on 1 January 2020 and 1 January 2021) as at 30 November 2022 of approximately HK$10,171,000; and (iii) the amount of Sale Loan B.

On the other hand, the amount of Consideration C of HK$250,000,000 was determined by Purchaser C and Vendor C after arm's length negotiation taking into account (i) the valuation of Property C (being the principal asset held by the subsidiaries of Target Companies C) of HK$252,300,000 as at 14 December 2022 as determined by an independent valuer jointly engaged by the Company and AGL; (ii) the aggregated consolidated NAV of Target Companies C as at 30 November 2022 of approximately HK$101,176,000; and (iii) the amount of Sale Loans C.

6.1. Valuation Reports

In considering the fairness and reasonableness of Consideration B, we have obtained and reviewed the (i) the property valuation of Property B and Property C as at 14 December 2022, being the latest valuation available to the Board prior to the entering into of the SPA B and SPA C; and (ii) the Valuation Reports as at 31 March 2023 (the "**Valuation Date**"). We noted that the appraised value of Property B and Property C as at 14 December 2022 were HK$57,240,000 and HK$252,300,000 respectively, and the appraised value of Property B and Property C as at 31 March 2023 was HK$58,640,000 and HK$249,000,000 respectively. We are of the view that the difference in the appraised values between the two valuation dates for both properties only accounted for 2.4% and 1.3% and therefore is not material. The analysis below will be based on the latest available valuation.

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's experiences; (ii) obtaining information on the Valuer' track records; (iii) inquiry on the Valuer' current and prior relationship with the parties involved in the Transactions; (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 Reports.

6.1.1. The Valuer

We understand that Mr. Paul M. K. Wong, the director of the Valuer and the signor of the Valuation Reports, 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 more than 31 years of experience in the valuation of properties and businesses in Hong Kong and in the PRC. In assessing the Valuer's experiences in valuing properties in Hong Kong and in the PRC 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 and in the PRC. 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 SPA B and SPA C 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 Reports.

6.1.2. Valuation basis

We have reviewed the Valuation Reports 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 Reports were 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 of Target Company B and Target Companies C.

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

6.1.3. Valuation methodology

As disclosed in the Valuation Report, in valuing the Properties, the Valuer mainly adopted the investment approach on a fully leased basis by taking into account the rental income received from the Properties and the reversionary rental income potential of the Properties (measured by the market rents for similar properties) 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 and PRC 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. We also believe that assuming a fully leased basis for the investment approach is fair, given that almost all properties are rented out and they are all located in popular areas with strong demand, this assumption accounts for the potential rental income of the Properties, reflecting their true value when fully utilized. Also, it is our understanding that adopting a fully leased basis is a common industry practice, as it enables valuers to make more accurate comparisons with other similar properties.

In fact, both approaches are commonly used valuation methods in Hong Kong and PRC 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 both Hong Kong and PRC have 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 premises/properties located in the same districts of the Properties with similar conditions and facilities as the Properties, with due adjustments to the unit rates of these comparables have been made to reflect factors including but not limited to location, size, building age and building quality. We have discussed with the Valuer and understand that specific percentages are adjusted on each factor, from which an upward adjustment is made to allow for conditions, functional obsolescence and other relevant factors if the comparable properties are inferior than the Selected Properties, or alternatively, a downward adjustment is made, which is in line with market practice. Based on the discussion and our independent research, the information on the comparable properties is consistent with information published on several real estate internet portals. We understood that these adjustments are reasonable accounts for any differences between the Properties and the chosen comparables, which are in line with market practice and help to provide a more accurate reflection of the Properties' true value. We have reviewed the computation of the value of each property and noted that the unit rates of the Properties are within the range of the comparable premises idenfied in our research. Hence, we are of the view that this approach aligns with industry best practices and ensures that the valuation considers the unique characteristics of each property while maintaining consistency and comparability with similar properties in the market.

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

Regarding capitalisation rates, we understood that they are based on the Valuer's analysis of market yields. The rates are estimated by reference to the yields expected by the market for similar properties with the same type of use, taking into account property quality, potential future rental growth, capital appreciation and risk factors. To determine the capitalisation rate for each property, the Valuer used a range of 1.75% to 4.00% depending on the type of use of the properties. As such, we have independently researched and compared capitalisation rates for investment, residential and office properties used by Hang Seng Index Properties constituents, referring to their latest annual reports. While the market capitalisation of the companies being compared may differ from that of the Company, it does not have a direct impact on the capitalisation rate comparison. The primary focus of this comparison is on the properties themselves and their underlying characteristics, rather than the size or financial standing of the owning company.

Stock code	**Company name**	**Capitalisation rate** *(%)*	**Type of capitalisation rate disclosed**
12	Henderson Land Development Company Limited	2.75 – 6.00	Hong Kong retail and office properties
		5.00 – 8.50	PRC retail and office properties
16	Sun Hung Kai Properties Limited	5.10	Hong Kong residential and commercial properties
		6.00	PRC residential and commercial properties
17	New World Development Company Limited	1.50 – 5.20	Hong Kong commercial properties and car parks
		2.00 – 8.50	PRC commercial properties and serviced apartment
101	Hang Lung Properties Limited	No disclosure	N/A
688	China Overseas Land & Investment Limited	2.10 – 3.80	Hong Kong residential and commercial properties
		3.50 – 8.00	PRC residential and commercial properties
823	Link Real Estate Investment Trust	3.10 – 5.30	Hong Kong commercial properties
		4.25 – 5.00	PRC commercial properties
960	Longfor Group Holdings Limited	4.00 – 5.00	PRC residential properties
1109	China Resources Land Limited	3.00 – 7.80	Hong Kong retail and office properties
1113	CK Asset Holdings Limited	4.00 – 8.00	Hong Kong residential and commercial properties
1209	China Resources Mixc Lifestyle Services Limited	6.30 – 7.50	PRC residential and commercial properties
1997	Wharf Real Estate Investment Company Limited	4.20 – 4.50	Hong Kong residential and commercial properties
2007	Country Garden Holdings Company Limited	2.50 – 6.50	PRC residential properties
6098	Country Garden Services Holdings Company Limited	4.50 – 7.00	PRC commercial properties

Among the 13 constituents of the Heng Seng Index – Properties, 12 land developers have disclosed the referencing range of capitalisation rates for investment properties (including residential and commercial properties), which ranged from 1.50% - 8.50%. Since the Properties are mostly residential, excluding those rates that only apply to commercial properties, the range of capitalisation rates is 2.10% to 8.00%. We consider the above table representative and exhaustive to the best of our knowledge as it includes all the constituents of the Heng Seng Index – Properties. We noted that the capitalisation rate adopted by the Valuer, ranging from 1.75% to 4.00%, which is lower than the lower end of the range of capitalisation rates adopted by the land developers in Hong Kong. From our discussion with the Valuer, the particular low end of the capitalisation rate was only adopted for properties situated in prime locations and characterized by excellent quality, indicating the lower risk associated with such properties, which is a standard approach for high quality properties. Specifically, a 1.75% rate was applied in one of the residential properties in Property B and a 2.00% was applied in one of the residential properties in Property C, we noted that both of these properties are situated in prime locations in Shenzhen and Hong Kong, providing quality amenities and featuring luxurious fittings and furnishings. Apart from these two properties, the capitalsation rates used were in line with the range of capitalisation rates adopted by the land developers in Hong Kong. Accordingly, we agree with the Valuer that the capitalisation rates adopted, hence the investment approach, was appropriate for the valuation of the properties.

We have considered other valuation methodologies, in particular, the cost approach, when assessing the fairness and reasonableness of the Considerations for cross-checking purposes. However, after having reviewed the nature of the properties, we found that they are primarily income-generating assets. The cost approach, which estimates the value based on the replacement cost of the company's assets, may not accurately capture the company's true value in this context. On the other hand, the investment approach, focusing on the income-generating potential of the company, and the market approach, considering the value of comparable companies in the market, are more suitable for capturing the value of these properties accurately. Accordingly, we are of the view that the cost approach is not applicable in this case.

6.1.4. Valuation assumptions

According to the Valuation Report, the valuation of the Properties was made on the assumption that (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 without the benefit of a deferred terms contract, leaseback, management agreement or any similar arrangement which would serve to affect the values of the Properties; (iii) the areas shown on the documents and official site plans handed by the Company to it are correct; and (iv) the Properties are free from encumbrances, restrictions and outgoings of an onerous nature which could affect the values.

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.

6.2. Section conclusion

With reference to the Board Letter, apart from the valuation of the Properties, Consideration B and Consideration C was determined after arm's length negotiations between the Company and the Purchaser B (for Transaction B) and Purchaser C (for Transaction C) on an arm's length basis taking into account of the aggregated consolidated NAV of Target Companies as at 30 November 2022 and the amount of Sale Loan B and Sale Loans C.

For our due diligence purpose, we have reviewed the management accounts of the Target Company B and Target Companies C. We noted that the aggregate of (i) the adjusted consolidated NAV of Target Company B of approximately HK$13,339,000 after adjusted for the latest valuation of Property B as at 31 March 2023 as determined by the Valuer, and (ii) the Sale Loan B of approximately HK$68,995,000, amounted to approximately HK$82,334,000, which represents an insignificant discount of 2.9% to Consideration B. In addition, we also noted that the aggregate of (i) the total adjusted consolidated unaudited NAV of Target Companies C of approximately HK$89,194,000, and (ii) the Sale Loans C of approximately HK$157,289,000 amounted to approximately HK$246,483,000, which represents a premium of 1.4% to Consideration C.

Given that (i) the Properties represent the principal assets of Target Company B and Target Companies C and hence the valuation of the Target Companies is mostly determined by the appraised value of the Property, and that we consider the Valuation Reports are appropriate reference for the valuation of the Properties upon our review; and (ii) the consideration of the Sale Loan B and Sale Loans C is equal to the face value of the sale loans on a dollar-for-dollar basis, we consider that both Consideration B and Consideration C are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

7. Financial effects of the Transactions

Upon completion of the transactions contemplated under SPA B and SPA C (the "**Completion**"), the Target Companies shall cease to be a subsidiary of the Company and the Company shall cease to have any interest in the Target Companies. As a result, the financial results of the Target Companies will cease to be consolidated into the financial statements of the Group.

The financial effects of the Transactions on the Group's earnings 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.

7.1. Earnings

As disclosed in the Board Letter, it is expected that the Group will record (i) an unaudited loss of approximately HK$2,334,000 upon completion of Transaction B, calculated based on the Consideration B of HK$80,000,000 less the consolidated adjusted NAV of Target Company B of HK$13,339,000 as at 31 December 2022 (on the assumption that the Reorganisation had taken place on 1 January 2021 and 1 January 2022 and adjusted for the latest valuation of Property B as at 31 March 2023 as determined by the Valuer) and the amount of Sale Loan B of HK$68,995,000 as at 31 December 2022; and (ii) an unaudited gain of approximately HK$3,517,000 upon the completion of Transaction C calculated based on the Consideration C of HK$250,000,000 less the aggregated adjusted consolidated unaudited NAV of the Target Companies C of approximately HK$89,194,000 as at 31 December 2022 (as adjusted for the latest valuation of Property C as at 31 March 2023 as determined by the Valuer) and the amount of Sale Loans C of HK$157,289,000 as at 31 December 2022.

The earnings of the Group will increase by an amount equivalent to such combined gain from Transactions. The final amount of the impact from the Transactions is subject to the review by the auditors of the Company.

7.2. NAV

Following completion of Transaction B, based on the financial information of the Company as at 31 December 2022 after adjusted for the latest valuation of Property B as at 31 March 2023 as determined by the Valuer, and without taking other factors into account, the total assets of the Group will decrease by approximately HK$17,566,000 as a result of the loss from Transaction B, the total liabilities of the Group will be reduced by the liabilities attributable to Target Company B and its subsidiaries in the amount of approximately HK$15,232,000 and the Group will record an unaudited loss from Transaction B.

Following the completion of Transaction C, based on the financial information of the Company as at 31 December 2022 after adjusted for the latest valuation of Property C as at 31 March 2023 as determined by the Valuer, and without taking other factors into account, the total assets of the Group will decrease by approximately HK$739,000 as a result of the gain from the Transaction C, and the total liabilities of the Group will be reduced by the liabilities attributable to the Target Companies C and their subsidiaries in the amount of approximately HK$4,256,000 and the Group will record an unaudited gain from Transaction C.

Save as the abovementioned, it is expected that the Transactions 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 an overall positive financial effect on the Group, having considered the reasons for and benefits of the Transaction and the fairness and reasonableness of the Considerations, we are of the view that the Transactions are 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 Transactions are entered into in 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 Transactions at the EGM. We also recommend the Independent Shareholders to vote in favour of the resolution(s) relating to the Transactions 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, 2022 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, 2022 published on 19th April, 2023 (pages 51 to 167):
https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0419/2023041900457.pdf

- Annual report of the Company for the year ended 31st December, 2021 published on 20th April, 2022 (pages 48 to 163):
https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0420/2022042000562.pdf

- 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

2. INDEBTEDNESS OF THE ENLARGED GROUP

As at the close of business on 30th April, 2023, being the latest practicable date for the purpose of ascertaining the indebtedness of the Enlarged Group prior to the printing of this circular, the Enlarged Group had an indebtedness of approximately HK$1,111,318,000, comprising:

(i) a loan from a related company of approximately HK$4,903,000 which is unguaranteed, unsecured, interest-free and repayable on demand;

(ii) a loan from a shareholder of approximately HK$112,053,000 which is unguaranteed, unsecured, interest-free and repayable on demand; and

(iii) borrowings of approximately HK$800,000,000 and interest accrued on the borrowings amounted to approximately HK$194,362,000 which were secured by charges over the investment properties held by Target Company A (including the lenders has the right over the rental income of the investment properties), all issued shares of Target Company A and an unlimited personal guarantee given by a director of Target Company A.

In addition, there was a second mortgage and a third mortgage on the investment properties of the Target Company A.

On 10th August, 2022, a company has initiated legal proceedings against the Target Company A claiming for break-up fee of HK$2,500,000 to the company and liable to pay a legal fee of US$139,824.22 (equivalent to HK$1,091,000) to the company's lawyer in connection with a term sheet for provision of a senior debt facility. The management of the Target Company A considered that the company did not perform the stated services in the term sheet and should not be required to pay the break-up fee. Taking into consideration of legal advice, it is considered that the pending litigation is still at an early stage and the outcome of the legal claim is not probable for the year ended 31st December, 2022.

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 30th April, 2023, the Enlarged Group did not have any (i) debt securities of the Enlarged Group issued and outstanding, and authorised or otherwise created but unissued, and (ii) term loans, other borrowings or indebtedness in the nature of borrowing of the Enlarged 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

Transaction A

Taking into account presently available financial resources including an external borrowing facility, internally generated cash flows, bank balances and cash and the cash flow impact of Transaction A, the Directors, after due and careful enquiry, are of the opinion that the working capital of the Enlarged 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.

Transaction B and Transaction C

Taking into account presently available financial resources including internally generated cash flows, bank balances and cash and the cash flow impact of Transaction B and Transaction C in aggregate, 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.

Transaction C

Taking into account presently available financial resources including internally generated cash flows, bank balances and cash and the cash flow impact of Transaction C, 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. With all COVID-19-related restrictions cancelled in Hong Kong, it is expected that there will be a rapid recovery in customer traffic in the Group's retail space in

Harbour Crystal Centre (portion) starting from the second quarter of 2023. The re-opening of borders with mainland China will also be a significant boost for business activities in Harbour Crystal Centre because of the property's proximity to the terminus for cross-border trains. The tourism industry also shows signs of gradual recovery in 2023 with over 600,000 travellers from Mainland China visiting Hong Kong shortly prior to and during "Golden Week" in late April 2023 to May 2023, based on the statistics issued by the Hong Kong Government.

The Company believes that the Hong Kong retail sector has already bottomed and will recover quickly in the second half of 2023. The Group will take advantage of this recovery for the retail segment by focusing its property portfolio on commercial properties with retail elements. As part of this focused strategy, the Company plans to diversify away from its non-core assets in residential and office properties in Hong Kong and mainland China.

A factor for negative risk to the business of the Group going forward in the remaining period of 2023 is the impact of rising interest rates, which has the potential effect of dampening business activity as well as capital values. However, the Company believes the long-term prospects for the Hong Kong economy – backed by the recovering mainland Chinese economy – remain healthy, and that the economic rebound from border openings and removal of COVID-19 restrictions will be substantial. The Company will continue to search for attractive real estate opportunities to add to its portfolio in line with its focus on the retail segment.

5. MANAGEMENT DISCUSSION AND ANALYSIS OF THE GROUP

Set out below is the management discussion and analysis of the Group's operations for the financial years ended 31st December, 2020, 2021 and 2022, which was extracted from the relevant sections in the annual reports of the Company for the financial years ended 31st December, 2020, 2021 and 2022, respectively. Capitalised terms used in this section shall have the same meanings as those defined in the respective annual reports of the Company. The disclosures below were prepared prior to the date of this circular and speak as of the date they were originally published, representing the opinion and beliefs made by the then Directors at such time when the relevant annual report was issued.

For the year ended 31st December, 2020

FINANCIAL RESULTS

The revenue of the Group for the year ended 31st December, 2020 was HK$51,251,000 (2019: HK$55,944,000), a decrease of HK$4,693,000 or 8.39% compared to the year before. The loss for the year amounted to HK$56,650,000 (2019: profit for the year of HK$58,014,000), representing a decrease of HK$114,664,000 from 2019. The decrease in profit for the year ended 31st December, 2020 was mainly the results of:

1. a share of loss of associates of HK$69,029,000 in current year compared with a share of profit of associates of HK$8,967,000 in last year; and

2. a fair value loss of investment properties of HK$32,635,000 in current year compared with a fair value gain of investment properties of HK$9,128,000 in last year.

Loss per share amounted to HK4.57 cents (2019: earnings per share of HK4.67 cents), while the net asset value per share was HK$3.50 as at 31st December, 2020 (2019: HK$3.57).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group's core businesses comprise property investment, property leasing and estate management in Hong Kong.

For the year ended 31st December, 2020, the Group's commercial properties situated at Harbour Crystal Centre recorded an average occupancy level of approximately 98%, but the performance of rental income was not so good as expected. Following the coronavirus pandemic in Hong Kong, retail business in Harbour Crystal Centre was seriously affected. As a result, the Group has granted rent concession in average around 50% of the original rents to some tenants depending on the trades and mandatory closure period of premises since January 2020 resulting a decrease in rental income from Harbour Crystal Centre.

In respect of the residential properties held by the associate (33.33% owned) situated at The Redhill Peninsula, 2 houses were sold and 5 houses were completed for the year ended 31st December, 2020 where 3 houses will be completed in 2021. The remaining 31 houses are being launched for lease and sale in batches in the year of 2021.

The Group's industrial properties situated at Ap Lei Chau, Hong Kong, the Harbour Industrial Centre and the Oceanic Industrial Centre held by the associate (33.33% owned) recorded an average occupancy level of approximately 58% and the rental income was performed moderately.

For the year ended 31st December, 2020, the Group did not have any significant investment nor future plans for material investments or capital assets.

Financial Review

Group Assets and Charges

The total assets of the Group have decreased from HK$4,658,964,000 last year to HK$4,544,502,000 in this year. The net assets of the Group have decreased from HK$4,436,589,000 to HK$4,345,919,000. At 31st December, 2020, no investment properties of the Group in Hong Kong (2019: Nil) were pledged as security for banking facilities. The Group has no bank loan, but will undergo a discussion with the bank for the renewal of banking facilities and the bank has agreed to provide banking facilities if necessary.

Group Financial Position, Liquidity and Financial Resources

The total liabilities of the Group have decreased from HK$222,375,000 as at 31st December, 2019 to HK$198,583,000 as at 31st December, 2020. The Group had cash and bank balances of HK$186,175,000 as at 31st December, 2020 (2019: HK$217,031,000). The ratio of total liabilities to total assets was approximately 4.37% (2019: 4.77%). As at 31st December, 2020, the Group had no bank loans (2019: Nil) and the total equity was HK$4,345,919,000 (2019: HK$4,436,589,000).

As at 31st December, 2020, the current assets of the Group, amounting to HK$445,823,000 (2019: HK$365,512,000), exceeded its current liabilities by HK$414,089,000 (2019: HK$313,230,000).

For the year ended 31st December, 2020, the Group had no material exposure to fluctuations in exchange rates and no related hedges and there were no contingent liabilities.

Financial/Operational Key Performance Indicators

*Key Performance Indicators (“**KPIs**”)*

For the year of 2020, the Group set the following operational KPIs to maintain high competitiveness:

(1) For the investment properties managed by the Group, our aim is to maintain the same as last year in the total rental income.

(2) For the sale of The Redhill Peninsula Project held by the associate (33.33% owned), our aim is to sell one house quarterly.

Having reviewed the annual performance, these KPIs cannot be achieved due to the coronavirus outbreak. The Group will keep updating its operational KPIs and sale/leasing strategy to adapt the market changes.

Future Likely Development

Objectives for 2021 are as follows:

(1) We will continue to improve our 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.

(2) We will be more proactive in forming the strategy for the sale and leasing of the remaining houses in The Redhill Peninsula held by the associate (33.33% owned).

(3) We will review our management system and cost structure so as to improve efficiency and reduce expenses where possible.

(4) We will consider gearing up our projects in a responsible manner in order to increase our return on equity.

Business Outlook

We expect the effects of the COVID-19 pandemic will significantly dampen the demand for the Group’s retail space in Harbour Crystal Centre (portion) for much of 2021 as travel restrictions are expected to be in place for some time. The major negative impact will be on the depressed number of visitors from the mainland, who historically have been a key target of our retail tenants.

The roll-out of the vaccine programme should help stabilise the retail business by the summer, and we are hopeful that there will be some relaxation of travel restrictions at least with mainland China. In the meantime, the Company will continue to work with our retail occupants to restructure lease terms and offer rental concessions as needed.

The residential market has seen early signs of recovering due to pent-up demand and hopes of a post-COVID economic recovery. There have been several new luxury residential developments that have had successful launches and we expect the relative value offered by the Group's joint venture project Redhill Peninsula will attract more site inspections by potential buyers. The key to more sales, however, will still be the relaxation of travel restrictions as most of our buyers have strong links to the mainland.

We are aware that the current difficult trading environment may well result in some attractive investment opportunities. The Group will continue to actively evaluate these opportunities as potential acquisitions for long-term holdings.

EMPLOYEES

As at 31st December, 2020, the Group, excluding associated companies, employed 29 (2019: 30) persons, all (2019: all) were employed in Hong Kong. The Group maintains a policy of paying competitive remuneration packages and employees are also rewarded on performance related basis including salary and bonus. Details of the Directors' and employees' emoluments in the Group for the year ended 31st December, 2020 are set out in notes 10 and 11 to the consolidated financial statements. Details of the remuneration policy of the Directors are set out in the "Remuneration Committee" section contained in the Corporate Governance Report on page 22.

In addition to basic salaries, employees in Hong Kong are provided with medical insurance and some of them are included under a defined contribution provident fund scheme and mandatory provident fund scheme.

For the year ended 31st December, 2021

FINANCIAL RESULTS

The revenue of the Group for the year ended 31st December, 2021 was HK$38,166,000 (2020: HK$51,251,000), a decrease of HK$13,085,000 or 25.53% compared to the year before. The loss for the year amounted to HK$1,563,052,000 (2020: loss for the year of HK$56,650,000), representing an increase of HK$1,506,402,000 from 2020. Some material items for the increase in loss for the year ended 31st December, 2021 are as follows:

1. a loss on disposal of a subsidiary of approximately HK$1,467,958,000, which constituted a material disposal of the Company during the year and details of which could be referred to at the section headed "Management Discussion and Analysis – Material Acquisitions and Disposals";

2. an impairment loss on loan and interest receivable of HK$74,370,000 in current year as compared with an impairment losses of HK$4,551,000 in last year. This impairment loss in current year is mainly caused by the default of a senior note issued

by an independent listed group in Hong Kong, of which the Group has subscribed for investment purpose in 2018; and

3. a share of loss of associates of HK$907,000 in current year as compared with a share of loss of associates of HK$69,029,000 in last year.

Loss per share amounted to HK125.98 cents (2020: loss per share of HK4.57 cents), while the net asset value per share was HK$1.29 as at 31st December, 2021 (2020: HK$3.50).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group's core businesses comprise property investment, property leasing and estate management in Hong Kong.

For the year ended 31st December, 2021, the Group's commercial properties situated at Harbour Crystal Centre recorded an average occupancy level of approximately 96%, but the performance of rental income was not so good as expected. Following the coronavirus pandemic in Hong Kong, retail business in Harbour Crystal Centre was seriously affected. As a result, the Group has granted rent concession in average around 40% of the original rents to some tenants depending on the trades and mandatory closure period of premises in the year 2021 resulting a decrease in rental income from Harbour Crystal Centre.

In October 2021, the Group disposed all properties held by the associates of the Group in Hong Kong. In respect of the residential properties held by the associate (33.33% owned) situated at The Redhill Peninsula, 2 houses were sold and also 2 houses were completed during the ten months period held by the associates of the Group. For the Group's industrial properties situated at Ap Lei Chau, Hong Kong, the Harbour Industrial Centre and the Oceanic Industrial Centre held by the associate (33.33% owned) recorded an average occupancy level of approximately 50% and the rental income was performed moderately during the ten months period held by the associates of the Group.

For the year ended 31st December, 2021, the Group did not have any significant investment nor future plans for material investments or capital assets.

Financial Review

Group Assets and Charges

The total assets of the Group have decreased from HK$4,544,502,000 last year to HK$1,791,326,000 in this year. The net assets of the Group have decreased from HK$4,345,919,000 to HK$1,605,421,000. At 31st December, 2021, no investment properties of the Group in Hong Kong (2020: Nil) were pledged as security for banking facilities. The Group has no bank loan, but will undergo a discussion with the bank for the renewal of banking facilities and the bank has agreed to provide banking facilities if necessary.

Group Financial Position, Liquidity and Financial Resources

The total liabilities of the Group have decreased from HK$198,583,000 as at 31st December, 2020 to HK$185,905,000 as at 31st December, 2021. The Group had cash and bank balances of HK$119,853,000 as at 31st December, 2021 (2020: HK$186,175,000). The ratio of total liabilities to total assets was approximately 10.38% (2020: 4.37%), such increase was due to a significant decrease in the total assets caused by the 2021 Disposal (as defined hereunder) and the declaration of the special dividend.

As at 31st December, 2021, the Group had no bank loans (2020: Nil) and the total equity was HK$1,605,421,000 (2020: HK$4,345,919,000). As at 31st December, 2021, the current assets of the Group, amounting to HK$269,058,000 (2020: HK$445,823,000), exceeded its current liabilities by HK$246,861,000 (2020: HK$414,089,000).

For the year ended 31st December, 2021, the Group had no material exposure to fluctuations in exchange rates and no related hedges and there were no contingent liabilities.

Material Acquisitions and Disposals

During the year, the Company through the disposal ("**2021 Disposal**") of the entire issued share capital and shareholder's loan of a wholly-owned subsidiary of the Company, at the consideration of HK$1,080,000,000, to a direct wholly-owned subsidiary of Tian An China Investments Company Limited, disposed its interests in associates (such associates being private companies incorporated in Hong Kong). Further details of the 2021 Disposal are disclosed in the announcement of the Company dated 2nd August, 2021 and in note 8 to the consolidated financial statements.

Save as disclosed above, there were no material acquisitions or disposals of subsidiaries, associates or joint ventures during the year and up to the date of this Annual Report.

Event after the Reporting Date

There were no material events after the reporting date.

Financial/Operational Key Performance Indicators

*Key Performance Indicators ("**KPIs**")*

For the year of 2021, the Group set the following operational KPIs to maintain high competitiveness:

(1) For the investment properties managed by the Group, our aim is to maintain the same as last year in the total rental income.

Having reviewed the annual performance, these KPIs cannot be achieved due to the coronavirus outbreak. The Group will keep updating its operational KPIs and sale/leasing strategy to adapt the market changes.

Future Likely Development

Objectives for 2022 are as follows:

(1) We will continue to improve our 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.

(2) We will review our management system and cost structure so as to improve efficiency and reduce expenses where possible.

(3) We will consider gearing up our projects in a responsible manner in order to increase our return on equity.

Business Outlook

We expect the dramatic rise in COVID-19 cases in Hong Kong will drag on our business performance. The largest negative effect will be on the Group's retail space in Harbour Crystal Centre (portion), where tenants in the hospitality industry will continue to suffer from government restrictions. It also appears that the borders with mainland China will not fully re-open for some time, which given the location of the Harbour Crystal Centre near the train station, will cause our shopper numbers to seriously suffer.

Due to the greater uncertainty in the local economy, the office leasing market will also continue to show weak demand. We expect the Group's office space in Billion Centre to lease at lower rates than previously.

Overall, we remain positive on the business prospects for Hong Kong longer term. Given the rapidly increasing COVID-19 vaccination rate locally, we foresee normal international travel to resume and borders with mainland China to reopen by year end, which we are hopeful will also result in better trading conditions for the Group. In the meantime, some particularly attractive opportunities to add to our portfolio may become available.

EMPLOYEES

As at 31st December, 2021, the Group employed 30 (2020: 29) persons, all (2020: all) were employed in Hong Kong. The Group maintains a policy of paying competitive remuneration packages and employees are also rewarded on performance related basis including salary and bonus. Details of the Directors' and employees' emoluments in the Group for the year ended 31st December, 2021 are set out in notes 11 and 12 to the consolidated financial statements. Details of the remuneration policy of the Directors are set out in the "Remuneration Committee" section contained in the Corporate Governance Report on page 21.

In addition to basic salaries, employees in Hong Kong are provided with medical insurance and some of them are included under a defined contribution provident fund scheme and mandatory provident fund scheme.

For the year ended 31st December, 2022

FINANCIAL RESULTS

The revenue of the Group for the year ended 31st December, 2022 was HK$38,379,000 (2021: HK$38,166,000), an increase of HK$213,000 or 0.56% compared to the year before. The loss for the year amounted to HK$43,701,000 (2021: loss for the year of HK$1,563,052,000), representing a decrease of HK$1,519,351,000 from 2021. The primarily items for the decrease in loss for the year ended 31st December, 2022 are as follows:

1. an impairment loss on loan and interest receivables of HK$22,691,000 in current year as compared with an impairment loss of HK$74,370,000 in last year. These impairment losses in both years are mainly caused by the default of a senior note issued by an independent listed group in Hong Kong, of which the Group has subscribed for investment purpose in 2018; and

2. the absence of a loss on disposal of a subsidiary of approximately HK$1,467,958,000 which was completed in October 2021.

Loss per share amounted to HK3.52 cents (2021: loss per share of HK125.98 cents), while the net asset value per share was HK$1.25 as at 31st December, 2022 (2021: HK$1.29).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group's core businesses comprise property investment, property leasing and estate management in Hong Kong.

For the year ended 31st December, 2022, the Group's commercial properties situated at Harbour Crystal Centre recorded an average occupancy level of approximately 87%, but the performance of rental income was not so good as expected.

During the fifth wave of COVID-19 in Hong Kong starting in early 2022, retail business in Harbour Crystal Centre was seriously affected due to the mandatory closure or restrictions of designated retail premises adopted by the Government. As a result, the Group has granted rent concession to some tenants depending on the trades during the period resulting a decrease in rental income from Harbour Crystal Centre. Following the relaxation of social distancing measures in late 2022, the said concession granted was minimal and the rental income was getting increased.

The Group's office spaces in Billion Centre and some strata residential apartments recorded 90% and 89% occupancy rate respectively for the year ended 2022.

For the year ended 31st December, 2022, the Group did not have any significant investment nor future plans for material investments or capital assets.

Financial Review

Group Assets and Charges

The total assets of the Group have decreased from HK$1,791,326,000 last year to HK$1,741,114,000 in this year. The net assets of the Group have decreased from HK$1,605,421,000 to HK$1,554,105,000. At 31st December, 2022, no investment properties of the Group in Hong Kong (2021: HK$ Nil) were pledged as security for banking facilities. The Group has no bank loan, but will undergo a discussion with the bank for the renewal of banking facilities and the bank has agreed to provide banking facilities if necessary.

Group Financial Position, Liquidity and Financial Resources

The total liabilities of the Group have increased from HK$185,905,000 as at 31st December, 2021 to HK$187,009,000 as at 31st December, 2022. The Group had cash and bank balances of HK$147,668,000 as at 31st December, 2022 (2021: HK$119,853,000) which were mainly denominated in Hong Kong dollars. The ratio of total liabilities to total assets was approximately 10.74% (2021: 10.38%). As at 31st December, 2022, the Group had no bank loans (2021: Nil) and the total equity was HK$1,554,105,000 (2021: HK$1,605,421,000).

As at 31st December, 2022, the current assets of the Group, amounting to HK$288,057,000 (2021: HK$269,058,000), exceeded its current liabilities by HK$262,088,000 (2021: HK$246,861,000).

For the year ended 31st December, 2022, the Group had no material exposure to fluctuations in exchange rates and no related hedges and there were no contingent liabilities.

Events after the Reporting Period

Details regarding events after the reporting period are set out in note 34 to the consolidated financial information.

Financial/Operational Key Performance Indicators

*Key Performance Indicators (“**KPIs**”)*

For the year of 2022, the Group set the following operational KPIs to maintain high competitiveness:

(1) For the investment properties managed by the Group, our aim is to maintain the same as last year in the total rental income.

Having reviewed the annual performance, these KPIs had been achieved. The Group will keep updating its operational KPIs and sale/leasing strategy to adapt the market changes.

Future Likely Development

Objectives for 2023 are as follows:

(1) We will continue to improve our 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.

(2) We will review our management system and cost structure so as to improve efficiency and reduce expenses where possible.

(3) We will consider gearing up our projects in a responsible manner in order to increase our return on equity.

Business Outlook

With all COVID-19-related restrictions cancelled in Hong Kong, we expect a rapid recovery in customer traffic in the Group's retail space in Harbour Crystal Centre (portion). The re-opening of borders with mainland China will also be a significant boost for business activity in Harbour Crystal Centre because of the property's proximity to the terminus for cross-border trains.

We believe the Hong Kong retail sector has already bottomed and will recover quickly. The Group will take advantage of this recovery for the retail segment by focusing our property portfolio on commercial properties with retail elements. As part of this focused strategy, we plan to diversify away from our non-core assets in residential and office properties in Hong Kong and mainland China.

A factor for negative risk to our business going forward is the impact of rising interest rates, which has the potential effect of dampening business activity as well as capital values. However, we believe the long-term prospects for the Hong Kong economy – backed by the recovering mainland Chinese economy – remain healthy, and that the economic rebound from border openings and removal of COVID-19 restrictions will be substantial. We will continue to search for attractive real estate opportunities to add to our portfolio in line with our focus on the retail segment.

EMPLOYEES

As at 31st December, 2022, the Group employed 34 (2021: 30) persons, all (2021: all) were employed in Hong Kong. The Group maintains a policy of paying competitive remuneration packages and employees are also rewarded on performance related basis including salary and bonus. Details of the Directors' emoluments and employees' and senior management's emoluments in the Group for the year ended 31st December, 2022 are set out in notes 11 and 12 to the consolidated financial statements. Details of the remuneration policy of the Directors are set out in the "Remuneration Committee" section contained in the Corporate Governance Report on page 21.

In addition to basic salaries, full-time employees in Hong Kong are provided with medical insurance and mandatory provident fund scheme.

The following is the text of a report in relation to Target Company A received from the independent reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, for the purpose of inclusion in this circular.

Deloitte. 德勤

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF BOOST INVESTMENTS LIMITED TO THE DIRECTORS OF ASIASEC PROPERTIES LIMITED

Introduction

We are engaged to report on the historical financial information of Boost Investments Limited (the "Target Company A") set out on pages 75 to 101, which comprises the statements of financial position of the Target Company A as at 31 December 2020, 2021 and 2022, and the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows of the Target Company A for each of the three years ended 31 December 2022 (the "Track Record Period") and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages 75 to 101 forms an integral part of this report, which has been prepared for inclusion in the circular of Asiasec Properties Limited (the "Company") dated 10 June 2023 (the "Circular") in connection with the proposed very substantial acquisition of the entire issued share capital of the Target Company A.

Responsibilities of the directors of the Target Company A and the Company for the Historical Financial Information

The directors of the Target Company A are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 1B to the Historical Financial Information, and for such internal control as the directors of the Target Company A determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

The directors of the Company are responsible for the contents of this Circular in which the Historical Financial Information is included, and such information is prepared based on accounting policies materially consistent with those of the Company.

Reporting accountants' responsibility

Our responsibility is to conduct our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and to report to you. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate evidence to provide a basis for an opinion on the Historical Financial Information.

We complied with ethical standards as required by this standard.

Disclaimer of Opinion on the Historical Financial Information

We do not express an opinion on the Historical Financial Information. Because of the significance of the matters described in the "Basis for Disclaimer of Opinion on the Historical Financial Information" section of our report, we have not been able to obtain sufficient appropriate evidence to provide a basis for an opinion on the Historical Financial Information.

Basis for Disclaimer of Opinion on the Historical Financial Information

The scope of our work was limited as described below.

(1) As set out in note 1B to the Historical Financial Information, the Historical Financial Information of the Target Company A was prepared on the going concern basis. The statutory auditor of Historical Financial Statements as defined on page 80 (the "Target Company A's auditor") disclaimed its opinion on the financial statements of Target Company A for the years ended 31 December 2021 and 2022, since, among others, the auditor was unable to obtain sufficient appropriate audit evidence about the Company's ability to generate future sufficient cash flows to support the going concern basis of accounting in preparation of the financial statements of the Target Company A for the years ended 31 December 2021 and 2022.

We were unable to carry out the procedures we considered necessary to assess the impact of the matter described on the financial statements of Target Company A for the years ended 31 December 2021 and 2022 to form a basis for an opinion on the Historical Financial Information. We were also unable to determine whether any adjustments might have been found necessary in respect of the Historical Financial Information.

(2) The Target Company A's auditor disclaimed its opinion on the financial statements of Target Company A for the year ended 31 December 2021, since, among others, the auditor was unable to obtain a valuation report to determine the fair value of investment properties amounted to HK$2,700,000,000 as stated in the statement of financial position of Target Company A as at 31 December 2021. As set out in the audited financial statements of Target Company A for the year ended 31 December 2022, there is a prior year adjustment in relation to the fair value of investment properties as at 31 December 2021 to HK$1,550,800,000.

In the preparation of the Historical Financial Information, we did not have access to the working papers of the Target Company A's auditor and we were also unable to assess the valuation of investment properties as at 31 December 2020, 2021 and 2022 as recorded in the Historical Financial Statements, including the competency, capabilities and objectivity of Colliers International (Hong Kong) Limited, the valuer engaged by the Target Company A for the preparation of the financial statements of the Target Company A for the year ended 31 December 2020, and Dudley Surveyors Limited, the valuers engaged by the Target Company A for the preparation of the financial statements of the Target Company A for the years ended 31 December 2021 and 2022, the valuation process and methodology, the significant assumptions adopted, critical judgmental areas and key inputs used in the valuation. Consequently, we were unable to obtain sufficient appropriate evidence to assess whether the investment properties as at 31 December 2020, 2021 and 2022 amounted to HK$2,700,000,000, HK$1,550,800,000 and HK$1,356,900,000, respectively, as stated in the Historical Financial Information are free from material misstatement. Given that lack of the reliable information in respect to the valuation of investment properties as at 31 December 2020, 2021 and 2022, we were unable to determine whether any adjustments might have been found necessary in respect of the investment properties as at 31 December 2020, 2021 and 2022 as stated in the Historical Financial Information, any of the elements making up the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for each of the three years ended 31 December 2022 as well as the related disclosures as set out in notes to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

The Historical Financial Information is stated after making such adjustments to the Historical Financial Statements as defined on page 80 as were considered necessary.

Dividends

No dividend is declared or paid by the Target Company A in respect of the Track Record Period.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
10 June 2023

HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The Historical Financial Information in this report was prepared based on previously issued financial statements of the Target Company A for the Track Record Period. The previously issued financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA and were audited by Morison Heng CPA Limited, Certified Public Accountants registered in Hong Kong, in accordance with Hong Kong Standards on Auditing issued by HKICPA ("Historical Financial Statements") of which the details of the audit opinions are set out in note 1B.

The Historical Financial Information is presented in Hong Kong dollars ("HK$").

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December		
		2020	**2021**	**2022**
	NOTES	*HK$*	*HK$*	*HK$*
Revenue	*5*	3,600,000	3,600,000	3,600,000
Other income	*6*	164,597	153,728	3,422,162
Rent and rates		(1,833,998)	(1,915,633)	(1,850,087)
Building management fees		(416,486)	(416,486)	(416,486)
Depreciation and amortisation		(2,401)	(1,570)	(1,309)
Repairs and maintenance		(265,619)	(257,500)	(524,250)
Other expenses		(3,461,545)	(20,483,421)	(3,815,091)
Operating (loss) profit		(2,215,452)	(19,320,882)	414,939
Increase (decrease) in fair value of investment properties		681,154,609	(1,151,264,385)	(196,010,000)
Finance costs	*7*	(60,512,744)	(96,408,519)	(144,474,713)
Profit (loss) before tax		618,426,413	(1,266,993,786)	(340,069,774)
Income tax expense	*8*	–	–	–
Profit (loss) and total comprehensive income (expense) for the year	*9*	618,426,413	(1,266,993,786)	(340,069,774)

STATEMENTS OF FINANCIAL POSITION

		As at 31 December		
		2020	2021	2022
	NOTES	*HK$*	*HK$*	*HK$*
Non-current assets				
Plant and equipment	*12*	2,879	1,309	–
Investment properties	*13*	2,700,000,000	1,550,800,000	1,356,900,000
		2,700,002,879	1,550,801,309	1,356,900,000
Current assets				
Deposits, prepayments and other receivables	*14*	5,407,982	1,167,950	2,959,922
Amount due from a related company	*15*	–	3,262,026	–
Pledged bank deposits	*16*	13,171,869	–	–
Bank balances and cash	*16*	8,046,728	2,736,591	3,852
		26,626,579	7,166,567	2,963,774
Current liabilities				
Accruals and other payables	*17*	14,840,463	23,007,963	160,435,600
Amount due to a related company	*15*	–	–	4,538,035
Amount due to a shareholder	*18*	115,535,783	112,053,167	112,053,167
Borrowings	*19*	706,352,680	800,000,000	800,000,000
		836,728,926	935,061,130	1,077,026,802
Net assets		1,889,900,532	622,906,746	282,836,972
Capital and reserves				
Share capital	*20*	2	2	2
Retained earnings		1,889,900,530	622,906,744	282,836,970
Total equity		1,889,900,532	622,906,746	282,836,972

STATEMENTS OF CHANGES IN EQUITY

	Share capital	Retained earnings	Total
	HK$	*HK$*	*HK$*
At 1 January 2020	2	1,271,474,117	1,271,474,119
Profit and total comprehensive income for the year	–	618,426,413	618,426,413
At 31 December 2020	2	1,889,900,530	1,889,900,532
Loss and total comprehensive expense for the year	–	(1,266,993,786)	(1,266,993,786)
At 31 December 2021	2	622,906,744	622,906,746
Loss and total comprehensive expense for the year	–	(340,069,774)	(340,069,774)
At 31 December 2022	2	282,836,970	282,836,972

STATEMENTS OF CASH FLOWS

	Year ended 31 December 2020 HK$	2021 HK$	2022 HK$
OPERATING ACTIVITIES			
Profit (loss) before tax	618,426,413	(1,266,993,786)	(340,069,774)
Adjustments for:			
Depreciation of plant and equipment	2,401	1,570	1,309
Finance costs	60,512,744	96,408,519	144,474,713
Interest income	(80,597)	(728)	–
Reversal of accruals and other payables	–	–	(598,389)
(Increase) decrease in fair value of investment properties	(681,154,609)	1,151,264,385	196,010,000
Operating cashflow before movements in working capital	(2,293,648)	(19,320,040)	(182,141)
(Increase) decrease in deposits, prepayments and other receivables	(2,155,033)	4,240,032	(1,791,972)
(Decrease) increase in accruals and other payables	(641,709)	(4,324,013)	10,594,473
Cash (used in) generated from operations	(5,090,390)	(19,404,021)	8,620,360
Income tax paid	–	–	–
NET CASH (USED IN) FROM OPERATING ACTIVITIES	(5,090,390)	(19,404,021)	8,620,360
INVESTING ACTIVITIES			
Bank interest received	–	728	–
Additions for investment properties	(4,645,391)	(2,064,385)	(9,153,160)
Repayment from a shareholder	92,625,458	–	–
Repayment from a related company	–	–	3,262,026
Advance to a related company	–	(3,262,026)	–
Withdrawal of pledged bank deposits	–	13,171,869	–
NET CASH FROM (USED IN) INVESTING ACTIVITIES	87,980,067	7,846,186	(5,891,134)
FINANCING ACTIVITIES			
Interest paid	(60,739,216)	(83,917,006)	(10,000,000)
Additions of other loans	–	800,000,000	–
Repayment of bank loans	(180,000,000)	(656,435,000)	–
Advance from a shareholder	115,535,783	–	–
Repayment to a shareholder	–	(3,482,616)	–
Advance from a related company	–	–	4,538,035
Additions of bank overdrafts	49,917,680	–	–
Repayment of bank overdrafts	–	(49,917,680)	–
NET CASH (USED IN) FROM FINANCING ACTIVITIES	(75,285,753)	6,247,698	(5,461,965)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	7,603,924	(5,310,137)	(2,732,739)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	442,804	8,046,728	2,736,591
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash	8,046,728	2,736,591	3,852

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1A. GENERAL INFORMATION

The Target Company A is a private limited company incorporated in Hong Kong and wholly owned by Claude Associates Limited. The addresses of the registered office which is also the principal place of business of the Target Company A is 14th Floor, Wheelock House, 20 Pedder Street, Central, Hong Kong.

The principal activities of the Target Company A is property investment and property leasing.

The Historical Financial Information has been prepared in HK$, which is also the functional currency of the Target Company A.

1B. BASIS OF PREPARATION OF HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information has been prepared based on the accounting policies set out in note 3 in accordance with HKFRSs. In addition, the Historical Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The Historical Financial Information does not constitute the Target Company A's statutory annual financial statements for either of the financial years ended 31 December 2020, 2021 or 2022 (together, "Historical Financial Statements"), but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

As the Target Company A is a private company, the Target Company A is not required to deliver its financial statements to the Registrar of Companies, and has not done so.

The Target Company A's auditor, has reported on these financial statements for all three years. The independent auditor's report on the financial statements of Target Company A for the year ended 31 December 2020 was unqualified, did not include a reference to any matters to which the auditor drew attention by way of emphasis; and did not contain a statement under either sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

The Target Company A has restatement of audited figures of the Target Company A for the year ended 31 December 2021 in the audited financial statements of the Target Company A for the year ended 31 December 2022. The restatement of 2021 audited figures are related to the fair value of the investment properties of the Target Company A based on the valuation report of the investment properties issued by an independent valuer to the Target Company A dated 13 April 2023 for both fair value of the investment properties as at 31 December 2021 and 2022. Therefore, the Historical Financial Information for the year ended 31 December 2021 are extracted from the restated comparative figures of the Target Company A as contained in the audited financial statements of the Target Company A for the year ended 31 December 2022.

The Target Company A's auditor disclaimed its opinion and stated a statement under section 407(2) and 407(3) of the Hong Kong Companies Ordinance in its independent auditor's report on the financial statements of Target Company A for the year ended 31 December 2021, since the auditor was unable to obtain sufficient appropriate audit evidence about (a) the fair value of investment properties (stated at fair value of HK$2,700,000,000 in the statement of financial position of Target Company A) as at 31 December 2021 and (b) the Company's ability to generate future sufficient cash flows to support the going concern basis of accounting in preparation of the financial statements of the Target Company A for the year ended 31 December 2021. The independent auditor's report did not include a reference to any matters to which the auditor drew attention by way of emphasis; and did not contain a statement under section 406(2) of the Hong Kong Companies Ordinance.

The Target Company A's auditor disclaimed its opinion and stated a statement under section 407(2) and 407(3) of the Hong Kong Companies Ordinance in its independent auditor's report on the financial statements of Target Company A for the year ended 31 December 2022, since the auditor was unable to obtain sufficient appropriate audit evidence about the Company's ability to generate future sufficient cash flows to support the going concern basis of accounting in preparation of the financial statements of the Target Company A for the year ended 31 December 2022. The independent auditor's report did not include a reference to any matters to which the auditor drew attention by way of emphasis; and did not contain a statement under section 406(2) of the Hong Kong Companies Ordinance.

As at 31 December 2020, 2021 and 2022, the Target Company A's current liabilities exceeded its current assets by HK$810,102,347, HK$927,894,563 and HK$1,074,063,028, respectively. In addition, the secured other loans were in default under the facility agreement dated 26 November 2021 and the lenders become the mortgagees in possession of the assets of Target Company A. The Historical Financial Information has been prepared on the basis that the Target Company A continues as a going concern, which is dependent upon the Target Company A continuing to achieve profitable operations in order to generate sufficient cash flows to meet its liabilities and obligations as they fall due in the foreseeable future. However, should the cash flow generated by the Target Company A in the future is insufficient, the Target Company A may be unable to operate on a going concern, in which case adjustments might have to be made to write down the carrying values of the Company's assets to their recoverable amounts, to reclassify its non-current assets or non-current liabilities as current assets and current liabilities respectively, or to make provision for any contractual commitments that have become onerous, where appropriate.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

For the purpose of preparing the Historical Financial Information for the Track Record Period, the Target Company A has consistently applied the accounting policies in accordance with HKFRSs, which are effective for the Company's accounting period beginning on 1 January 2022 throughout the Track Record Period.

At the date of this report, the Target Company A has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendment to HKFRS 16	Lease Liability in a Sale and Leaseback[3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[3]
Amendments to HKAS 1	Non-current Liabilities with Covenants[3]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to HKAS 8	Definition of Accounting Estimates[1]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1]

1 Effective for annual periods beginning on or after 1 January 2023.
2 Effective for annual periods beginning on or after a date to be determined.
3 Effective for annual periods beginning on or after 1 January 2024.

The directors of the Target Company A anticipate that the application of all new and amendments to HKFRSs will have no material impact on the Target Company A's financial position and financial performance in the foreseeable future.

3. SIGNIFICANT ACCOUNTING POLICIES

The Historical Financial Information has been prepared on the historical cost basis except for the investment properties that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Target Company A takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the Historical Financial Information is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are accounted for in accordance with HKFRS 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 *Inventories* or value in use in HKAS 36 *Impairment of Assets*.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For investment properties which are transacted at fair value and a valuation technique that unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The significant accounting policies are set out below.

Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application of HKFRS 16 or arising from business combinations, the Target Company A assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Target Company A as a lessor

Classification and measurement of leases

Leases for which the Target Company A is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term except for investment properties measured under fair value model.

Rental income which are derived from the Target Company A's ordinary course of business are presented as revenue.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit (loss) before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Target Company A's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantially enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Target Company A expects, at the end of each reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale, which is always presumed to be recovered entirely through sale.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in the profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Plant and equipment

Plant and equipment are tangible assets that are held for use in the production or supply of goods and services, or for administrative purposes. Plant and equipment are stated in the statements of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Investment Properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at fair value, adjusted to exclude any prepaid or accrued operating lease income.

Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise. An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Cash and cash equivalents

Bank balances and cash presented on the statements of financial position include cash, which comprises of cash on hand and demand deposits.

For the purposes of the statements of cash flows, cash and cash equivalents consist of bank balances and cash as defined above.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the Track Record Period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

Impairment of financial assets subject to impairment assessment under HKFRS 9

The Target Company A performs impairment assessment under expected credit loss ("ECL") model on financial assets (including deposits, other receivables, amount due from a related company, pledged bank deposits and bank balances) which are subject to impairment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Target Company A's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Target Company A measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Target Company A recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Target Company A compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Target Company A considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Target Company A presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Target Company A has reasonable and supportable information that demonstrates otherwise.

The Target Company A regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Target Company A considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Target Company A, in full (without taking into account any collaterals held by the Target Company A).

Irrespective of the above, the Target Company A considers that default has occurred when a financial asset is more than 90 days past due unless the Target Company A has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(iv) Write-off policy

The Target Company A writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over one year past due. Financial assets written off may still be subject to enforcement activities under the Target Company A's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Target Company A in accordance with the contract and the cash flows that the Target Company A expects to receive, discounted at the effective interest rate determined at initial recognition.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Target Company A recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount.

Derecognition of financial assets

The Target Company A derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Target Company A after deducting all of its liabilities. Equity instruments issued by the Target Company A are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Financial liabilities at amortised cost

Financial liabilities including other payables, amount(s) due to a related company and a shareholder and borrowings are subsequently measured at amortised cost, using the effective interest rate method.

Derecognition of financial liabilities

The Target Company A derecognises financial liabilities when, and only when, the Target Company A's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Provisions

Provisions are recognised when the Target Company A has a present obligation (legal or constructive) as a result of a past event, it is probable that the Target Company A will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Contingent liabilities

A contingent liability is a present obligation arising from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Where the Target Company A is jointly and severally liable for an obligation, the part of the obligation that is expected to be met by other parties is treated as a contingent liability and it is not recognised in the Historical Financial Information.

The Target Company A assesses continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognised in the Historical Financial Information in each reporting period in which the change in probability occurs, except in the extremely rare circumstances where no reliable estimate can be made.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Target Company A's accounting policies, which are described in note 3, the directors of the Target Company A are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year.

Fair values of investment properties

Investment properties are stated at fair value based on the valuation performed by independent professional valuers. The determination of the fair value involves certain assumptions of market conditions which are set out in note 13.

In relying on the valuation report, the management of the Target Company A have exercised their judgment and are satisfied that the method of valuation is reflective of the current market conditions. Whilst the Target Company A considers valuations of the Target Company A's investment properties are the best estimates, the COVID-19 pandemic has resulted in greater market volatility depending on how the COVID-19 pandemic may progress and evolve which have led to higher degree of uncertainties in respect of the valuations for the years ended 31 December 2020 and 2021. Changes to these assumptions, including the potential risk of any unexpected incidents as a result of change in macroeconomic environment, travel restrictions implemented by many countries, increased complexity in international trade tensions geopolitics, changes in policy direction and/ or mortgage requirements, or other unexpected incidents would result in changes in the fair values of the Target Company A's investment properties and the corresponding adjustments to the amount of gain or loss reported in the statement of profit or loss and other comprehensive income.

The carrying amount of the Target Company A's investment properties is HK$2,700,000,000, HK$1,550,800,000 and HK$1,356,900,000 as at 31 December 2020, 2021 and 2022, respectively.

Note 13 provide detailed information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of the investment properties.

5. REVENUE INFORMATION

The Target Company A is engaged in property investment. Revenue recognised during the Track Record Period is as follows:

	2020	**2021**	**2022**
	HK$	*HK$*	*HK$*
Leasing income of carparks	3,600,000	3,600,000	3,600,000

6. OTHER INCOME

	2020	2021	2022
	HK$	*HK$*	*HK$*
Bank interest income	80,597	728	–
Insurance claim received *(Note)*	–	–	2,739,708
Sundry income	84,000	153,000	682,454
	164,597	153,728	3,422,162

Note:

The amount represents an insurance claim received by the Target Company A for the claims of damage of glass panel in the investment properties held by the Target Company A.

7. FINANCE COSTS

	2020	2021	2022
	HK$	*HK$*	*HK$*
Interest expense on bank overdrafts	35,427	8,653,073	–
Interest expense on bank loans	60,477,317	74,736,268	–
Interest expense on other loans	–	13,019,178	144,000,000
Others	–	–	474,713
	60,512,744	96,408,519	144,474,713

8. INCOME TAX EXPENSE

No Hong Kong Profits Tax has been provided in the Historical Financial Information as the Target Company A has no estimated assessable profits for the Track Record Period.

The income tax expense for the year can be reconciled to profit (loss) before tax per the statement of profit or loss and other comprehensive income as follows:

	2020	2021	2022
	HK$	*HK$*	*HK$*
Profit (loss) before tax	618,426,413	(1,266,993,786)	(340,069,774)
Tax at Hong Kong Profits Tax rate of 16.5%	102,040,358	(209,053,975)	(56,111,513)
Tax effect of expenses not deductible for tax purpose	–	189,958,624	32,341,650
Tax effect of income not taxable for tax purpose	(112,390,510)	–	–
Tax effect of tax losses not recognised	10,350,152	19,095,351	23,769,863
Income tax expense for the year	–	–	–

No deferred tax assets have been recognised for the unused tax losses of HK$411,064,000, HK$561,083,000 and HK$705,143,000 of the Target Company A for the years ended 31 December 2020, 2021 and 2022 due to unpredictability of future profit. The tax losses are carried forward indefinitely.

9. PROFIT (LOSS) FOR THE YEAR

	2020 *HK$*	2021 *HK$*	2022 *HK$*
Profit (loss) for the year has been arrived at after charging (crediting):			
Directors' remuneration (Note 10)	–	–	–
Auditor's remuneration	32,000	32,000	32,000
Depreciation of plant and equipment	2,401	1,570	1,309
Staff cost (Note)	–	–	–

Note: The staff cost of the Target Company A were borne by the related company of the Target Company A during the Track Record Period.

10. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

No emolument was paid or payable by the Target Company A to the directors and chief executive for their services rendered to the Target Company A during the Track Record Period.

There were no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the Track Record Period.

11. DIVIDEND

No dividend was declared or paid by the Target Company A in respect of the Track Record Period.

12. PLANT AND EQUIPMENT

	Office Equipment *HK$*
COST	
At 1 January 2020, 31 December 2020, 31 December 2021	56,628
Write-off	(5,098)
At 31 December 2022	51,530
DEPRECIATION	
At 1 January 2020	51,348
Provided for the year	2,401
At 31 December 2020	53,749
Provided for the year	1,570
At 31 December 2021	55,319
Provided for the year	1,309
Eliminated on write-off	(5,098)
At 31 December 2022	51,530
CARRYING VALUES	
At 31 December 2020	2,879
At 31 December 2021	1,309
At 31 December 2022	–

The office equipment are depreciated on a straight line basis at 20% per annum.

13. INVESTMENT PROPERTIES

The Target Company A leases out carpark under operating leases with rental payable monthly. The lease is entered into by the Target Company A and the tenant on 26 May 2016 for one month and the lease is renewed automatically on a monthly basis. Both parties have the right to terminate the lease at any time by giving to the other party one month's written notice. The lease contract contains market review clauses in the event the lessee exercises the option to extend.

The lease contracts do not contain residual value guarantee and/or lessee's option to purchase the property at the end of the lease term.

	HK$
FAIR VALUE	
At 1 January 2020	2,014,200,000
Additions	4,645,391
Increase in fair value	681,154,609
At 31 December 2020	2,700,000,000
Additions	2,064,385
Decrease in fair value	(1,151,264,385)
At 31 December 2021	1,550,800,000
Additions	2,110,000
Decrease in fair value	(196,010,000)
At 31 December 2022	1,356,900,000

The fair values of the Target Company A's investment properties as at 31 December 2020 has been arrived at on the basis of a valuation carried out by Colliers International (Hong Kong) Limited, a valuer not connected with the Target Company A.

The fair values of the Target Company A's investment properties as at 31 December 2021 and 2022 has been arrived at on the basis of a valuation carried out on the respective dates by Dudley Surveyors Limited, a valuer not connected with the Target Company A.

In estimating the fair value of the properties, the highest and best use of the properties is their current use. The fair values of certain investment properties have been adjusted to exclude prepaid or accrued operating lease income to avoid double counting.

The following tables gives information about how the fair values of the investment properties are determined (in particular, the valuation techniques and inputs used), as well as the fair value hierarchy into which the fair value measurements are categorised (Level 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

Investment properties held by the Company	**Fair value hierarchy**	**Valuation techniques and key inputs**	**Significant unobservable inputs**	**Relationship of unobservable inputs for fair value**
Commercial units and carparks in Hong Kong	Level 3	Investment method (term and reversionary approach) The key inputs are: (1) Term yield; (2) Reversionary yield; and (3) Market unit rent of individual unit	Term yield, taking into account of yield generated from comparable properties and adjustment to reflect the certainty of term income secured and to be received, of 2.8%–3.3%, 4.5% and 4.5% for 2020, 2021 and 2022, respectively. Reversionary yield, taking into account annual unit market rental income and unit market value of the comparable properties, of 2.8%–3.3%, 4.5% and 4.5% for 2020, 2021 and 2022, respectively. Market unit rent compares with direct market comparables and taking into account of location and other individual factors such as road frontage and facilities. The average market unit rent is around HK$46–79 per square feet per month, HK$3,700 and HK$3,600 per month for 2020, 2021 and 2022, respectively.	The increase in the term yield would result in a decrease in fair value, and vice versa. The increase in the reversionary yield would result in a decrease in fair value, and vice versa. The increase in the market unit rent would result in an increase in fair value, and vice versa.

14. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2020	**2021**	**2022**
	HK$	*HK$*	*HK$*
Other receivables	–	–	1,825,873
Deposits	653,854	653,854	653,934
Prepayments	4,754,128	514,096	480,115
	5,407,982	1,167,950	2,959,922

Details of impairment assessment are set out in note 22.

15. AMOUNT DUE FROM (TO) A RELATED COMPANY

					Maximum amount outstanding during the year ended 31 December		
	2019	**2020**	**2021**	**2022**	**2020**	**2021**	**2022**
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
Amount due from a related company							
Camstar Capital Limited	–	–	3,262,026	–	N/A	3,262,026	3,262,026

	2020	**2021**	**2022**
	HK$	*HK$*	*HK$*
Amount due to a related company			
Camstar Capital Limited	–	–	4,538,035

Mr. Wong Sai Chung, the director the Target Company A, has controlling interest in the related company.

The amount due from (to) a related company is unsecured, interest-free and recoverable on demand/repayable on demand.

16. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

Bank balances carry interest at market rates which range from 0.01% to 0.1%, 0.01% to 0.1% and 0.01% to 0.1% per annum as at 31 December 2020, 2021 and 2022, respectively.

The pledged bank deposits represent deposits required to be placed in a bank for securing banking facilities granted to the Target Company A. The pledged bank deposits will be released upon the settlement of relevant bank loans. The pledged bank deposits carry interest rate at 1.67% per annum as at 31 December 2020.

	2020	**2021**	**2022**
	HK$	*HK$*	*HK$*
Pledged bank deposits in relation to secured bank loans, current	13,171,869	–	–

Details of impairment assessment of bank balances and pledged bank deposits are set out in note 22.

17. ACCRUALS AND OTHER PAYABLES

	2020	**2021**	**2022**
	HK$	*HK$*	*HK$*
Interest expenses	527,665	13,019,178	147,019,178
Accrued expenses	197,170	112,000	1,831,536
Other payables	3,532,468	2,139,315	4,241,726
Refundable rental deposits	300,000	300,000	300,000
Payables for renovation works	10,283,160	7,437,470	7,043,160
	14,840,463	23,007,963	160,435,600

18. AMOUNT DUE TO A SHAREHOLDER

	2020	2021	2022
	HK$	*HK$*	*HK$*
Name of shareholder			
Claude Associates Limited	115,535,783	112,053,167	112,053,167

The amount due to a shareholder is unsecured, interest-free and repayable on demand.

19. BORROWINGS

	2020	2021	2022
	HK$	*HK$*	*HK$*
Bank overdrafts	49,917,680	–	–
Secured bank loans	656,435,000	–	–
Secured other loans	–	800,000,000	800,000,000
	706,352,680	800,000,000	800,000,000

Bank overdrafts and bank loans as at 31 December 2020 are variable-rate bank borrowings which carry interest at 9% above Hong Kong Offered Rate ("HIBOR") per annum. On 12 November 2020, the Target Company A signed the third supplemental agreement with the bank and the outstanding loans will be matured on 26 March 2021. Upon the maturity date, the Target Company did not repay the outstanding bank overdrafts and bank loans and there was no extension agreement entered into with the bank. As a result, the outstanding bank overdrafts and bank loans were in default on 26 March 2021. The whole amount of bank overdrafts and bank loans were fully repaid in November 2021.

The other loans as at 31 December 2021 and 2022 are fixed-rate borrowings which carry interest of 18% per annum. The maturity date of the loans is 27 May 2022. There is no repayment of the other loans up to date of this report. The loans were in default under the facility agreement dated 26 November 2021 and the lenders became entitled to enforce the securities to take possession for the investment properties of the Target Company A and the two ordinary shares of the Target Company A under the share mortgage dated 26 November 2021.

At 31 December 2020, the Target Company A's bank loans were secured by the following:

(a) Investment properties with carrying value of HK$2,700,000,000;

(b) Pledged bank deposits of HK$13,171,869; and

(c) Personal guarantee given by Mr. Wong Sai Chung, a director of the Target Company A.

At 31 December 2021 and 2022, the Target Company A's other loans were secured by the following:

(a) Investment properties with carrying value of HK$1,550,800,000 and HK$1,356,900,000 in 2021 and 2022 respectively;

(b) All issued shares of the Target Company A owned by shareholders; and

(c) Unlimited personal guarantee given by Mr. Wong Sai Chung, a director of the Target Company A.

In January and February 2022, a second mortgage and a third mortgage on the investment properties have been made to third parties to secure loans granted to a related company of the Target Company A. The investment properties are now under the mortgagee in possession by the lenders of the other loans.

20. SHARE CAPITAL

	Number of shares	Amount
		HK$
Ordinary shares		
Issued and fully paid:		
At 1 January 2020, 31 December 2020, 31 December 2021 and 31 December 2022	2	2

21. CAPITAL RISK MANAGEMENT

The Target Company A manages its capital to ensure that entities in the Target Company A will be able to continue as a going concern while maximising the return to the sole shareholder, to support the Target Company A's stability and growth; and to strengthen the Target Company A's financial management capability. The Target Company A's overall strategy remains unchanged during the Track Record Period.

The capital structure of the Target Company A consists of debt, which includes borrowings and equity attributable to owners of the Target Company A, comprising share capital and retained earnings.

The management of the Target Company A reviews the capital structure regularly and manages its capital structure to ensure an optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Target Company A, projected operating cash flows and projected capital expenditures.

22. FINANCIAL INSTRUMENTS

22a. Categories of financial instruments

	2020	2021	2022
	HK$	*HK$*	*HK$*
Financial assets			
At amortised cost	21,872,451	6,652,471	2,483,659
Financial liabilities			
Amortised cost	836,531,756	934,949,130	1,075,195,266

22b. Financial risk management objectives and policies

The Target Company A's major financial instruments include deposits, other receivables, amount due from a related company, pledged bank deposits, bank balances, other payables, amount(s) due to a related company and a shareholder and borrowings. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risks (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Currency risk

The Target Company A has cash and cash equivalents that are denominated in United States Dollars ("US$") which is different from the functional currency of the Target Company A and accordingly expose the Target Company A to currency risk. As HK$ is pegged to US$, the management of the Target Company A is of the opinion that the Target Company A's exposure of currency risk to US$ is minimal and accordingly, no foreign currency sensitivity analysis on US$ is presented.

(ii) Interest rate risk

The Target Company A is exposed to fair value interest rate risk in relation to the fixed-rate pledged bank deposits and other loans as disclosed in notes 16 and 19, respectively.

The Target Company A is also exposed to cash flow interest rate risk in relation to variable-rate bank balances and bank borrowings as disclosed in notes 16 and 19. The Target Company A currently does not have hedging policy. However, the management of the Target Company A closely monitors interest rate movements and will consider hedging interest rate exposure should the need arise.

Sensitivity analysis

Bank balances are excluded from sensitivity analysis as the directors of the Target Company A consider that the exposure of cash flow interest rate risk arising from variable-rate bank balances is insignificant.

The sensitivity analysis below has been determined based on the exposure to interest rates for variable-rate bank borrowings. The analysis is prepared assuming the financial instruments outstanding at the end of each reporting period were outstanding for the whole year. A 25 basis points increase or decrease in variable-rate bank borrowings are used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Target Company A's post-tax profit for the years ended 31 December 2020 would decrease/increase by approximately HK$1,765,882.

Credit risk and impairment assessment

The Target Company A's exposure to credit risk arises from potential losses result from default on obligations by counterparties. The maximum exposure to the Target Company A is represented by the carrying amount of its financial assets as stated in the statements of financial position.

Deposits and other receivables

The directors of the Target Company A make periodic individual assessment on the ECL of other receivables and deposits based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. For the years ended 31 December 2020, 2021 and 2022, the Target Company A assessed the ECL for deposits and other receivables were insignificant and thus no impairment loss was recognised.

Amount due from a related company

The Target Company A's credit risks in the balance is mitigated by the underlying assets held by the related company. The directors of the Target Company A believe that there are no significant increase in credit risk of these amounts since initial recognition and the Target Company A provided impairment based on 12m ECL. For the year ended 31 December 2021, the Target Company A assessed the ECL were insignificant and thus no loss allowance was recognised.

Pledged bank deposits and bank balances

The credit risk on pledged bank deposits and bank balances is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

In this regard, the directors of the Target Company A consider that the Target Company A's credit risk for bank balances and pledged bank deposits are mitigated and the Target Company A assessed the credit risk was insignificant and thus no loss allowance was recognised.

The Target Company A's internal credit risk grading assessment comprises the following categories:

Internal credit rating	**Description**	**Other financial assets**
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	12-month ECL
Watch list	Debtor frequently repays after due dates but usually settle after due date	12-month ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Target Company A has no realistic prospect of recovery	Amount is written off

The tables below detail the credit risk exposures of the Target Company A's financial assets which are subject to ECL assessment:

	External credit rating	**Internal credit rating**	**12-month or lifetime ECL**	**2020 Gross carrying amount** *HK$*	**2021 Gross carrying amount** *HK$*	**2022 Gross carrying amount** *HK$*
Financial assets at amortised costs						
Other receivables	N/A	Low risk *(Note 3)*	12m ECL	–	–	1,825,873
Deposits	N/A	Low risk *(Note 1)*	12m ECL	653,854	653,854	653,934
Amount due from a related company	N/A	Low risk *(Note 1)*	12m ECL	–	3,262,026	–
Pledged bank deposits	AA	Low risk *(Note 2)*	12m ECL	13,171,869	–	–
Bank balances	AA	Low risk *(Note 2)*	12m ECL	8,045,631	2,735,494	2,755

Notes:

1. For deposits and amount due from a related company, the management considers these financial assets to be low risk when those financial assets have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

   For deposits and amount due from a related company, no impairment loss was recognised during the years ended 31 December 2020, 2021 and 2022.

2. All of the Target Company A's pledged bank deposits and bank balances are considered to have low credit risk, and the loss allowance recognised during the year was therefore limited to 12m ECL. The management consider 'low credit risk' for the above financial assets as those financial assets have been assessed as investment grade credit rating with at least one major external credit agency.

3. For other receivables, the management makes periodic individual assessment on the recoverability of other receivables based on quantitative and qualitative information that is reasonable and supportive forward-looking information. The management believes that there are no significant increase in credit risk of these amounts since initial recognition and the Target Company A provided impairment based on 12m ECL. For the year ended 31 December 2022, the Target Company A assessed the ECL for other receivables are insignificant and thus nil allowance is recognised.

Internal credit rating

As part of the Target Company A's credit risk management, the Target Company A assess the impairment individually for other receivables. Other receivables which are significant balances with gross carrying amounts of HK$1,825,873 as at 31 December 2022, were assessed individually with no allowance were recognised as at 31 December 2022.

Liquidity risk

In the management of the liquidity risk, the Target Company A monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Target Company A's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensure compliance with loan covenants.

The following table details the Target Company A's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Target Company A can be required to pay. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

Liquidity risk table

	Weighted average effective interest rate	Repayable on demand or less than 1 month	1 - 3 months	3 months to 1 year	1 - 5 years	Total undiscounted cash flows	Carrying amount
	%	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
2020							
Other payables	–	14,643,293	–	–	–	14,643,293	14,643,293
Amount due to a shareholder	–	115,535,783	–	–	–	115,535,783	115,535,783
Bank overdrafts	9.11%	54,465,180	–	–	–	54,465,180	49,917,680
Bank loans	9.11%	716,236,229	–	–	–	716,236,229	656,435,000
		900,880,485	–	–	–	900,880,485	836,531,756

	Weighted average effective interest rate	Repayable on demand or less than 1 month	1 - 3 months	3 months to 1 year	1 - 5 years	Total undiscounted cash flows	Carrying amount
	%	HK$	HK$	HK$	HK$	HK$	HK$
2021							
Other payables	–	22,895,963	–	–	–	22,895,963	22,895,963
Amount due to a shareholder	–	112,053,167	–	–	–	112,053,167	112,053,167
Other loans	18%	–	–	858,400,000	–	858,400,000	800,000,000
		134,949,130	–	858,400,000	–	993,349,130	934,949,130

	Weighted average effective interest rate	Repayable on demand or less than 1 month	1 - 3 months	3 months to 1 year	1 - 5 years	Total undiscounted cash flows	Carrying amount
	%	HK$	HK$	HK$	HK$	HK$	HK$
2022							
Other payables	–	158,604,064	–	–	–	158,604,064	158,604,064
Amount due to a related company	–	4,538,035	–	–	–	4,538,035	4,538,035
Amount due to a shareholder	–	112,053,167	–	–	–	112,053,167	112,053,167
Other loans	18%	858,400,000	–	–	–	858,400,000	800,000,000
		1,133,595,266	–	–	–	1,133,595,266	1,075,195,266

The amounts included above for variable interest rate bank loans are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

22c. Fair value measurements of financial instruments

The fair value of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on a discounted cash flow analysis.

The directors of the Target Company A consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

23. RELATED PARTY TRANSACTIONS

Apart from details of the balances with related parties disclosed in the statement of financial position and other details disclosed elsewhere in the Historical Financial Information, the Target Company A did not enter into the other transactions with related parties during the Track Record Period.

24. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Target Company A's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Target Company A's statements of cash flows as cash flows from financing activities.

	Interest payable	Amount due to a shareholder	Amount due to a related company	Secured other loans	Secured bank loans and bank overdrafts	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
At 1 January 2020	754,137	–	–	–	836,435,000	837,189,137
Finance cost	60,512,744	–	–	–	–	60,512,744
Financing cash flow	(60,739,216)	115,535,783	–	–	(130,082,320)	(75,285,753)
At 31 December 2020	527,665	115,535,783	–	–	706,352,680	822,416,128
Finance cost	96,408,519	–	–	–	–	96,408,519
Financing cash flow	(83,917,006)	(3,482,616)	–	800,000,000	(706,352,680)	6,247,698
At 31 December 2021	13,019,178	112,053,167	–	800,000,000	–	925,072,345
Finance cost	144,000,000	–	–	–	–	144,000,000
Financing cash flow	(10,000,000)	–	4,538,035	–	–	(5,461,965)
At 31 December 2022	147,019,178	112,053,167	4,538,035	800,000,000	–	1,063,610,380

25. CAPITAL COMMITMENTS

	2020	2021	2022
	HK$	*HK$*	*HK$*
Capital expenditure contracted for but not provided in the financial statements in respect of:			
– Renovation work of investment properties	8,412,610	1,899,610	2,892,610

26. CONTINGENT LIABILITIES

On 17 May 2021, the Target Company A (the "Defendant") entered into a term sheet (the "Term Sheet") with the plaintiff in relation to the provision of a senior debt facility in the sum of HK$910,000,000 by the plaintiff to the Defendant. If the Defendant is unable to or elects not to execute the documents stated in the Term Sheet and or proceed with the transaction, the Defendant shall be liable to reimburse the plaintiff all out-of-pocket expenses and the break-up fee. On 10 August 2022, the Target Company A, as Defendant has received a writ of summons in which it shall pay a break-up fee of HK$2,500,000 to the plaintiff in connection with the Term Sheet and the Target Company A is liable to pay a legal fee of US$139,824.22 (equivalent to HK$1,091,000) to the plaintiff's lawyer. The management of the Target Company A considered that the plaintiff did not perform the stated services in the Term Sheet and should not be required to pay the break-up fee. Taking into consideration of legal advice, it is considered that the pending litigation is still at earlier stage and the outcome of the legal claim is not probable and therefore, no provision is recognised in profit or loss for the year ended 31 December 2022.

27. SUBSEQUENT EVENTS

Pursuant to the sale and purchase agreement, the second mortgage and the third mortgage on the investment properties as stated in note 19 will be released and discharged upon the completion of the proposed very substantial acquisition of the entire issued share capital of the Target Company A by the Company.

28. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Target Company A has been prepared in respect of any period subsequent to the end of the Track Record Period.

*Set out below is the management discussion and analysis of Target Company A for the three years ended 31st December, 2020, 2021 and 2022 (the "**Reporting Period**") based on the financial information of Target Company A set out in Appendix II to this circular.*

BUSINESS REVIEW

Target Company A is a company incorporated in Hong Kong with limited liability, and wholly-owned by Claude Associates. The principal business of Target Company A is property investment in Property A which is currently under mortgagee in possession.

FINANCIAL REVIEW

Revenue

During the Reporting Period, Target Company A derived its revenue mainly from the leasing of car parking spaces of Property A. The revenue of Target Company A amounted to HK$3,600,000 for each of the three years ended 31st December, 2020, 2021 and 2022.

Other income

For the three years ended 31st December, 2020, 2021 and 2022, the other income of Target Company A amounted to HK$164,597, HK$153,728 and HK$3,422,162 respectively. The increase in the year ended 31st December, 2022 was mainly due to insurance claim of approximately HK$2.7 million.

Administrative expenses

For the three years ended 31st December, 2020, 2021 and 2022, Target Company A incurred administrative expenses of HK$5,980,049, HK$23,074,610 and HK$6,607,223 respectively. The increase in the year ended 31st December, 2021 was mainly due to the legal fee and arrangement fee for the extension of the bank loan amounting approximately to HK$11.3 million and legal and professional fee for refinancing amounting approximately to HK$3.2 million.

Finance costs

For the three years ended 31st December, 2020, 2021 and 2022, Target Company A incurred finance costs of HK$60,512,744, HK$96,408,519 and HK$144,474,713 respectively.

Income tax expenses

Target Company A did not incur any income tax expenses during the Reporting Period.

Change in fair value of investment properties

Target Company A recorded an increase in fair value of Property A amounting approximately HK$681 million as at 31st December, 2020. With the outbreak of COVID-19 and rapid downturn of Hong Kong economy, the fair value of Property A decreased by approximately HK$1,151 million and HK$196 million as at 31st December, 2021 and 31st December, 2022 respectively.

Profit/loss and total comprehensive income/expenses for the year attributable to the owners of Target Company A

For the year ended 31st December, 2020, Target Company A recorded a profit and total comprehensive income of HK$618 million attributable to its owners. For the two years ended 31st December, 2021 and 2022, Target Company A recorded a loss and total comprehensive expenses amounting to HK$1,267 million and HK$340 million respectively.

Investment properties

The fair value of Property A as at 31st December, 2020, 2021 and 2022 were HK$2,700,000,000, HK$1,550,800,000 and HK$1,356,900,000 respectively. The fair value was carried out by independent qualified professional valuers who hold a recognised and relevant professional qualification and have sufficient experience in the location and category of the investment property being valued. Property A had pledged to secure borrowings granted to Target Company A and a related company of Target Company A.

Deposits, prepayments and other receivables

As at 31st December, 2020, 2021 and 2022, the deposits, prepayments and other receivables of Target Company A amounted to HK$5,407,982, HK$1,167,950 and HK$2,959,922 respectively.

Pledged bank deposits, bank balances and cash

The Target Company A had pledged bank deposits as at 31st December, 2020 amounted to HK$13,171,869 and had bank balances and cash at 31st December, 2020, 2021 and 2022 amounting to HK$8,046,728, HK$2,736,591 and HK$3,852 respectively. All the cash and bank balances of Target Company A were denominated in HK$.

Liquidity and financial resources

Target Company A suffered an adverse financial position during the Reporting Period. The net current liabilities as at 31st December, 2020, 2021 and 2022 amounted to approximately HK$810 million, HK$928 million and HK$1,074 million respectively.

The borrowings of Target Company A as at 31st December, 2020, 2021 and 2022 amounted to approximately HK$706 million, HK$800 million and HK$800 million respectively.

As at 31st December, 2020, all borrowings were denominated in HK$, at variable-rate and secured by Property A, pledged bank deposits and personal guarantee given by Mr. SC Wong.

As at 31st December, 2021 and 2022, all borrowings were denominated in HK$, at fixed-rate, secured by Property A, all issued shares of Target Company A and an unlimited personal guarantee given by Mr. SC Wong.

During the year ended 31st December, 2021, the borrowing of HK$706 million was repaid and refinanced by a new borrowing of HK$800 million. The new borrowing matured on 27 May 2022 and Target Company A was in default. There is no repayment of the borrowings up to the Latest Practicable Date.

The interest payable of Target Company A as at 31st December, 2020, 2021 and 2022 amounted to approximately HK$0.5 million, HK$13 million and HK$147 million respectively.

Amounts due to a related company and a shareholder of Target Company A as at 31st December, 2020, 2021 and 2022 were unsecured, interest-free and repayable on demand.

Gearing Ratio and Basis of Calculation

The gearing ratio is calculated by the net debts over total equity. As at 31st December, 2020, 2021 and 2022, the gearing ratios of Target Company A were 43%, 144% and 324% respectively.

Capital commitments

As at 31st December, 2020, 2021 and 2022, Target Company A had contracted but not provided for capital commitments of approximately HK$8 million, HK$2 million and HK$3 million respectively.

Contingent liabilities

As at 31st December, 2020 and 2021, Target Company A had no significant contingent liabilities.

On 10th August, 2022, a company has initiated legal proceedings against Target Company A claiming for break-up fee of HK$2,500,000 to the company and liable to pay a legal fee of US$139,824.22 (equivalent to HK$1,091,000) to the company's lawyer in connection with a term sheet for provision of a senior debt facility. The management of Target Company A considered that the company did not perform the stated services in the term sheet and should not be required to pay the break-up fee. Taking into consideration of legal advice, it is considered that the pending litigation is still at an early stage and the outcome of the legal claim is not probable for the year ended 31st December, 2022.

Significant investments, material acquisitions and disposals

Target Company A did not have any significant investments, material acquisitions and disposals during the Reporting Period.

Employees

During the Reporting Period, there was no employee recruited directly by Target Company A.

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF ASIASEC PROPERTIES LIMITED (THE "COMPANY") AND ITS SUBSIDIARIES (HEREINAFTER COLLECTIVELY REFERRED TO AS THE "GROUP") INCLUDING BOOST INVESTMENTS LIMITED (REFERRED TO AS THE "TARGET COMPANY A") (HEREINAFTER REFERRED TO AS THE "ENLARGED GROUP")

In connection with the proposed acquisition of the entire issued share capital of Boost Investments Limited (the "Target Company A") by Cosmic Gold Holdings Limited (the "Purchaser"), an indirectly non-wholly owned subsidiary of the Company, the Purchaser entered into the sale and purchase agreement dated 27 February 2023 with Ms. Chong Sok Un, Nice Zone Limited and BH Management Company Limited (collectively known as the "Lenders"), Claude Associates Limited, Mr. Wong Sai Chung ("Mr. Wong") and the Target Company A (the "Sale and Purchase Agreement") (the"Acquisition"), pursuant to which the Purchaser shall purchase the entire issued share capital of the Target Company A from the Lenders, as mortgagee in possession, and the loan to Claude Associates Limited of HK$112,053,167 shall be assigned by the Lenders as mortgagee in possession to the Purchaser at an aggregate consideration of HK$3. Under the Sale and Purchase Agreement, the Purchaser shall enter into the loan agreement whereby it shall provide to the Target Company A the loan amount of HK$1,000,000,000 and which amount shall be remitted to the Lenders (or as they may direct). The unaudited pro forma financial information of the Enlarged Group has been prepared by the directors of the Company (the "Directors") in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") to illustrate the effect of the Acquisition on the Group's financial position as at 31 December 2022 and on the Group's financial performance and cash flows for the year ended 31 December 2022 as if the Acquisition had taken place at 31 December 2022 and at 1 January 2022, respectively.

The unaudited pro forma consolidated statement of financial position as at 31 December 2022 and the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flow for the year ended 31 December 2022 and related notes (hereinafter collectively referred to as the "Unaudited Pro Forma Financial Information") of the Enlarged Group are prepared based on (i) the audited consolidated statement of financial position of the Group as at 31 December 2022 and the audited consolidated statement of profit or loss and other comprehensive income and the audited consolidated statement of cash flows as extracted from the published annual report of the Group for the year ended 31 December 2022; (ii) the statement of financial position of the Target Company A as at 31 December 2022, the statement of profit or loss and other comprehensive income and the statement of cash flows of the Target Company A for the year ended 31 December 2022 as extracted from the accountants' report as set out in Appendix II to this circular.

The Unaudited Pro Forma Financial Information of the Enlarged Group is prepared based on the aforesaid historical data after giving effect to the pro forma adjustments described in the accompanying notes. Narrative description of the pro forma adjustments of the proposed Acquisition that are (i) directly attributable to the Acquisition; and (ii) factually supportable, is summarised in the accompanying notes.

The Unaudited Pro Forma Financial Information of the Enlarged Group has been prepared by the Directors based on certain assumptions, estimates and uncertainties for illustrative purposes only and because of its hypothetical nature, the Unaudited Pro Forma Financial Information of the Enlarged Group may not purport to predict what the financial performance and cash flows or financial position of the Enlarged Group would have been if the Acquisition had been completed on 1 January 2022, or 31 December 2022 nor in any future period or on any future dates.

The Unaudited Pro forma Financial Information of the Enlarged Group should be read in conjunction with the financial information of the Group as set out in Appendix I to this circular and the historical financial information of the Target Company A as set out in Appendix II to this circular and other financial information included elsewhere in this circular.

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

		Pro forma adjustments					Pro forma total for the Enlarge Group
	The Group	The Target Company A					
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 2*	*Note 3A*	*Note 3B*	*Note 4*	*Note 5*	
ASSETS							
Non-current assets							
Property, plant and equipment	1,071	–	–	–	–	–	1,071
Investment properties	1,297,022	1,356,900	(356,958)	–	4,655	235,403	2,537,022
Investment in subsidiary	–	–	–	–	–	–	–
Interest in associates	–	–	–	–	–	–	–
Loan receivables	78,024	–	–	–	–	–	78,024
Financial assets at fair value through profit or loss	43,079	–	–	–	–	–	43,079
Equity instrument at fair value through other comprehensive income	29,600	–	–	–	–	–	29,600
Club memberships	4,261	–	–	–	–	–	4,261
	1,453,057	1,356,900	(356,958)	–	4,655	235,403	2,693,057
Current assets							
Trade and other receivables, deposits and prepayments	26,752	2,960	–	–	–	–	29,712
Loan receivables	76,705	–	–	–	–	–	76,705
Financial assets at fair value through profit or loss	35,147	–	–	–	–	–	35,147
Income tax recoverable	1,785	–	–	–	–	–	1,785
Cash and cash equivalents	147,668	4	–	–	(4,655)	–	143,017
	288,057	2,964	–	–	(4,655)	–	286,366
Total assets	1,741,114	1,359,864	(356,958)	–	–	235,403	2,979,423

	The Group	Pro forma adjustments: The Target Company A	Pro forma adjustments	Pro forma adjustments	Pro forma adjustments	Pro forma adjustments	Pro forma total for the Enlarge Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 2*	*Note 3A*	*Note 3B*	*Note 4*	*Note 5*	
EQUITY							
Share capital	681,899	–	–	–	–	–	681,899
Reserves	872,206	282,837	(1,244,905)	962,068	–	235,403	1,107,609
Total equity	1,554,105	282,837	(1,244,905)	962,068	–	235,403	1,789,508
LIABILITIES							
Non-current liability							
Deferred tax liabilities	161,040	–	–	–	–	–	161,040
Current liabilities							
Creditors and accruals	25,380	160,436	–	(157,530)	–	–	28,286
Amount due to a related company	–	4,538	–	(4,538)	–	–	–
Amount due to a shareholder	–	112,053	(112,053)	–	–	–	–
Borrowings	–	800,000	–	(800,000)	–	–	–
Other payable	–	–	1,000,000	–	–	–	1,000,000
Income tax payable	589	–	–	–	–	–	589
	25,969	1,077,027	887,947	(962,068)	–	–	1,028,875
Total liabilities	187,009	1,077,027	887,947	(962,068)	–	–	1,189,915
Total equity and liabilities	1,741,114	1,359,864	(356,958)	–	–	235,403	2,979,423

Notes:

1. The amounts are extracted from the audited consolidated financial statements of the Group as at 31 December 2022 as set out in the annual report of the Group for the year ended 31 December 2022.

2. The amounts represent the recognition of the assets and liabilities of the Target Company A as at 31 December 2022 assuming the Acquisition had taken place on 31 December 2022. The assets and liabilities of the Target Company A are extracted from the accountants' report of the Target Company A set out in Appendix II to this circular.

3A. The Target Company A principally holds commercial units and carparks in Hong Kong. The acquisition of the Target Company A (the "Acquisition") is not considered as a business combination under Hong Kong Financial Reporting Standard 3 (revised) "Business Combinations" ("HKFRS 3") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Instead, it shall be accounted for as assets acquisition through acquisition of an entity. In accordance with HKFRS 3, the consideration shall be allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the completion of the Acquisition and such a transaction does not give rise to goodwill. The adjustment of HK$356,958,000 being the difference of HK$1,356,900,000 (based on the accountant's report, with valuation carried out by the Target Company A's valuer) and HK$999,942,000 which represents the fair value of consideration transferred for the Acquisition of HK$1,000,000,000 ("Total Payment"), net off the carrying amount of the other identifiable net assets of HK$58,000 (which represents the trade and other receivables, deposits and prepayment of HK$2,960,000 and cash and cash equivalents of HK$4,000, net off with the creditors and accruals of HK$2,906,000 which are directly relating to operations of Property A).

    The adjustment represents the Acquisition at a consideration of HK$3 for (i) the entire issued share capital of the Target Company A and (ii) the assignment of HK$112,053,000 of amount due to a shareholder in the Target Company A to the Purchaser, and the elimination of the relevant amount upon completion of the Acquisition, assuming the Acquisition had taken place on 31 December 2022.

    The adjustment to other payable represents the Total Payment payable by the Purchaser upon completion of the Acquisition.

3B. The adjustment represents the elimination of creditors and accruals of HK$157,530,000, amount due to a related company of HK$4,538,000 and borrowings of HK$800,000,000 by the Target Company A as at 31 December 2022 assuming the Acquisition had taken place on 31 December 2022, in accordance with the novation deeds which shall be entered into at completion of the Acquisition pursuant to the Sale and Purchase Agreement. These amounts of owing by the Target Company A will be novated to Mr. Wong as at the completion of the Acquisition.

4. The adjustment represents the estimated transaction costs attributable to the Acquisition of approximately HK$4,655,000 and it was recognised as a cost of acquisition of the investment properties.

5. The adjustment represents the fair value change to measure the investment properties of the Target Company A at fair value at 31 December 2022 of HK$1,240,000,000 as determined by Norton Appraisals Holdings Limited (the "Valuer"), difference with the acquisition cost at HK$1,004,597,000.

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

		Pro forma adjustments		Pro forma total for the Enlarge Group
	The Group	The Target Company A		
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	Note 6	*Note 7*	*Note 8*	
Revenue	38,379	3,600	–	41,979
Other income	12,728	3,422	–	16,150
Other (loss) gains	(549)	–	–	(549)
Rent and rates	(1,381)	(1,850)	–	(3,231)
Building management fees	(6,959)	(416)	–	(7,375)
Staff costs (including directors' emoluments)	(13,084)	–	–	(13,084)
Depreciation and amortisation	(198)	(1)	–	(199)
Repairs and maintenance	(5,870)	(524)	–	(6,394)
Other expenses	(8,879)	(3,816)	–	(12,695)
Operating profit (loss) before impairment losses under expected credit loss model, net of reversal and change in fair value of investment properties and financial instruments	14,187	415	–	14,602
Loss from change in fair value of investment properties	(27,457)	(196,010)	431,413	207,946
Impairment losses under expected credit loss model, net of reversal	(22,691)	–	–	(22,691)
Net decrease in fair value of financial assets at fair value through profit loss	(8,325)	–	–	(8,325)
Gain on bargain purchase of subsidiaries	–	–	–	–
Finance costs	–	(144,475)	–	(144,475)
Loss before taxation	(44,286)	(340,070)	431,413	47,057
Income tax credit	585	–	–	585
Loss for the year	(43,701)	(340,070)	431,413	47,642

Notes:

6. The amounts are extracted from the audited consolidated financial statements of the Group for the year ended 31 December 2022 as set out in the annual report of the Group for the year ended 31 December 2022.

7. The amounts represent the inclusion of the financial performance of the Target Company A for the year ended 31 December 2022 assuming the Acquisition had taken place on 1 January 2022. The financial performance of the Target Company A are extracted from the accountants' report of the Target Company A for the year ended 31 December 2022 set out in Appendix II to this circular.

8. The adjustment represents fair value change to measure investment properties of the Target Company A of fair value on 31 December 2022 which comprise of (i) the reversal of decrease in fair value of investment properties of HK$196,010,000 as recorded in statement of profit or loss of the Target Company A and (ii) the recognition of fair value change of investment properties of HK$235,403,000 which represents the difference between the fair value of investment properties of HK$1,240,000,000 as at 31 December 2022 as determined by the Valuer and the acquisition cost of HK$1,004,597,000 as at 1 January 2022 assuming the Acquisition had taken place on 1 January 2022.

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022

		Pro forma adjustments				Pro forma total for the Enlarge Group
	The Group	The Target Company A				
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 9	*Note 10*	*Note 11*	*Note 12*	*Note 13*	
OPERATING ACTIVITIES						
Loss before taxation	(44,286)	(340,070)	431,413	–	–	47,057
Adjustments for:						
Depreciation of property, plant and equipment	198	1	–	–	–	199
Net exchange loss (gain)	549	–	–	–	–	549
Impairment loss under expected credit loss model, net of reversal	22,691	–	–	–	–	22,691
Loss (gain) from change in fair value of investment properties	27,457	196,010	(431,413)	–	–	(207,946)
Bank interest income	(1,616)	–	–	–	–	(1,616)
Loan interest income	(8,967)	–	–	–	–	(8,967)
Loan interest expense	–	144,475	–	–	–	144,475
Net decrease in fair value of financial assets at fair value through profit or loss	8,325	–	–	–	–	8,325
Interest income from other receivables	(245)	–	–	–	–	(245)
Dividend income from financial assets at fair value through profit or loss	(347)	–	–	–	–	(347)
Reversal of accruals and other payables	–	(598)	–	–	–	(598)
Operating cash flows before working capital changes	3,759	(182)	–	–	–	3,577
Decrease (increase) in trade and other receivables, prepayments and deposits	8,706	(1,792)	–	–	–	6,914
Increase in creditors and accruals	3,225	10,594	–	–	–	13,819
Cash from operations	15,690	8,620	–	–	–	24,310
PRC Enterprise Income Tax paid	(21)	–	–	–	–	(21)
Hong Kong Profits Tax refunded	1,925	–	–	–	–	1,925
NET CASH FROM OPERATING ACTIVITIES	17,594	8,620	–	–	–	26,214

	The Group	Pro forma adjustments: The Target Company A	Pro forma adjustments	Pro forma adjustments	Pro forma adjustments	Pro forma total for the Enlarge Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 9	*Note 10*	*Note 11*	*Note 12*	*Note 13*	
INVESTING ACTIVITIES						
Purchase of a subsidiary	–	–	–	(1,000,000)	(4,655)	(1,004,655)
Loan advanced	2,439	–	–	–	–	2,439
Interest received from financial assets at fair value through profit or loss	1,068	–	–	–	–	1,068
Loan interest received	9,719	–	–	–	–	9,719
Bank interest received	1,616	–	–	–	–	1,616
Interest received from other receivables	245	–	–	–	–	245
Additions to investment properties	–	(9,153)	–	–	–	(9,153)
Repayment from a related company	–	3,262	–	–	–	3,262
NET CASH FROM (USED IN) INVESTING ACTIVITIES	15,087	(5,891)	–	(1,000,000)	(4,655)	(995,459)
FINANCING ACTIVITIES						
Interest paid	–	(10,000)	–	–	–	(10,000)
Advance from a related company	–	4,538	–	–	–	4,538
NET CASH USED IN FINANCING ACTIVITIES	–	(5,462)	–	–	–	(5,462)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	32,681	(2,733)	–	(1,000,000)	(4,655)	(974,707)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	119,853	2,737	–	–	–	122,590
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(4,866)	–	–	–	–	(4,866)
(DEFICIT IN) CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	147,668	4	–	(1,000,000)	(4,655)	(856,983)

Notes:

9. The amounts are extracted from the audited consolidated financial statements of the Group for the year ended 31 December 2022 as set out in the annual report of the Group for the year ended 31 December 2022.

10. The amounts represent the recognition of the cash flow effect of the Target Company A for the year ended 31 December 2022 assuming the Acquisition had taken place on 1 January 2022. The cash flow of the Target Company are extracted from the accountants' report of the Target Company A set out in Appendix II to this circular.

11. The adjustment represents fair value change to measure investment properties of the Target Company A of fair value on 31 December 2022 which comprise of (i) the reversal of decrease in fair value of investment properties of HK$196,010,000 as recorded in statement of profit or loss of the Target Company A and (ii) the recognition of fair value change of investment properties of HK$235,403,000 which represents the difference between the fair value of investment properties of HK$1,240,000,000 as at 31 December 2022 as determined by the Valuer and the acquisition cost of HK$1,004,597,000 as at 1 January 2022, assuming the Acquisition had taken place on 1 January 2022.

12. The adjustment represents the Acquisition at the consideration of Total Payment per Sale and Purchase Agreement. On 17 May 2023, other borrowing facility amounting to HK$1,000,000,000 was obtained by the Group and the repayment date of the other borrowing is two years after the drawdown date of the other borrowing. As the obtaining of the facility is not directly attributable to the Acquisition, in accordance with 4.29(6)(b) of the Listing Rules, this has not been reflected in the above pro forma adjustment.

13. The adjustment represents the estimated transaction costs attributable to the Acquisition of approximately HK$4,655,000 and it was recognised as cost of acquisition of investment properties.

14. The unaudited pro forma consolidated statement of financial position as at 31 December 2022, consolidated statement of profit or loss set out in this Circular does not constitute the Company's statutory annual consolidated financial statements for the year ended 31 December 2022 but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows: The Company has delivered the financial statements for the year ended 31 December 2022 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance. The Company's auditor has reported on these financial statements. The auditor's report was unqualified for the year ended 31 December 2022; did not include a reference to any matters to which the auditor drew attention by way of emphasis; and did not contain a statement under either sections 406(2), 407(2) or (3) of the Companies Ordinance.

15. No adjustment has been made to the unaudited pro forma consolidated statement of financial positions, consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows as at 31 December 2022 to reflect any trading result or other transaction of the Group and the Target Company A entered into subsequent to 31 December 2022.

ACCOUNTANTS' REPORT FROM THE REPORTING ACCOUNTANTS ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of the independent reporting accountants' assurance report, in respect of the unaudited pro forma financial information prepared for the purpose of inclusion in this circular, received from the independent reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong.

Deloitte. 德勤

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of Asiasec Properties Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Asiasec Properties Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of financial position as at 31 December 2022, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2022, the unaudited pro forma consolidated statement of cash flows for the year ended 31 December 2022 and related notes as set out on pages 105 to 113 of the circular issued by the Company dated 10 June 2023 (the "Circular"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages 105 to 113 of the Circular.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the very substantial acquisition in relation to the proposed acquisition of the entire issued share capital of Boost Investments Limited on the Group's financial position as at 31 December 2022 and the Group's financial performance and cash flows for the year ended 31 December 2022 as if the transaction had taken place at 31 December 2022 and 1 January 2022 respectively. As part of this process, information about the Group's financial position, financial performance and cash flows has been extracted by the Directors from the Group's consolidated financial statements for the year ended 31 December 2022, on which an auditor's report has been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management (HKSQM) 1 "Quality Management for Firms that Perform Audits and Reviews of Financial Statements, or Other Assurance and Related Services Engagements" issued by the HKICPA, which requires the firm to design, implement and operate a system of quality management including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 December 2022 or 1 January 2022 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and

- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the unaudited pro forma financial information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong, 10 June 2023

The following is the text of a 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 of Property A as at 31st March, 2023.

Norton Appraisals
Registered Professional Surveyors, Valuers & Property Advisers
Unit E, 21/F., Seabright Plaza, 9-23 Shell Street, North Point, Hong Kong
Tel : (852) 2810 7337 Fax : (852) 2810 6337
Email: info@norton-app.com Website: www.norton-app.com

10th June, 2023

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

Dear Sirs,

Re: Commercial Unit(s) on Basement 1 (Upper Basement), G/F (other than Shop 1 to 20), 1/F., 2/F., 3/F & 4/F., Showcase 1 & Showcase 2 on G/F., and 91 Car Parking Spaces on Basement 2 (Lower Basement), Concord Square of The Blue Yard, 1 Tai Uk Street and 88 Chuen Lung Street, Tsuen Wan, New Territories, Hong Kong (the "**Property**")

In accordance with the instructions from Asiasec Properties Limited (hereinafter referred to as the "**Company**") and its subsidiaries (hereinafter together referred to as the "**Group**") for us to value the Property located in the Hong Kong Special Administrative Region (hereinafter referred to as "**Hong Kong**"), 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 value of the Property as at 31st March, 2023 (hereinafter referred to as the "**Date of Valuation**") for public documentation purpose.

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

In valuing the property interest, which is to be acquired by the Group for investment in Hong Kong, we have adopted investment approach on a fully leased basis by taking into account the current passing rents, if any, and the reversionary income potential of the tenancies or, wherever appropriate, direct comparison approach by making reference to comparable evidence as available in the relevant markets.

We have inspected the Property by our senior valuation manager Mr. Oliver Pan who possesses a master degree in investment from University of Reading and Mr. Paul Wong who is the person in charge of this valuation on 29th September, 2022. During the course of our inspection, 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 Property is 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 Property 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 the Group and therefore only approximations.

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

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

Our valuation has 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 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 valuation are in Hong Kong dollars.

Our valuation report is enclosed herewith.

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

Paul M. K. Wong *MHKIS, RPS (G.P.), MCIREA*
Director

Note: Mr. Paul M. K. Wong is a Registered Professional Surveyor who has more than 32 years' experience in valuation of properties in Hong Kong and in the PRC.

VALUATION REPORT

Property interest to be acquired by the Group for investment in Hong Kong

<table>
<tr><th>Property</th><th>Description and tenure</th><th>Particulars of occupancy</th><th>Market value in existing state as at 31st March, 2023
(HK$)</th></tr>
<tr>
<td>Commercial Unit(s) on Basement 1 (Upper Basement), G/F (other than Shop 1 to 20), 1/F., 2/F., 3/F & 4/F., Showcase 1 & Showcase 2 on G/F., and 91 Car Parking Spaces on Basement 2 (Lower Basement), Concord Square of The Blue Yard, 1 Tai Uk Street and 88 Chuen Lung Street, Tsuen Wan, New Territories, Hong Kong

157799/391005th shares of and in Remaining Portion of Tsuen Wan Town Lot No. 369 (the “Lot”)</td>
<td>The Blue Yard is a residential development located in the core area of Tsuen Wan district and is surrounded by various office, hotel, retail and residential developments. It takes approximately 10 minutes to walk from the property to Tsuen Wan MTR station.

The Blue Yard (the “Development”) comprises a 21-storey residential building erected over a five-storey shopping arcade with a two-storey basement accommodating a total of 91 car parking spaces on Basement 2 (known as “Concord Square”) and was completed in about 2002.

The property comprises various commercial units, 2 showcases on G/F and 91 car parking spaces (other than shop 1 to 20 on G/F) of Concord Square, the refurbishment of shopping arcade was completed in about 2018. Details of the area breakdown of the property are listed as follows:

<table>
<tr><th>Floor</th><th>Units</th><th>Gross Floor Area
(sq.ft.)</th><th>Saleable Area
(sq.ft.)</th></tr>
<tr><td>B1</td><td>B01</td><td>22,885</td><td>12,587</td></tr>
<tr><td>G/F</td><td>G01-G15</td><td>19,405</td><td>10,673</td></tr>
<tr><td>1/F</td><td>101-125</td><td>33,795</td><td>18,587</td></tr>
<tr><td>2/F</td><td>201-224</td><td>39,789</td><td>21,884</td></tr>
<tr><td>3/F</td><td>301-309</td><td>25,806</td><td>14,193*</td></tr>
<tr><td>4/F</td><td>401-404</td><td>21,858</td><td>12,022</td></tr>
<tr><td>B2</td><td>91 Car Parking Spaces</td><td>–</td><td>–</td></tr>
<tr><td></td><td>Total:</td><td>163,538</td><td>89,946</td></tr>
</table>

* excluding 11,266 sq.ft. for flat roof

The Lot is held under New Grant No. 7076 for a term of 50 years commencing from 22nd June, 1999 and the Government rent payable for the Lot is 3% of the rateable value of the Lot per annum.</td>
<td>The retail portion of the property is currently vacant whilst the car parking portion is subject to a lease agreement for a term period from 26th May, 2018 to 30th June, 2018 and thereafter renewed automatically on a monthly basis with a monthly rental of HK$295,000 inclusive of Government Rates, Government Rent and Property Tax but exclusive of electricity charges of HK$7,000 and management fee of HK$5,000 per month.</td>
<td>1,270,000,000
(100% interest)</td>
</tr>
</table>

Notes:

(i) The registered owner of the Property (except showcase Nos. 1 and 2 on G/F) is Boost Investments Limited vide Memorial No. TW1533479 dated 31st March, 2003.

(ii) The registered owner of showcase Nos. 1 and 2 of the Property is Boost Investments Limited vide Memorial No. 13031801710126 dated 19th February, 2013.

(iii) Mortgage in favour of Wooco Secretarial Services Limited for all moneys vide Memorial No. 21121001010043 dated 29th November, 2021.

(iv) Assignment of Sale and Rental Proceeds in favour of Wooco Secretarial Services Limited vide Memorial No. 21121001010050 dated 29th November, 2021.

(v) Second Mortgage in favour of AP Diamond Limited for all moneys vide Memorial No. 22012801690033 dated 19th January, 2022.

(vi) Assignment of Sale and Rental Proceeds in favour of AP Diamond Limited vide Memorial No. 22012801690042 dated 19th January, 2022.

(vii) Third Mortgage in favour of Join View Development Limited for all moneys vide Memorial No. 22021701190077 dated 7th February, 2022.

(viii) Assignment of Sale and Rental Proceeds in favour of Join View Development Limited vide Memorial No. 22021701190084 dated 7th February, 2022.

(ix) Memorandum of Charge (remark: by Cushman & Wakefield Property Management Limited (formerly known as DTZ Debenham Tie Leung Property Management Limited and DTZ Cushman & Wakefield Property Management Limited)) vide Memorial No. 22061601540162 dated 14th June, 2022.

(x) The Property is zoned as "Residential (Group A) 13" under the Approved Tsuen Wan Outline Zoning Plan No. S/TW/35 gazetted on 18th February, 2022.

(xi) In the course of our valuation, we have taken into account of the proposed addition & alteration costs of approximately HK$60,000,000 as at the Date of Valuation, the preparation and construction period for the said proposed addition & alteration works is expected for 9 months from the completion of the acquisition of the Property as advised.

(xii) In undertaking our valuation of the Property, we have made reference to various rental comparables of which have similar characteristics comparable to the Property. The average unit rental rates of these comparables are in a range from HK$50 to HK$120 per sq.ft. for shop/arcade units in the locality. Due adjustments to the unit rates of these comparables have been made to reflect factors including but not limited to location, level, size, building age and building quality and then capitalized at the market yield of approximately 4.25% to 4.75% in arriving the capital value of the Property.

(xiii) A sealed copy charging order absolute (in the high court of the HKSAR of the first instance construction and arbitration proceedings actions no. 58 of 2017) is registered vide the memorial no. 22121600080013 dated 6th December 2022 with the parties between Threshold Consultants Limited (the "**Plaintiff**" — Judgment Creditor) and Boost Investments Limited (the "**Defendant**" — Judgment Debtor) by original action and the parties between Boost Investments Limited (the "**Plaintiff**" — Judgment Debtor) and Threshold Consultants Limited (the 1st Defendant — Judgment Creditor) & Au Man Yi Kitty (the 2nd Defendant — Judgment Creditor) by counterclaim.

The following is the text of a 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 of Property B as at 31st March, 2023.

Norton Appraisals
Registered Professional Surveyors, Valuers & Property Advisers
Unit E, 21/F., Seabright Plaza, 9-23 Shell Street, North Point, Hong Kong
Tel : (852) 2810 7337
Fax : (852) 2810 6337
Email: info@norton-app.com
Website: www.norton-app.com

10th June, 2023

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

The Directors
Tian An China Investments Company Limited
22nd Floor, Allied Kajima Building
138 Gloucester Road
Wanchai, Hong Kong

Dear Sirs,

Re: Properties located in Shenzhen and Beijing, the PRC

In accordance with the instructions from Asiasec Properties Limited (hereinafter referred to as the "**Company**") and its subsidiaries (hereinafter together referred to as the "**Group**") and Tian An China Investments Company Limited ("**TACI**") for us to value the properties held by the Group located in the People's Republic of China (hereinafter referred to as the "**PRC**") (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 31st March, 2023 (hereinafter referred to as the "**Date of Valuation**") for public documentation purpose.

Our valuations are our opinion of values of the Properties on the basis of "Market Value" which we would define as intended to mean "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein 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 land use fees and all requisite premium payable have been fully paid.

Our valuations have been made on the assumption that the owner sells the Properties on the open market without the benefit of a deferred terms contract, leaseback, management agreement or any similar arrangement which could serve to affect the values of the Properties.

In the course of our valuations, we have relied on the advice given by the Group and its legal adviser on PRC laws, 北京盈科(上海)律師事務所 (Beijing Yingke Law Firm, Shanghai Office) (the "**PRC Legal Adviser**") for the titles to each of the Properties in the PRC.

In valuing the property interests held by the Group for investment in the PRC, we have adopted the Investment Approach on a fully leased basis by taking into account the current passing rents, if any, and the reversionary income potential of the tenancies or, wherever appropriate, the 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 in the PRC by our senior valuation manager Mr. Oliver Pan who possesses a master degree in investment from University of Reading for properties in Beijing on 11th February, 2023 and Mr. Paul Wong who is the person in charge of the valuations for property in Shenzhen on 10th February, 2023. During the course of our inspections, 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 valuations are based on information contained in the documents provided to us by the Group and therefore only approximations.

We have relied to a considerable extent on the information provided by the 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 Properties nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Properties 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 in compliance with Chapter 5 and Practice Note 12 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. The exchange rate adopted in our valuations are approximately HK$1 = RMB0.88 which was approximately the prevailing exchange rate as at the Date of Valuation.

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

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

Paul M. K. Wong *MHKIS, RPS (G.P.), MCIREA*
Director

Note: Mr. Paul M. K. Wong is a Registered Professional Surveyor who has more than 32 years' experience in valuation of properties in Hong Kong and in the PRC.

SUMMARY OF VALUES

	Property	Market value in existing state as at 31st March, 2023 *(HK$)*	Interest attributable to the Group	Market value in existing state attributable to the Group as at 31st March, 2023 *(HK$)*
Property interests held for investment by the Group in the PRC				
1	Unit B102, Block 1, Juning Villa (1), Xili Golf Course, Nanshan District, Shenzhen, the PRC	17,160,000	100%	17,160,000
2	Units 1802 and 1809 on 15th Floor, Tower A, Yintai Center, No. 4 Jianguomenwai Avenue, Chaoyang District, Beijing, the PRC	28,750,000	100%	28,750,000
3	Unit B712 on 7th Floor, Wangfujing Century Square, Wangfujing Avenue, Dongcheng District, Beijing, the PRC	4,070,000	100%	4,070,000
4	Unit A505 on 5th Floor, Wangfujing Century Square, Wangfujing Avenue, Dongcheng District, Beijing, the PRC	8,660,000	100%	8,660,000
5	Unit B902 on 9th Floor, Wangfujing Century Square, Wangfujing Avenue, Dongcheng District, Beijing, the PRC	No Commercial Value	100%	No Commercial Value
	Total:	**58,640,000**		**58,640,000**

VALUATION REPORTS

Property interests held for investment by the Group in the PRC

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31st March, 2023 *(HK$)*
1	Unit B102, Block 1, Juning Villa (1), Xili Golf Course, Nanshan District, Shenzhen, the PRC	Juning Villa (1) comprises a residential development with various residential units/townhouses/villas, car parking spaces and ancillary facilities (the "**Development**") completed in about 2000. The Development is located in Xili Town of Nanshan District in Shenzhen. The immediate locality is a luxury residential area where the Development is surrounded by universities/ schools, country parks and a zoo. It takes approximately 30 minutes to drive from the property to the city centre of Shenzhen. The property comprises a residential unit of Apartment Block 1 of Juning Villa (1). The gross floor area of the property is approximately 1,844.52 sq.ft. (172.87 sq.m.). The land use rights of the Development have been granted for a term of 70 years for residential use expiring on 13th March, 2071.	The property is subject to a tenancy expiring on 30th November, 2023 at a monthly rental of RMB22,500 (inclusive of management fee and air-conditioning charges).	17,160,000 (100% attributable interest to the Group: 17,160,000)

Notes:

(i) Pursuant to the Certificate for Real Estate Ownership No. 深房地字第4000562827號, the ownership of the property, having a gross floor area of 172.87 sq.m., has been vested in 深圳隆運諮詢服務有限公司 ("**SZLY**") which is a wholly-owned subsidiary of the Company. In addition, the property is saleable to members of 深圳西麗高爾夫球場 (Shenzhen Xili Golf Club) only.

(ii) Pursuant to the Business License No. 91440300597753207L dated 6th July, 2016, SZLY has been established on 24th July, 2012 as a limited liability company.

(iii) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisers, which contains, *inter alia*, the following information:

(a) SZLY is in possession of a proper legal title to the property;

(b) SZLY has the rights to transfer the Land Use Rights of the property by way of transfer, mortgage or letting.

(iv) In undertaking our valuation of the property, we have made reference to various rental comparables of which have similar characteristics comparable to the property. The unit rental rates of these comparables are in a range from RMB100 to RMB130 per sq.m. for residential units in the locality. Due adjustments to the unit rates of these comparables have been made to reflect factors including but not limited to location, size, building age and building quality and then capitalized at the market yield of approximately 1.75% in arriving the capital value of the property.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31st March, 2023 *(HK$)*
2	Units 1802 and 1809 on 15th Floor, Tower A, Yintai Center, No. 4 Jianguomenwai Avenue, Chaoyang District, Beijing, the PRC	Yintai Center (the "**Development**") comprises 1 block of 63-storey residential building and 2 blocks of 42-storey office buildings completed in 2008. The Development is located in Chaoyang District of Beijing which is the central business district of Beijing and is surrounded by high-rises residential developments and foreign embassies. It is the most populous district in Beijing. It takes approximately 30 minutes to drive from the property to Beijing Capital Airport. The property comprises two residential units on 15th Floor of Tower A. The total gross floor area of the property is approximately 2,913 sq.ft. (270.6 sq.m.). The land use rights of the property have been granted for a term of 70 years for residential use from 31st August, 2004 to 30th August, 2074 for residential use.	The property is subject to two tenancies with the latest expiring on 4th November, 2024, yielding a total monthly rental of RMB52,000 (inclusive of management fee and air-conditioning charges).	28,750,000 (100% attributable interest to the Group: 28,750,000)

Notes:

(i) Pursuant to the Certificate for Real Estate Ownership No. 京房權證朝字第1016660號 dated 9th July, 2011 issued by 北京市住房和城鄉建設委員會, the ownership of Unit 1802 on 15th Floor, Tower A, No. 2 Jianquomenwai Avenue, having a gross floor area of 137.4 sq.m., has been vested in Man Lee Offshore Limited (萬利海外有限公司) ("**MLOL**") which is a wholly-owned subsidiary of the Company.

(ii) Pursuant to the Certificate for Real Estate Ownership No. 京房權證朝字第1016661號 dated 9th July, 2011 issued by 北京市住房和城鄉建設委員會, the ownership of Unit 1809 on 15th Floor, Tower A, No. 2 Jianquomenwai Avenue, having a gross floor area of 133.2 sq.m., has been vested in MLOL.

(iii) Pursuant to the Certificate of Incorporation No. 167149 dated 28th February, 2011, MLOL is incorporated in the British Virgin Islands as an International Business Company.

(iv) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisers, which contains, *inter alia*, the following information:

(a) MLOL is in possession of a proper legal titles to the property;

(b) MLOL has the rights to transfer the Land Use Rights of the property by way of transfer, mortgage or letting.

(v) In undertaking our valuation of the property, we have made reference to various rental comparables of which have similar characteristics comparable to the property. The unit rental rates of these comparables are in a range from RMB180 to RMB240 per sq.m. for residential units in the locality. Due adjustments to the unit rates of these comparables have been made to reflect factors including but not limited to location, size, building age and building quality and then capitalized at the market yield of approximately 2.75% in arriving the capital value of the property.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31st March, 2023 *(HK$)*
3	Unit B712 on 7th Floor, Wangfujing Century Square, Wangfujing Avenue, Dongcheng District, Beijing, the PRC	Wangfujing Century Square (the "**Development**") comprises a 5-storey apartment block and a 5-storey office block erected on a 4-level shopping mall complex with car parking spaces completed in 1996. The Development is located in the Dongcheng District of Beijing, which covers the whole eastern half of Beijing's urban core and has the largest number of cultural relics and historic sites. The majority of Wangfujing is pedestrianised and is filled with both newly developed shopping malls and traditional food stalls. It takes approximately 30 minutes to drive from the property to Beijing Capital Airport. The property comprises a residential unit on 7th Floor of the apartment block of the Development. The gross floor area of the property is approximately 560 sq.ft. (52.03 sq.m.). The land use rights of the property have been granted for a term of 70 years for residential use expiring on 24th December, 2063.	The property is subject to a tenancy expiring on 14th November, 2023 at a monthly rental of RMB6,600 (inclusive of management fee).	4,070,000 (100% attributable interest to the Group: 4,070,000)

Notes:

(i) Pursuant to the Certificate for Real Estate Ownership No. 京房權證市東涉外字第0310498號 issued by 北京市建設委員會, the ownership of the property, having a gross floor area of 52.03 sq.m., has been vested in Oriental Dragon Investment Limited (東龍投資有限公司) ("**ODIL**") which is a wholly-owned subsidiary of the Company.

(ii) Pursuant to Certificate of Land Use Rights No. 京市東涉外國用(2007出)第6014214號 issued by the People's Government of Beijing, the Land Use Rights of the property have been granted to ODIL for residential use.

(iii) Pursuant to the Certificate of Incorporation No. 110248 dated 21st July, 2006, ODIL is incorporated in the British Virgin Islands as an International Business Company.

(iv) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisers, which contains, *inter alia*, the following information:

(a) ODIL is in possession of a proper legal title to the property;

(b) ODIL has the rights to transfer the Land Use Rights of the property by way of transfer, mortgage or letting.

(v) In undertaking our valuation of the property, we have made reference to various rental comparables of which have similar characteristics comparable to the property. The unit rental rates of these comparables are in a range from RMB115 to RMB150 per sq.m. for residential units in the locality. Due adjustments to the unit rates of these comparables have been made to reflect factors including but not limited to location, size, building age and building quality and then capitalized at the market yield of approximately 2.25% in arriving the capital value of the property.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31st March, 2023 *(HK$)*
4	Unit A505 on 5th Floor, Wangfujing Century Square, Wangfujing Avenue, Dongcheng District, Beijing, the PRC	Wangfujing Century Square (the "**Development**") comprises a 5-storey apartment block and a 5-storey office block erected on 4-level shopping mall complex with car parking spaces completed in 1996. The Development is located in the Dongcheng District of Beijing, which covers the whole eastern half of Beijing's urban core and has the largest number of cultural relics and historic sites. The majority of Wangfujing is pedestrianised and is filled with both newly developed shopping malls and traditional food stalls. It takes approximately 30 minutes to drive from the property to Beijing Capital Airport. The property comprises an office unit on 5th Floor of the office block of the Development. The gross floor area of the property is approximately 2,226 sq.ft. (206.76 sq.m.). The land use rights of the property have been granted for a term of 40 years for office use expiring on 24th December, 2043.	The property is currently vacant.	8,660,000 (100% attributable interest to the Group: 8,660,000)

Notes:

(i) Pursuant to the Certificate for Real Estate Ownership No. 京房權證市東涉外字第0310497號 issued by 北京市建設委員會, the ownership of property, having a gross floor area of 206.76 sq.m., has been vested in Winshine Properties Limited (榮陽房地產有限公司) ("**WPL**") which is a wholly-owned subsidiary of the Company.

(ii) Pursuant to Certificate of Land Use Rights No. 京市東涉外國用(2007出)第6014213號 issued by the People's Government of Beijing, the Land Use Rights of the property have been granted to WPL for office use.

(iii) Pursuant to the Certificate of Incorporation No. 109165 dated 4th August, 2006, WPL is incorporated in the British Virgin Islands as an International Business Company.

(iv) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisers, which contains, *inter alia*, the following information:

(a) WPL is in possession of a proper legal title to the property;

(b) WPL has the rights to transfer the Land Use Rights of the property by way of transfer, mortgage or letting.

(v) In undertaking our valuation of the property, we have made reference to various rental comparables of which have similar characteristics comparable to the property. The unit rental rates of these comparables are in a range from RMB90 to RMB150 per sq.m. for residential units in the locality. Due adjustments to the unit rates of these comparables have been made to reflect factors including but not limited to location, size, building age and building quality and then capitalized at the market yield of approximately 4% in arriving the capital value of the property.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31st March, 2023 *(HK$)*
5	Unit B902 on 9th Floor, Wangfujing Century Square, Wangfujing Avenue, Dongcheng District, Beijing, the PRC	Wangfujing Century Square (the "**Development**") comprises a 5-storey apartment block and a 5-storey office block erected on 4-level shopping mall complex with car parking spaces completed in 1996. The Development is located in the Dongcheng District of Beijing, which covers the whole eastern half of Beijing's urban core and has the largest number of cultural relics and historic sites. The majority of Wangfujing is pedestrianised and is filled with both newly developed shopping malls and traditional food stalls. It takes approximately 30 minutes to drive from the property to Beijing Capital Airport. The property comprises a residential unit on 9th Floor of the apartment block of the Development. The gross floor area of the property is approximately 970 sq.ft. (90.1 sq.m.). The land use rights of the property have been granted for a term of 70 years for residential use expiring on 24th December, 2063.	The property is vacant till to a tenancy commencing from 1st March, 2023 and expiry on 28th February, 2025 at a monthly rental of RMB8,000 (inclusive of management fee).	No Commercial Value (100% attributable interest to the Group: No Commercial Value)

Notes:

(i) Pursuant to the Sale and Purchase Agreement (the "**Agreement**") entered between Long Age Industrial Ltd. ("**LAIL**") and Landfine Investment Limited ("**LIL**") which is a wholly-owned subsidiary of the Company, dated 18th June, 1997, LIL agreed to purchase the property at a consideration of US$280,752.

(ii) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, *inter alia*, the following information:

(a) According to the terms and conditions as stipulated in the Agreement, both parties should apply for the registration of transferring the real estate ownership of the property upon the fully paid of the consideration of USD280,752 by the LIL;

(b) As informed by LIL the said application of the registration of transferring cannot be proceed due to the property was previously mortgaged to 3rd party by LAIL and still not be released yet; and

(c) LIL does not currently hold the Real Estate ownership of the property and cannot transfer the Land Use Rights of the property by way of transfer or mortgage.

(iii) In the course of our valuation, we attribute no commercial value to the property due to no legal title of the property has been transferred to LIL as at the Date of Valuation.

The following is the text of a 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 of Property C as at 31st March, 2023.

Norton Appraisals
Registered Professional Surveyors, Valuers & Property Advisers
Unit E, 21/F., Seabright Plaza, 9-23 Shell Street, North Point, Hong Kong
Tel : (852) 2810 7337
Fax : (852) 2810 6337
Email: info@norton-app.com
Website: www.norton-app.com

10th June, 2023

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

The Directors
Allied Group Limited
22nd Floor, Allied Kajima Building
138 Gloucester Road
Wanchai, Hong Kong

Dear Sirs,

Re: Properties located in Hong Kong

In accordance with the instructions from Asiasec Properties Limited (hereinafter referred to as the "**Company**") and its subsidiaries (hereinafter together referred to as the "**Group**") and Allied Group Limited ("**AGL**") 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 31st March, 2023 (hereinafter referred to as the "**Date of Valuation**") for public documentation purpose.

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 property interests in Group I, which are held for investment in Hong Kong, we have adopted investment approach on a fully leased basis by taking into account the current passing rents, if any, 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.

In valuing the property interest under Group II, which is held for owner-occupied in Hong Kong, we have adopted direct comparison approach by making reference to comparable transactions as available in the relevant markets.

We have inspected the exterior and, where possible, the interior of the Properties in Hong Kong by our senior valuation manager Mr. Oliver Pan who possesses a master degree in investment from University of Reading and Mr. Paul Wong who is the person in charge of this valuation on 23rd December, 2022. During the course of our inspections, 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 the Group and therefore only approximations.

We have relied to a considerable extent on the information provided by the 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 Properties nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Properties are free from encumbrances, restrictions and outgoings of any 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 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*
Director

Note: Mr. Paul M. K. Wong is a Registered Professional Surveyor who has more than 32 years' experience in valuation of properties in Hong Kong and in the PRC.

SUMMARY OF VALUES

	Property	Market value in existing state as at 31st March, 2023 (HK$)	Interest attributable to the Group	Market value in existing state attributable to the Group as at 31st March, 2023 (HK$)
Group I – Property interests held by the Group for investment in Hong Kong				
1	The whole of 33rd Floor of Tower A and Car Parking Space P24, Billion Centre, No. 1 Wang Kwong Road, Kowloon Bay, Kowloon	148,100,000	100%	148,100,000
2	Flat B on 21st Floor and Car Parking Space No. C56 on 3rd Floor, the Forfar, No. 2 Forfar Road, Kowloon City, Kowloon	40,000,000	100%	40,000,000
3	Flat C on 45th Floor (including Flat Roof(s)) of Tower 1 and Car Parking Spaces Nos. R151 and R152, The Wings, No. 9 Tong Yin Street, Tseung Kwan O, New Territories	48,700,000	100%	48,700,000
4	Flat F on 5th Floor of Tower 22 (Mei Wah Court), South Horizons, No. 22 South Horizon Drive, Ap Lei Chau, Hong Kong	10,400,000	100%	10,400,000
	Total of Group I:	247,200,000		247,200,000
Group II – Property interest held by the Group for owner-occupied in Hong Kong				
5	Car Parking Space No. P57 on 2nd Floor, Billion Centre, No. 1 Wang Kwong Road, Kowloon Bay, Kowloon	1,800,000	100%	1,800,000
	Total of Group II:	1,800,000		1,800,000
	Grand Total:	**249,000,000**		**249,000,000**

VALUATION REPORT

Group I – Property interests held by the Group for investment in Hong Kong

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31st March, 2023 *(HK$)*
1	The whole of 33rd Floor of Tower A and Car Parking Space P24, Billion Centre, No. 1 Wang Kwong Road, Kowloon Bay, Kowloon Certain shares of and in The Remaining Portion of New Kowloon Inland Lot No. 5925 (the "**Lot**")	Billion Centre (the "**Development**") is a twin tower office development located in the predominated industry business area of Kowloon Bay district. It takes approximately 5 minutes to drive from the property to Kowloon Bay MTR station. The property comprises the whole of 5 office units on 33rd Floor and a car parking space on 2nd Floor of a 30-storey commercial building completed in 2009. The gross floor area of the property (excluding Car Parking Space) is approximately 13,851 sq.ft. (1,286.79 sq.m.). The Lot is held under Conditions of Sale No. 11579 for a term of 99 years commencing on 1st July, 1898 and had been statutorily renewed 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.	The property is subject to three tenancies with the latest expiring on 6th February, 2024, yielding a total monthly rental of HK$306,110.	148,100,000 (100% attributable interest to the Group: 148,100,000)

Notes:

(i) Top Power Development Limited, a wholly-owned subsidiary of the Company, is the registered owner of the whole of 33rd Floor and Car Parking Space No. P24 on 2nd Floor of the Development, vide Memorial No. 09111701090011 dated 20th October, 2009.

(ii) In undertaking our valuation of the property, we have made reference to various rental comparables of which have similar characteristics comparable to the property. The unit rental rates of these comparables are in a range from HK$18 to HK$25 per sq.ft. for office units in the locality. Due adjustments to the unit rates of these comparables have been made to reflect factors including but not limited to location, size, building age and building quality and then capitalized at the market yield of 2.5% in arriving the capital value of the property.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31st March, 2023 *(HK$)*
2	Flat B on 21st Floor and Car Parking Space No. C56 on 3rd Floor, the Forfar, No. 2 Forfar Road, Kowloon City, Kowloon 1888/88108th shares of and in the Remaining Portion of Kowloon Inland Lot No. 4022 (the "**Lot**")	The Forfar is a high-end residential development located in the traditional residential area of Kowloon City. It takes approximately 15 minutes to walk from the property to To Kwa Wan MTR station. The property comprises a residential unit on 21st Floor and a car parking space on 3rd Floor of a 29-storey residential building completed in 2010. The saleable area of the residential unit is approximately 1,762 sq.ft. (163.69 sq.m.). The Lot is held under Conditions of Sale No. UB3807 for a term of 75 years from 20th June, 1838 renewable for a further term of 75 years and has been statutorily extended to 30th June, 2047. The Government rent payable for the Lot is HK$210 per annum.	The property is subject to a tenancy for a term of 2 years expiring on 30th April, 2024 at a monthly rental of HK$68,000.	40,000,000 (100% attributable interest to the Group: 40,000,000)

Notes:

(i) The registered owner of the property is Citigrand Investment Limited, a wholly-owned subsidiary of the Company, vide Memorial No. 11060200490064 dated 13th May, 2011.

(ii) In undertaking our valuation of the property, we have made reference to various rental comparables of which have similar characteristics comparable to the property. The unit rental rates of these comparables are in a range from HK$33 to HK$41 per sq.ft. for residential units in the locality. Due adjustments to the unit rates of these comparables have been made to reflect factors including but not limited to location, size, building age and building quality and then capitalized at the market yield of 2.75% in arriving the capital value of the property.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31st March, 2023 *(HK$)*
3	Flat C on 45th Floor (including Flat Roof(s)) of Tower 1 and Car Parking Spaces Nos. R151 and R152, The Wings, No. 9 Tong Yin Street, Tseung Kwan O, New Territories 1968/5008804th shares of and in Tseung Kwan O Town Lot No. 72 (the "**Lot**")	The Wings is a large transit-oriented development and built on top of an underground railway station comprising residential, hotel, serviced apartment, retail, entertainment and public utility located in the predominated residential area. The property comprises a residential unit on 45th Floor of a 38-storey residential building and two car parking spaces of a large-scale residential development completed in 2012. The saleable area of the residential unit is approximately 1,713 sq.ft. (159.14 sq.m.). The area of flat roofs is approximately 570 sq.ft. (52.95 sq.m.). The property is held under New Grant No. 20379 for a term of 50 years commencing on 18th May, 2007. The Government rent payable for the Lot is an amount equal to 3% of the rateable value from time to time of the Lot subject to General Condition No. 1 of New Grant.	The property is currently vacant.	48,700,000 (100% attributable interest to the Group: 48,700,000)

Notes:

(i) The registered owner of the property is Citigrand Investment Limited, a wholly-owned subsidiary of the Company, vide Memorial No. 13021501470054 dated 22nd January, 2013.

(ii) In undertaking our valuation of the property, we have made reference to various rental comparables of which have similar characteristics comparable to the property. The unit rental rates of these comparables are in a range from HK$36 to HK$44 per sq.ft. for residential units in the locality. Due adjustments to the unit rates of these comparables have been made to reflect factors including but not limited to location, size, building age and building quality and then capitalized at the market yield of 2% in arriving the capital value of the property.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31st March, 2023 *(HK$)*
4	Flat F on 5th Floor of Tower 22 (Mei Wah Court), South Horizons, No. 22 South Horizon Drive, Ap Lei Chau, Hong Kong 20/168000th shares of and in The Remaining Portion of Aplichau Inland Lot No. 121 (the "**Lot**")	South Horizons is a large private housing estate located in Aberdeen at the western end of Ap Lei Chau and was the most populated among the private and public estates of the district. It takes approximately 5 minutes to walk from the property to South Horizons MTR station. The property comprises a residential unit on the 5th Floor of a 37-storey residential building of a large-scale residential development completed in 1994. The saleable area of the property is approximately 886 sq.ft. (82.31 sq.m.). The Lot is held under Conditions of Exchange No. UB11998 for a term commencing on 28th January, 1988 and expiring on 31st March 2040. The Government rent payable for the Lot is 3% of the rateable value from time to time of the Lot per annum.	The property is subject to a tenancy of 2 years expiring on 15th January, 2023 yielding a monthly rental of HK$28,000.	10,400,000 (100% attributable interest to the Group: 10,400,000)

Notes:

(i) The registered owner of the property is Citigrand Investment Limited, a wholly-owned subsidiary of the Company, vide Memorial No. UB625615 dated 28th February, 1995.

(ii) In undertaking our valuation of the property, we have made reference to various rental comparables of which have similar characteristics comparable to the property. The unit rental rates of these comparables are in a range from HK$32 to HK$37 per sq.ft. for residential units in the locality. Due adjustments to the unit rates of these comparables have been made to reflect factors including but not limited to location, size, building age and building quality and then capitalized at the market yield of 3.25% in arriving the capital value of the property.

Group II – Property interest held by the Group for owner-occupied in Hong Kong

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31st March, 2023 *(HK$)*
5	Car Parking Space No. P57 on 2nd Floor, Billion Centre, No. 1 Wang Kwong Road, Kowloon Bay, Kowloon Certain shares of and in The Remaining Portion of New Kowloon Inland Lot No. 5925 (the "**Lot**")	Billion Centre (the "**Development**") is a twin tower office development located in the predominated industry business area of Kowloon Bay district. It takes approximately 5 minutes to drive from the property to Kowloon Bay MTR station. The property comprises 1 car parking space on 2nd Floor of a 30-storey commercial building completed in 2009. The Lot is held under Conditions of Sale No. 11579 for a term of 99 years commencing on 1st July, 1878 and had been statutorily renewed 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.	The property is currently owner-occupied.	1,800,000 (100% attributable interest to the Group: 1,800,000)

Notes:

(i) Top Power Development Limited, a wholly-owned subsidiary of the Company, is the registered owner of the Car Parking Space No. P57 on 2nd Floor of the Development, vide Memorial No. 10082000250089 dated 12th August, 2010.

(ii) In undertaking our valuation of the property, we have made reference to various sale comparables of which have similar characteristics comparable to the property. The unit rates of these comparables in the locality are in a range from HK$1,800,000 to HK$1,900,000 per each space for industrial carpark. Due adjustments to the unit rates of these comparables have been made to reflect factors including but not limited to location, building age and building quality in arriving at key assumptions.

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 of, 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 of, and Ms. Lisa Yang Lai Sum is an independent non-executive director of Allied Group Limited ("**AGL**"). AGL is interested in approximately 55.72% 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, 2022 (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) a sale and purchase agreement dated 2nd August, 2021 entered into between Advance Growth Investments Limited (the "**Advance Growth**") and the Company in relation to the acquisition of all ordinary shares of a target company (the "**Target Company**") legally and beneficially owned by another company ("**BVI Holdco**", which in turn is wholly-owned by the Company) by Advance Growth from the BVI Holdco and the assignment by the BVI Holdco to Advance Growth of any shareholder's loan due to the BVI Holdco by the Target Company, at the consideration of HK$1,080,000,000;

(b) a second supplemental loan agreement dated 26th November, 2021 entered into among AsiaSec Finance Limited ("**AsiaSec Finance**") as lender and a direct wholly-owned subsidiary of the Company, BH Capitalink Development Limited ("**BH Capitalink**") as borrower and Mr. Lau Yau Cheung ("**Mr. Lau**") as guarantor, pursuant to which AsiaSec Finance agreed to, among other things, extend the repayment date for a loan in the total amount of HK$45,000,000 (the "**AsiaSec Finance Loan**") from 26th November, 2021 to 25th November, 2022 on the terms and subject to the conditions therein; and

(c) a third supplemental loan agreement dated 22nd November, 2022 entered into among AsiaSec Finance, BH Capitalink and Mr. Lau, pursuant to which AsiaSec Finance agreed to, among other things, extend the repayment date for the AsiaSec Finance Loan from 25th November, 2022 to 24th November, 2023 on the terms and subject to the conditions therein.

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, 2022, 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
Deloitte Touche Tohmatsu	certified public accountants
Beijing Yingke Law Firm Shanghai Office	PRC legal advisers

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, 2022 (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 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

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

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 accountant's report on the financial information of Target Company A prepared by Deloitte Touche Tohmatsu, the texts of which are set out in Appendix II to this circular;

(d) the unaudited pro forma financial information of the Enlarged Group prepared by Deloitte Touche Tohmatsu, the texts of which are set out in Appendix IV to this circular;

(e) the property valuation report relating to the Property A prepared by the Valuer, the texts of which are set out in Appendix V to this circular;

(f) the property valuation report relating to the Property B prepared by the Valuer, the texts of which are set out in Appendix VI to this circular;

(g) the property valuation report relating to the Property C prepared by the Valuer, the texts of which are set out in Appendix VII to this circular;

(h) the legal advice dated 10th June, 2023 prepared by Beijing Yingke Law Firm, Shanghai Office;

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

(j) SPA A;

(k) SPA B; and

(l) SPA C.

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 Plaza 4, Basement 3, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Friday, 30th June, 2023 at 10:00 a.m. for the purpose of considering and, if thought fit, passing with or without modification, the following resolutions as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

THAT:

1. (a) the sale and purchase agreement dated 27th February, 2023 ("**SPA A**") entered into among Cosmic Gold Holdings Limited ("**Purchaser A**"), Ms. Chong Sok Un ("**Ms. Chong**"), Nice Zone Limited ("**Nice Zone**"), BH Management Company Limited ("**BH Management**", together with Ms. Chong and Nice Zone, "**Lenders**"), Claude Associates Limited ("**Claude Associates**"), Mr. Wong Sai Chung and Boost Investments Limited ("**Target Company A**") and the transactions contemplated thereunder ("**Transaction A**"), including without limitation, that:

   (i) Purchaser A shall purchase the total number of issued shares of Target Company A from the Lenders, as mortgagees in possession;

   (ii) the sum which Target Company A is presently indebted and may hereafter become indebted to Claude Associates, which has been assigned to a security agent pursuant to a deed of assignment, shall be assigned by the Lenders as mortgagee in possession to Purchaser A; and

   (iii) Purchaser A shall provide to Target Company A a secured loan in the total amount of HK$1,000,000,000 at completion

   on the terms and subject to the conditions as set out in SPA A (details of SPA A are set out in the Company's circular dated 10th June, 2023 and a copy of SPA A marked "A" has been produced to the EGM and initialed by the chairman of the EGM for the purpose of identification), be and are hereby approved, ratified and confirmed; and

   (b) the Chief Executive of the Company (the "**CE**") be and is hereby authorised to execute all such 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 Transaction A and the matters contemplated thereunder.

2. (a) the sale and purchase agreement dated 27th February, 2023 ("**SPA B**") entered into between Advance Growth Investments Limited ("**Purchaser B**") and Dan Form (China) Limited ("**Vendor B**") and the transactions contemplated thereunder ("**Transaction B**"), including without limitation, that:

   (i) Purchaser B shall purchase the entire issued share capital of Spring Victory Holdings Limited ("**Target Company B**") from Vendor B; and

   (ii) the sum which Target Company B may hereafter become indebted to Vendor B upon completion of a reorganisation shall be assigned by Vendor B to Purchaser B

   on the terms and subject to the conditions as set out in SPA B (details of SPA B are set out in the Company's circular dated 10th June, 2023 and a copy of SPA B marked "B" has been produced to the EGM and initialed by the chairman of the EGM for the purpose of identification), be and are hereby approved, ratified and confirmed; and

   (b) the CE be and is hereby authorised to execute all such 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 Transaction B and the matters contemplated thereunder.

3. (a) the sale and purchase agreement dated 27th February, 2023 ("**SPA C**") entered into between AP Development Limited ("**Purchaser C**") and Simply Global Enterprises Limited ("**Vendor C**") and the transactions contemplated thereunder ("**Transaction C**"), including without limitation, that:

   (i) Purchaser C shall purchase the entire issued share capital of Hero Bless Investments Limited ("**Hero Bless**") and the entire issued share capital of Wisdom Giant Holdings Limited ("**Wisdom Giant**") from Vendor C; and

   (ii) the sum which each of Hero Bless and Wisdom Giant may hereafter become indebted to Vendor C shall be assigned by Vendor C to Purchaser C

   on the terms and subject to the conditions as set out in SPA C (details of SPA C are set out in the Company's circular dated 10th June, 2023 and a copy of SPA C marked "C" has been produced to the EGM and initialed by the chairman of the EGM for the purpose of identification), be and are hereby approved, ratified and confirmed; and

(b) the CE be and is hereby authorised to execute all such 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 Transaction C and the matters contemplated thereunder.

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

Hong Kong, 10th June, 2023

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

Notes:

1. *All resolutions set out in this notice of the EGM will be taken by poll pursuant to the Rules Governing the Listing of Securities ("**Listing Rules**") on The Stock Exchange of Hong Kong Limited ("**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 vote at the EGM will be entitled to appoint one or more proxies to attend 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 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not less than 48 hours before the time fixed 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 persons 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 persons so present whose name stands first on the register of members of the Company in respect of such Share 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 Tuesday, 27th June, 2023 to Friday, 30th June, 2023 (both days inclusive), during which period no transfer of Shares will be registered. In order for a Shareholder 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 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Monday, 26th June, 2023.*