
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to the contents of this Scheme Document, any aspect of the Proposal or the Convertible Note Offer or any action to be taken, you should consult a licensed securities dealer or registered institution in securities, stockbroker, bank manager, solicitor, professional accountant or other professional adviser and obtain independent professional advice.

If you have sold or otherwise transferred all your securities in Asia Standard Hotel Group Limited, you should at once hand this Scheme Document and the accompanying forms of proxy to the purchaser(s) or transferee(s), or to the licensed securities dealer or registered institution in securities, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s). This Scheme Document appears for information purposes only and does not constitute an offer or invitation to, nor is it intended to invite offers by, the public to subscribe for or to purchase or acquire shares or other securities of Asia Standard Hotel Group Limited or Asia Standard International Group Limited, and it must not be used for the purpose of offering or inviting offers for any securities. Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this Scheme Document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Scheme Document.



**ASIA STANDARD INTERNATIONAL
GROUP LIMITED**

泛海國際集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code : 129)

The Sai Group Limited

*(Incorporated in the British Virgin
Islands with limited liability)*



ASIA STANDARD HOTEL GROUP LIMITED

泛海酒店集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code : 292)

**(I) PROPOSED GROUP REORGANISATION OF ASI AND ASH BY THE OFFEROR
INVOLVING A SHARE EXCHANGE OFFER WITH
CASH PAYMENT TO THE SCHEME SHAREHOLDERS FOR THE
CANCELLATION OF ALL THE SCHEME SHARES BY WAY OF A SCHEME
OF ARRANGEMENT UNDER SECTION 99 OF THE COMPANIES ACT 1981
OF BERMUDA;**

AND

(II) PROPOSED WITHDRAWAL OF LISTING OF THE ASH SHARES

Financial Adviser to Asia Standard International Group Limited and the Offeror

ANGLO CHINESE 英高
CORPORATE FINANCE, LIMITED

Anglo Chinese Corporate Finance, Limited

Independent Financial Adviser to the Independent Board Committee

ALTUS CAPITAL LIMITED

Altus Capital Limited

Unless the context otherwise requires, capitalised terms used in this Scheme Document (including this cover page) have the same meanings as those defined in the section headed "DEFINITIONS" set out in Part 1 of this Scheme Document. A letter from the Board is set out in Part 4 of this Scheme Document. A letter from the Independent Board Committee containing its advice to the Scheme Shareholders in respect of the Proposal and the Scheme and to the holders of the Convertible Notes (other than the Offeror and Offeror Concert Parties) in respect of the Convertible Note Offer is set out in Part 5 of this Scheme Document. A letter from Altus, the Independent Financial Adviser to the Independent Board Committee, containing its advice to the Independent Board Committee in respect of the Proposal and the Convertible Note Offer is set out in Part 6 of this Scheme Document. An Explanatory Statement regarding the Proposal and the Scheme and the Convertible Note Offer is set out in Part 7 of this Scheme Document. The actions to be taken by the ASH Shareholders and holders of the Convertible Notes are set out in the section headed "17. ACTIONS TO BE TAKEN" in the Explanatory Statement set out in Part 7 of this Scheme Document. Notices convening the Court Meeting and the SGM to be held at Empire Grand Room, 1st Floor, Empire Hotel Hong Kong, 33 Hennessy Road, Wanchai, Hong Kong on 23 September 2024 at 10:00 a.m. and 10:15 a.m. respectively (or, in the case of the SGM, as soon thereafter as the Court Meeting have concluded or been adjourned) are set out in Appendices VI and VII to this Scheme Document, respectively. Whether or not you are able to attend the Court Meeting and/or the SGM, you are strongly urged to complete and sign the enclosed **PINK** form of proxy in respect of the Court Meeting and the enclosed **WHITE** form of proxy in respect of the SGM, in accordance with the instructions printed thereon, and deposit the same at the office of the ASH Branch Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not later than the respective times and dates as stated under the section headed "ACTIONS TO BE TAKEN" on pages 10 to 15 of this Scheme Document. The **WHITE** form of proxy in respect of the SGM will not be valid if it is not so lodged. In the case of the **PINK** form of proxy in respect of the Court Meeting, it may also be handed to the chairman of the Court Meeting at the Court Meeting (who shall have absolute discretion whether or not to accept the proxy form) before the taking of poll. Completion and return of the relevant form of proxy for the Court Meeting and/or the SGM will not preclude you from attending and voting in person at the relevant meeting or any adjournment thereof, should you so wish, and, in such event, the relevant form of proxy will be revoked by operation of law. This Scheme Document is jointly issued by ASI, the Offeror and ASH.

* for identification purpose only

29 August 2024



QUESTIONS AND ANSWERS

The following are some questions which you, as a Scheme Shareholder or a Shareholder, may have, and the answers to those questions.

This Scheme Document contains important information and you are encouraged to read this Scheme Document in full, including the appendices, carefully.

1

What are the key terms of the Proposed Group Reorganisation?

Scheme Shareholders should note that upon the fulfilment or waiver (as applicable) of the Scheme Conditions and the Scheme becoming effective, all Scheme Shares will be cancelled and the Scheme Shareholders will be entitled to receive from ASI:

**For every 20 Scheme Shares
cancelled....**

**3 new ASI Shares and
the Cash Payment of HK\$0.700[^]**

[^] Fractions of an ASI Share will not be issued to any Scheme Shareholder and fractional entitlements to an ASI Share will be rounded down to the nearest whole number

2

What are the reasons and benefits of the Proposed Group Reorganisation?

These are, as described in more detail in this Scheme Document:

- i. Scheme Shareholders will receive a Cash Payment of HK\$0.035 per Scheme Share which **exceeds** the **aggregate dividend** per ASH Share of HK\$0.033 in the **past 10 financial years** ended 31 March 2024.
- ii. Scheme Shareholders can preserve their investment value:
 - a. In **market terms**, Scheme Consideration based on the closing prices of ASI Shares on the Last Trading Day and as at the Latest Practicable Date, respectively, represents a **premium of 52.78% and 27.78%** over the closing prices of ASH Shares on the Last Trading Day.
 - b. In terms of **net asset value**, the aggregated underlying value of the Scheme Consideration, which consists of (i) the ASI Adjusted NAV attributable to the 0.15 ASI Share and (ii) the Cash Payment to which the holder of each Scheme Share will be entitled to receive under the Proposal, represents a **premium of 15.21%** against the ASH Adjusted NAV on a fully diluted basis (full conversion of the Convertible Notes) on the Last Trading Day and as at the Latest Practicable Date.
- iii. The Proposal will allow Scheme Shareholders, as new ASI Shareholders, to remain invested and continue to participate in the business and performance of ASH indirectly, while simultaneously benefiting from:
 - the opportunity to invest in a more substantial and diversified asset portfolio of ASI;
 - ASH being more directly supported by the stronger balance sheet and listing vehicle of ASI; and
 - enhancement of trading liquidity and operational agility from a larger public float and market capitalisation of ASI Shares.



QUESTIONS AND ANSWERS

For further details, please refer to the section headed “2. Reasons and Benefits of the Proposed Group Reorganisation” in the Letter of the Board as set out in Part 4 of this Scheme Document.

3 Who will be entitled to receive the Scheme Consideration if the Scheme becomes effective?

Only Scheme Shareholders will be entitled to receive the Scheme Consideration for Scheme Share(s) held as at the Scheme Record Time.

None of the Offeror or the Offeror Concert Parties, including ASI, AO, and Mr. Poon Jing, are entitled to the Scheme Consideration (including the Cash Payment).

4 What is the Court Meeting, the SGM, and the Court Hearing?

The Court Meeting is convened for the Scheme Shareholders to vote on the Scheme (with or without modification). Immediately after the conclusion or adjournment of the Court Meeting, the SGM will be held for the Shareholders to, among other things, consider, and if thought fit, approve the reduction of the issued share capital of ASH by the cancellation of the Scheme Shares and to implement the Scheme. If all the resolutions are passed at the Court Meeting and the SGM, the Court Hearing will be held for the Court to sanction the Scheme.

5 What is the location, date, and time of the Court Meeting and the SGM?

The Court Meeting and the SGM will be held at Empire Grand Room, 1st Floor, Empire Hotel Hong Kong, 33 Hennessy Road, Wanchai, Hong Kong on 23 September 2024 at 10:00 a.m. and 10:15 a.m., respectively (or, in the case of the SGM, as soon thereafter as the Court Meeting have concluded or been adjourned).

6 What do I need to do if I want to attend and vote at the Court Meeting and the SGM?

You are strongly encouraged:

- (a) as a Scheme Shareholder — to exercise your right to vote at the Court Meeting and/or the SGM; or
- (b) as a Beneficial Owner whose ASH Shares are held by a Registered Owner (including HKSCC Nominees) — to give instructions to the relevant Registered Owner to vote in person or by proxy at the Court Meeting and/or the SGM; or
- (c) as a Beneficial Owner whose ASH Shares are deposited in CCASS — to withdraw at least some of your ASH Shares from CCASS and become a registered holder of such ASH Shares and exercise your right to vote, in person or by proxy, at the Court Meeting and/or the SGM.

If you are in any doubt as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, stockbroker, bank manager, solicitor, professional accountant or other professional adviser and obtain independent professional advice.

The actions which you are required to take are set out in the section headed “17. ACTIONS TO BE TAKEN” in the “Explanatory Statement” as set out in Part 7 of this Scheme Document. You should read it carefully. Scheme Shareholders and Convertible Note Holders are strongly advised to consider carefully the information contained in this Scheme Document, including “Letter from the Board” in Part 4, “Letter from the Independent Board Committee” in Part 5, “Letter from the Independent Financial Adviser” in Part 6 and “Explanatory Statement” in Part 7.



QUESTIONS AND ANSWERS

7

Who should I contact with additional questions?

If you have any questions concerning administrative matters, such as dates, documentation and procedures relating to the Proposal, please call the hotline of the ASH Branch Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at +852 2862 8555 between 9:00 a.m. and 6:00 p.m. on Monday to Friday, excluding public holidays in Hong Kong.

The hotline cannot and will not provide any advice on the merits of the Proposal or the Convertible Note Offer or give any financial or legal advice. If you are in doubt as to the content of this Scheme Document, any aspect of the Proposal, the Convertible Note Offer or any action to be taken, you are encouraged to consult a licensed securities dealer or registered institution in securities, stockbroker, bank manager, solicitor, professional accountant or other professional adviser and obtain independent professional advice.

You may also direct your questions to ASH by email to AsiaStandardHotel@sprg.com.hk.

NOTICE TO FOREIGN INVESTORS

NOTICE TO JAPAN INVESTORS

In respect of the solicitation of ASH Shares in relation to the exchange offering, no public offering is being made to investors residing in Japan, and no registration pursuant to Article 4, Paragraph 1 of Financial Instrument Exchange Law (the “FIEL”) has been made or will be made on the ground that such solicitation does not fall under the category set forth in Article 2 Paragraph 3, Item 1 or 2 of the FIEL, but constitutes “*shoninzu-muke kanyu*” (in Japanese, and translated into English as a “solicitation to a small number of investors”) as described in Article 23-13, Paragraph 4 of the FIEL. The Financial Services Agency of Japan and the Kanto Local Finance Bureau have not passed upon the accuracy or adequacy of this Scheme Document or otherwise approved or authorized the offering of ASH Shares to investors residing in Japan and no such approval or authorization will be sought.

NOTICE TO SINGAPORE INVESTORS

This Scheme Document has not and will not be registered as a prospectus with the Monetary Authority of Singapore. The new ASI Shares are being offered to Singapore Scheme Shareholders pursuant to the exemption invoked under section 272B of the Securities and Futures Act 2001 of Singapore.

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In this Scheme Document (including in the Appendices), unless the context otherwise requires, the following expressions have the following meanings:

“acting in concert”	has the meaning ascribed to it under the Takeovers Code, and “persons acting in concert” shall be construed accordingly
“Altus”, or “Independent Financial Adviser” or “IFA”	Altus Capital Limited, a corporation licensed to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, the independent financial adviser to the IBC
“AGL”	Altus Group Limited, an independent professional property valuer based in Canada and is independent from and not connected or related to the Independent Financial Adviser
“Anglo Chinese”	Anglo Chinese Corporate Finance, Limited, a licensed institution under the SFO, registered to carry on Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, which is the financial adviser to the Offeror and ASI in relation to the Proposal and the Convertible Note Offer
“Announcement”	the joint announcement dated 19 June 2024 jointly issued by ASI, the Offeror, ASH and AO
“Announcement Date”	19 June 2024, being the date of the Announcement
“AO”	Asia Orient Holdings Limited, a company incorporated in Bermuda with limited liability, the issued shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 214). Mr. Poon Jing holds approximately 65.60% of AO’s shares in issue and is therefore a controlling shareholder of AO as at the Latest Practicable Date
“AO AGM”	the annual general meeting of AO to be held on 4 September 2024 to approve, among others, the renewal of the Issue Mandate by ASI, or any adjourned meeting thereof
“AO Board”	the board of directors of AO
“AO Group”	AO and its subsidiaries
“AO Shareholder(s)”	holder(s) of the shares of AO

“ASH”	Asia Standard Hotel Group Limited, an exempted company incorporated in Bermuda with limited liability, the issued shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 292), being a non-wholly-owned subsidiary of ASI which in turn is indirectly controlled by Mr. Poon Jing
”ASH Adjusted NAV”	the unaudited adjusted net asset value of ASH attributable to owners of ASH based on the reported figures as at 31 March 2024 and the Valuation Reports, taking into account valuation surplus of approximately HK\$11,927.50 million. Please refer to sub-section headed “7. Market value and revaluation of property assets of ASH” in the Letter from the Board for detailed breakdown of the valuation surplus of HK\$11,927.50 million attributable to ASH
“ASH Branch Share Registrar”	Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong
“ASH Share(s)” or “Shares”	ordinary shares of HK\$0.02 each in the share capital of ASH
“ASH Shareholders(s) or “Shareholders(s)”	holder(s) of the shares of ASH
“ASH Share Option(s)”	share options granted by ASH pursuant to the share option scheme of ASH adopted on 28 August 2006
“ASI”	Asia Standard International Group Limited, an exempted company incorporated in Bermuda with limited liability and the issued shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 129), being a non-wholly-owned subsidiary of AO which is in turn controlled by Mr. Poon Jing
“ASI Adjusted NAV”	the unaudited adjusted net asset value of ASI attributable to owners of ASI based on the reported figures as at 31 March 2024 and the Valuation Reports, taking into account valuation surplus of approximately HK\$14,230.66 million, of which approximately HK\$4,366.62 million is attributed by properties held by ASI and approximately HK\$9,864.04 million is attributed by properties held by ASH. Please refer to sub-section headed “6. Market value and revaluation of property assets of ASI” in the Letter from the Board for detailed breakdown of the valuation surplus of HK\$14,230.66 million attributable to ASI

“ASI AGM”	the annual general meeting of ASI to be held on 4 September 2024 to approve, among others, the renewal of the Issue Mandate, or any adjourned meeting thereof
“ASI Board”	the board of directors of ASI
“ASI Director(s)”	director(s) of ASI
“ASI Group”	ASI and its subsidiaries
“ASI Shareholder(s)”	the duly registered holder(s) of ASI Shares
“ASI Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of ASI
“ASI Share Option(s)”	share options granted by ASI pursuant to the share option scheme of ASI adopted on 29 August 2014
“associate(s)”	has the meaning ascribed to it under the Takeovers Code
“Authorisations”	all necessary authorisations, registrations, filings, rulings, consents, permissions and approvals (including approval in-principle) in connection with the Proposal and the Convertible Note Offer
“Bermuda”	a British territory in the western Atlantic
“Beneficial Owner(s)”	any beneficial owner of ASH Shares
“Board”	the board of directors of ASH
“business day(s)”	a day on which the Stock Exchange is open for business of dealing in securities
“Cash Payment”	subject to the Scheme becoming effective and as part of the Scheme, the payment of HK\$0.035 for every Scheme Share payable in cash by or on behalf of the Offeror and/or ASI to the Scheme Shareholders whose names appear on the register of members of ASH at the Scheme Record Time
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Participant(s)”	a person admitted to participate in CCASS as a participant, including an Investor Participant
“Companies Act”	the Companies Act 1981 of Bermuda, as amended

“Completion”	completion of the Proposal, being the time of despatch of cheques for the Cash Payment and certificates for new ASI Shares to be allotted and issued in satisfaction of the Scheme Consideration to the Scheme Shareholders
“Convertible Note(s)” or “CN(s)”	convertible note(s) of ASH
“Convertible Note Offer”	the offer made by the Offeror to holders of the Convertible Notes (excluding the Offeror and the Offeror Concert Parties) in connection with the Proposal in accordance with the Takeovers Code, subject to the Scheme becoming effective, the form of which is set out in Appendix VIII to this Scheme Document
“Convertible Note Offer Price”	the consideration for each Convertible Note pursuant to the Convertible Note Offer, being 3 new ASI Shares to be issued and the Cash Payment of HK\$0.700 for every 20 Convertible Notes held as at the Scheme Record Time
“Court”	the Supreme Court of Bermuda
“Court Hearing”	the hearing before the Court to sanction the Scheme
“Court Meeting”	a meeting of the Scheme Shareholders to be convened at the direction of the Court at which the Scheme (with or without modification) will be voted upon, or any adjournment thereof
“Deed Poll”	the deed poll which sets out the terms of the Convertible Notes
“Director(s)”	director(s) of ASH
“Encumbrances”	(a) any mortgage, security, pledge, charge, lien, trust, assignment by way of security, security interest, any third party interests or rights or any other categories of encumbrances or priority right granted to the third party, including but not limited to, granting any rights in a transaction, and even if it is not a security right under the relevant laws, it is similar to security rights in terms of financial or actual economic benefits; (b) any authorization, representative voting power, voting trust arrangement, share option, right of first offer, right of first negotiation, right of first refusal and other right to restrict assignment; and (c) rights to claim against encumbrance, ownership or right of use without legal title

“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate for the time being of the Executive Director
“Explanatory Statement”	the explanatory statement set out in Part 7 of this Scheme Document and issued in compliance with Section 100 of the Companies Act
“Form of Acceptance”	the BLUE form(s) of acceptance in respect of the Convertible Note Offer accompanying this Scheme Document despatched to holders of the Convertible Notes
“General Mandate” or “Issue Mandate”	the general mandate to allot, issue and deal with ASI Shares not exceeding 20% of the issued share capital of ASI granted to the ASI Board on 25 August 2023 and to be renewed at the annual general meeting of ASI to be held on 4 September 2024
“Group”	ASH and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HKSCC Nominees”	HKSCC Nominees Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of ASH formed to advise the Scheme Shareholders in connection with the Proposal and the holders of the Convertible Notes (other than the Offeror and the Offeror Concert Parties) in connection with the Convertible Note Offer, and comprising Mr. Koon Bok Ming, Alan, an independent non-executive Director
“Investor Participant”	a person admitted to participate in CCASS as an investor participant
“Last Trading Day”	19 June 2024, being the last full trading day prior to the publication of the Announcement
“Latest Practicable Date”	26 August 2024, being the latest practicable date prior to the date of this Scheme Document for the purpose of ascertaining certain information contained herein
“Listing Committee”	the Listing Committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Long Stop Date”	31 December 2024 (or such later date as the Offeror and ASH may agree and, to the extent applicable, as the Court may direct, and in all cases, as permitted by the Executive)
“Main Board”	the Main Board operated by the Stock Exchange
“Meeting Record Date”	23 September 2024, the record date to be announced for the purpose of determining the entitlement of Scheme Shareholders to attend and vote at the Court Meeting and the entitlement of ASH Shareholders to attend and vote at the SGM
“Offer Period”	has the meaning ascribed to it under the Takeovers Code
“Offeror”	The Sai Group Limited, a company incorporated in the British Virgin Islands with limited liability, being a direct wholly-owned subsidiary of ASI
“Offeror Board”	the board of directors of the Offeror
“Offeror Concert Party(ies)”	party(ies) acting in concert or presumed to be acting in concert with the Offeror, including ASI, AO and Mr. Poon Jing
“Optionholders”	Mr. Poon Hai (a director of each of AO, ASI, the Offeror and ASH) and Mr. Poon Yeung, Roderick (a director of each of AO, ASI and ASH)
“Optionholder Undertakings”	Undertakings from each of the Optionholders to the Offeror and ASI, each dated 19 June 2024, the details of which are set out in the sub-section headed “9.1. Shareholding structure of ASH” in the Explanatory Statement set out in Part 7 of this Scheme Document
“Other CCASS Participant(s)”	a broker, custodian, nominee or other relevant person who is, or has deposited shares with, a CCASS participant
“PRC” or “Mainland China”	the People’s Republic of China, which for the purpose of this Scheme Document, excludes Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan (except where the context requires otherwise)
“Proposal” or “Proposed Group Reorganisation”	the proposed group reorganisation of ASH and ASI by the Offeror by way of the Scheme and the withdrawal of the listing of ASH Shares on the Main Board

“Registered Owner”	any person (including without limitation a nominee, trustee, depository or any other authorised custodian or third party) whose name is entered in the register of members of ASH as a holder of ASH Shares
“Registrar of Companies”	the Registrar of Companies in Bermuda
“Relevant Authorities”	appropriate governments and/or governmental bodies, regulatory bodies, stock exchanges, courts or institutions, including but not limited to the Court and the Registrar of Companies
“Relevant Period”	the period commencing on 19 December 2023, being the date falling six months prior to the commencement of the Offer Period, and ending as at the Latest Practicable Date
“Reorganised ASI Group”	ASI Group upon the Scheme becoming effective and after the allotment and issue of the new ASI Shares in connection with the Proposal, whereupon ASH will become an indirect non-wholly-owned subsidiary of ASI
“Scheme”	the proposed scheme of arrangement pursuant to Section 99 of the Companies Act for the implementation of the Proposal
“Scheme Condition(s)”	the conditions of the Proposal, details of which are set out in the section headed “3. CONDITIONS TO THE PROPOSAL AND THE SCHEME” in the Explanatory Statement set out in Part 7 of this Scheme Document
“Scheme Consideration”	the consideration for the cancellation and extinguishment of the Scheme Shares pursuant to the Scheme, being 3 new ASI Shares to be issued, and the Cash Payment of HK\$0.700 for every 20 Scheme Shares, which equates to an entitlement of 0.15 ASI Share and a Cash Payment of HK\$0.035 for every Scheme Share held as at the Scheme Record Time
“Scheme Document”	the composite scheme document issued by ASI, the Offeror and ASH to the Shareholders in relation to, among others, the Scheme, including each of the letters, statements, appendices and notices therein
“Scheme Effective Date”	the date upon which the Scheme becomes effective in accordance with its terms
“Scheme Record Time”	the record time for determining entitlements under the Scheme

“Scheme Share(s)”	ASH Share(s) other than those held by the Offeror and the Offeror Concert Parties
“Scheme Shareholder(s)”	registered Shareholder(s) of the Scheme Shares(s) as at the Scheme Record Time
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of ASH to be convened and held on the same day as the Court Meeting for the purpose of considering and, if thought fit, approving, among others, (i) a special resolution to approve any reduction of the issued share capital of ASH by the cancellation of the Scheme Shares, and (ii) an ordinary resolution to apply the reserve created by the cancellation of the Scheme Shares to simultaneously restore the issued share capital of ASH by the allotment and issue of an equal number of ASH Shares (credited as fully paid) to the Offeror, or any adjournment thereof
“Share Exchange Ratio”	the share exchange ratio of 3 new ASI Shares to be issued for every 20 Scheme Shares cancelled under the Scheme
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary” or “subsidiaries”	has the meaning ascribed to it under the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Valuation Reports”	the reports prepared by Vincorn Consulting and Appraisal Limited, AGL and Ryan ULC in relation to the property interests of the Group and the reports prepared by Vincorn Consulting and Appraisal Limited and Prudential Surveyors (Hong Kong) Limited in relation to the property interests of the ASI Group (excluding the Group) as set out in Appendix IX to this Scheme Document
“%”	per cent

1 Actions to be Taken in Respect of Court Meeting and/or the SGM*ACTIONS TO BE TAKEN BY ASH SHAREHOLDERS*

Scheme Shareholders who are entitled to attend and vote at the Court Meeting and ASH Shareholders who are entitled to attend and vote at the SGM are those whose names appear on the register of members of ASH on the Meeting Record Date, being Monday, 23 September 2024. In order to qualify to attend and vote at the Court Meeting and the SGM, all transfers of ASH Shares accompanied by the relevant share certificates must be lodged with the ASH Branch Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before 4:30 p.m. on Monday, 16 September 2024.

A **PINK** form of proxy for use at the Court Meeting and a **WHITE** form of proxy for use at the SGM are enclosed with this Scheme Document.

Whether or not you are able to attend the Court Meeting and/or the SGM or any adjournment thereof, you are strongly urged to complete and sign the enclosed **PINK** form of proxy in respect of the Court Meeting, and the enclosed **WHITE** form of proxy in respect of the SGM, in accordance with the respective instructions printed thereon, and to lodge them at the office of the ASH Branch Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong. In order to be valid, the **PINK** form of proxy for use at the Court Meeting should be lodged so as to reach the above address not later than 10:00 a.m. on Saturday, 21 September 2024. The **PINK** form of proxy may also be handed to the chairman of the Court Meeting at the Court Meeting (who shall have absolute discretion whether or not to accept the proxy form) before the taking of poll. In order to be valid, the **WHITE** form of proxy for use at the SGM must be lodged so as to reach the above address not later than 10:15 a.m. on Saturday, 21 September 2024.

Completion and return of the relevant form of proxy for the Court Meeting and/or the SGM will not preclude you from attending and voting in person at the relevant meeting or any adjournment thereof should you so wish, and, in such event, the relevant form of proxy will be revoked by operation of law.

Voting at the Court Meeting and the SGM will be taken by poll as required under the Listing Rules and the Takeovers Code. If you do not appoint a proxy and you do not attend and vote at the Court Meeting and/or the SGM, you will still be bound by the outcome of the Court Meeting and/or the SGM if, among other things, the resolutions are passed by the requisite majorities of the Scheme Shareholders or the ASH Shareholders (as the case may be). You are therefore strongly urged to attend and vote at the Court Meeting and the SGM in person or by proxy.

ASI, the Offeror and ASH will make an announcement in relation to the results of the Court Meeting and the SGM no later than 7:00 p.m. on Monday, 23 September 2024 and, if all the resolutions are passed at those meetings, further announcements will be made in relation to, among other things, the results of the Court Hearing and, if the Scheme is sanctioned, the Scheme Record Time, the Scheme Effective Date and the date of withdrawal of listing of ASH Shares on the Main Board in accordance with the requirements of the Takeovers Code and the Listing Rules.

ACTIONS TO BE TAKEN BY BENEFICIAL OWNERS WHOSE ASH SHARES ARE HELD BY REGISTERED OWNERS OTHER THAN HKSCC NOMINEES

No person shall be recognised by ASH as holding any ASH Shares on trust.

A Beneficial Owner whose ASH Shares are registered in the name of a Registered Owner should contact such Registered Owner to give instructions to and/or to make arrangements with such Registered Owner as to the manner in which the ASH Shares beneficially owned by the Beneficial Owner should be voted at the Court Meeting and/or the SGM. A Beneficial Owner who wishes to attend and vote at the Court Meeting and/or the SGM personally should:

- (a) contact the Registered Owner directly to make the appropriate arrangements with the Registered Owner to enable the Beneficial Owner to attend and vote at the Court Meeting and/or the SGM and for such purpose the Registered Owner may appoint the Beneficial Owner as his/her/its proxy; or
- (b) arrange for some or all of the ASH Shares registered in the name of the Registered Owner to be transferred and registered in the name of the Beneficial Owner prior to the Meeting Record Date.

The appointment of a proxy by the Registered Owner at the relevant Court Meeting and/or the SGM shall be in accordance with all relevant provisions of the bye-laws of ASH. In the case of such appointment, the relevant forms of proxy shall be completed and signed by the Registered Owner and shall be lodged in the manner and before the latest time for lodging the relevant forms of proxy as more particularly set out in this Scheme Document.

Completion and return of the relevant form of proxy for the Court Meeting and/or the SGM will not preclude the Registered Owner from attending and voting in person at the relevant meeting or any adjournment thereof should he/she/it so wish, and, in such event, the relevant form of proxy will be revoked by operation of law. Instructions to and/or arrangements with the Registered Owner should be given or made in advance of the relevant latest time for the lodgement of the forms of proxy in respect of the Court Meeting and/or the SGM in order to provide the Registered Owner with sufficient time to complete his/her/its forms of proxy accurately and to submit them by the deadline. To the extent that any Registered Owner requires instructions from or arrangements to be made with any Beneficial Owner at a particular date or time in advance of the relevant latest time for the lodgement of the forms of proxy in respect of the Court Meeting and/or the SGM, such Beneficial Owner should comply with the requirements of such Registered Owner.

ACTIONS TO BE TAKEN BY BENEFICIAL OWNERS WHOSE ASH SHARES ARE DEPOSITED IN CCASS

Any Beneficial Owner whose ASH Shares are deposited in CCASS and registered in the name of HKSCC Nominees must:

- (a) unless such Beneficial Owner is a person admitted to participate in CCASS as an Investor Participant, contact his/her/its broker, custodian, nominee or other relevant person who is, or has in turn deposited such ASH Shares with, the Other CCASS Participant regarding voting instructions to be given to such persons if he/she/it wishes to vote in respect of the Scheme; or
- (b) become a Registered Shareholder and thereby have the right to attend and vote at the Court Meeting and/or the SGM (as appropriate) by arranging for some or all of such ASH Shares to be withdrawn from CCASS and transferred and registered in the name of the Beneficial Owner prior to the Meeting Record Date, if the Beneficial Owner wishes to vote (in person or by proxy) at the Court Meeting and/or the SGM. For withdrawal of Shares from CCASS and registration thereof, the Beneficial Owner will be required to pay to CCASS a withdrawal fee per board lot withdrawn, a registration fee for each share certificate issued, stamp duty on each transfer instrument, and if the Share(s) of the Beneficial Owner are held through a financial intermediary, any other relevant fees charged by such financial intermediary. Beneficial owners should contact his, her or its broker, custodian, nominee or other relevant person in advance of the latest time for lodging transfers of the Share(s) into your name so as to qualify to attend and vote at the Court Meeting and/or the SGM, in order to provide such broker, custodian, nominee or other relevant person with sufficient time to withdraw the Share(s) from CCASS and register them in the name of the Beneficial Owners.

The procedure for voting in respect of the Scheme by the Investor Participants and the Other CCASS Participants with respect to ASH Shares registered under the name of HKSCC Nominees shall be in accordance with the “Operating Guide for Investor Participants”, “General Rules of HKSCC” and “HKSCC Operational Procedures” in effect from time to time.

Only Scheme Shareholders whose ASH Shares are registered in their own names in the register of members of ASH on the Meeting Record Date and present and voting, in person or by proxy, at the Court Meeting will be counted as Scheme Shareholders for the purpose of calculating whether or not a majority in number of Scheme Shareholders have approved the Scheme at the Court Meeting under Section 99 of the Companies Act. Each Registered Owner will be counted as one vote for the purposes of calculating the “majority in number” at the Court Meeting. In accordance with the directions from the Court, (i) to the extent that Scheme Shares are registered in the name of HKSCC Nominees, for the purpose of calculating the “majority in number” at the Court Meeting, HKSCC Nominees will be counted as one vote which will be exercised for or against the Scheme according to the majority of voting instructions it receives; and (ii) in the cases of banks, brokers, and other nominees who hold Scheme Shares in their name on behalf of others, the vote(s) (or abstention(s)) represent the instruction to the bank, broker or nominee from the underlying beneficiary(ies) or investor(s). To the extent that such banks, brokers or nominees hold Shares from multiple beneficial owners, they will, for the purpose of calculating the “majority in number” at the Court Meeting, be counted as one vote

which will be exercised for or against the Scheme according to the majority of voting instructions it receives. A Beneficial Owner who wishes to individually vote or be counted for such purposes should make arrangements to be registered as a Scheme Shareholder in his/her/its own name prior to the Meeting Record Date.

2 Actions to be Taken by holders of the Convertible Notes

A **BLUE** Form of Acceptance is enclosed with this Scheme Document.

Holders of the Convertible Notes may choose to accept the Convertible Note Offer on the terms (including all declarations and undertakings) as set out in the Scheme Document, the letter to the holders of the Convertible Notes and the enclosed Form of Acceptance, by completing and signing the accompanying **BLUE** Form of Acceptance and returning it in accordance with the instructions set out below. Such acceptance of the Convertible Note Offer will be in respect of all the Convertible Notes held by you.

If you wish to accept the Convertible Note Offer, you should complete and return the duly completed and executed **BLUE** Form of Acceptance together with the relevant certificate(s), document(s) of title or entitlement in respect of the Convertible Notes and/or any other document(s) (if applicable) evidencing the grant of the Convertible Notes to you (and/or any satisfactory indemnity or indemnities required in respect thereof) for your holding of the Convertible Notes, so as to reach ASH at 30th Floor, YF Life Tower 33 Lockhart Road, Wan Chai, Hong Kong, China, for the attention of the Company Secretary of ASH and marked “Asia Standard Hotel Group Limited - Convertible Note Offer” as soon as possible and in any event no later than 4:00 p.m. on Friday, 1 November 2024 (or such later date as may be notified by ASI, the Offeror and ASH on the website of the Stock Exchange).

If you (i) choose to do nothing (including not returning a Form of Acceptance) or (ii) fail to complete the Form of Acceptance in accordance with the instructions set out therein, and the Convertible Note Offer closes, you will be treated as having rejected the Convertible Note Offer in respect of all outstanding Convertible Notes held by you at the closing of the Convertible Note Offer.

Before returning the Form of Acceptance to the Offeror, please ensure that you have completed and signed the Form of Acceptance and that your signature has been witnessed.

No acknowledgment of receipt of the Form of Acceptance or any other documents will be given.

If you convert your Convertible Notes and the corresponding ASH Shares are issued to you prior to the Scheme Record Time, any such ASH Shares will be Scheme Shares and will be cancelled if the Scheme becomes effective. Accordingly, you will be entitled to receive the Scheme Consideration for the Scheme Shares held by you as at the Scheme Record Time.

Scheme Shareholders and ASH Shareholders as at the Meeting Record Date will be entitled to attend and vote at the Court Meeting and the SGM respectively, whereas a holder of the Convertible Notes will not have such right to attend and vote at the Court Meeting and/or the SGM. Please see the section headed “16. COURT MEETING AND SGM” in the Explanatory Statement and the notices of Court Meeting and the SGM in Appendices VI and VII to this Scheme Document for further details.

3 Exercise your Right to Vote

If you are an ASH Shareholder or a Beneficial Owner whose ASH Shares are held by a Registered Owner (including HKSCC Nominees), you are strongly encouraged to exercise your right to vote (in the case of an ASH Shareholder) or to give instructions to the relevant Registered Owner (in the case of a Beneficial Owner) to vote in person or by proxy at the Court Meeting and/or the SGM. If you keep any ASH Shares in a share lending programme, you are encouraged to recall any outstanding ASH Shares on loan to avoid market participants using borrowed stock to vote.

If you are a Beneficial Owner whose ASH Shares are deposited in CCASS, you are strongly encouraged to withdraw at least some of your ASH Shares from CCASS and become a registered holder of such ASH Shares and exercise your right to vote, in person or by proxy, at the Court Meeting and/or the SGM. You should contact your broker, custodian, nominee or other relevant person in advance of the latest time for lodging transfers of ASH Shares into your name so as to qualify to attend and vote at the Court Meeting and/or the SGM, in order to provide such broker, custodian, nominee or other relevant person with sufficient time to withdraw your ASH Shares from CCASS and register them in your name.

In respect of any ASH Shares of which you are the Beneficial Owner and which will remain in CCASS, you are encouraged to contact your broker, custodian, nominee or other relevant person regarding voting instructions in relation to the manner in which those ASH Shares should be voted at the Court Meeting and/or the SGM without delay.

If you are a Registered Owner holding ASH Shares on behalf of Beneficial Owners, you should inform the relevant Beneficial Owners about the importance of exercising their right to vote. You should also remind the relevant Beneficial Owners that if they wish to be counted individually in the calculation of the “majority in number” requirement at the Court Meeting, they should make arrangements to become a Registered Owner of some or all of their ASH Shares.

If you are in any doubt as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, stockbroker, bank manager, solicitor, professional accountant or other professional adviser and obtain independent professional advice.

The Independent Board Committee, having considered, among other things, the terms of the Proposal and the Scheme and having taken into account the advice of the Independent Financial Adviser, in particular, the factors, reasons and recommendations as set out in the letter from the Independent Financial Adviser (as set out in Part 6 of this Scheme Document), considers the terms of the Proposal and the Scheme to be fair and reasonable so far as the Scheme Shareholders are concerned.

4 Past Performance and Forward-Looking Statements

The performance and the results of operations of the Group and the ASI Group contained in this Scheme Document are historical in nature and past performance is not a guarantee of the future results of the Group and ASI Group. This Scheme Document may contain forward-looking statements and opinions that involve risks and uncertainties. Actual results may differ materially from expectations discussed in such forward-looking statements and opinions and you should not place undue reliance on such forward-looking statements and opinions. Subject to the requirements of applicable laws, rules and regulations, including the Takeovers Code, none of the Offeror, ASI, ASH, Anglo Chinese, Altus, any of their respective directors, officers, employees, agents, affiliates or advisers or any other persons involved in the Proposal or the Convertible Note Offer assumes any obligation to correct or update the forward-looking statements or opinions contained in this Scheme Document.

5 Enquiries Concerning Administrative Matters

If you have any questions concerning administrative matters, such as dates, documentation and procedures relating to the Proposal or the Convertible Note Offer, please call the hotline of the ASH Branch Share Registrar, Computershare Hong Kong Investor Services Limited at (852) 2862 8555 between 9:00 a.m. and 6:00 p.m. on Monday to Friday, excluding public holidays in Hong Kong.

You may also direct your questions to ASH by email to AsiaStandardHotel@sprg.com.hk.

The hotline and responses to emails cannot and will not provide any advice on the merits of the Proposal or the Convertible Note Offer or give any financial or legal advice. If you are in doubt as to the contents of this Scheme Document, any aspect of the Proposal or the Convertible Note Offer or any action to be taken, you should consult a licensed securities dealer or registered institution in securities, stockbroker, bank manager, solicitor, professional accountant or other professional adviser and obtain independent professional advice.

The timetable set out below is indicative only and is subject to change.

Any changes to the timetable will be jointly announced by ASI, the Offeror and ASH. All references in this Scheme Document to times and dates are references to Hong Kong times and dates, except as otherwise specified.

Events **2024**

Date of despatch of this Scheme Document Thursday, 29 August

Date of despatch of Letters to the holders of the
Convertible Note Thursday, 29 August

Latest time for holders of the Convertible Notes (other than the Offeror and the Offeror Concert Parties) to lodge notices of exercise of their Convertible Notes in order for the new ASH Shares to be issued to them for entitlements to attend and vote at the Court Meeting and SGM (Note 8) no later than 5:00 pm, on Friday, 6 September

Latest time for holders of the Convertible Notes (other than the Offeror and the Offeror Concert Parties) to lodge notices of exercise of their Convertible Notes in order for the new ASH Shares to be issued to them for entitlements under the Scheme as Scheme Shareholders (Note 8) no later than 5:00 pm, on Monday, 16 September

Latest time for lodging transfers of ASH Shares in order to become an ASH Shareholder entitled to attend and vote at the Court Meeting and/or the SGM 4:30 p.m. on Monday, 16 September

Register of members of ASH closed for determining the entitlements of relevant Scheme Shareholders to attend and vote at the Court Meeting and of ASH Shareholders to attend and vote at the SGM (Note 1) Tuesday, 17 September to Monday, 23 September (both days inclusive)

Latest time for lodging the **PINK** form of proxy in respect of the Court Meeting (Note 2) 10:00 a.m. on Saturday, 21 September

Latest time for lodging the **WHITE** form of proxy in respect of the SGM (Note 2) 10:15 a.m. on Saturday, 21 September

Record date for determining the entitlements to attend and vote at the Court Meeting and/or the SGM, being the Meeting Record Date	Monday, 23 September
Court Meeting (Notes 3 and 4)	10:00 a.m. on Monday, 23 September
SGM (Notes 3 and 4)	10:15 a.m. on Monday, 23 September (or as soon thereafter as the Court Meeting have concluded or been adjourned)
Announcement of the results of the Court Meeting and the SGM posted on the website of the Stock Exchange (Note 4)	no later than 7:00 p.m. on Monday, 23 September
Expected latest time for trading in ASH Shares on the Main Board	4:10 p.m. on Tuesday, 24 September
Latest time for lodging transfers of ASH Shares in order to qualify for entitlements under the Scheme	4:30 p.m. on Monday, 30 September
Register of members of the ASH closed for determining entitlements under the Scheme (Note 5)	from Wednesday, 2 October onwards
Court Hearing to sanction the Scheme	Friday, 11 October (Bermuda time)
Announcement of the result of the Court Hearing, the expected Scheme Effective Date and the expected date of withdrawal of listing of ASH Shares on the Main Board	no later than 8:30 a.m. on Monday, 14 October
Scheme Record Time	Friday, 18 October
Scheme Effective Date (Note 6)	Friday, 18 October (Bermuda time)
Convertible Note Offer becoming unconditional	Friday, 18 October (Bermuda time)
Announcement of the Scheme Effective Date and the withdrawal of listing of ASH Shares on the Main Board	no later than 8:30 a.m. on Monday, 21 October
Expected withdrawal of listing of ASH Shares on the Main Board becoming effective (Note 7)	4:00 p.m. on Tuesday, 22 October
Latest time to despatch cheques for cash entitlements and share certificates for entitlements to ASI Shares under the Scheme (Note 4)	Tuesday, 29 October

First day of dealings of the new ASI Shares issued to
holders of the Scheme Shares on the Stock Exchange 9.00 a.m. on Wednesday, 30 October

Closing of Convertible Note Offer (Note 4) 4:00 p.m. on Friday, 1 November

Latest time to despatch cheques for cash entitlements and
share certificates for entitlements to ASI Shares under
the Convertible Note Offer (Note 4) Tuesday, 12 November

Notes:

- (1) The register of members of ASH will be closed during such period for the purposes of determining the entitlement of the Scheme Shareholders to attend and vote at the Court Meeting and the entitlement of the ASH Shareholders to attend and vote at the SGM. This book closure period is not for determining entitlements under the Scheme.
- (2) Forms of proxy should be lodged with the ASH Branch Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible and in any event not later than the respective times and dates as stated above. Alternatively, in case of the **PINK** form of the proxy for use at the Court Meeting, it may be handed to the chairman of the Court Meeting at the Court Meeting (who shall have absolute discretion whether or not to accept the proxy form) before the taking of poll. Completion and return of the relevant form of proxy for the Court Meeting and/or the SGM will not preclude a member from attending and voting in person at the relevant meeting or any adjournment thereof. In such event, the relevant form of proxy returned will be deemed to have been revoked by operation of law.
- (3) The Court Meeting and the SGM will be held at Empire Grand Room, 1st Floor, Empire Hotel Hong Kong, 33 Hennessy Road, Wanchai, Hong Kong at the times and dates specified above. Please see the notice of the Court Meeting set out in Appendix VI to this Scheme Document and the notice of the SGM set out in Appendix VII to this Scheme Document for details.
- (4) For details on the effect of severe weather on the expected timetable above, please refer to the section headed "Effect on Severe Weather on the Expected Timetable" below.
- (5) The register of members of ASH will be closed during such period for the purpose of determining which Scheme Shareholders are qualified for the entitlements under the Scheme.
- (6) The Scheme will be effective upon all the Scheme Conditions having been fulfilled or waived (as applicable).
- (7) If the Proposal becomes unconditional and the Scheme becomes effective, it is expected that the listing of ASH Shares on the Main Board will be withdrawn at 4:00 p.m. on Tuesday, 22 October 2024.
- (8) These denote the recommended latest times, which are based on the time estimated for ASH to complete the required processes to issue the new ASH Shares before the Meeting Record Date or the Scheme Record Time (as applicable). The notices of exercise should be lodged with the company secretary of ASH at 30th Floor, YF Life Tower, 33 Lockhart Road, Wanchai, Hong Kong. Holders of the Convertible Notes who convert their Convertible Notes after Friday, 6 September 2024 will not be entitled to attend and vote at the Court Meeting and the SGM. Holders of the Convertible Notes who do not convert their Convertible Notes on or before Monday, 16 September 2024 will not qualify as Scheme Shareholders for entitlements under the Scheme.

EFFECT OF SEVERE WEATHER ON THE EXPECTED TIMETABLE**(a) Effect of Severe Weather on the Court Meeting and/or the SGM**

If a tropical cyclone warning signal No. 8 or above is or is expected to be hoisted or “extreme conditions” warning or a black rainstorm warning signal is or is expected to be in force at any time after 7:00 a.m. on the date of the Court Meeting and/or the SGM, the Court Meeting and/or the SGM will be adjourned. ASH will post a supplementary notice on the respective websites of the Stock Exchange and ASH to notify the Scheme Shareholders and/or the ASH Shareholders of the date, time and venue of the adjourned meetings.

The Court Meeting and the SGM will be held as scheduled (i) if a tropical cyclone warning signal No. 8 or above is cancelled, or “extreme conditions” warning or a black rainstorm warning signal are no longer in force, at or before 7:00 a.m. on the date of the Court Meeting and/or the SGM; or (ii) if a tropical cyclone warning signal no. 3 or below is hoisted or an amber or red rainstorm warning signal is in force.

Scheme Shareholders and ASH Shareholders (as the case may be) should make their own decision as to whether to attend the Court Meeting and/or the SGM under bad weather conditions bearing in mind their own situations and, if they should choose to do so, they are advised to exercise care and caution.

(b) Effect of Severe Weather on the date of closing of the Convertible Note Offer and the despatch of cheques for cash entitlements and share certificates for entitlements to ASI Shares

If a tropical cyclone warning signal number 8 or above, or a black rainstorm warning, or “extreme conditions” as announced by the Government of Hong Kong is/are in force, in Hong Kong at any time before 12:00 noon but no longer in force at or after 12:00 noon on (i) the date of the closing of the Convertible Note Offer and (ii) the latest dates for the despatch of cheques for cash entitlements and share certificates for entitlements to ASI Shares, such date will remain on the same business day.

If a tropical cyclone warning signal number 8 or above, or a black rainstorm warning, or “extreme conditions” as announced by the Government of Hong Kong is/are in force, in Hong Kong at 12:00 noon and/or thereafter on (i) the date of the closing of the Convertible Note Offer and (ii) the latest dates for the despatch of cheques for cash entitlements and share certificates for entitlements to ASI Shares, such date will be rescheduled to the following business day which does not have either of those warnings in force at 12:00 noon and/or thereafter.



ASIA STANDARD HOTEL GROUP LIMITED

泛海酒店集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 292)

Executive Directors

Mr. Poon Jing
Dr. Lim Yin Cheng
Mr. Poon Hai
Mr. Poon Yeung, Roderick
Mr. Fung Siu To, Clement
Mr. Woo Wei Chun, Joseph

Independent Non-executive Directors

Mr. Leung Wai Keung
Mr. Wong Chi Keung
Mr. Koon Bok Ming, Alan

Registered Office

Victoria Place
5th Floor
31 Victoria Street
Hamilton HM 10
Bermuda

Head Office and Principal Place of Business

30th Floor, YF Life Tower
33 Lockhart Road, Wanchai
Hong Kong

To the ASH Shareholders and the holders of the Convertible Notes

Dear Sir or Madam,

(1) PROPOSED GROUP REORGANISATION OF ASI AND ASH BY THE OFFEROR INVOLVING A SHARE EXCHANGE OFFER WITH CASH PAYMENT TO THE SCHEME SHAREHOLDERS FOR THE CANCELLATION OF ALL THE SCHEME SHARES BY WAY OF A SCHEME OF ARRANGEMENT UNDER SECTION 99 OF THE COMPANIES ACT 1981 OF BERMUDA;

AND

(2) PROPOSED WITHDRAWAL OF LISTING OF THE ASH SHARES

(A) INTRODUCTION

Reference is made to the Announcement. On 19 June 2024, the ASI Board and the Offeror Board requested the Board to put forward the Proposed Group Reorganisation to the Scheme Shareholders. The Proposal involves the privatisation of ASH through the Scheme and the withdrawal of the listing

* for identification purpose only

of ASH Shares on the Main Board. Subject to the satisfaction or waiver (as applicable) of the Scheme Conditions, ASH will become a non-listed company and an indirect non-wholly-owned subsidiary of ASI upon the Scheme becoming effective and the listing of ASH Shares will be withdrawn on the Main Board.

The purpose of this Scheme Document is to provide you with further information regarding the Proposal, the Scheme and the Convertible Note Offer, and to give you notices of the Court Meeting and the SGM.

Your attention is also drawn to (i) the letter from the Independent Board Committee set out in Part 5 of this Scheme Document; (ii) the letter from the Independent Financial Adviser set out in Part 6 of this Scheme Document; (iii) the Explanatory Statement set out in Part 7 of this Scheme Document; and (iv) the terms of the Scheme set out in Appendix V to this Scheme Document.

(B) TERMS OF THE PROPOSED GROUP REORGANISATION

1 The Proposal

Under the Proposal, subject to the satisfaction or waiver (as applicable) of the Scheme Conditions, it is proposed that:

- (a) all Scheme Shares (being all ASH Shares other than those held by the Offeror and the Offeror Concert Parties) will be cancelled and extinguished on the Scheme Effective Date in exchange for the Scheme Consideration for each Scheme Share;
- (b) immediately after the cancellation and extinguishment of the Scheme Shares, the issued share capital of ASH will be increased to the amount immediately prior to the cancellation and extinguishment of the Scheme Shares by applying the reserve created in the books of account of ASH as a result of the capital reduction to pay up in full at par such number of new Shares as is equal to the number of the Scheme Shares cancelled and extinguished as aforesaid, to be allotted and issued, credited as fully paid, to the Offeror. ASH will accordingly become a non-listed company and an indirect non-wholly-owned subsidiary of ASI on the Scheme Effective Date; and
- (c) ASH will make an application to the Stock Exchange for withdrawal of the listing of ASH Shares on the Main Board pursuant to Rule 6.15(2) of the Listing Rules with effect immediately following the Scheme Effective Date.

ASH will become a non-listed company and an indirect non-wholly-owned subsidiary of ASI upon the Scheme becoming effective and the listing of Shares on the Main Board will be withdrawn.

2 Reasons and Benefits of the Proposed Group Reorganisation

The Offeror Board and the Board (other than the member of the Independent Board Committee) are of the view that the terms of the Proposal are attractive and beneficial to the Scheme Shareholders and ASI Shareholders. The reasons and benefits of the Proposal are elaborated in detail below:

For Scheme Shareholders:

Receive a cash payment equivalent to dividends of more than the aggregate of those distributed by ASH in the past 10 financial years

The Proposal offers Scheme Shareholders a unique opportunity to realise a portion of their investment in ASH by receiving a substantial cash payment.

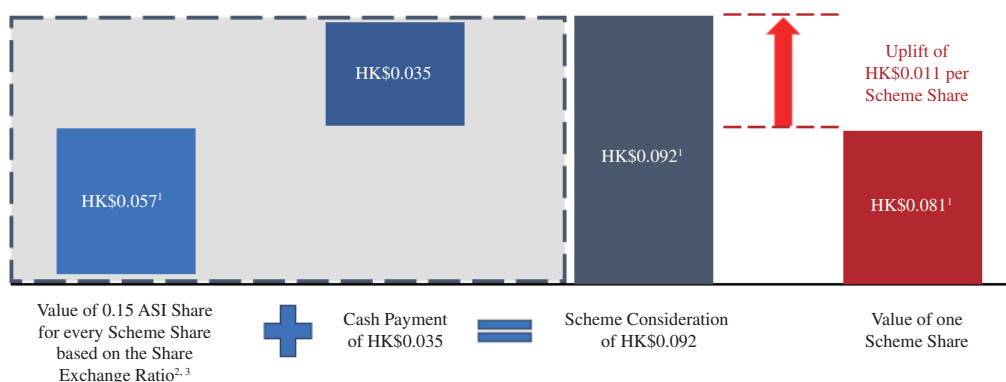
The Cash Payment of HK\$0.035 for every Scheme Share held represents an amount more than the aggregate dividend per ASH Share of HK\$0.033 distributed by ASH in the past 10 financial years ended 31 March 2024 (adjusted for the bonus issue completed on 16 February 2017), and enables the Scheme Shareholders to capitalise a part of their investment in ASH.

Preserving investment value while continuing to be invested in a broad range of property assets primarily located in Hong Kong, including ASH's hotel portfolio and enjoying a stronger asset backing to their investment than they currently hold

By retaining an equity exposure to and participating in the ownership in ASI under the Proposal, together with the Cash Payment, Scheme Shareholders can largely retain the value of their investments both in market terms and net asset value.

- (a) In market terms, under the Proposal, Scheme Shareholders will receive 3 ASI Shares and a Cash Payment of HK\$0.700 for every 20 Scheme Shares held. The total value of the Scheme Consideration, comprising the share and cash portion, of approximately HK\$0.110 and HK\$0.092 for every Scheme Share based on the closing price of ASI Shares on the Last Trading Day and as at the Latest Practicable Date, respectively, which respectively represent a premium of approximately 52.78% and 27.78% over the closing price of HK\$0.072 for every ASH Share as quoted on the Stock Exchange on the Last Trading Day, and a premium of approximately 35.80% and 13.58% over the closing price of HK\$0.081 for every ASH Share as quoted on the Stock Exchange as at the Latest Practicable Date, respectively. This is illustrated in the following diagrams based on the closing price of ASH Shares and ASI Shares on the Last Trading Day and as at the Latest Practicable Date, respectively:

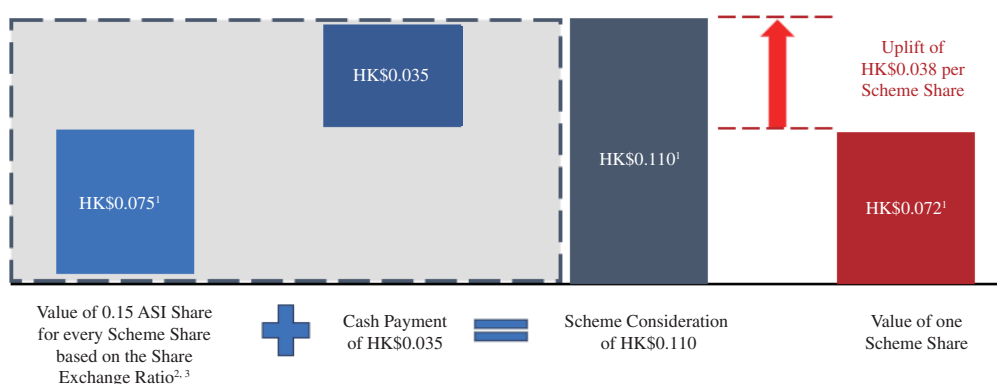
Based on the respective closing price of ASH Shares and ASI Shares as at the Latest Practicable Date:



Notes:

1. Based on the closing price of ASI Shares of HK\$0.380 and ASH Shares of HK\$0.081 as quoted on the Stock Exchange as at the Latest Practicable Date
2. Fractions of an ASI Share will not be issued to any Scheme Shareholder and fractional entitlements to an ASI Share will be rounded down to the nearest whole number
3. No adjustment has been made to the total maximum amount of cash payable by the Offeror under the Scheme and the Convertible Note Offer of approximately HK\$23.54 million, since it only represented approximately 2.0% of the bank balances and cash of ASI as at 31 March 2024 and 0.2% of the net assets of ASI as at 31 March 2024, respectively

Based on the respective closing price of ASH Shares and ASI Shares on the Last Trading Day:



Notes:

1. Based on the closing price of ASI Shares of HK\$0.500 and ASH Shares of HK\$0.072 as quoted on the Stock Exchange on the Last Trading Day
 2. Fractions of an ASI Share will not be issued to any Scheme Shareholder and fractional entitlements to an ASI Share will be rounded down to the nearest whole number
 3. No adjustment has been made to the total maximum amount of cash payable by the Offeror under the Scheme and the Convertible Note Offer of approximately HK\$23.54 million, since it only represented approximately 2.0% of the bank balances and cash of ASI as at 31 March 2024 and 0.2% of the net assets of ASI as at 31 March 2024, respectively
- (b) In terms of net asset value, currently ASH is mainly engaged in hotel operations in Hong Kong, and property development and sales in Canada. In contrast, ASI (excluding ASH) is engaged in a wider range of business activities mainly under two segments, being: (a) the property sales segment which engages in the sales of residential and commercial properties in Hong Kong and the PRC; and (b) the property investment segment which engages in the leasing of offices and commercial properties in Hong Kong. The aggregated underlying value of the Scheme Consideration, which consists of (i) the ASI Adjusted NAV attributable

to the 0.15 ASI Share and (ii) the Cash Payment to which the holder of each Scheme Share will be entitled to receive under the Proposal, represents a premium of 15.21% over the ASH Adjusted NAV on a fully diluted basis (full conversion of the Convertible Notes) on the Last Trading Day and as at the Latest Practicable Date.

The Proposal enables Scheme Shareholders to maintain an interest in ASH's assets through holding of the new ASI Shares, while simultaneously providing exposure to the broader and more diversified portfolio of ASI.

To provide Scheme Shareholders with a clearer understanding of the respective net asset value of ASI and ASH, this Scheme Document includes the Valuation Reports. These Valuation Reports are prepared in accordance with Rule 11 of the Takeovers Code, and offer valuations of the respective properties of ASH and ASI as of a date no more than three months prior to the despatch of this Scheme Document. Copies of these Valuation Reports are set out in Appendix IX to this Scheme Document.

Opportunity to invest in a more substantial and diversified asset portfolio

As discussed above, ASI holds a broader and more diversified property portfolio than ASH. As disclosed in the audited financial statements of ASI and ASH for the year ended 31 March 2024, (i) the audited net asset value of ASH attributable to owners of ASH was approximately HK\$1,263 million and (ii) the ASH Adjusted NAV was approximately HK\$13,190 million. In comparison, (i) the audited net asset value of ASI attributable to owners of ASI was approximately HK\$14,451 million and (ii) the ASI Adjusted NAV was approximately HK\$28,682 million. Accordingly, the Proposal provides the opportunity for Scheme Shareholders to participate in the future growth of the Reorganised ASI Group's businesses with a substantially larger balance sheet and a more diversified property portfolio.

Continual investment in ASH while being more directly supported by the stronger balance sheet and listing vehicle of ASI

The Proposal will allow the Scheme Shareholders, as new ASI Shareholders, to remain invested in and to continue to participate in the business and performance of ASH indirectly, where the operations of ASH will be supported by ASI more directly both from a financial and operational standpoint. This will help ASH in financing its operations as ASH will be able to draw upon the full financial resources of the Reorganised ASI Group.

Enhancement of trading liquidity and operational agility

As at the Latest Practicable Date, the public float of ASH was approximately 33.29%. Upon Completion, Scheme Shareholders will hold approximately 7.09% of ASI Shares, and together with current public ASI Shareholders, will hold approximately 51.79% of the total issued ASI Shares. Therefore, Scheme Shareholders are expected to benefit from the resulting larger public float of ASI Shares, in terms of percentage, number and value of shares with enhanced trading liquidity.

The market capitalisation of ASH was approximately HK\$145.30 million and approximately HK\$163.46 million on the Last Trading Day and as at the Latest Practicable Date, respectively. The market capitalisations of ASI of approximately HK\$659.89 million and approximately HK\$501.52 million on the Last Trading Day and as at the Latest Practicable Date, respectively, is more than approximately 4 times and approximately 3 times that of ASH, respectively. ASH will have more flexibility to develop its business, including but not limited to acquisitions in the future should the opportunity arises, by leveraging on the larger market capitalisation of the Reorganised ASI Group after taking into account the requirements of the Listing Rules.

For the Reorganised ASI Group:

The Proposed Group Reorganisation will facilitate integration between the ASI Group (excluding the Group) and the Group (as ASH will become a non-listed company and an indirect non-wholly-owned subsidiary of ASI upon the Scheme becoming effective). Consequently, current ASI Shareholders and Scheme Shareholders will jointly own the Reorganised ASI Group.

Compared to ASI and ASH under the current corporate structure, a larger asset portfolio, balance sheet and potential market capitalisation with the Reorganised ASI Group can be leveraged to facilitate (a) strategic investments, growth initiatives and fundraising with enhanced operational agility when complying with Listing Rule requirements on notifiable transactions and connected transactions such as reporting and shareholders' approval requirements, and (b) streamlining of the management hierarchy and achieving cost-savings through the reduction of administrative and financial costs for ASH as a separately listed company. Upon Completion, AO will remain as the controlling shareholder (within the meaning of the Listing Rules) of ASI, indirectly holding approximately 48.12% of the ASI Shares, with Mr. Poon Jing holding approximately 0.09% of the ASI Shares and the public holding approximately 51.79% of ASI Shares. The resulting larger public float of ASI Shares, as supported by a larger ASI Group, is expected to enhance the trading liquidity of the Reorganised ASI Group's shares. The above synergies are expected to benefit both the existing ASI Shareholders and Scheme Shareholders.

3 Scheme Consideration

Scheme Shares

As at the Latest Practicable Date, 2,018,040,477 ASH Shares were in issue, of which (i) 1,298,709,227 ASH Shares (representing approximately 64.35% of the total issued ASH Shares) are held by the Offeror and, indirectly, by ASI; (ii) 47,448,822 ASH Shares (representing approximately 2.35% of the total issued ASH Shares) are held by AO through its wholly-owned subsidiary, Persian Limited, which are Offeror Concert Parties; (iii) 152,490 ASH Shares (representing approximately 0.01% of the total issued ASH Shares) are held by Mr. Poon Jing, who is an Offeror Concert Party; and (iv) the remaining 671,729,938 ASH Shares (representing approximately 33.29% of the total issued ASH Shares) are held by the Scheme Shareholders. All ASH Shares other than those held by the Offeror and the Offeror Concert Parties will be subject to the Scheme and regarded as Scheme Shares.

Upon the fulfilment or waiver (as applicable) of the Scheme Conditions and the Scheme becoming effective, all Scheme Shares will be cancelled and the Scheme Shareholders will be entitled to receive from ASI the new ASI Shares and the Cash Payment:

For every 20 Scheme Shares cancelled 3 new ASI Shares and the
Cash Payment of HK\$0.700*

* For the purpose of determining the entitlement for every Scheme Share held, holders of number of Scheme Shares not in multiples of 20 will be entitled to 0.15 ASI Shares and HK\$0.035 for every Scheme Share held. However, as stated in the sub-section headed “2.3 Fractional shares” of the Explanatory Statement, fractions of an ASI Share will not be issued to any Scheme Shareholder and fractional entitlements to an ASI Share will be rounded down to the nearest whole number

The new ASI Shares and Cash Payment will be issued and paid to the Scheme Shareholders only if the Scheme becomes effective.

The Proposal will be implemented by way of the Scheme. Pursuant to the Proposal, if the Scheme becomes effective, the Scheme Shares will be cancelled whereby every 20 Scheme Shares will be exchanged into 3 new ASI Shares (which will rank *pari passu* with all other ASI Shares) to be issued, credited as fully paid.

Further, subject to fulfilment or waiver (as applicable) of the Scheme Conditions, ASI will pay on behalf of the Offeror a Cash Payment of HK\$0.700 for every 20 Scheme Shares held, which is equivalent to HK\$0.035 for every Scheme Share held (being more than the aggregate dividend per ASH Share of HK\$0.033 which ASH distributed in the 10 financial years ended 31 March 2024 (adjusted for the bonus issue completed on 16 February 2017). The Cash Payment will be distributed to the Scheme Shareholders whose names appear on the register of members of ASH at the Scheme Record Time.

If, after the Latest Practicable Date, any dividend and/or other distribution and/or other return of capital is announced, declared or paid in respect of ASH Shares, the Offeror reserves the right to reduce the Scheme Consideration by all or any part of the amount or value of such dividend, distribution and/or as the case may be, return of capital after consultation with the Executive, in which case any reference in the Announcement, this Scheme Document or any other announcement or document to the Scheme Consideration will be deemed to be a reference to the Scheme Consideration as so reduced.

As at the Latest Practicable Date, (i) ASH had not announced or declared any dividend, distribution or other return of capital which remains unpaid; and (ii) ASH did not intend to announce, declare and, or pay any dividend, distribution or other return of capital before the Scheme Effective Date, or the date on which the Scheme is not approved, or the Proposal otherwise lapses (as the case may be).

The recommendations from the Independent Board Committee to the Scheme Shareholders and the holders of the Convertible Notes are included in the Letter from the Independent Board Committee set out in Part 5 of this Scheme Document.

Basis for determining the Share Exchange Ratio and the Cash Payment

The Share Exchange Ratio of 3 new ASI Shares for every 20 Scheme Shares cancelled, together with the Cash Payment under the Scheme of HK\$0.700 (being an integral part of the Proposed Group Reorganisation), for every 20 Scheme Shares cancelled were determined on arm's length terms and on a commercial basis after taking into account, among other things:

- (a) the aggregated underlying value of the Scheme Consideration, which consists (i) the ASI Adjusted NAV attributable to the 0.15 ASI Share and (ii) the Cash Payment to which the holder of each Scheme Share will be entitled to receive under the Proposal, which is attractive for the Scheme Shareholders as it represents a premium to the ASH Adjusted NAV for Scheme Share. Please refer to the sub-section headed "Aggregated underlying value of the Scheme Consideration, which consists of (i) the ASI Adjusted NAV attributable to the 0.15 ASI Share and (ii) the Cash Payment to which the holder of each Scheme Share will be entitled to receive under the Proposal" under the sub-section headed "8. Comparison of value" in the Letter from the Board for detailed illustration of the premium;
- (b) the historical business and financial performance of ASI and ASH;
- (c) the prevailing and historical market price levels of ASI and ASH;
- (d) the business potential of the Reorganised ASI Group after the Proposal takes effect and the potential benefits of the Proposal for the ASI Shareholders and Shareholders;
- (e) the fact that the ASI is a company listed on the Stock Exchange and that ASH will continue to be a non-wholly-owned subsidiary of ASI. Thus, Scheme Shareholders will be able to continue to participate in the performance of ASH indirectly; and
- (f) the fact that the Cash Payment could provide a certain level of liquidity to the Scheme Shareholders, while the Reorganised ASI Group could retain sufficient resources to support its future operations and expansion after the Completion.

Convertible Notes

ASH has 2,693,120,010 outstanding Convertible Notes in the principal amount of approximately HK\$1,220 million, of which 2,597,418,454 Convertible Notes and 94,897,644 Convertible Notes are held by ASI and AO, respectively, on the Last Trading Day and as at the Latest Practicable Date. The outstanding Convertible Notes are unlisted and each Convertible Note is convertible into one ASH Share and, if all outstanding Convertible Notes are converted, will result in an aggregate issue of 2,693,120,010 new ASH Shares.

In compliance with Rule 13 of the Takeovers Code, to the extent the outstanding Convertible Notes have not otherwise been redeemed and/or the conversion rights of which have not been exercised, the Offeror will make (or procure to be made on its behalf) the Convertible Note Offer, which is conditional upon the Scheme becoming effective, on the following terms:

For every 20 Convertible Notes 3 new ASI Shares and the Cash Payment of HK\$0.700*

* For the purpose of determining the entitlement for every Convertible Note held, holders of number of the Convertible Notes not in multiples of 20 will be entitled to 0.15 ASI Shares and HK\$0.035 for every Convertible Note held. However, as stated in the sub-section headed “2.3 Fractional shares” in the Explanatory Statement, fractions of an ASI Share will not be issued to any holder of the Convertible Notes and fractional entitlements to an ASI Share will be rounded down to the nearest whole number

The Convertible Note Offer Price represents a “see-through” price, which is equivalent to the value of the Scheme Consideration for every Scheme Share. The Convertible Note Offer is extended to all outstanding Convertible Notes except for the Convertible Notes held by the Offeror and the Offeror Concert Parties and they have no objections to an offer not being made for the Convertible Notes held by them.

In the event that the outstanding Convertible Notes (not held by the Offeror or the Offeror Concert Parties) or part thereof are converted, thus resulting in the issue of new ASH Shares prior to the Scheme Record Time, such new ASH Shares will form part of the Scheme Shares and the holder of such new ASH Shares will be eligible to receive the Scheme Consideration under the Scheme. In addition, any ASH Shares issued on or prior to the Meeting Record Date will entitle their holders to attend and vote at the Court Meeting and at the SGM.

In accordance with the terms of the Deed Poll, ASH may redeem all outstanding Convertible Notes 10 business days prior to 23 February 2047 (being the maturity date of the Convertible Notes), if at least 90% of the Convertible Notes originally issued have been converted. Upon the Scheme becoming effective, if any Convertible Notes other than those held by the Offeror and Offeror Concert Parties remain outstanding, it is the intention of the Offeror to convert all of its outstanding Convertible Notes held, which at the Latest Practicable Date represents approximately 96.45% of the Convertible Notes originally issued, and in such event, it is the intention of ASH to compulsorily redeem the remaining outstanding Convertible Notes within three months of the Scheme becoming effective by paying cash to these holders of the Convertible Notes at the redemption value, being HK\$0.453 for each Convertible Note.

As at the Latest Practicable Date, the public float of ASH is approximately 33.29%. Assuming only ASI converts the Convertible Notes held by it, through the Offeror, prior to the Scheme becoming effective, the public float of ASH would decrease to approximately 14.55%. This would result in ASH not meeting the minimum public float requirement under Rule 8.08 of the Listing Rules. Consequently, the conversion of the Convertible Notes held by ASI through the Offeror would only be feasible after the completion of the Scheme, and therefore it is the intention of the Offeror to convert all of its outstanding Convertible Notes held upon (and not before) the Scheme becoming effective if any Convertible Notes other than those held by the Offeror and Offeror Concert Parties remain outstanding.

The holders of the Convertible Notes (other than the Offeror and the Offeror Concert Parties) are reminded that they have various available options to realise their respective investments in the Convertible Notes, including:

- (a) Disposing the Convertible Notes to ASI through accepting the Convertible Note Offer, in exchange for 3 new ASI Shares and the Cash Payment of HK\$0.700 for every 20 Convertible Notes held;
- (b) Converting the Convertible Notes into new Shares and become ASH Shareholders to participate in the Scheme in the following ways:
 - (i) Holders of the Convertible Notes may exercise their conversion right and become ASH Shareholders, where upon any ASH Shares issued on or prior to the Meeting Record Date will form part of the Scheme Shares and entitle their holders to attend and vote at the Court Meeting and at the SGM and receive the Scheme Consideration; or
 - (ii) Holders of the Convertible Notes may exercise their conversion right and become ASH Shareholders on or before the Scheme Record Time (but after the Meeting Record Date), where upon any ASH Shares issued on or before the Scheme Record Time will form part of the Scheme Shares and will be entitled to receive the Scheme Consideration (but such holders of the Convertible Notes will not be entitled to vote at the Court Meeting or the SGM).

Subject to the Scheme becoming effective, as part of the Scheme, ASI will issue such number of new ASI Shares in accordance with the Share Exchange Ratio and pay the Cash Payment based on the number of Scheme Shares held by such Convertible Notes holders who have exercised their conversion right and become Scheme Shareholders as at the Scheme Record Time, being 3 new ASI Shares and the Cash Payment of HK\$0.700 for every 20 Convertible Notes.

- (c) Holding their Convertible Notes until ASH exercises the early redemption right to redeem the remaining outstanding Convertible Notes, as currently contemplated, and receive a cash payment of HK\$0.453 for each Convertible Note held which is higher than the consideration receivable under the Convertible Note Offer (of a value equivalent to approximately HK\$0.110 on the Last Trading Day and approximately HK\$0.092 as at the Latest Practicable Date), subject to the Scheme becoming effective.

The Board acknowledges that ASI's proposal for the Convertible Note Offer is made in compliance of Rule 13 of the Takeovers Code, with the see-through price being determined with reference to Practice Note 6 of the Takeovers Code.

The recommendations from the Independent Board Committee and the Independent Financial Adviser to the Convertible Note holder are included in the "Letter from the Independent Board Committee" set out in Part 5 of this Scheme Document and the "Letter from the Independent Financial Adviser" set out in Part 6 of the Scheme Documents.

Holders of and potential investors in the Convertible Notes should exercise caution when dealing in (or exercising the conversion rights of) the Convertible Notes. Any person who is in doubt about his or, her or, its position or any action to be taken is recommended to consult his or, her or, its own professional adviser(s).

4 Fractional shares

It is proposed that, under the Scheme, fractions of an ASI Share will not be issued to any Scheme Shareholder and fractional entitlements to an ASI Share will be rounded down to the nearest whole number and that, under the Convertible Note Offer, fractions of an ASI Share will not be issued to any holder of the Convertible Notes who accept the Convertible Note Offer and fractional entitlements to an ASI Share will be rounded down to the nearest whole number. Fractional entitlements of Scheme Shareholders or holders of the Convertible Notes (as applicable) to ASI Shares will be aggregated (and, if necessary, rounded down to the nearest whole number of an ASI Share) and sold on the open market with the proceeds (net of expenses and taxes) to be paid to and retained for the benefit of the Reorganised ASI Group.

In compliance with Rule 20.1(a) of the Takeovers Code, upon the Scheme becoming effective, the new ASI Shares will be issued by ASI, and the Cash Payment will be paid by ASI, to the Scheme Shareholders as soon as possible but in any event no later than seven business days after the Scheme Effective Date. Further, the new ASI Shares will be issued by ASI and the cash payment will be paid by or on behalf of the Offeror or ASI to holders of the Convertible Notes who accept the Convertible Note Offer as soon as possible after closing of the Convertible Note Offer but in any event no later than seven business days after (i) the Scheme Effective Date or (ii) the date of receipt of a complete and valid acceptance in respect of the Convertible Note Offer, whichever is later.

5 Odd lot arrangements and matching services

ASH has appointed Computershare Hong Kong Investor Services Limited, an odd lot matching agent, on a best effort basis, to match the purchase and sale of odd lots of new ASI Shares at the relevant market price for every ASI Share.

Holders of the new ASI Shares who wish to take advantage of this facility should contact Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong or at telephone number (852) 2862 8555 during office hours (9:00 a.m. to 6:00 p.m.) on working days (excluding Saturdays, Sundays and public holidays) for the period from Wednesday, 30 October 2024 to Wednesday, 20 November 2024 (both days inclusive). Holders of odd lots of the new ASI Shares who would like to match odd lots are recommended to make an appointment in advance by dialling the telephone number of Computershare Hong Kong Investor Services Limited set out above.

Holders of odd lots of the new ASI Shares should note that successful matching of the sale and purchase of odd lots of the new ASI Shares is not guaranteed. Any Scheme Shareholder who is in any doubt of the odd lot arrangement is recommended to consult his, or her, or its own professional advisers.

Shareholders or potential investors should note that (i) odd lots arrangements do not guarantee successful matching of all odd lots at the relevant market price and (ii) odd lots might be sold below the market price in the market.

6 Market value and revaluation of property assets of ASI

Regarding the property assets of ASI, the following table sets out (i) their market values per the Valuation Reports, (ii) the carrying value based on the reported figures as at 31 March 2024, (iii) the respective differences between the market value and the carrying value and (iv) the respective after-tax valuation surplus attributable to ASI:

Property Type ^(Note 1)	Property market value as at 31 May 2024 (A) ^(Note 2)	Property carrying value at 31 March 2024 (B) ^(Note 3)	Difference between the market value (A) and carrying value (B)	Valuation surplus attributable to ASI after tax ^(Note 4)
	<i>HK\$000</i>	<i>HK\$000</i>	<i>HK\$000</i>	<i>HK\$000</i>
Property interests held by the ASI Group for investment in Hong Kong	28,570,800	17,345,488	11,225,312	9,375,750
Property interests held by the ASI Group for development in Hong Kong	6,390,000	4,682,646	1,707,354	1,306,035
Property interests held by the ASI Group for sale in Hong Kong	4,923,600	2,530,993	2,392,607	1,003,156
Properties held under development in Canada	6,179,566	4,351,163	1,828,403	981,791
Property interests held by the ASI Group for development in the PRC	5,419,322	2,251,687	3,167,635	831,504
Property interests held by the ASI Group for occupation in Hong Kong	2,117,300	1,652,801	464,499	464,499
Property interests held by the ASI Group for future development in Hong Kong	<u>731,000</u>	<u>394,793</u>	<u>336,207</u>	<u>267,928</u>
Total	<u>54,331,588</u>	<u>33,209,571</u>	<u>21,122,017</u>	<u>14,230,663</u>

Note:

- All figures in the table above are approximations
- Calculated using exchange rates of CAD1:HK\$5.7123 and RMB\$1:HK\$1.0997, where applicable
- Calculated using exchange rate of CAD1:HK\$5.7648 and RMB\$1:HK\$1.0781, where applicable
- Profits tax, capital gain tax and/or land appreciation tax have been provided where applicable at the tax rates prevailing in the countries in which the properties are situated

7 Market value and revaluation of property assets of ASH

Regarding the property assets of ASH, the following table sets out (i) their market value per the Valuation Reports, (ii) the carrying value based on the reported figures as at 31 March 2024, (iii) the respective differences between the market value and (iv) the carrying value and the respective after-tax valuation surplus attributable to ASH:

Property Type ^(Note 1)	Property Market Value as at 31 May 2024 (A) ^(Note 2)	Property Carrying Value at 31 March 2024 (B) ^(Note 3)	Difference between the market value (A) and carrying value (B)	Valuation Surplus Attributable to ASH after Tax ^(Note 4)
	<i>HK\$000</i>	<i>HK\$000</i>	<i>HK\$000</i>	<i>HK\$000</i>
Property interests held by the Group for investment in Hong Kong	13,134,000	2,442,892	10,691,108	10,691,108
Properties held under development in Canada	6,179,566	4,351,163	1,828,403	1,187,171
Property interests held by the Group for future development in Hong Kong	<u>327,000</u>	<u>277,621</u>	<u>49,379</u>	<u>49,216</u>
Total	<u><u>19,640,566</u></u>	<u><u>7,071,676</u></u>	<u><u>12,568,890</u></u>	<u><u>11,927,495</u></u>

Note:

1. All figures in the table above are approximations
2. Calculated using exchange rates of CAD1:HK\$5.7123 and RMB\$1:HK\$1.0997, where applicable
3. Calculated using exchange rate of CAD1:HK\$5.7648 and RMB\$1:HK\$1.0781, where applicable
4. Profits tax and/or capital gain tax have been provided where applicable at the tax rates prevailing in the countries in which the properties are situated

8 Comparison of value

Market value of the Scheme Consideration against the market price of the ASH Shares

Based on the closing price of HK\$0.380 for every ASI Share as quoted on the Stock Exchange as at the Latest Practicable Date the value of the Scheme Consideration is equivalent to approximately HK\$0.092 for every Scheme Share as at the Latest Practicable Date, which represents:

- (a) a premium of approximately 13.58% over the closing price of HK\$0.081 per ASH Share as quoted on the Stock Exchange as at the Latest Practicable Date;
- (b) a premium of approximately 27.78% over the closing price of HK\$0.072 for every ASH Share as quoted on the Stock Exchange on the Last Trading Day;

- (c) a premium of approximately 17.95% over the average closing price of approximately HK\$0.078 for every ASH Share as quoted on the Stock Exchange for the 10 trading days up to and including the Last Trading Day;
- (d) a premium of approximately 31.43% over the average closing price of approximately HK\$0.070 for every ASH Share as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day;
- (e) a premium of approximately 43.75% over the average closing price of approximately HK\$0.064 for every ASH Share as quoted on the Stock Exchange for the 90 trading days up to and including the Last Trading Day; and
- (f) a premium of approximately 24.32% over the average closing price of approximately HK\$0.074 for every ASH Share as quoted on the Stock Exchange for the 180 trading days up to and including the Last Trading Day.

Based on the closing price of HK\$0.50 for every ASI Share as quoted on the Stock Exchange on the Last Trading Day, the value of the Scheme Consideration is equivalent to approximately HK\$0.110 for every Scheme Share on the Last Trading Day, which represents:

- (a) a premium of approximately 35.80% over the closing price of HK\$0.081 per ASH Share as quoted on the Stock Exchange as at the Latest Practicable Date;
- (b) a premium of approximately 52.78% over the closing price of HK\$0.072 for every ASH Share as quoted on the Stock Exchange on the Last Trading Day;
- (c) a premium of approximately 41.03% over the average closing price of approximately HK\$0.078 for every ASH Share as quoted on the Stock Exchange for the 10 trading days up to and including the Last Trading Day;
- (d) a premium of approximately 57.14% over the average closing price of approximately HK\$0.070 for every ASH Share as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day;
- (e) a premium of approximately 71.88% over the average closing price of approximately HK\$0.064 for every ASH Share as quoted on the Stock Exchange for the 90 trading days up to and including the Last Trading Day; and
- (f) a premium of approximately 48.65% over the average closing price of approximately HK\$0.074 for every ASH Share as quoted on the Stock Exchange for the 180 trading days up to and including the Last Trading Day.

Market value of the Scheme Consideration as at the Latest Practicable Date against the net asset value of ASH Shares

The following sets out the comparison of value of the market value of the Scheme Consideration as at the Latest Practicable Date against the adjusted and reported net assets value attributable to owners of ASH respectively:

Categorisation of the net asset values of ASH (Note 1)	Discount	Market value of the Scheme Consideration (per Scheme Share) as at the Latest Practicable Date	Net asset value attributable to owners of ASH (per Share)
<i>(a) On a diluted basis (full conversion of the Convertible Notes):</i>			
Based on the ASH Adjusted NAV	96.78%	HK\$0.092 ^(Note 2)	HK\$2.86 ^(Note 3)
Based on reported figures as at 31 March 2024	72.12%		HK\$0.33 ^(Note 4)
<i>(b) On an undiluted basis:</i>			
Based on the ASH Adjusted NAV	98.59%	HK\$0.092 ^(Note 2)	HK\$6.54 ^(Note 5)
Based on reported figures as at 31 March 2024	85.40%		HK\$0.63 ^(Note 6)

Notes:

- All figures in the table above are approximations.
- Based on (i) the Cash Payment of HK\$0.035 per Scheme Share; and (ii) the closing price of HK\$0.380 per ASI Share as quoted on the Stock Exchange as at the Latest Practicable Date and the Share Exchange Ratio, the value of the Scheme Consideration is equivalent to approximately HK\$0.092 per Scheme Share.
- Calculated based on the aggregate of (i) audited consolidated total equity attributable to owners of ASH of approximately HK\$1,262.92 million, (ii) the convertible notes liability which would be written back upon full conversion of outstanding Convertible Notes of HK\$272.31 million, both as disclosed in the audited report of ASH as at 31 March 2024 and (iii) the valuation surplus of ASH based on the Valuation Reports of approximately HK\$11,927.50 million to reflect the fair market value of ASH's properties as at 31 May 2024, and divided by the aggregate of 2,018,040,477 ASH Shares and 2,693,120,010 Convertible Notes in issue (which can be converted to an equivalent number of Shares) as at the Latest Practicable Date.
- Calculated based on the aggregate of (i) the audited consolidated total equity attributable to owners of ASH of approximately HK\$1,262.92 million as at 31 March 2024 and (ii) the convertible notes liability of HK\$272.31 million as disclosed in the audited report of ASH as at 31 March 2024, and divided by the aggregate of 2,018,040,477 ASH Shares and 2,693,120,010 Convertible Notes in issue (which can be converted to an equivalent number of Shares) as at the Latest Practicable Date.
- Calculated based on the aggregate of (i) audited consolidated total equity attributable to owners of ASH of approximately HK\$1,262.92 million as disclosed in the audited report of ASH as at 31 March 2024 and (ii) the valuation surplus of ASH based on the Valuation Reports of approximately HK\$11,927.50 million to reflect the fair market value of ASH's properties as at 31 May 2024, and divided by 2,018,040,477 ASH Shares in issue on the Last Trading Day and as at the Latest Practicable Date.

6. Calculated based on the audited consolidated total equity attributable to owners of ASH of approximately HK\$1,262.92 million as at 31 March 2024, and divided by 2,018,040,477 ASH Shares in issue as at the Latest Practicable Date.

Market value of the Scheme Consideration on Last Trading Day against the net asset value of ASH Shares

The following sets out the comparison of value of the market value of the Scheme Consideration on the Last Trading Day against the adjusted and reported net assets value attributable to owners of ASH respectively:

Categorisation of the net asset values of ASH ^(Note 1)	Discount	Market value of the Scheme Consideration (Per Scheme Share) on the Last Trading Day	Net asset value attributable to owners of ASH (Per Share)
<i>(a) On a diluted basis (full conversion of the Convertible Notes):</i>			
Based on the ASH Adjusted NAV	96.15%	HK\$0.110 ^(Note 2)	HK\$2.86 ^(Note 3)
Based on reported figures as at 31 March 2024	66.67%		HK\$0.33 ^(Note 4)
<i>(b) On an undiluted basis:</i>			
Based on the ASH Adjusted NAV	98.32%	HK\$0.110 ^(Note 2)	HK\$6.54 ^(Note 5)
Based on reported figures as at 31 March 2024	82.54%		HK\$0.63 ^(Note 6)

Notes:

- All figures in the table above are approximations.
- Based on (i) the Cash Payment of HK\$0.035 per Scheme Share; and (ii) the closing price of HK\$0.50 per ASI Share as quoted on the Stock Exchange on the Last Trading Day and the Share Exchange Ratio, the value of the Scheme Consideration is equivalent to approximately HK\$0.110 per Scheme Share.
- Calculated based on the aggregate of (i) audited consolidated total equity attributable to owners of ASH of approximately HK\$1,262.92 million, (ii) the convertible notes liability which would be written back upon full conversion of outstanding Convertible Notes of HK\$272.31 million, both as disclosed in the audited report of ASH as at 31 March 2024 and (iii) the valuation surplus of ASH based on the Valuation Reports of approximately HK\$11,927.50 million to reflect the fair market value of ASH's properties as at 31 May 2024, and divided by the aggregate of 2,018,040,477 ASH Shares and 2,693,120,010 Convertible Notes in issue (which can be converted to an equivalent number of ASH Shares) on the Last Trading Day.
- Calculated based on the aggregate of (i) the audited consolidated total equity attributable to owners of ASH of approximately HK\$1,262.92 million as at 31 March 2024 and (ii) the convertible notes liability of HK\$272.31 million as disclosed in the audited report of ASH as at 31 March 2024, and divided by the aggregate of 2,018,040,477 ASH Shares and 2,693,120,010 Convertible Notes in issue (which can be converted to an equivalent number of ASH Shares) on the Last Trading Day.
- Calculated based on the aggregate of (i) audited consolidated total equity attributable to owners of ASH of approximately HK\$1,262.92 million as disclosed in the audited report of ASH as at 31 March 2024 and (ii) the valuation surplus of ASH based on the Valuation Reports of approximately HK\$11,927.50 million to reflect the fair market value of ASH's properties as at 31 May 2024, and divided by 2,018,040,477 ASH Shares in issue on the Last Trading Day.

6. Calculated based on the audited consolidated total equity attributable to owners of ASH of approximately HK\$1,262.92 million as at 31 March 2024, and divided by 2,018,040,477 ASH Shares in issue on the Last Trading Day.

Aggregated underlying value of the Scheme Consideration, which consists of (i) the ASI Adjusted NAV attributable to the 0.15 ASI Share and (ii) the Cash Payment to which the holder of each Scheme Share will be entitled to receive under the Proposal

The following table sets out a comparison of the aggregated underlying value of the Scheme Consideration, which consists of (i) the ASI Adjusted NAV attributable to the 0.15 ASI Share and (ii) the Cash Payment to which the holder of each Scheme Share will be entitled to receive under the Proposal, against the ASH Adjusted NAV:

Categorisation of the underlying value of the share portion of the Scheme Consideration and the net asset value of ASH ^(Note 1)	Premium	Aggregate of the underlying value of the share portion of the Scheme Consideration and the Cash Payment	Cash Payment (per Scheme Share)	Underlying value of the share portion of the Scheme Consideration (the Adjusted net assets attributable to the 0.15 ASI Share to the which holder of each Scheme Share will receive)	Net asset value attributable to owners of ASH (per Share)
	$((A) - (D))/(D)$	$(A) = (B) + (C)$	(B)	(C)	(D)
<i>(a) On a diluted basis (full conversion of the Convertible Notes):</i>					
Based on the ASH Adjusted NAV	15.21%	HK\$3.295	HK\$0.035	HK\$3.26 ^(Note 2)	HK\$2.86 ^(Note 4)
<i>(b) On an undiluted basis:</i>					
Based on reported figures as at 31 March 2024	165.87%	HK\$1.675	HK\$0.035	HK\$1.64 ^(Note 3)	HK\$0.63 ^(Note 5)

Notes:

- All figures in the table above are approximations.
- Based on the adjusted unaudited net asset value per ASI Share of HK\$21.73 calculated based on the aggregate of (i) audited consolidated total equity attributable to owners of ASI of approximately HK\$14,451.43 million, as disclosed in the audited report of ASI as at 31 March 2024 and (ii) the valuation surplus of ASI based on the Valuation Reports of approximately HK\$14,230.66 million to reflect the fair market value of ASI's properties as at 31 May 2024, divided by 1,319,782,288 ASI Shares in issue on the Last Trading Day and as at the Latest Practicable Date, respectively, and taking into account the Share Exchange Ratio, the underlying unaudited net asset value of the Scheme Consideration is equivalent to approximately HK\$3.26 for every Scheme Share.
- Based on the audited net asset value per ASI Share of HK\$10.95, calculated by the audited net asset value attributable to the ASI Shareholders of approximately HK\$14,451.43 million as disclosed in the audited report of ASI as at 31 March 2024, divided by 1,319,782,288 ASI Shares in issue on the Last Trading Day and as at the Latest Practicable Date, respectively, and taking into account the Share Exchange Ratio, the underlying unaudited net asset value of the Scheme Consideration is equivalent to approximately HK\$1.64 per for every Scheme Share.

4. Calculated based on the aggregate of (i) audited consolidated total equity attributable to owners of ASH of approximately HK\$1,262.92 million, (ii) the convertible notes liability which would be written back upon full conversion of outstanding Convertible Notes of HK\$272.31 million, both as disclosed in the audited report of ASH as at 31 March 2024 and (iii) the valuation surplus of ASH based on the Valuation Reports of approximately HK\$11,927.50 million to reflect the fair market value of ASH's properties as at 31 May 2024, and divided by the aggregate of 2,018,040,477 ASH Shares and 2,693,120,010 Convertible Notes in issue (which can be converted to an equivalent number of Shares) on the Last Trading Day and as at the Latest Practicable Date, respectively.
5. Calculated based on the audited consolidated total equity attributable to owners of ASH of approximately HK\$1,262.92 million as at 31 March 2024, and divided by 2,018,040,477 ASH Shares in issue on the Last Trading Day and as at the Latest Practicable Date, respectively.

Highest And Lowest Prices

During the Relevant Period, the highest closing price of ASH Shares as quoted on the Stock Exchange was HK\$0.091 on 21 June 2024, and the lowest closing price of ASH Shares as quoted on Stock Exchange was HK\$0.054 on 24 April 2024.

During the Relevant Period, the highest closing price of ASI Shares as quoted on the Stock Exchange was HK\$0.540 on 7 June 2024, and the lowest closing price of ASI Shares as quoted on Stock Exchange was HK\$0.345 on 5 February 2024.

9 Rights Attaching to ASI Shares and the Issue Mandate

The ASI Shares to be issued pursuant to the Scheme and forming part of the Scheme Consideration will, when issued, be credited as fully paid, free from all Encumbrances, and will rank *pari passu* with all other ASI Shares then in issue. Holders of such ASI Shares will be entitled to receive all dividends and other distributions of ASI if the record time for determining the entitlement to such dividends and distributions falls at or after the date on which such ASI Shares are issued.

The new ASI Shares shall be allotted and issued pursuant to the Issue Mandate. Application will be made by ASI to the Listing Committee for the approval for the listing of, and permission to deal in, the new ASI Shares to be issued pursuant to the Scheme on the Main Board.

As disclosed in ASI's poll results announcement dated 25 August 2023, the grant of the Issue Mandate was approved by the ASI Shareholders at the annual general meeting of ASI held on the same date. Under the Issue Mandate, ASI is authorised to issue up to 263,956,457 new ASI Shares. As at the Latest Practicable Date, no new ASI Share has been allotted and issued under the Issue Mandate.

As disclosed in ASI's notice dated 13 August 2024 on the ASI AGM, a resolution will be put to the vote at the ASI AGM to renew the Issue Mandate with effect from 4 September 2024, with such renewed Issue Mandate granting the ASI Directors the authority to issue up to 263,956,457 new ASI Shares (assuming there is no change in the number of issued ASI Shares between the Latest Practicable Date and the date of the ASI AGM). The renewed Issue Mandate will be valid for the period from the date of passing of the relevant resolutions up to the conclusion of the next annual general meeting in 2025, or the expiration of the period within which the next annual general meeting of the ASI is required by the its bye-laws or any applicable laws to be held, or the revocation or variation of the Issue Mandate by an ordinary resolution of the ASI Shareholders in a general meeting of ASI, whichever of these three events occurs first.

As the renewed Issue Mandate is conditional upon (a) the passing of an ordinary resolution of the ASI Shareholders approving the grant of the Issue Mandate; and (b) the passing of an ordinary resolution by the AO Shareholders at the AO AGM approving the grant of the Issue Mandate to the ASI Directors. No ASI Shareholder or AO Shareholder is required to abstain from voting on such resolution. ASI has received from each of AO and Mr. Poon Jing an irrevocable undertaking to vote in favour of such resolutions at the ASI AGM and AO AGM, respectively.

Assuming all holders of the Convertible Notes, other than those of the Offeror and the Offeror Concert Parties (to whom the Convertible Note Offer is not being made), either participate in the Convertible Note Offer or convert their Convertible Notes into ASH Shares before the Scheme Record Time, the maximum number of new ASI Shares expected to be issued is 100,880,077 ASI Shares.

10 Confirmation of Financial Resources

Assuming either (i) all Convertible Notes (other than those held by the Offeror and the Offeror Concert Parties) are converted before the Scheme Effective Date or (ii) all the holders of such Convertible Notes participate in the Convertible Note Offer, the total maximum amount of cash payable under the Scheme and the Convertible Note Offer on the basis described in this Scheme Document is approximately HK\$23.54 million. The Offeror intends to finance the cash required for the Proposal with the internal cash resources of ASI. As such, the payment of the Scheme Consideration will not depend on the business of ASH.

Anglo Chinese has been appointed as the financial adviser to the Offeror and ASI in connection with the Proposal and the Convertible Note Offer.

Anglo Chinese, as the financial adviser of the Offeror and ASI, is satisfied that sufficient financial resources are available to the Offeror to satisfy its obligations in respect of the full implementation of the Proposal and the Convertible Note Offer in accordance with its terms.

11 Conditions to the Proposal, the Scheme and the Convertible Note Offer

The implementation of the Proposal is, and the Scheme will become, effective and binding on ASH and all Scheme Shareholders, subject to the satisfaction or waiver (as applicable) of the Scheme Conditions set out below and in the section headed “3. CONDITIONS TO THE PROPOSAL AND THE SCHEME” in the Explanatory Statement set out in Part 7 of this Scheme Document:

- (a) the approval of the Scheme (by way of poll) by a majority in number of Scheme Shareholders representing not less than three-fourths in value of the Scheme Shares held by the Scheme Shareholders present and voting either in person or by proxy at the Court Meeting;
- (b) the approval of the Scheme (by way of poll) by at least 75% of the votes attaching to the Scheme Shares held by the Scheme Shareholders that are voted either in person or by proxy at the Court Meeting, provided that the number of votes cast (by way of poll) against the resolution to approve the Scheme is not more than 10% of the votes attaching to all the Scheme Shares held by the Scheme Shareholders;

- (c) the passing by Shareholders of a special resolution at the SGM to approve any reduction of the issued share capital of ASH by the cancellation of the Scheme Shares, and an ordinary resolution to apply the reserve created by the cancellation of the Scheme Shares to simultaneously restore the issued share capital of ASH by the allotment and issue of an equal number of Shares (credited as fully paid) to the Offeror;
- (d) the sanction of the Scheme (with or without modification) by the Court and the delivery to the Registrar of Companies of a copy of the order of the Court for registration;
- (e) the necessary compliance with the procedural requirements and conditions, if any, of Section 46(2) of the Companies Act in relation to any reduction of the issued share capital of ASH referred to in (c) above;
- (f) the granting by the Stock Exchange of the listing of, and permission to deal in, the ASI Shares which fall to be issued pursuant to the Proposal, on the Main Board of the Stock Exchange;
- (g) all Authorisations having been obtained or made from, with or by (as the case may be) the Relevant Authorities in Bermuda, Hong Kong, and/or any other relevant jurisdictions and, if applicable, any waiting periods having expired or terminated (in each case where such Authorisation is material in the context of the Group as a whole and in the context of the Proposal);
- (h) the Authorisations remaining in full force and effect without variation, and all necessary statutory or regulatory obligations in all relevant jurisdictions having been complied with and no requirement having been imposed by any Relevant Authorities which is not expressly provided for, or is in addition to requirements expressly provided for, in relevant laws, rules, regulations or codes in connection with the Proposal or any matters, documents (including circulars) or things relating thereto, in each aforesaid case up to and at the time when the Scheme becomes binding and effective in accordance with its terms;
- (i) if required, the obtaining by the Offeror or ASI of such other necessary consent, approval, permission, waiver or exemption which may be required from any Relevant Authorities or other third parties which are necessary for the performance of the Scheme under applicable laws and regulations;
- (j) no government, governmental, quasi-governmental, statutory or regulatory body, court or agency in any jurisdiction having taken or instituted any action, proceeding, suit, investigation or enquiry (or enacted, made or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order) that would make the Scheme or its implementation in accordance with its terms void, unenforceable, illegal or impracticable (or which would impose any material and adverse conditions or obligations with respect to the Scheme or its implementation in accordance with its terms);
- (k) all necessary consents which may be required from financial institutions under any existing material debt facilities and other contractual obligations of ASH being obtained;

- (l) since the Latest Practicable Date, there having been no material adverse change in the business, financial or trading position or prospects of any member of the Group to an extent which is material in the context of the Group taken as a whole or in the context of the Proposal;
- (m) since the Latest Practicable Date, there not having been instituted or remaining outstanding any material litigation, arbitration proceedings, prosecution or other legal proceedings to which any member of the Group is a party (whether as plaintiff or defendant or otherwise) and no such proceedings having been threatened in writing against any such member and no investigation by any government or quasi-governmental, supranational, regulatory or investigative body or court against or in respect of any such member or the business carried on by any such member having been threatened in writing, announced, instituted or remaining outstanding by, against or in respect of any such member in each case which is material and adverse in the context of the Group taken as a whole or in the context of the Proposal; and
- (n) the passing of the resolutions in relation to the renewal of the Issue Mandate at the ASI AGM and the AO AGM.

ASH shall use its reasonable endeavours to ensure that Condition (m) is fulfilled.

The Scheme Conditions (a) to (g) above cannot be waived. The Offeror and ASI reserve the right to waive any of the Scheme Conditions (h) to (n), either in whole or in respect of any particular matter. All of the Scheme Conditions will have to be satisfied or validly waived (as applicable), on or before the Long Stop Date, otherwise the Scheme will not become effective. Subject to the Scheme Conditions being satisfied or validly waived (as applicable), the Scheme will become effective and binding on ASH and all Scheme Shareholders.

In respect of the Scheme Conditions (g) to (i), other than those set out in Scheme Conditions (a) to (f) (inclusive), the Offeror and ASI are not currently aware of any Authorisations or consents which are required. As at the Latest Practicable Date, the Offeror is not aware of any circumstances which may result in Condition (j) not being satisfied. In respect of Scheme Condition (n), ASI has received from each of AO and Mr. Poon Jing an irrevocable undertaking to vote in favour of such resolutions at the ASI AGM and AO AGM, respectively. The Offeror is not a party to any agreements or arrangements which relate to circumstances in which it may or may not invoke or seek to invoke any of the above conditions to the Proposal. Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror should not invoke any condition so as to cause the Scheme not to become binding and effective unless the circumstances which give rise to the right to invoke the condition are of material significance to the Offeror in the context of the Scheme.

If the Scheme Conditions are not satisfied or waived (as appropriate) on or before the Long Stop Date, the Proposal will lapse. If the Scheme is withdrawn, not approved or lapses, the listing of ASH Shares on the Stock Exchange will not be withdrawn.

As at the Latest Practicable Date, none of the Scheme Conditions had been fulfilled or waived (as applicable).

In addition, the Convertible Note Offer is conditional upon the Scheme becoming effective.

Shareholders and potential investors should be aware that the implementation of the Proposal is subject to the Scheme Conditions being fulfilled or waived, as applicable, and thus may or may not become effective. Further, the Convertible Note Offer is conditional upon the Scheme becoming effective and if the Scheme does not become effective, the Convertible Note Offer will not be completed. ASH Shareholders and potential investors are advised to exercise caution when dealing in ASH Shares.

Pursuant to the Takeovers Code, neither the Offeror nor any of the parties acting in concert with it (nor any person who is subsequently acting in concert with any of them) may announce an offer or possible offer for ASH within 12 months from the date on which the Scheme is not approved or the Proposal otherwise lapses, except with the consent of the Executive.

(C) SHAREHOLDING STRUCTURE OF ASH

Your attention is drawn to the sub-section headed “9.1 Shareholding structure of ASH” in the Explanatory Statement set out in Part 7 of this Scheme Document.

(D) SHAREHOLDING STRUCTURE OF ASI

Your attention is drawn to the sub-section headed “9.2 Shareholding structure of ASI” in the Explanatory Statement set out in Part 7 of this Scheme Document.

(E) INFORMATION ON THE OFFEROR, THE ASI GROUP AND THE GROUP

(a) The Offeror

The Offeror is a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of ASI, which is controlled by Mr. Poon Jing through AO. The Offeror is principally engaged in securities investments.

As at the Latest Practicable Date, the Offeror holds approximately 64.35% of the total issued ASH Shares and 2,597,418,454 Convertible Notes.

(b) The ASI Group

ASI is a limited liability company incorporated in Bermuda whose shares are listed on the Stock Exchange. ASI is principally engaged in investment and development of commercial, retail and residential properties in Hong Kong and the PRC. Through ASH, the ASI Group is also involved in hotel operations in Hong Kong and property development in Canada.

Please see “Appendix III — Financial Information of the ASI Group” and “Appendix IV — General Information on the ASI Group” for further information on the ASI Group.

(c) The Group

ASH is a limited liability company incorporated in Bermuda whose shares are listed on the Stock Exchange. The principal activity of ASH is investment holding. The principal activities of the subsidiaries of ASH consist of holding and operating hotels in Hong Kong and property development in Canada.

Please see “Appendix I — Financial Information of the Group” and “Appendix II — General Information on the Group” for further information on the Group.

12 OFFEROR’S INTENTION REGARDING ASH

Your attention is drawn to the section headed “5. OFFEROR’S INTENTION REGARDING ASH” in the Explanatory Statement set out in Part 7 of this Scheme Document. The Offeror intends to continue with the existing businesses of the Group and to align them more closely with the operations of ASI, as detailed in the headed “4. REASONS AND BENEFITS OF THE PROPOSED GROUP REORGANISATION” in the Explanatory Statement set out in Part 7 of this Scheme Document. The Offeror does not intend to introduce any major changes to the existing operations or business of the Group (including any redeployment of fixed assets of the Group). It is also the intention of the Offeror that there will not be significant changes in the management and employees of the Group as a result of the Proposal.

(F) WITHDRAWAL OF LISTING OF THE ASH SHARES ON THE MAIN BOARD

Upon Completion, all Scheme Shares will be cancelled and the share certificates for the Scheme Shares will thereafter cease to have effect as documents or evidence of title. ASH will apply to the Stock Exchange for withdrawal of the listing of ASH Shares on the Stock Exchange pursuant to Rule 6.15(2) of the Listing Rules with effect immediately following the Scheme Effective Date. The Board intends that the listing of ASH Shares on the Stock Exchange shall be maintained in the event that the Scheme does not become effective.

The Scheme will lapse if it does not become effective on or before the Long Stop Date, and the Scheme Shareholders will be notified by way of announcement accordingly. The listing of Shares will not be withdrawn if the Proposal is not approved or lapses.

Your attention is drawn to the section headed “10. WITHDRAWAL OF LISTING OF ASH SHARES ON THE MAIN BOARD” and “11. IF THE PROPOSAL IS NOT APPROVED OR LAPSES” in the Explanatory Statement set out in Part 7 of this Scheme Document.

(G) FINANCIAL ADVISER, INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

ASI and the Offeror have appointed Anglo Chinese as their financial adviser in connection with the Proposal and the Convertible Note Offer.

The Board comprises three independent non-executive Directors, namely, Mr. Leung Wai Keung, Mr. Wong Chi Keung and Mr. Koon Bok Ming, Alan. Mr. Leung Wai Keung and Mr. Wong Chi Keung

are both independent non-executive Directors of ASI and AO, which are Offeror Concert Parties. The Board is therefore of the view that these Directors are regarded as being interested in the Proposed Group Reorganisation for the purpose of Rule 2.8 of the Takeovers Code and are accordingly excluded from being a member of the Independent Board Committee. As such, only Mr. Koon Bok Ming, Alan (namely the only remaining independent non-executive Director) is a member of the Independent Board Committee, which has been established by the Board to advise the Scheme Shareholders in connection with the Proposal, in particular as to (i) whether the Proposal is fair and reasonable and (ii) voting in respect of the Scheme at the Court Meeting and the SGM, and to advise the holders of the Convertible Notes (other than the Offeror and the Offeror Concert Parties) in connection with the Convertible Note Offer, and in particular its view on the Convertible Note Offer.

Pursuant to Rule 2.8 of the Takeovers Code, the Independent Board Committee comprises the only non-executive Director who has no direct or indirect interest in the Proposal and the Convertible Note Offer.

ASH, with the approval of the Independent Board Committee, has appointed Altus as the Independent Financial Adviser (with the approval of the Independent Board Committee pursuant to Rule 2.1 of the Takeovers Code) to advise the Independent Board Committee in connection with the Proposal and the Convertible Note Offer.

(H) COURT MEETING AND SGM

The Court Meeting will be convened for the Scheme Shareholders to consider and, if thought fit, approve the Scheme.

In accordance with the directions of the Court, the Court Meeting will be held at Empire Grand Room, 1st Floor, Empire Hotel Hong Kong, 33 Hennessy Road, Wanchai, Hong Kong, on 23 September 2024 at 10:00 a.m. The SGM will be held at Empire Grand Room, 1st Floor, Empire Hotel Hong Kong, 33 Hennessy Road, Wanchai, Hong Kong, on 23 September 2024 at 10:15 a.m. (or as soon thereafter as the Court Meeting have concluded or been adjourned).

For the purpose of exercising your right to vote at the Court Meeting and/or the SGM, your attention is drawn to the sections headed “16. COURT MEETING AND SGM”, “17. ACTIONS TO BE TAKEN” and “18. EXERCISE YOUR RIGHT TO VOTE” in the Explanatory Statement set out in Part 7 of this Scheme Document, and the notices of the Court Meeting and the SGM set out in Appendices VI and VII of this Scheme Document respectively.

(I) OVERSEAS SCHEME SHAREHOLDERS

If you are an overseas Scheme Shareholder, your attention is drawn to the section headed “13. OVERSEAS SCHEME SHAREHOLDERS” in the Explanatory Statement set out in Part 7 of this Scheme Document.

(J) ACTIONS TO BE TAKEN

Your attention is drawn to the sections headed “17. ACTIONS TO BE TAKEN” and “18. EXERCISE YOUR RIGHT TO VOTE” in the Explanatory Statement set out in Part 7 of this Scheme Document for details of the actions you should take as an ASH Shareholder, as a Beneficial Owner whose ASH Shares are held by a Registered Owner, or as a Beneficial Owner whose ASH Shares are deposited in CCASS.

(K) RECOMMENDATIONS

The Independent Board Committee, comprising of Mr. Koon Bok Ming, Alan, has been established by the Board to make a recommendation to the Scheme Shareholders and the holders of the Convertible Notes as to whether the terms of the Proposal and the Convertible Note Offer are, or are not, fair and reasonable.

Your attention is drawn to the recommendations of the Independent Board Committee in respect of the Proposal, the Scheme and the Convertible Note Offer as set out in the “Letter from the Independent Board Committee” in Part 5 of this Scheme Document.

Your attention is drawn to the recommendations of the Independent Financial Adviser in respect of the Proposal, the Scheme and the Convertible Note Offer as set out in the “Letter from the Independent Financial Adviser” in Part 6 of this Scheme Document.

(L) TAXATION ADVICE

Your attention is drawn to the section headed “14. TAXATION AND INDEPENDENT ADVICE” in the Explanatory Statement set out in Part 7 of this Scheme Document.

(M) FURTHER INFORMATION

You are urged to read the whole of this Scheme Document, in particular (i) the “Letter from the Independent Board Committee” set out in Part 5 of this Scheme Document; (ii) the “Letter from the Independent Financial Adviser” set out in Part 6 of this Scheme Document; (iii) the Explanatory Statement set out in Part 7 of this Scheme Document; and (iv) the appendices to this Scheme Document. In addition, a **PINK** form of proxy in respect of the Court Meeting, a **WHITE** form of proxy in respect of the SGM and the Form of Acceptance are enclosed with this Scheme Document.

Yours faithfully,

For and on behalf of the board of
Asia Standard Hotel Group Limited

Lim Yin Cheng

Deputy Chairman and Chief Executive

**ASIA STANDARD HOTEL GROUP LIMITED****泛海酒店集團有限公司****(Incorporated in Bermuda with limited liability)***(Stock Code: 292)**

29 August 2024

To Scheme Shareholders and holders of the Convertible Notes

Dear Sir or Madam,

**(1) PROPOSED GROUP REORGANISATION OF ASI AND
ASH BY THE OFFEROR INVOLVING A SHARE EXCHANGE OFFER
WITH CASH PAYMENT TO THE SCHEME SHAREHOLDERS FOR
THE CANCELLATION OF ALL THE SCHEME SHARES BY WAY OF
A SCHEME OF ARRANGEMENT UNDER SECTION 99 OF
THE COMPANIES ACT 1981 OF BERMUDA;**

AND

(2) PROPOSED WITHDRAWAL OF LISTING OF THE ASH SHARES

I refer to this scheme document dated 29 August 2024 jointly issued by ASI, the Offeror and ASH in relation to the Proposal and the Scheme and the Convertible Note Offer (the “**Scheme Document**”), of which this letter forms part. Unless the context requires otherwise, terms used in this letter shall have the same meanings as given to them in this Scheme Document.

I have been appointed by the Board as the Independent Board Committee to advise the Scheme Shareholders in connection with the Proposal, in particular as to (i) whether the Proposal is fair and reasonable and (ii) voting in respect of the Scheme at the Court Meeting and the SGM, and to advise the holders of the Convertible Notes (other than the Offeror and the Offeror Concert Parties) in connection with the Convertible Note Offer, and in particular my view on the Convertible Note Offer.

Altus has been appointed, with my approval, as the Independent Financial Adviser in respect of the Proposal, the Scheme and the Convertible Note Offer.

I wish to draw your attention to (a) the “Letter from the Board” set out on in Part 4 of this Scheme Document; (b) the “Letter from the Independent Financial Adviser” as set out in Part 6 of this Scheme Document which sets out the factors and reasons taken into account by the Independent Financial Adviser in arriving at its recommendations; and (c) the Explanatory Statement as set out in Part 7 of this Scheme Document.

Having considered the terms of the Proposal, the Scheme and the Convertible Note Offer and having taken into account the advice of Altus, in particular, the factors, reasons and recommendations as set out in the “Letter from the Independent Financial Adviser” (as set out in Part 6 of this Scheme Document), I consider the Proposal and the Scheme to be fair and reasonable so far as the Scheme Shareholders are concerned and the Convertible Note Offer to be fair and reasonable so far as the holders of the Convertible Notes (other than the Offeror and Offeror Concert Parties) are concerned.

Accordingly, I recommend:

- (i) the Scheme Shareholders to vote IN FAVOUR OF the resolution to approve the Scheme at the Court Meeting;

- (ii) (a) holders of Convertible Notes (other than the Offeror and the Offeror Concert Parties) who are seeking for the most prudent course of action to ACCEPT the Convertible Note Offer; and

(b) holders of Convertible Notes (other than the Offeror and the Offeror Concert Parties) who are prepared to accept the risk of holding convertible securities of an unlisted subsidiary of a listed company in exchange for potentially higher monetary returns NOT TO ACCEPT the Convertible Note Offer and continue to hold the Convertible Notes; and

- (iii) the Scheme Shareholders to vote IN FAVOUR OF (i) the special resolution at the SGM to approve and give effect to the reduction of the issued share capital of ASH by cancelling the Scheme Shares; and (ii) the ordinary resolution at the SGM to approve, among other things, the increase of the issued share capital of ASH immediately following the cancellation of the Scheme Shares to the amount prior to the cancellation of the Scheme Shares by issuing to the Offeror such number of new ASH Shares as is equal to the number of Scheme Shares cancelled.

Yours faithfully

For and on behalf of

Asia Standard Hotel Group Limited

Independent Board Committee

Mr. Koon Bok Ming, Alan

Independent non-executive director

* *for identification purpose only*

Set out below is the text of a letter received from Altus Capital Limited, the independent financial adviser to the Independent Board Committee in respect of the Proposal and the Convertible Note Offer for the purpose of inclusion in the Scheme Document.

ALTUS.

Altus Capital Limited

21 Wing Wo Street
Central
Hong Kong

29 August 2024

To the Independent Board Committee

Asia Standard Hotel Group Limited

30th Floor, YF Life Tower
33 Lockhart Road
Wanchai
Hong Kong

Dear Sir or Madam,

**(1) PROPOSED GROUP REORGANISATION OF ASI AND ASH BY THE
OFFEROR INVOLVING A SHARE EXCHANGE OFFER WITH CASH
PAYMENT TO THE SCHEME SHAREHOLDERS FOR THE
CANCELLATION OF ALL THE SCHEME SHARES BY WAY OF A SCHEME
OF ARRANGEMENT UNDER SECTION 99 OF THE COMPANIES ACT 1981
OF BERMUDA;
AND
(2) PROPOSED WITHDRAWAL OF LISTING OF THE ASH SHARES**

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee in respect of the Proposal and the Convertible Note Offer. Our appointment as the independent financial adviser has been approved by the Independent Board Committee as set out in ASH's announcement dated 3 July 2024. Details of the Proposal and the Convertible Note Offer are set out in the "Letter from the Board" contained in the Scheme Document dated 29 August 2024, of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Scheme Document unless the context requires otherwise.

The Proposal

The ASI Board, the Offeror Board, the Board, and the AO Board jointly announced that on 19 June 2024, the ASI Board and the Offeror Board requested the Board to put forward the Proposal to the Scheme Shareholders.

Under the Proposal, upon fulfilment or waiver (as applicable) of the Scheme Conditions and the Scheme becoming effective, all Scheme Shares will be cancelled and the Scheme Shareholders, whose names appear on the register of members of ASH at the Scheme Record Time, will be entitled to receive from ASI the following new ASI Shares and the Cash Payment:

For every 20 Scheme Shares cancelled 3 new ASI Shares and the
Cash Payment of HK\$0.700*

* For the purpose of determining the entitlement for every Scheme Share held, holders of number of Scheme Shares not in multiples of 20 will be entitled to 0.15 ASI Shares and HK\$0.035 for every Scheme Share held. However, as stated in the sub-section headed “2.3 Fractional shares” in the Explanatory Statement in the Scheme Document, fractions of an ASI Share will not be issued to any Scheme Shareholder and fractional entitlements to an ASI Share will be rounded down to the nearest whole number

Subject to the satisfaction or waiver (as applicable) of the Scheme Conditions, ASH will become a non-listed company and an indirect non-wholly-owned subsidiary of ASI upon the Scheme becoming effective and the listing of the ASH Shares will be withdrawn from the Main Board.

THE INDEPENDENT BOARD COMMITTEE

The Board comprises three independent non-executive Directors, namely, Mr. Leung Wai Keung, Mr. Wong Chi Keung and Mr. Koon Bok Ming, Alan. Mr. Leung Wai Keung and Mr. Wong Chi Keung are both independent non-executive Directors of ASI and AO, which are Offeror Concert Parties. The Board is therefore of the view that these Directors are regarded as being interested in the Proposed Group Reorganisation for the purpose of Rule 2.8 of the Takeovers Code and are accordingly excluded from being a member of the Independent Board Committee. As such, only Mr. Koon Bok Ming, Alan (namely the only remaining independent non-executive Director) is a member of the Independent Board Committee, which has been established by the Board to make recommendations to the Scheme Shareholders and the holders of Convertible Notes in connection with the Proposal, and in particular as to (i) whether the Proposal is fair and reasonable so far as the Scheme Shareholders are concerned and whether the Convertible Note Offer is fair and reasonable so far as the holders of Convertible Notes are concerned; (ii) whether the Scheme Shareholders should, or should not, vote in favour of the relevant resolutions in relation to the Proposal at the Court Meeting and the SGM; and (iii) whether the holders of Convertible Notes should, or should not, accept the Convertible Note Offer.

THE INDEPENDENT FINANCIAL ADVISER

As the independent financial adviser with respect to the Proposal and the Convertible Note Offer, our role is to provide the Independent Board Committee with an independent opinion and recommendation as to (i) whether the Proposal is fair and reasonable so far as the Scheme Shareholders are concerned and whether the Convertible Note Offer is fair and reasonable so far as

the holders of Convertible Notes are concerned; (ii) whether the Independent Board Committee should, or should not, advise the Scheme Shareholders to vote in favour of the relevant resolutions in relation to the Proposal at the Court Meeting and the SGM; and (iii) whether the Independent Board Committee should advise the holders of Convertible Notes to accept or not to accept the Convertible Note Offer.

We (i) are not associated or connected, financial or otherwise, with ASH or the Offeror, their respective controlling shareholders or any parties acting, or presumed to be acting, in concert with any of them; and (ii) have not acted as the financial adviser or independent financial adviser in relation to any transaction of ASH or the Offeror, their respective controlling shareholders or any parties acting in concert with any of them in the last two years prior to the date of the Scheme Document.

Pursuant to Rule 13.84 of the Listing Rules and Rule 2 of the Takeovers Code, and given that (i) remuneration for our engagement to opine on the Proposal and the Convertible Note Offer is at market level and not conditional upon the outcome of the Proposal and the Convertible Note Offer; (ii) no arrangement exists whereby we shall receive any fees or benefits from ASH (other than our said remuneration) or the Offeror, their respective controlling shareholders or any parties acting in concert with any of them; and (iii) our engagement is on normal commercial terms and approved by the Independent Board Committee, we are independent of ASH or the Offeror, their respective controlling shareholders or any parties acting in concert with any of them and can act as the independent financial adviser to the Independent Board Committee in respect of the Proposal and the Convertible Note Offer.

BASIS OF OUR ADVICE

In formulating our opinion, we have reviewed, amongst others (i) the annual reports of ASH for the year ended 31 March 2022, 2023 and 2024 (the “**ASH 2022 Annual Report**”, “**ASH 2023 Annual Report**” and “**ASH 2024 Annual Report**”); (ii) the annual reports of ASI for the year ended 31 March 2022, 2023 and 2024 (the “**ASI 2022 Annual Report**”, “**ASI 2023 Annual Report**” and “**ASI 2024 Annual Report**”); (iii) the Valuation Reports as set out in Appendix IX to the Scheme Document; and (iv) other information as set out in the Scheme Document.

We have relied on the statements, information, opinions and representations contained or referred to in the Scheme Document and/or provided to us by ASH, the Directors and the management of ASH (collectively the “**Management**”). We have assumed that all statements, information, opinions and representations contained or referred to in the Scheme Document and/or provided to us were true, accurate and complete in all material aspects at the time they were made and continued to be so as at the Latest Practicable Date. ASH will notify the Scheme Shareholders and the holders of Convertible Notes of any material changes to information contained or referred to in the Scheme Document as soon as practicable in accordance with Rule 9.1 of the Takeovers Code. The Scheme Shareholders and the holders of Convertible Notes will also be informed as soon as practicable when there are any material changes to the information contained or referred to herein as well as changes to our opinion, if any, after the Latest Practicable Date, and before the despatch of the Scheme Document.

We have no reason to believe that any statements, information, opinions or representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material fact the omission of which would render the statements, information, opinions or representations provided to us untrue, inaccurate or misleading. We have assumed that all the statements, information, opinions and representations for matters relating to ASH contained or referred to in the Scheme Document, and information relating to ASH provided to us by ASH and the Management have been reasonably made after due and careful enquiry. We have relied on such statements, information, opinions and representations and consider that we have been provided with and have reviewed sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not conducted any independent investigation into the business, financial conditions and affairs or the future prospects of ASH and its subsidiaries (the “**ASH Group**”).

We have not considered the taxation implications on the Scheme Shareholders and the holders of Convertible Notes arising from acceptance or non-acceptance of the Proposal, the Scheme and the Convertible Note Offer, if any, and therefore we will not accept responsibility for any tax effect or liability that may potentially be incurred by the Scheme Shareholders and the holders of Convertible Notes as a result of the Proposal, the Scheme and the Convertible Note Offer. In particular, the Scheme Shareholders and the holders of Convertible Notes who are subject to Hong Kong or overseas taxation on dealings in securities are urged to seek their own professional advice on tax matters.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our advice for the Proposal and the Convertible Note Offer, we have taken into consideration, among other things, the following:

- We analysed the business and financial performance of both of the ASH Group and the ASI Group, including their dividend history and outlook. This foundational analysis, detailed in sections “**1. Business and financial information of ASH**” and “**2. Business and financial information of ASI**” provides context on the growth potential of ASH as a standalone platform and as part of the Reorganised ASI Group should the Scheme become effective;
- Understanding the strategic reasons behind the Proposal and its expected benefits is essential and we have presented our analysis on how the Proposal affects the Scheme Shareholders and the holders of Convertible Notes under the sections “**3. Reasons for and benefits of the Proposal**” and “**6. The Proposal — Convertible Note Offer**”;
- Given the mixed nature of the Scheme Consideration, we evaluated its fairness and reasonableness from multiple financial angles under section “**4. The Proposal — Scheme Consideration**”. Our analysis covers comparison analysis of the Scheme Consideration based on market value as well as the respective underlying assets value; and the respective trading liquidity of the shares being exchanged and offered;

- Section “**5. The Proposal — comparable companies and privatisation precedents**” sets out our consideration when conducting benchmarking analysis against market comparables and privatisation precedents to gauge the Proposal’s fairness and reasonableness within the broader market context; and
- We assessed the potential outcomes of the available options for the holders of Convertible Notes and recommending the course of action based on current conditions under section “**6. The Proposal — Convertible Note Offer**”.

Our detailed considerations and analyses are set out below.

1. Business and financial information of ASH

1.1. Background of ASH

ASH is a limited liability company incorporated in Bermuda whose Shares have been listed on the Main Board since 25 July 2000. The principal activity of ASH is investment holding. The principal activities of the subsidiaries of ASH consist of holding and operating hotels in Hong Kong and property development in Canada.

During the past three financial years ended 31 March 2024, ASH’s revenue was predominantly derived from its financial investments and hotel operations. ASH’s hotel portfolio comprises five self-owned hotels operating in Hong Kong as at the Latest Practicable Date.

1.2. Initial spin-off of ASH

As set out in ASI’s announcements dated 21 September 1999, 17 January 2000 and 13 May 2000, ASI sought to spin off its hotel operations and management arm under ASH and applied for separate listing of the ASH Shares with an aim to delineate the ASI’s hotel business from its property development and investment business and realise a certain portion of ASI’s investment in its hotel operations while being able to maintain a significant controlling stake in ASH.

The directors of ASI at the time were of the view that a wider base of shareholders would be beneficial to the future liquidity of the ASH Shares.

1.3. Historical financial performance of ASH

Set out below is a summary of the audited consolidated financial information of the ASH Group for the years ended 31 March 2022, 2023 and 2024 as extracted from the ASH 2022 Annual Report, ASH 2023 Annual Report and the ASH 2024 Annual Report.

Extracted from the consolidated profit and loss account

	For the year ended 31 March		
	2022	2023	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>
Interest revenue <i>(Note)</i>	902,419	741,638	498,050
Sales of goods and services and other revenue	87,328	185,015	393,198
Total revenue	989,747	926,653	891,248
Gross profit	948,534	862,575	776,451
Net investment (loss)/gain			
- Net realised and unrealised (loss)/gain	(294,328)	28,155	(11,155)
- Changes in expected credit losses	(1,072,595)	(652,313)	(2,649,026)
Loss for the year	(745,986)	(212,786)	(2,249,767)

Breakdown of the revenue by business segment

	For the year ended 31 March		
	2022	2023	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>
Total revenue	989,747	926,653	891,248
- Hotel operation	73,922	166,147	366,675
- Property development	725	209	613
- Financial investments <i>(Note)</i>	909,618	752,626	510,736
- Others	5,482	7,671	13,224

Extracted from the consolidated balance sheet

	As at 31 March		
	2022	2023	2024
	<i>HK\$'000</i> <i>(audited)</i>	<i>HK\$'000</i> <i>(audited)</i>	<i>HK\$'000</i> <i>(audited)</i>
Non-current assets	4,289,269	4,275,263	3,984,008
- Property, plant and equipment	2,888,088	2,800,432	2,689,627
- Financial investments	627,373	706,496	551,214
Current assets	4,824,704	5,006,671	3,928,016
- Properties under development for sale	1,401,523	1,781,003	2,166,295
- Financial investments	2,393,581	2,163,308	759,711
Total assets	9,113,973	9,281,934	7,912,024
Current liabilities	2,825,992	1,594,034	1,563,316
- Borrowings	2,364,946	1,148,466	1,054,716
Non-current liabilities	4,105,373	4,682,129	5,087,600
- Borrowings	3,847,933	4,389,847	4,797,568
Net assets	2,182,608	3,005,771	1,261,108

Note: The difference between interest revenue and segment revenue of financial investments is mainly due to dividends from listed equity and other securities, which were included in the segment revenue of financial investments but not in the interest revenue.

Year ended 31 March 2023 (“FY2023”) compared to year ended 31 March 2022 (“FY2022”)

Revenue from ASH’s hotel operations increased from HK\$74 million in FY2022 to HK\$166 million in FY2023. This growth was partly due to participating in the government’s hotel quarantine program in the first half of FY2023 when cross-border travel restrictions were in place, and partly due to the gradual normalisation of the operating environment after the quarantine program ended in September 2022. The strong rebound in Mainland China tourism since February 2023, following the full reopening of borders between Hong Kong and Mainland China, also significantly boosted ASH’s hotels’ occupancy rates and average room rates.

ASH Group’s financial investment portfolio mainly consisted of debt securities issued by listed companies involved in Mainland China’s real estate market. Performance of the financial investment portfolio was mainly affected by ongoing liquidity crises on Mainland China’s real estate market and this was reflected in the profit or loss of ASH Group via a decrease in interest and dividend income to HK\$749 million in FY2023 from HK\$908 million FY2022 as well as an investment loss for each of FY2023 and FY2022. For details of the current status of the debt securities held by ASH Group, please refer to the sub-section headed “Implications of the debt securities held by ASH Group and ASI Group on the Scheme Shareholders” below.

Revenue from property development business remained nominal in both FY2022 and FY2023, as ASH's property development projects in Canada were under construction or in planning stage during these periods.

ASH recorded a loss attributable to shareholders of HK\$213 million in FY2023 (FY2022: a loss of HK\$746 million). This improvement was mainly due to (i) a decrease in expected credit loss; (ii) a net realised and unrealised gain from investments in financial assets for FY2023 versus a net loss in FY2022; and (iii) an increase in revenue from hotel operations.

As at 31 March 2022 and 2023, ASH's assets mainly included financial investments, property, plant and equipment, and properties under development for sale. The amount of financial investments decreased from HK\$3,021 million as at 31 March 2022 to HK\$2,870 million as at 31 March 2023 mainly due to disposals and redemptions made during FY2023, partially compensated by the changes in the financial investments' fair value. The property, plant and equipment primarily included the carrying values of hotel properties as at 31 March 2022 and 2023. The increase in the carrying value of properties under development for sale mainly reflected the development costs incurred.

As at 31 March 2022 and 2023, ASH's liabilities were mainly bank borrowings. The carrying amount of borrowings decreased by HK\$675 million due to net repayment of bank loans.

Net assets of ASH increased from HK\$2,183 million as at 31 March 2022 to HK\$3,006 million as at 31 March 2023 mainly due to unrealised fair value changes from its financial investments recognised in other comprehensive income under shareholders' equity.

The ASH Group did not distribute dividends for FY2022 and FY2023.

Year ended 31 March 2024 (“FY2024”) compared to FY2023

Revenue from ASH's hotel operations increased from HK\$166 million in FY2023 to HK\$367 million in FY2024. This growth was mainly attributable to the increase in occupancy and average room rates of ASH's hotels, driven by the surge in visitors from Mainland China following the easing of all travel restrictions in early 2023.

ASH Group's financial investment portfolio mainly consisted of debt securities issued by listed companies involved in Mainland China's real estate market. Performance of the financial investment portfolio was mainly affected by ongoing liquidity crises on Mainland China's real estate market and this was reflected in the profit or loss of ASH Group via a decrease in interest and dividend income to HK\$513 million in FY2024 from HK\$749 million in FY2023 as well as an investment loss for each of FY2024 and FY2023. For details of the current status of the debt securities held by ASH Group, please refer to the sub-section headed “Implications of the debt securities held by ASH Group and ASI Group on the Scheme Shareholders” below.

Regarding the property development segment, the construction of the Landmark On Robson, ASH Group's wholly-owned residential development in Vancouver, Canada, was completed in the second quarter of 2024 (after the close of FY2024). The handover of the pre-sold units is anticipated to commence in the second half of 2024. As at 31 March 2024, the project had secured approximately CAD241 million (equivalent to approximately HK\$1,389 million) in contracted sales of residential units. Given the handover procedure for the pre-sold units commenced after the financial year-end of FY2024 and before the Latest Practicable Date, such amount was not recognised as ASH's revenue for FY2024. However, it will be duly recognised in alignment with the progress of the handover procedure, according to the relevant accounting standards.

ASH recorded a loss attributable to shareholders of HK\$2,250 million in FY2024 (FY2023: a loss of HK\$213 million). Such increase was mainly due to the larger provisions of expected credit loss on investments in the abovementioned debt securities.

As at 31 March 2024, ASH's assets mainly included property, plant and equipment, properties under development for sale, and financial investments. The property, plant and equipment mainly included the carrying values of hotel properties as at 31 March 2023 and 2024. The increase in the carrying value of properties under development for sale primarily reflected the development costs incurred. The amount of financial investments decreased from HK\$2,870 million as at 31 March 2023 to HK\$1,311 million as at 31 March 2024, mainly due to the decrease in the fair value of the ASH Group's financial investments after accounting for the winding-up orders by the Hong Kong court on a couple of ASH's investment portfolio's note issuers in FY2024.

As at 31 March 2023 and 2024, ASH's liabilities were mainly bank borrowings. The carrying amount of borrowings increased by HK\$314 million due to a net increase in bank loans.

Net assets of ASH decreased from HK\$3,006 million as at 31 March 2023 to HK\$1,261 million as at 31 March 2024 primarily due to unrealised fair value changes from its financial investments recognised in other comprehensive charge under shareholders' equity.

The ASH Group did not distribute dividends for FY2023 and FY2024.

1.4. Historical dividends of ASH

Dividends per ASH Share distributed by ASH during the past ten financial years ended 31 March 2024 are set out below:

Year ended	Dividend per ASH Share (HK\$)
31 March 2024	Nil
31 March 2023	Nil
31 March 2022	Nil
31 March 2021	0.0065
31 March 2020	Nil
31 March 2019	0.0065
31 March 2018	0.0064
31 March 2017	0.0064
31 March 2016	0.0042 (Based on the dividend of HK\$0.0125 per Share and adjusted for the bonus issue completed on 16 February 2017)
31 March 2015	0.0033 (Based on the dividend of HK\$0.01 per Share and adjusted for the bonus issue completed on 16 February 2017)
Total	0.033

The aggregate dividend per ASH Share for the ten financial years ended 31 March 2024 was approximately HK\$0.033 (adjusted for the bonus issue completed on 16 February 2017). ASH did not distribute any dividend for the latest three financial years ended 31 March 2024 when ASH was loss-making.

1.5. Outlook of ASH

According to the ASH 2024 Annual Report, the global economic landscape remains fraught with uncertainties due to ongoing geopolitical tensions. Despite these challenges, most major economies have successfully reduced inflation without causing significant unemployment or recession.

For ASH's hotel operations in Hong Kong, several critical factors are poised to shape the industry and the market. These include the global economic outlook, currency exchange rates trends, airline capacity, and evolving consumer behaviours, particularly among tourists from Mainland China. In this regard, the Management noted that the Hong Kong government is implementing several supportive measures in response to such dynamics. These include expanding the Individual Visit Scheme, increasing tax-free shopping limits for Mainland Chinese tourists, resuming multiple-entry

endorsements for Shenzhen residents and commissioning a third runway at Hong Kong International Airport. While these initiatives are expected to enhance Hong Kong's attractiveness as a tourist destination and boost the local hotel industry, the visibility of a significant improvement remains uncertain given the ongoing economic and geopolitical challenges. During FY2024, ASH's hotels' occupancy rate was in line with the overall Hong Kong hotel market based on the hotel room occupancy rate published by the Hong Kong government.

For ASH's property development activities in Canada, high interest rates have temporarily dampened homeownership prospects for many potential buyers. However, a potential shift towards lower interest rates could release pent-up demand and restore market confidence. Additionally, Canada's robust population growth, driven by progressive immigration policies, sustains a solid underlying demand for housing. This demographic trend supports a cautious optimism for ASH's property development segment in Canada, suggesting continued demand for its projects despite current market challenges.

We note that the Management maintains a prudently positive outlook for the ASH Group's performance but is aware of the ongoing uncertainties. While supportive measures by the relevant authorities as mentioned above in ASH's key markets provide a foundation for potential recovery, the economic and geopolitical landscape continues to pose challenges, and significant improvement to pre-COVID levels may take time.

2. Business and financial information of ASI

2.1. Background of ASI

ASI is a limited liability company incorporated in Bermuda whose shares are listed on the Main Board. ASI is principally engaged in investment and development of commercial, retail and residential properties in Hong Kong and the PRC. Through ASH, the ASI Group is also involved in hotel operations in Hong Kong and property development in Canada.

During the past three financial years ended 31 March 2024, ASI's revenue was predominantly derived from its financial investments, property leasing and hotel operations under ASH.

2.2. Historical financial performance of ASI

Set out below is a summary of the audited consolidated financial information of ASI for the years ended 31 March 2022, 2023 and 2024 as extracted from the ASI 2022 Annual Report, ASI 2023 Annual Report and the ASI 2024 Annual Report.

Extracted from the consolidated profit and loss account

	For the year ended 31 March		
	2022	2023	2024
	HK\$'000	HK\$'000	HK\$'000
	(audited)	(audited)	(audited)
Interest revenue (Note 1)	2,205,117	1,725,939	1,219,493
Sales of goods and services, leasing and other revenue	304,618	346,838	515,848
Total revenue	2,509,735	2,072,777	1,735,341
Gross profit	2,426,881	1,967,325	1,582,520
Net investment (loss)/gain			
- Net realised and unrealised (loss)/gain	(724,214)	44,239	(210,994)
- Changes in expected credit losses ^(Note 1)	(2,680,419)	(1,560,304)	(5,860,618)
Fair value gain of investment properties	497,018	807,790	56,392
Other charge ^(Note 2)	—	—	(885,205)
Profit / (loss) for the year	(1,012,303)	764,607	(6,181,454)

Notes:

1. These are provision for impairment in debt securities measured at (i) amortised cost; and (ii) fair value through other comprehensive income, based on changes in credit quality. The amount stated herein also include those as disclosed in section "1.3 Historical financial performance of ASH" above.
2. The charge was attributable to the failure to reach a consensus with the government within the prescribed time limit regarding the land premium amount on a development project in Kwu Tung North held by a joint venture company, leading to subsequent land resumption by the government.

Breakdown of the revenue by business segment

	For the year ended 31 March		
	2022	2023	2024
	HK\$'000	HK\$'000	HK\$'000
	(audited)	(audited)	(audited)
Total revenue	2,509,735	2,072,777	1,735,341
- Property sales	11,250	6,750	—
- Property leasing	179,573	147,499	129,724
- Hotel operation	75,810	167,029	366,675
- Financial investments (Note 1)	2,209,168	1,715,744	1,205,467
- Others	33,934	35,725	33,475

Extracted from the consolidated balance sheet

	As at 31 March		
	2022	2023	2024
	<i>HK\$'000</i> <i>(audited)</i>	<i>HK\$'000</i> <i>(audited)</i>	<i>HK\$'000</i> <i>(audited)</i>
Non-current assets	23,282,634	24,603,769	23,392,884
- Investment properties	10,034,752	10,844,446	10,901,144
- Property, plant and equipment	4,761,239	4,671,642	4,576,811
- Financial investments	1,389,996	1,615,734	1,091,137
Current assets	11,739,747	13,294,959	10,751,769
- Completed properties held for sale	3,481	3,481	3,481
- Properties under development for sale	4,257,302	5,007,956	6,362,594
			<i>(Note 2)</i>
- Financial investments	5,421,162	6,039,865	2,407,248
Total assets	35,022,381	37,898,728	34,144,653
Current liabilities	5,157,955	5,018,348	7,228,229
- Borrowings	3,996,578	3,871,662	5,693,653
Non-current liabilities	13,454,317	12,906,669	12,232,042
- Borrowings	13,314,797	12,665,571	12,049,556
Net assets	16,410,109	19,973,711	14,684,382

Notes:

1. The difference between interest revenue and segment revenue of financial investments was mainly due to (i) dividends from listed equity and other securities, which were included in the segment revenue of financial investments but not in the interest revenue; and (ii) interests from shareholders' loan to ASI Group's joint ventures and bank deposits, which were included in the interest revenue and not in the segment revenue of financial investments.
2. Approximately HK\$2,166 million was attributable to the ASH Group.

FY2023 compared to FY2022

For the property sales segment, the ASI Group recorded share of profits less losses of joint ventures of HK\$461 million under property sales segment in FY2023 (FY2022: HK\$16 million), which was mainly contributed by the delivery of the residential portion of ASI Group's joint venture development in Tongzhou, Beijing. The ASI Group did not record significant revenue under the property sales segment since its subsidiary-owned development projects had not reached delivery stage in FY2023 and FY2022.

For the property leasing segment, the ASI Group recorded leasing income of HK\$147 million, down from HK\$180 million for FY2022 due to lower occupancy of office buildings.

ASI Group's financial investment portfolio mainly consisted of debt securities issued by listed companies involved in Mainland China's real estate market. Performance of the financial investment portfolio was mainly affected by ongoing liquidity crises on Mainland China's real estate market and this was reflected in the profit or loss account of ASI Group via a decrease in interest and dividend income to HK\$1,716 million in FY2023 from HK\$2,209 million in FY2022 as well as an investment loss for each of FY2023 and FY2022. For details of the current status of the debt securities held by ASI Group, please refer to the sub-section headed "Implications of the debt securities held by ASH Group and ASI Group on the Scheme Shareholders" below.

ASI Group's hotel operation business is conducted through ASH. Please refer to section "1.3 Historical financial performance of ASH" above for the discussion on hotel business.

ASI Group recorded a profit attributable to shareholders at HK\$801 million for FY2023 (FY2022: a loss of HK\$884 million). The change from loss to profit is mainly attributable to (i) net realised and unrealised gain from investment in financial assets for FY2023 versus a loss in FY2022; (ii) decrease in expected credit losses on investment in financial assets; (iii) increase in share of profits from property development joint ventures; (iv) increase in revaluation gain of investment properties; and (v) decrease in interest revenue from financial investment.

As at 31 March 2023, ASI Group's assets mainly included investment properties, property plant and equipment, properties under development or completed for sale, and financial investments. Investment were carried at fair value, with changes recognised in the consolidated profit and loss account. The carrying values of the ASI Group's investment properties as at 31 March 2023 increased by approximately HK\$810 million as compared to 31 March 2022, representing fair value changes to the investment properties. Property, plant and equipment primarily included the carrying values of hotel properties and right-of-use assets, which remained stable as at 31 March 2023 compared to 31 March 2022. The increase in the carrying value of properties under development or completed for sale mainly reflected the development cost incurred. The amount of financial investments increased from HK\$6,811 million as at 31 March 2022 to HK\$7,656 million as at 31 March 2023 mainly due to the changes in their fair value, partially offset by disposals and redemptions made during FY2023.

As at 31 March 2022 and 2023, ASI Group's liabilities were mainly bank borrowings. The carrying amount of borrowings decreased by HK\$774 million due to net repayment of bank loans.

Net assets of ASI Group increased from HK\$16,410 million as at 31 March 2022 to HK\$19,973 million as at 31 March 2023 due to changes in the fair values of the investments properties and financial investments.

The ASI Group did not distribute dividends for FY2022 and FY2023.

FY2024 compared to FY2023

For the property sales segment, during FY2024, the ASI Group had five development projects for sale across Hong Kong, Beijing and Vancouver (through ASH). Among them, High Park in Hong Kong and Landmark On Robson in Vancouver are subsidiary-owned. High Park had achieved contracted sales of HK\$1.2 billion up to 31 March 2024. The delivery of High Park will depend on the progress of construction and relevant approvals from the government authorities. As confirmed by the Management, the delivery of units of High Park had not started as at the Latest Practicable Date. For details of the status of Landmark On Robson, please refer to the section “1.3 Historical financial performance of ASH” above. The remaining three projects are joint ventures and the sales of these projects will only contribute to ASI Group’s share of profits from joint ventures instead of revenue from property sales. In the Northern Metropolis of Hong Kong, the joint venture residential development site in Kwu Tung was reclaimed by the government following the failure to reach a consensus on the land premium negotiation within the prescribed deadline. The ASI Group shared an approximately HK\$885 million impairment provision for this exceptional incident in its FY2024 results. The ASI Group did not record significant revenue under the property sales segment since its subsidiary-owned development projects had not reached delivery stage in FY2024 and FY2023.

For the property leasing segment, the ASI Group recorded leasing income of HK\$130 million in FY2024, down from HK\$147 million for FY2023 due to a 3% - 4% decrease in occupancy rate. A net revaluation gain (taking into account ASI Group’s share from the investment properties owned by an associated company) of HK\$43 million was recorded (FY2023: HK\$824 million).

ASI Group’s financial investment portfolio mainly consisted of debt securities issued by listed companies involved in Mainland China’s real estate market. Performance of the financial investment portfolio was mainly affected by ongoing liquidity crises on Mainland China’s real estate market and this was reflected in the profit or loss account of ASI Group via a decrease in interest and dividend income to HK\$1,205 million in FY2024 from HK\$1,716 million FY2023 as well as an investment loss for each of FY2024 and FY2023. According to ASI 2024 Annual Report, the expected credit losses provided in FY2024 was mainly related to ASI Group’s debt securities issued by China Evergrande Group (and its subsidiary) and Jiayuan International Group Limited, which received winding-up orders on 29 January 2024 and 2 May 2024 respectively. For details of the current status of the debt securities held by ASI Group, please refer to the sub-section headed “Implications of the debt securities held by ASI Group and ASI Group on the Scheme Shareholders” below.

ASI Group’s hotel operation business is conducted through ASH. Please refer to section “1.3 Historical financial performance of ASH” above for the discussion on hotel business.

ASI Group recorded a loss attributable to shareholders of HK\$5,792 million in FY2024 (FY2023: a profit of HK\$801 million), primarily due to increased provision for expected credit losses on investment in debt securities issued by companies involved in Mainland China’s real estate market held by ASI Group and those held through ASH. Other factors included the aforementioned share of impairment provision from a joint venture property development project at Kwu Tung North and the much lower fair value gain on investment properties.

As at 31 March 2024, ASI Group's assets mainly included investment properties, property, plant and equipment, properties under development or completed for sale, and financial investments. Investment were carried at fair value, with changes recognised in the consolidated profit and loss account. The carrying values of the ASI Group's investment properties were stable as at 31 March 2024 as compared to 31 March 2023. Property, plant and equipment mainly included the carrying values of ASH Group's hotel properties and right-of-use assets, which remained stable as at 31 March 2024, compared to 31 March 2023. The increase in the carrying value of properties under development or completed for sale mainly reflected the development costs incurred. The amount of financial investments decreased from HK\$7,656 million as at 31 March 2023 to HK\$3,498 million as at 31 March 2024, mainly due to the decrease in fair value of the debt securities after accounting for the winding-up orders of certain issuers of the underlying debt securities held by ASI Group and those held through ASH, which were involved in Mainland China's real estate market.

As at 31 March 2023 and 2024, ASI Group's liabilities were mainly bank borrowings. The carrying amount of borrowings increased by HK\$1,206 million due to net increase of bank loans.

Net assets of ASI Group decreased from HK\$19,974 million as at 31 March 2023 to HK\$14,684 million as at 31 March 2024 mainly due to unrealised fair value changes from its financial investments recognised in other comprehensive charge under shareholders' equity.

The ASI Group did not distribute dividends for FY2023 and FY2024.

Implications of the debt securities held by ASH Group and ASI Group on the Scheme Shareholders

ASI Group held financial investments of HK\$3,498 million (including those amounting to HK\$1,311 million held by the ASH Group) as at 31 March 2024. The investment portfolio of ASI Group comprised 84% listed debt securities (predominantly issued by PRC-based real estate companies), 9% listed equity securities and 7% unlisted investments. Of the debt securities held by ASI Group, approximately 35% was under or pending debt restructuring arrangements.

The investment portfolio of ASH Group comprised 81% debt securities that were issued by companies operating real estate business in Mainland China, 14% comprised listed banking stock, and 5% unlisted funds as at 31 March 2024. Of the debt securities held by ASH Group, approximately 43% was under or pending debt restructuring arrangements.

Set out below is a summary of the debt securities held by ASI Group (excluding ASH Group), ASH Group and Reorganised ASI Group as provided by ASI and ASH.

	ASH Group		ASI Group (excluding ASH Group)		Reorganised ASI Group ^(Note 1)	
	Percentage of the total carrying amount of debt securities as at 31 March 2024 (%)	Percentage of total assets as at 31 March 2024 (%)	Percentage of the total carrying amount of debt securities as at 31 March 2024 (%)	Percentage of total assets as at 31 March 2024 (%)	Percentage of the total carrying amount of debt securities as at 31 March 2024 (%)	Percentage of total assets as at 31 March 2024 (%)
Under or pending debt restructuring arrangements ^(Note 2)	43.4	5.8	31.1	2.4	35.4	3.2
Performing ^(Note 3)	56.6	7.6	68.9	5.2	64.6	5.8
Total	100.0	13.4	100.0	7.6	100.0	8.9

Notes:

- Assuming the Completion took place on 31 March 2024 and without taking into account the total amount of Cash Payment to be paid out ASI Group's assets).
- Debt securities under or pending debt restructuring arrangements include those debt securities that (i) negotiations on restructuring terms had been completed, subject to finalisation of relevant documentations; (ii) restructuring terms had been proposed for creditors' consideration; and (iii) the issuers of the debt securities had received winding-up orders from relevant courts and the relevant liquidators appointed has been seeking restructuring.
- Debt securities which are performing include those were not in default and those had completed restructuring and exchanged to new debt securities as at 31 March 2024.

Upon holding the shares of the Reorganised ASI Group, the Scheme Shareholders' exposure to those debt securities under or pending debt restructuring arrangements would change from 5.8% of the total assets of ASH Group to 3.2% of the total assets of the Reorganised ASI Group as at 31 March 2024 (assuming the Completion took place on 31 March 2024 and without taking into account the total amount of Cash Payment to be paid out ASI Group's assets) respectively. As such, taking into account the similar nature and composition of the investment portfolio held by ASI and ASH, we are of the view that the position of the Scheme Shareholders upon Completion will not be worse off by the fact that the financial investments held by the Reorganised ASI Group.

According to ASI 2024 Annual Report and ASH 2024 Annual Report, both ASI Group and ASH Group perform impairment assessment and recognise loss provisions based on expected credit loss on financial assets as the end of the reporting period. Based on our discussion with Management of ASI and ASH, (i) the status of investment portfolio are monitored continuously; (ii) the carrying value of the investment portfolio and the provision for expected credit loss would be reassessed in the event of any significant development of the financial assets or their issuer; and (iii) there had been no material events that necessitate further reassessment of the carrying value of the investment portfolios and the provision of expected credit loss since 31 March 2024 and up to the Latest Practicable Date.

2.3. Historical dividends of ASI

Dividends per ASI Share distributed by ASI during the past ten financial years ended 31 March 2024 are set out below:

Year ended	Dividend per ASI Share (HK\$)	Dividend per 0.15 ASI Share (HK\$)	Dividend per ASH Share (HK\$)
31 March 2024	Nil	Nil	Nil
31 March 2023	Nil	Nil	Nil
31 March 2022	Nil	Nil	Nil
31 March 2021	0.03	0.0045	0.0065
31 March 2020	Nil	Nil	Nil
31 March 2019	0.027	0.00405	0.0065
31 March 2018	0.03	0.0045	0.0064
31 March 2017	0.03	0.0045	0.0064
31 March 2016	0.035	0.00525	0.0042 (Based on the dividend of HK\$0.0125 per Share and adjusted for the bonus issue completed on 16 February 2017)
31 March 2015	0.04	0.006	0.0033 (Based on the dividend of HK\$0.01 per Share and adjusted for the bonus issue completed on 16 February 2017)
Total	0.192	0.0288	0.033

The aggregate dividend per ASI Share for the ten financial years ended 31 March 2024 was HK\$0.192. ASI did not distribute any dividend for the latest three financial years ended 31 March 2024.

After accounting for the Share Exchange Ratio, the dividend per share of ASI was higher than that of ASH for the years ended 31 March 2015 and 2016 respectively, and was lower for the years ended 31 March 2017, 2018, 2019 and 2021 respectively. Since neither ASI or ASH has committed to a specific dividend pay-out ratio, historical dividend is not reflective of future dividend payments. Should the Scheme become effective, without separate distribution to ASH Shareholders, the Reorganised ASI Group would have greater flexibility to distribute dividends to its shareholders as compared to the current ASI Group.

2.4. Outlook of ASI

According to the ASI 2024 Annual Report, ASI's outlook reflects cautious optimism, supported by recent policy changes and market developments in its key areas of operations.

The Hong Kong government's removal of property cooling measures (i.e. the Special Stamp Duty, Buyer's Stamp Duty and New Residential Stamp Duty for residential properties) in early 2024 has provided a much-needed boost to the previously stagnant property market, leading to an increase in transaction volumes. Based on the statistics published by the Land Registry, number of sale and purchase agreements for residential building units recorded a month-on-monthly increase of 67% and 115% for March and April 2024. However, based on the price index of private domestic units published by Rating and Valuation Department (which started at 307.3 in January 2024 and showed a decline trend from 309.7 (provisional figure) in April 2024 to 301.8 (provisional figure) in June 2024), property prices remain soft due to ongoing economic uncertainties, and a full recovery may take some time. ASI notes that the rising number of successful applications under various talent admission schemes is expected to create demand in the local residential property market. Additionally, ASI is in the advanced stages of securing an anchor retail tenant for the currently vacant space of its office building in Central, which should enhance its leasing income. As at the Latest Practicable Date, the potential tenant has been identified, the "offer letter for agreement to tenancy agreement" has been accepted, one-month deposit has been received. The relevant tenancy agreement is being finalised.

Meanwhile, in Mainland China, the continued relaxation of property market restraints (such as the lift of residential property purchase curbs), coupled with lower mortgage rates and reduced initial down payments, are expected to release pent-up purchasing power. These measures should support a gradual recovery in the property market, benefitting ASI's development projects in the region and ASI's financial investments in debt securities issued mainly by companies involved in Mainland China's real estate market.

ASI's hotel operations are closely tied to ASH's performance, which has been discussed earlier. For a detailed outlook on the Hong Kong hotel operations and property development sector in Canada, please refer to section "1.5 Outlook of ASH" above.

Similar to ASH, while ASI has shown signs of recovery and positive momentum in its operations, ASH remains cautious due to the prevailing economic uncertainties.

3. Reasons for and benefits of the Proposal

3.1. For the Reorganised ASI Group

The Proposal represents a strategic initiative aimed at enhancing operational efficiency and financial strength within the Reorganised ASI Group. By integrating ASI (excluding ASH) and ASH into a unified listed entity, the reorganisation aims to streamline management, reduce administrative costs, and improve strategic alignment across diversified business segments.

ASH's limited usage as a standalone listing platform is evident from its absence of equity fundraising activities since 2011. Coupled with lacklustre financial performance and an uncertain outlook, these factors have contributed to sustained suppression of its share price which has been exacerbated by its low liquidity. Consequently, ASH's ability to raise funds from the equity capital markets has become increasingly restricted, limiting ASH's ability to leverage the listed platform to pursue acquisitions.

The Reorganised ASI Group is poised to benefit from a stronger balance sheet, a larger asset portfolio, and potentially increased market capitalisation and liquidity, which could provide greater flexibility to develop and grow its business through acquisitions. ASI's diverse business portfolio, spanning property sales and investments in Hong Kong and Mainland China, offers broader revenue streams and mitigates risks associated with ASH's dual-sector exposure. In light of this and the ongoing costs of compliance required for a Main Board listed company on the Stock Exchange, we concur that the usefulness of ASH as a standalone listed platform has progressively diminished.

3.2. For the Scheme Shareholders

Scheme Shareholders evaluating the Proposal must consider several pivotal factors regarding their investment in ASH and the potential outcomes of the proposed reorganisation.

The Proposal offers Scheme Shareholders with a monetisation opportunity whilst maintaining similar value in their equity exposure in a more diversified business portfolio (please refer to section "4.1.2. Market value and aggregated underlying value of the Scheme Consideration against the net asset value attributable to owners of ASH") below. Under the Proposal, Scheme Shareholders stand to receive a Cash Payment exceeding cumulative dividends distributed by ASH over the past ten financial years. This presents a good opportunity for value realisation, especially considering ASH's dividend pay-out history and historical market performance characterised by low liquidity.

By retaining equity exposure in the Reorganised ASI Group, Scheme Shareholders can potentially benefit from a more diversified business portfolio with stronger asset backing than what they currently hold. Moreover, should the Scheme become effective, Scheme Shareholders will hold shares in a security with larger market capitalisation (ASI's market capitalisation on the Last Trading Day is more than 4 times that of ASH) and is expected to benefit from the resulting larger public float of ASI Shares in terms of percentage, number and value of shares with enhanced trading liquidity. Thus, the Proposal in effect not only preserves existing investment value in ASH's businesses but also positions shareholders to capitalise on future growth prospects across ASI's broader business segments.

Scheme Shareholders should be aware that unlike a general offer to acquire all or part of a listed company's shares, the Proposal is conducted by way of a scheme. Scheme Shareholders will not have the opportunities to partially tender their shareholding in ASH to the Offeror. Rather, the Proposal and the Scheme will be effective and binding on ASH and all its shareholders if all the conditions have been fulfilled or waived, as applicable. If the Scheme is not effective or the Proposal otherwise lapses, there are restrictions under the Takeovers Code preventing subsequent offers. Specifically, neither the Offeror nor any parties acting in concert with it may, within 12 months from the date on which the Scheme is not approved or the Proposal otherwise lapses, announce an offer or possible offer for ASH, except with the consent of the Executive. In this regard, Scheme Shareholders should note that the Offeror and its concert parties held 66.71% of the issued share capital of ASH as at the Latest Practicable Date. Unless the Offeror agrees to a sale of its stake, it is unlikely that general offers or privatisation offers by other parties, if any, will be successful.

4. The Proposal — Scheme Consideration

4.1. Scheme Consideration comparison

The Scheme Consideration for each Scheme Share consists of (i) an entitlement of 0.15 ASI Share; and (ii) a Cash Payment of HK\$0.035. Given the mixed nature of the Scheme Consideration (as illustrated in the figure below), it is essential to ensure a fair and accurate comparison by evaluating similar valuation metrics.

Cash Payment portion	<i>Value fixed at HK\$0.035 per Scheme Share</i>
Share exchange portion	<i>Value of share exchange portion varies depending on the valuation metric</i>

In this regard, we have conducted the following analysis:

- (a) **Market value comparison:** To provide a direct comparison based on current market conditions and provide an immediate perspective on the Proposal's attractiveness, section 4.1.1 presents an analysis on market value of the Scheme Consideration (comprising the cash component and the market value of the ASI Shares) against the market value of the ASH Shares.
- (b) **Underlying asset value comparison:** As market prices can sometimes diverge from the intrinsic value of the underlying business and assets, section 4.1.2 presents an analysis comparing the underlying asset value of the Scheme Consideration (being the aggregate of the Cash Payment component and the ASI Adjusted NAV being offered) against the ASH Adjusted NAV being exchanged. This approach accounts for the inherent value of the companies' assets, especially significant property interests that require revaluation.
- (c) **Relative market price trend:** Since the Scheme Consideration involves a share exchange, we also consider the market price trends of ASI Shares and ASH Shares to ascertain whether our analysis on the market value comparison remains valid up to the Latest Practicable Date.

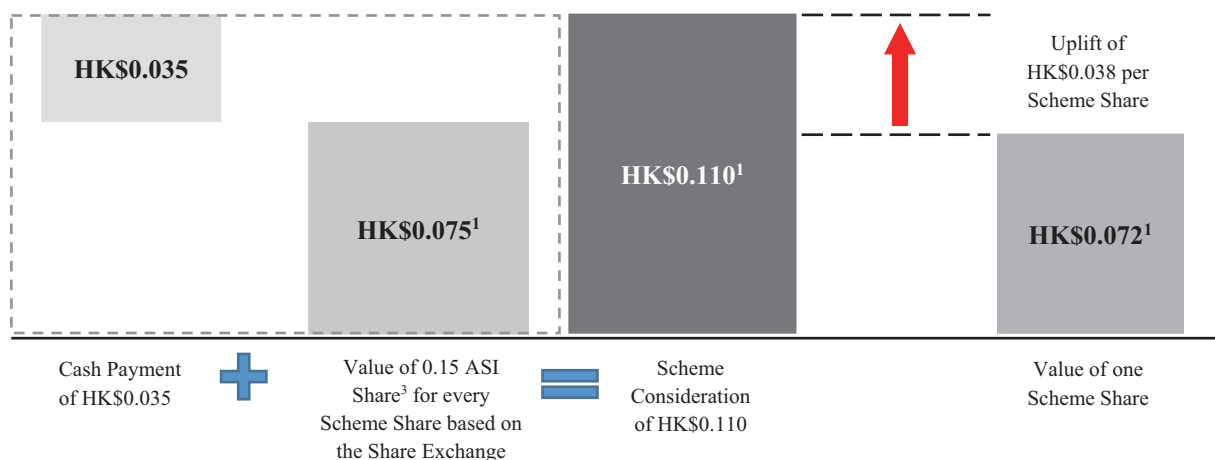
We are of the view that it is inappropriate to compare the market value of ASI Shares plus cash component against the net book value of ASH Shares, or vice versa, as such mismatched comparison does not provide a fair or reasonable assessment due to fundamental differences in how market value and book values are derived and represented. For completeness, we set out the comparison between market value of ASI Shares plus cash component against the net book value of ASH Shares in section 4.1.5 for the Scheme Shareholders' information.

4.1.1. Market value of the Scheme Consideration against the market value of ASH Shares

Based on the closing price of HK\$0.50 for every ASI Share as quoted on the Stock Exchange on the Last Trading Day, the value of the Scheme Consideration is equivalent to approximately HK\$0.110 for every Scheme Share. Based on the closing price of HK\$0.38 for every ASI Share as quoted on the Stock Exchange as at the Latest Practicable Date, the value of the Scheme Consideration is equivalent to approximately HK\$0.092 for every Scheme Share. The table below set out the comparison between the value of the Scheme Consideration against the closing price of ASH Shares for certain periods.

	Premium/(discount) of the value of the Scheme Consideration for every Scheme Shares over/to the closing price of ASH Shares, based on the closing price of HK\$0.50 and HK\$0.38 for every ASI Share as quoted on the Stock Exchange respectively	
	on the Last Trading Day (%)	as at the Latest Practicable Date (%)
Closing price of HK\$0.081 per ASH Share as quote on the Stock Exchange as at the Latest Practicable Date	35.80	13.58
Closing price of HK\$0.072 per ASH Share as as quote on the Stock Exchange on the Last Trading Day	52.78	27.78
Average closing price of approximately HK\$0.078 for every ASH Share as quoted on the Stock Exchange for the 10 trading days up to and including the Last Trading Day	41.03	17.95
Average closing price of approximately HK\$0.070 for every ASH Share as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day	57.14	31.43
Average closing price of approximately HK\$0.064 for every ASH Share as quoted on the Stock Exchange for the 90 trading days up to and including the Last Trading Day	71.88	43.75
Average closing price of approximately HK\$0.074 for every ASH Share as quoted on the Stock Exchange for the 180 trading days up to and including the Last Trading Day	48.65	24.32

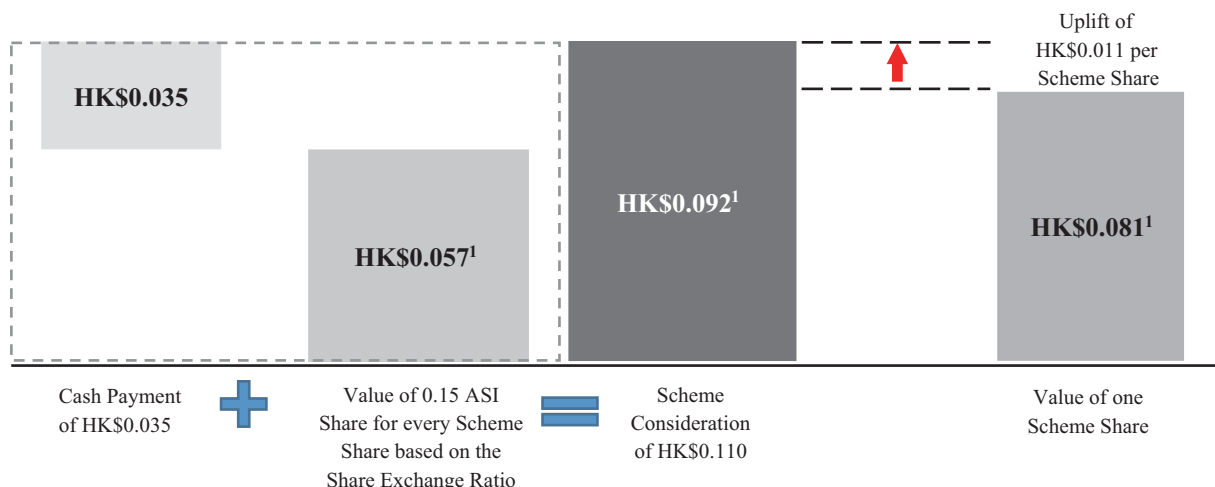
Set out below is an illustration of the comparison between the market value of the Scheme Consideration and the market value of ASH Shares based on the respective closing price of ASI Shares and ASH Shares on the Last Trading Day.



Notes:

1. Based on the closing price of ASI Shares of HK\$0.500 and ASH Shares of HK\$0.072 as quoted on the Stock Exchange on the Last Trading Day.
2. Fractions of an ASI Share will not be issued to any Scheme Shareholder and fractional entitlements to an ASI Share will be rounded down to the nearest whole number.
3. No adjustment has been made to the total maximum amount of cash payable by the Offeror under the Scheme and the Convertible Note Offer of approximately HK\$23.54 million, since it only represented approximately 2.0% of the bank balances and cash of ASI as at 31 March 2024 and 0.2% of the net assets of ASI as at 31 March 2024 respectively.

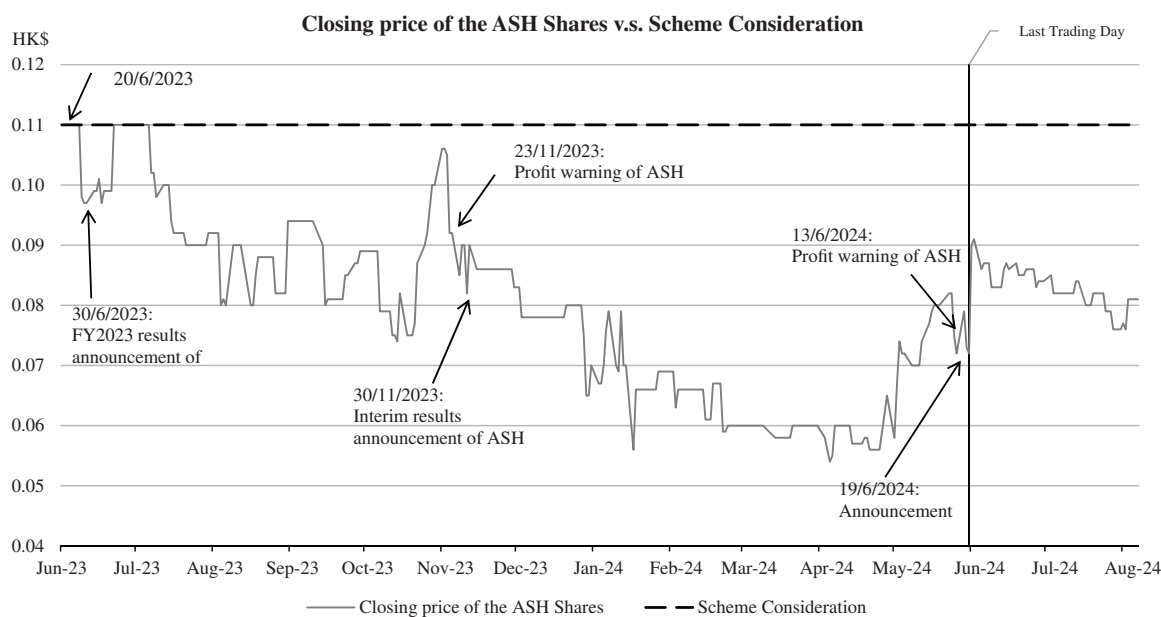
Set out below is an illustration of the comparison between the market value of the Scheme Consideration and the market value of ASH Shares based on the respective closing price of ASI Shares and ASH Shares as at the Latest Practicable Date.



Notes:

1. Based on the closing price of ASI Shares of HK\$0.380 and ASH Shares of HK\$0.081 as quoted on the Stock Exchange on the Latest Practicable Date.
2. Fractions of an ASI Share will not be issued to any Scheme Shareholder and fractional entitlements to an ASI Share will be rounded down to the nearest whole number

Set out below is a chart showing (i) the closing price of the ASH Shares during the period from 20 June 2023, being one year before the Last Trading Day, to 19 June 2024, being the Last Trading Day (the “**Review Period**”) and up to the Latest Practicable Date; and (ii) the total value of the Scheme Consideration based on the closing price of the ASI Shares on the Last Trading Day. We are of the view that the price performance of the ASH Shares during the Review Period can fairly and sufficiently reflect the recent market perception on ASH’s performance and outlook.



As shown on the chart above, the total value of the Scheme Consideration based on the closing price of the ASI Shares on the Last Trading Day generally represented a premium over the above closing prices of the ASH Shares over the Review Period.

4.1.2. Aggregated underlying value of the Scheme Consideration against the net asset value attributable to owners of ASH

As the market price reflected market perception, which sometimes diverge from the intrinsic value, further analysis is necessary to ascertain the intrinsic value of the ASH Shares (the shares being exchanged) and the ASI Shares (the shares being offered). In this regard, both ASH and ASI Group hold substantial assets in real estate. Between the two groups, their property interests include (i) investment properties; (ii) properties under development for sale; (iii) hotel properties; and (iv) completed properties held for sale. We note that other than investment properties, the property interests are either carried at cost less depreciation and impairment losses or stated at the lower of cost and net realisable value. Consequently, when considering the reasonableness of the Proposal, we have

analysed the ASH Adjusted NAV and the ASI Adjusted NAV to reflect the market value of the respective property interests. The ASH Adjusted NAV and the ASI Adjusted NAV were derived based on the reported figures as at 31 March 2024 and the Valuation Reports in relation to the properties held by the ASH Group and the ASI Group. The adjusted net asset value forms a critical component of the aggregated underlying value of the Scheme Consideration, consisting of (i) the ASI Adjusted NAV attributable to the 0.15 ASI Share; and (ii) the Cash Payment to which each Scheme Share will be entitled to receive under the Proposal.

In this regard, we have referred to the Valuation Reports in respect of the property interests of the ASH Group and the ASI Group prepared by Vincorn Consulting and Appraisal Limited, AGL¹, Ryan ULC and Prudential Surveyors (Hong Kong) Limited as set out in Appendix IX to the Scheme Document. We noted that the principals who were responsible for signing off the relevant Valuation Reports possessed proper qualification such as chartered member of the Royal Institution of Chartered Surveyors. Based on our review of the Valuation Reports and underlying workings, and our interview with the valuers, we are of the view that (i) the valuation approaches are commonly adopted and in line with the market practice; and (ii) the principal bases and assumptions adopted in the Valuation Reports are appropriate. Therefore, we believe it is reasonable to base our analysis of the Scheme Consideration on the valuation from the Valuation Reports.

Moreover, ASH also has outstanding Convertible Notes issued in 2017 when shareholders of ASH were given the option to choose between bonus shares and the Convertible Notes, and ASI opted for the latter. The Convertible Notes are treated as non-current liabilities in ASH's balance sheet and confer similar rights as the ASH Shares in terms of dividend entitlements and distribution by ASH. According to the terms of the Convertible Notes disclosed in ASH's circular dated 26 January 2017, the Convertible Note is treated on an as converted basis to receive any dividend *pari passu* with the holders of the ASH Shares. Notably as at the Latest Practicable Date, ASI held approximately 64.35% of the ASH Shares and had a conversion right increase its interest in ASH Shares to approximately 82.70% (assuming full conversion of the Convertible Notes). Considering that (i) ASI's significant interests (it consolidates the results of ASH on its approximately 82.70% economic interest); (ii) the conversion rights can be exercised provided the public float requirement is met at any time before maturity in 2047; and (iii) the Convertible Notes confer similar rights to the ASH Shares in terms of dividend entitlements and distribution by ASH, we are of the view that the ASH Adjusted NAV per share attributable to owners of ASH on a diluted basis (assuming full conversion of the Convertible Notes) is more relevant for the purpose of our analysis.

¹ We are not associated with AGL.

Set out below is the comparison between the aggregated underlying value of the Scheme Consideration and the ASH Adjusted NAV attributable to owners of ASH on a diluted basis (assuming full conversion of the Convertible Notes).

Categorisation of the underlying value of the share portion of the Scheme Consideration and the net asset value of ASH (Note 1)	Premium ((A) - (D)) / (D)	Aggregate of the underlying value of the share portion of the Scheme Consideration and the Cash Payment		Cash Payment (per Scheme Share) (B)	Underlying value of the share portion of the Scheme Consideration (the adjusted net assets attributable to the 0.15 ASI Share to which holder of each Scheme Share will receive) (C)	Adjusted net asset value per share attributable to owners of ASH (D)
		(A)=	(B) + (C)			
Based on the ASH Adjusted NAV	15.21%	HK\$3.295	HK\$0.035		HK\$3.26 (Note 2)	HK\$2.86 (Note 3)

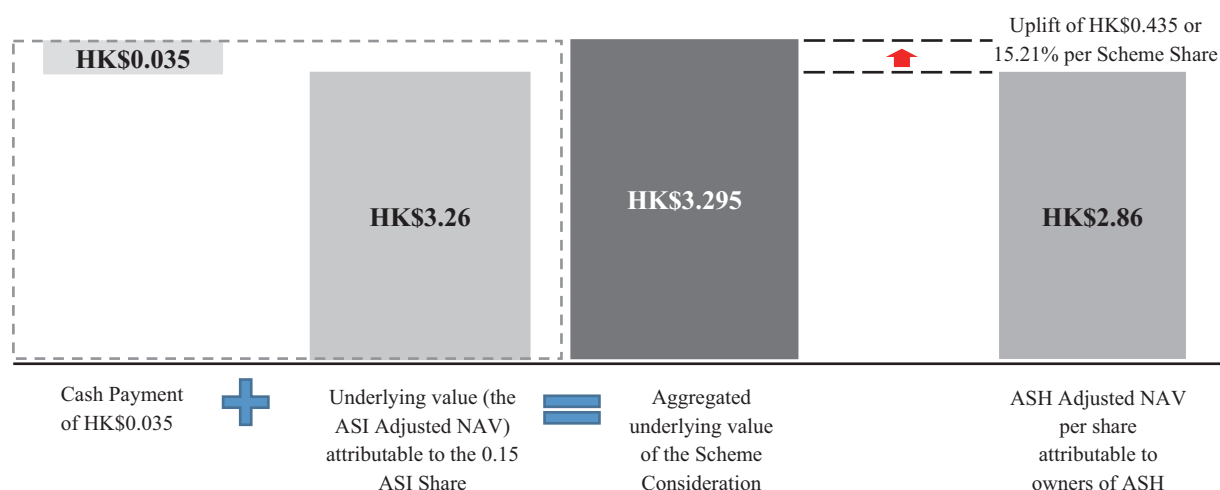
On a diluted basis (full conversion of the Convertible Note):

Based on the ASH Adjusted NAV	15.21%	HK\$3.295	HK\$0.035		HK\$3.26 (Note 2)	HK\$2.86 (Note 3)
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Notes:

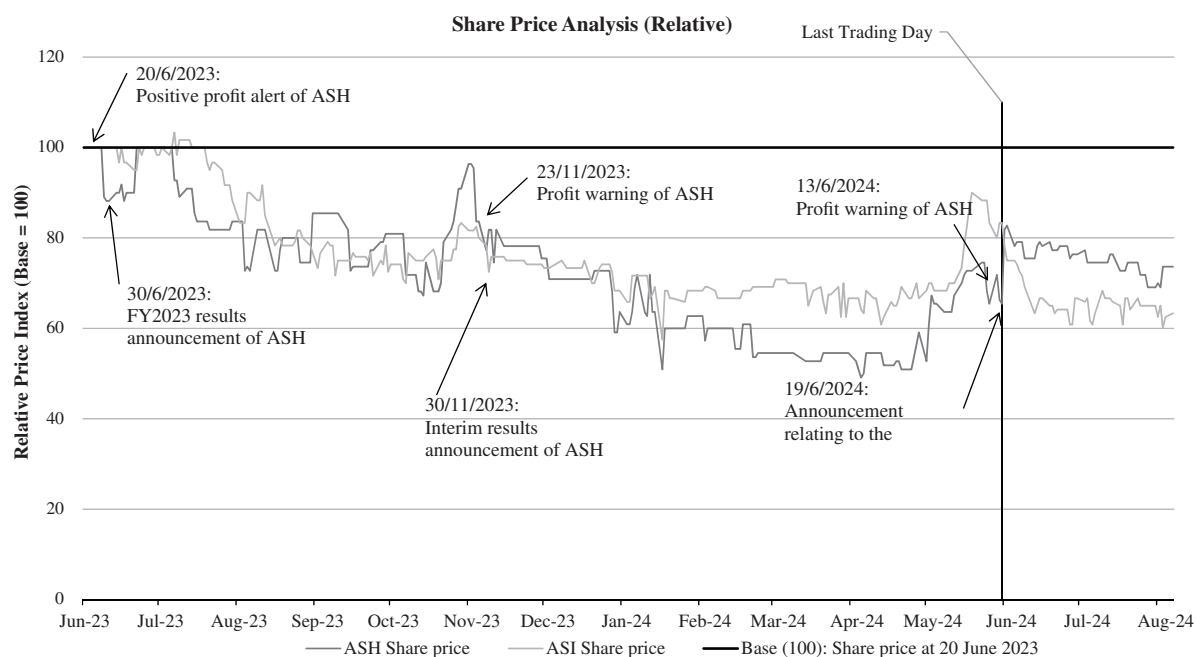
- All figures in the table above are approximations.
- Based on the ASI Adjusted NAV per ASI Share of HK\$21.73 calculated based on the aggregate of (i) audited consolidated total equity attributable to owners of ASI of approximately HK\$14,451.43 million, as disclosed in the audited report of ASI as at 31 March 2024; and (ii) the valuation surplus of ASI based on the Valuation Reports of approximately HK\$14,230.66 million (of which HK\$9,864.04 million is attributable to the properties of ASH) to reflect the fair market value of ASI's properties as at 31 May 2024, divided by approximately 1,319.78 million ASI Shares in issue on the Last Trading Day and the Latest Practicable Date respectively, and taking into account the Share Exchange Ratio, the underlying unaudited net asset value of the Scheme Consideration is equivalent to approximately HK\$3.26 for every Scheme Share.
- Calculated based on the aggregate of (i) audited consolidated total equity attributable to owners of ASH of approximately HK\$1,262.92 million; (ii) the convertible notes liability of HK\$272.31 million, both as disclosed in the audited report of ASH as at 31 March 2024; and (iii) the valuation surplus of ASH based on the Valuation Reports of approximately HK\$11,927.50 million to reflect the market value of ASH's properties as at 31 May 2024, and divided by the aggregate of approximately 2,018.04 million Shares and 2,693.12 million Convertible Notes in issue (which can be converted to an equivalent number of Shares) on the Last Trading Day and the Latest Practicable Date respectively.

Based on the table above, the Scheme Consideration represented a premium of 15.21% over the ASH Adjusted NAV per share attributable to owners of ASH on a diluted basis (assuming full conversion of the Convertible Note). As mentioned under the second paragraph of this sub-section above, given the Convertible Notes exhibit equity elements, we are of the view that the ASH Adjusted NAV per share attributable to owners of ASH on a diluted basis (assuming full conversion of the Convertible Notes) is more relevant for the purpose of our analysis. For illustration, we set out below a chart depicting the aggregated underlying value of the Scheme Consideration (consisting of (i) the ASH Adjusted NAV attributable to the 0.15 ASI Share; and (ii) the Cash Payment to each Scheme Share) against the adjusted net asset value per share attributable to the owners of ASH.



4.1.3. Historical relative market price performance

In assessing the reasonableness, from the point of view of recent market price trend of the Scheme Consideration, we have conducted an analysis on the market prices of ASI Shares and the ASH Shares. Set out below is a chart showing the movement of the closing prices of the ASI Shares and the ASH Shares during the Review Period (as defined in section 4.1.1 above) and up to the Latest Practicable Date, with a base of 100 as at 20 June 2023.



Source: The Stock Exchange website (www.hkex.com.hk)

Absolute price trends

Both the ASI Shares and the ASH Shares trended downwards during the Review Period. As shown on the table above, the highest closing price of the ASH Shares was HK\$0.110 per Share, which was recorded on 20-21, 23, 26-27 June 2023 and 11-14, 18-21, 24-25 July 2023 respectively. The lowest closing price of the ASH Shares was HK\$0.054 per Share, which was recorded on 24 April 2024. During the Review Period and up to the Latest Practicable Date, the average closing price per ASH Share was HK\$0.080 per Share. Except for (i) the positive profit alert announcement dated 20 June 2023; (ii) the annual results announcement for the year ended 31 March 2023 dated 30 June 2023; (iii) the profit warning announcement dated 23 November 2023; (iv) the interim results announcement for the six months ended 30 September 2023 dated 30 November 2023; (v) profit warning announcement dated 13 June 2024; and (vi) the Announcement jointly issued by ASI, the Offeror, ASH and AO dated 19 June 2024, we are not aware, and the Management confirmed that they are not aware, of any other reason that had affected the fluctuations of the ASH Share price during the Review Period.

For ASI Shares, the highest closing price was HK\$0.620 per ASI Share, which was recorded on 26 July 2023 while the lowest closing price was HK\$0.345 per ASI Share, which was recorded on 5 February 2024.

Relative price trends

During the Review Period, the price trends of the ASI Shares and the ASH Shares were similar, with both trading below their base level for a substantial portion of the period. Since early 2024, ASI Share had maintained at a steady level, whilst price of the ASH Shares had continued to decline until May 2024. Following this period, prices of both ASI Shares and ASH Shares recovered, and the

respective share price trend has generally aligned. From the date of the Announcement and up to the Latest Practicable Date, the share price trends of the ASI Shares has in general been in line with that of ASH Shares, indicating that our analysis on the market value comparison above based on the exchange ratio continues to be valid up to the Latest Practicable Date. Since our market value price analysis is time-sensitive, Scheme Shareholders should continue to monitor the relative share price movements of ASI Shares and ASH Shares before making their decision.

4.1.4. Summary of section 4.1.1 to 4.1.3

Having considered that (i) the Scheme Consideration represented a premium over the above closing prices of the ASH Shares as set out under section 4.1.1 above; (ii) the Scheme Consideration represented a premium of 15.21% over the adjusted net asset per share attributable to the owners of ASH on a diluted basis as set out under section 4.1.2 above; and (iii) as set out under section 4.1.3 above, the price trends of the ASI Shares and the ASH Shares were generally aligned during the Review Period and up to the Latest Practicable Date, we are of the view that the Scheme Consideration is fair and reasonable.

4.1.5. Market value of the Scheme Consideration against the net asset value of ASH Shares

We believe that comparing the market value of ASI Shares plus the cash component against the net book value of ASH Shares, or vice versa, is not appropriate. Such a comparison does not offer a fair or reasonable evaluation due to the fundamental differences in how market values and book values are derived and represented. However, for the sake of completeness, we have provided the comparisons below for the Scheme Shareholders' reference.

Market value of the Scheme Consideration as at the Latest Practicable Date against the net asset value of ASH Shares

The following sets out the comparison of value of the market value of the Scheme Consideration as at the Latest Practicable Date against the adjusted and reported net assets value attributable to owners of ASH respectively:

Categorisation of the net asset values of ASH ^(Note 1)	Discount	Market value of the Scheme Consideration (Per Scheme Share) as at the Latest Practicable Date	Net asset value attributable to owners of ASH (Per ASH Share)
<i>(a) On a diluted basis (full conversion of the Convertible Notes):</i>			
Based on the ASH Adjusted NAV	96.78%	HK\$0.092 ^(Note 2)	HK\$2.86 ^(Note 3)
Based on reported figures as at 31 March 2024	72.12%		HK\$0.33 ^(Note 4)
<i>(b) On an undiluted basis:</i>			
Based on the ASH Adjusted NAV	98.59%	HK\$0.092 ^(Note 2)	HK\$6.54 ^(Note 5)
Based on reported figures as at 31 March 2024	85.40%		HK\$0.63 ^(Note 6)

Notes:

1. All figures in the table above are approximations.
2. Based on (i) the Cash Payment of HK\$0.035 per Scheme Share; and (ii) the closing price of HK\$0.380 per ASI Share as quoted on the Stock Exchange as at the Latest Practicable Date and the Share Exchange Ratio, the value of the Scheme Consideration is equivalent to approximately HK\$0.092 per Scheme Share.
3. Calculated based on the aggregate of (i) audited consolidated total equity attributable to owners of ASH of approximately HK\$1,262.92 million, (ii) the convertible notes liability which would be written back upon full conversion of outstanding Convertible Notes of HK\$272.31 million, both as disclosed in the audited report of ASH as at 31 March 2024 and (iii) the valuation surplus of ASH based on the Valuation Reports of approximately HK\$11,927.50 million to reflect the fair market value of ASH's properties as at 31 May 2024, and divided by the aggregate of 2,018,040,477 ASH Shares and 2,693,120,010 Convertible Notes in issue (which can be converted to an equivalent number of Shares) as at the Latest Practicable Date.
4. Calculated based on the aggregate of (i) the audited consolidated total equity attributable to owners of ASH of approximately HK\$1,262.92 million as at 31 March 2024 and (ii) the convertible notes liability of HK\$272.31 million as disclosed in the audited report of ASH as at 31 March 2024, and divided by the aggregate of 2,018,040,477 ASH Shares and 2,693,120,010 Convertible Notes in issue (which can be converted to an equivalent number of Shares) as at the Latest Practicable Date.
5. Calculated based on the aggregate of (i) audited consolidated total equity attributable to owners of ASH of approximately HK\$1,262.92 million as disclosed in the audited report of ASH as at 31 March 2024 and (ii) the valuation surplus of ASH based on the Valuation Reports of approximately HK\$11,927.50 million to reflect the fair market value of ASH's properties as at 31 May 2024, and divided by 2,018,040,477 ASH Shares in issue on the Last Trading Day and as at the Latest Practicable Date.
6. Calculated based on the audited consolidated total equity attributable to owners of ASH of approximately HK\$1,262.92 million as at 31 March 2024, and divided by 2,018,040,477 ASH Shares in issue as at the Latest Practicable Date.

Market value of the Scheme Consideration on Last Trading Day against the net asset value of ASH Shares

The following sets out the comparison of value of the market value of the Scheme Consideration on the Last Trading Day against the adjusted and reported net assets value attributable to owners of ASH respectively:

Categorisation of the net asset values of ASH ^(Note 1)	Discount	Market value of the Scheme Consideration (Per Scheme Share) on the Last Trading Day	Net asset value attributable to owners of ASH (Per ASH Share)
<i>(a) On a diluted basis (full conversion of the Convertible Notes):</i>			
Based on the ASH Adjusted NAV	96.15%	HK\$0.110 ^(Note 2)	HK\$2.86 ^(Note 3)
Based on reported figures as at 31 March 2024	66.67%		HK\$0.33 ^(Note 4)
<i>(b) On an undiluted basis:</i>			
Based on the ASH Adjusted NAV	98.32%	HK\$0.110 ^(Note 2)	HK\$6.54 ^(Note 5)
Based on reported figures as at 31 March 2024	82.54%		HK\$0.63 ^(Note 6)

Notes:

1. All figures in the table above are approximations.
2. Based on (i) the Cash Payment of HK\$0.035 per Scheme Share; and (ii) the closing price of HK\$0.50 per ASI Share as quoted on the Stock Exchange on the Last Trading Day and the Share Exchange Ratio, the value of the Scheme Consideration is equivalent to approximately HK\$0.110 per Scheme Share.
3. Calculated based on the aggregate of (i) audited consolidated total equity attributable to owners of ASH of approximately HK\$1,262.92 million, (ii) the convertible notes liability which would be written back upon full conversion of outstanding Convertible Notes of HK\$272.31 million, both as disclosed in the audited report of ASH as at 31 March 2024 and (iii) the valuation surplus of ASH based on the Valuation Reports of approximately HK\$11,927.50 million to reflect the fair market value of ASH's properties as at 31 May 2024, and divided by the aggregate of 2,018,040,477 ASH Shares and 2,693,120,010 Convertible Notes in issue (which can be converted to an equivalent number of ASH Shares) on the Last Trading Day.
4. Calculated based on the aggregate of (i) the audited consolidated total equity attributable to owners of ASH of approximately HK\$1,262.92 million as at 31 March 2024 and (ii) the convertible notes liability of HK\$272.31 million as disclosed in the audited report of ASH as at 31 March 2024, and divided by the aggregate of 2,018,040,477 ASH Shares and 2,693,120,010 Convertible Notes in issue (which can be converted to an equivalent number of ASH Shares) on the Last Trading Day.
5. Calculated based on the aggregate of (i) audited consolidated total equity attributable to owners of ASH of approximately HK\$1,262.92 million as disclosed in the audited report of ASH as at 31 March 2024 and (ii) the valuation surplus of ASH based on the Valuation Reports of approximately HK\$11,927.50 million to reflect the fair market value of ASH's properties as at 31 May 2024, and divided by 2,018,040,477 ASH Shares in issue on the Last Trading Day.
6. Calculated based on the audited consolidated total equity attributable to owners of ASH of approximately HK\$1,262.92 million as at 31 March 2024, and divided by 2,018,040,477 ASH Shares in issue on the Last Trading Day.

4.2. Historical liquidity of the ASH Shares and ASI Shares

As the Scheme Shareholder will own ASI Shares instead of ASH Shares if the Scheme is approved, we have also considered the liquidity of the ASI Shares and the ASH Shares. The table below summarises the average daily trading volume of Shares on a monthly basis, and the respective percentage of the average daily trading volume of the ASI Shares and the ASH Shares during the Review Period (as defined in section 4.1.1 above) and up to the Latest Practicable Date. These figures are compared to the total number of issued ASI Shares and the ASH Shares respectively and the total number of issued ASI Shares and ASH Shares held in public as at the Latest Practicable Date.

Historical liquidity of ASI Shares

	Average daily trading volume (shares)	Approximate % of average daily trading volume to total issued ASI Shares as at the relevant month end	Approximate % of average daily trading volume to ASI Shares held in public
2023			
June	140,132	0.0106%	0.0221%
July	139,619	0.0106%	0.0220%
August	49,059	0.0037%	0.0077%
September	106,379	0.0081%	0.0168%
October	44,819	0.0034%	0.0071%
November	44,850	0.0034%	0.0071%
December	22,646	0.0017%	0.0036%
2024			
January	30,102	0.0023%	0.0047%
February	49,983	0.0038%	0.0079%
March	14,686	0.0011%	0.0023%
April	39,628	0.0030%	0.0062%
May	85,503	0.0065%	0.0135%
June (up to the Last Trading Day)	1,786,371	0.1354%	0.2814%
Average	196,444	0.0149%	0.0309%
June (from 20 June 2024)	1,518,397	0.1150%	0.2391%
July	70,330	0.0053%	0.0111%
August (up to the Latest Practicable Date)	24,497	0.0019%	0.0039%

Historical liquidity of ASH Shares

	Average daily trading volume (shares)	Approximate % of average daily trading volume to total issued ASH Shares as at the relevant month end	Approximate % of average daily trading volume to ASH Shares held in public
2023			
June	6,250	0.0003%	0.0009%
July	23,817	0.0012%	0.0035%
August	40,120	0.0020%	0.0060%
September	27,351	0.0014%	0.0041%
October	31,507	0.0016%	0.0047%
November	88,893	0.0044%	0.0132%
December	14,255	0.0007%	0.0021%
2024			
January	82,815	0.0041%	0.0123%
February	132,787	0.0066%	0.0198%
March	85,055	0.0042%	0.0127%
April	116,498	0.0058%	0.0173%
May	217,401	0.0108%	0.0324%
June (up to the Last Trading Day)	662,663	0.0328%	0.0987%
Average	117,647	0.0058%	0.0175%
June (from 20 June 2024)	5,979,120	0.2963%	0.8901%
July	587,824	0.0291%	0.0875%
August (up to the Latest Practicable Date)	257,700	0.0128%	0.0384%

Source: The Stock Exchange website (www.hkex.com.hk)

It is observed from the above tables that during the Review Period, the share trading activity levels of ASI Shares and ASH Shares were similar and both thin. Scheme Shareholder would not be subject to worse liquidity by holding ASI Shares than the ASH Shares.

In addition, the public float of ASH was approximately 33.29% as at the Latest Practicable Date. Upon Completion, on the assumption that there is no other change in the shareholding of ASI immediately before the Scheme becoming effective, Scheme Shareholders will hold approximately 7.09% of ASI Shares, and together with current public ASI Shareholders, will hold approximately 51.79% of the total issued ASI Shares. As such, upon Completion, the Scheme Shareholders will hold a security with larger public float, which may potentially enhance the trading liquidity of ASI Shares.

5. The Proposal — comparable companies and privatisation precedents

5.1. Comparable companies

In evaluating the Proposal, we have attempted to assess the fairness and reasonableness of the Scheme Consideration through conducting a price multiple analysis with comparable listed companies. As ASH have multiple business segments, an analysis of its segment composition is necessary, as detailed below.

Segment revenue of ASH	For the year ended 31 March					
	2022		2023		2024	
	HK\$'000 (audited)	(%)	HK\$'000 (audited)	(%)	HK\$'000 (audited)	(%)
Total revenue	989,747	100.0	926,653	100.0	891,248	100.0
- Hotel operation	73,922	7.5	166,147	17.9	366,675	41.1
- Property development	725	0.1	209	0.0	613	0.1
- Financial investments	909,618	91.9	752,626	81.2	510,736	57.3
- Others	5,482	0.6	7,671	0.8	13,224	1.5

Revalued segment assets of ASH (adjusted for the fair value of hotel properties)

Revalued segment assets of ASH (adjusted for the fair value of hotel properties)	For the year ended 31 March					
	2022		2023		2024	
	HK\$'000 (unaudited)	(%)	HK\$'000 (unaudited)	(%)	HK\$'000 (unaudited)	(%)
Revalued total assets	17,883,973	100.0	19,225,934	100.0	18,665,024	100.0
- Hotel operation	11,780,959	65.9	12,917,086	67.2	13,826,737	74.1
- Property development	2,218,739	12.4	2,631,841	13.7	3,077,229	16.5
- Financial investments	3,704,530	20.7	3,472,602	18.1	1,572,772	8.4
- Others	18,565	0.1	11,670	0.1	15,263	0.1
- Unallocated	161,180	0.9	192,735	1.0	173,023	0.9

Based on the above two tables, it is evident that ASH's revenue for FY2022 and FY2023 predominantly came from its financial investments. However, revenue from hotel operations has significantly rebounded post-COVID-19 and constituted a substantial part of the ASH's revenue for FY2024. In terms of segment asset composition, the reassessed value of ASH's hotel properties accounted for the majority of the unaudited revalued total assets. Therefore, for a meaningful comparison, we believe that comparable companies for ASH should be selected from hotel groups listed on the Main Board that own the hotels they operate. To ensure market dynamics and investor sentiment affecting these companies closely align with those influencing ASH, thus providing an accurate basis for evaluating the Scheme Consideration, we assessed potential comparables based on the following criteria to determine suitability of comparison.

- (i) *Geographic focus:* Companies with significant operations in self-owned hotels located in Hong Kong. Performance in hotel industry is highly location-specific, thus hotel groups operating in different regions to ASH, which are subject to highly differing economic and industry climates, are not suitable for comparison.

- (ii) *Market and brand positioning:* From our discussion with the Management, we understand that the value and operations of the hotel business are significantly impacted by its brand and market positioning. For instance, luxury hotel groups catering to high-net-worth clients are generally less affected by negative economic trends compared to middle-class and budget travellers, but the operating costs for luxury hotels are also significantly higher than those of middle market hotels. On the other hand, a world-renowned brand would in itself provide a premium to the hotel group's value. As such, for a meaningful comparison, comparables should have at least a similar market and brand position as the Empire hotels of ASH and be situated in central business districts of Hong Kong.

- (iii) *Business scale:* The size of the business, namely the number of hotels owned and/or operated by the listed company and the business revenue will affect the operating model of a company. In the hotel industry, for example, a larger group may enjoy economies of scale but may face higher administration costs. For the purpose of this comparable analysis, we consider that a company to be comparable if its hotel revenue falls within the range of HK\$120 million (approximately one third of ASH Group's hotel revenue) to HK\$1,100 million (approximately three times of ASH Group's hotel revenue). We also consider a company to be comparable if its market capitalisation falls within the range of HK\$50 million (approximately one third of ASH Group's market capitalisation) to HK\$440 million (approximately three times of ASH Group's market capitalisation). Since companies significantly different in sizes are often valued differently by the market due to varying growth prospects, risk profiles and operational scales, we are of the view that companies potentially eligible for comparison with market capitalisations ranging from one third to three times that of ASH Group would ensure consistent market valuation, cater to similar investor preferences, and provide a relevant and meaningful comparison analysis.

We have compiled a list of companies with hotel operations whose shares are listed on the Main Board, which we consider exhaustive. While we acknowledge that no identical companies exist for a market comparable analysis, when evaluated against our aforementioned selection criteria, which were designed to identify market comparables close enough for meaningful analysis, none of the available candidate meet all of the above selection criteria, rendering them unsuitable for a meaningful comparable analysis.

For completeness, set out below are details of the potential eligible companies which we have reviewed. We have highlighted the items that fail to meet the relevant selection criteria.

Additionally, we have included in the same table the price-to-earnings ratio ("**P/E Ratio**") price-to-book ratio ("**P/B Ratio**") based on the information available of the relevant company on the Last Trading Day for the Scheme Shareholders reference.

Company name and stock code	Market capitalisation based on the closing price of the shares on the Last Trading Day	No. of hotels under management	No. of hotels under management in Hong Kong	No. of self-owned hotels in Hong Kong (Note 1)	Market positioning (Note 2)	Name and brand of the hotels operated in Hong Kong	Location of the hotels operated in Hong Kong	Geographical coverage of the hotel operation	Total revenue for the latest financial year	Revenue relating to hotel operation segment for the latest financial year	P/E Ratio	P/B Ratio
	(HK\$ million)								(HK\$ million unless indicated otherwise)	(HK\$ million unless indicated otherwise)	(Times)	
Shangri-La Asia Limited (stock code: 69)	19,649	4	3		Luxury	Shangri-La, JEN and Kerry hotel	Tsim Sha Tsui, Central, Sai Wan, Hung Hom	Worldwide	US\$2,142 million	US\$2,021 million	13.5	0.46
Hongkong and Shanghai Hotels, Ltd. (stock code: 45)	8,857	1	1		Luxury	Peninsula	Tsim Sha Tsui	Worldwide	8,112	4,174	67.7	0.27
Miramar Hotel and Investment Co. Ltd. (stock code: 71)	6,426	2	2		Luxury	Mira, Mira Moon	Tsim Sha Tsui, Causeway bay	Hong Kong	2,553	582	6.9	0.32
Harbour Centre Development Limited (stock code: 51)	3,728	2	2		Luxury	Marco Polo, The Murray	Tsim Sha Tsui and Central	Hong Kong and Mainland China	1,579	952	N/A (loss making)	0.28
Sino Hotels (Holdings) Limited (stock code: 1221)	1,788	3	1		Luxury and middle market	Conrad, Royal Pacific and City Garden hotels	Admiralty, Tsim Sha Tsui and North Point	Hong Kong	136	93	N/A (loss making)	0.42
Magnificent Hotel Investment Ltd. (stock code: 201)	644	7	8		Mainly mass market	Ramada, Best Western and Grand Bay View	Various locations in Hong Kong including Tsim Sha Tsui, Causeway Bay and Tsuen Wan	Hong Kong and Mainland China	451	414	N/A (loss making)	0.17
Emperor Entertainment Hotel Limited (stock code: 296)	422	1	1		Middle market	Emperor	Wan Chai	Hong Kong and Macau	789	110	8.5	0.11

Company name and stock code	Market capitalisation based on the closing price of the shares on the Last Trading Day	No. of hotels under management	No. of hotels under management in Hong Kong	No. of self-owned hotels in Hong Kong (Note 1)	Market positioning (Note 2)	Name and brand of the hotels operated in Hong Kong	Location of the hotels operated in Hong Kong	Geographical coverage of the hotel operation	Total revenue for the latest financial year (HK\$ million unless indicated otherwise)	Revenue relating to hotel operation segment for the latest financial year (HK\$ million unless indicated otherwise)	P/E Ratio	P/B Ratio
Far East Hotels and Entertainment Limited (stock code: 37)	399 (HK\$ million)	1	1	1	Mass market	Cheung Chau Warwick Hotel	Cheung Chau	Hong Kong	27	21	N/A (loss making)	1.20
Mexan Limited (stock code: 22)	92	1	1	1	Mass market	Windland 800 Hotel	Tsing Yi	Hong Kong	176	74	N/A (loss making)	0.29
ASH (stock code: 292)	145	5	5	5	Middle Market	Empire Hotels	Various locations in Hong Kong including Tsim Sha Tsui, Wan Chai and Causeway Bay	Hong Kong	891 (Note 3)	367	N/A (loss making)	0.07
ASI (stock code: 129)	660	5	5	5	Middle Market	Empire Hotels	Various locations in Hong Kong including Tsim Sha Tsui, Wan Chai and Causeway Bay	Hong Kong	1,735 (Note 3)	367	N/A (loss making)	0.04

Notes:

1. Having an ownership of over 50%.
2. For the purpose of comparison, mass market represents hotels with rating of three stars or below; middle market represents hotels with four stars; whilst luxury represents hotels with rating of five stars or above.
3. Based on ASH 2024 Annual Report and ASI 2024 Annual Report.

In addition to the above, we also considered real estate investment trust (“REIT”) or investment trust with hotel interests such as Regal REIT (stock code: 1881) and Langham Hospitality Investments and Langham Hospitality Investments Limited (stock code: 1270), with a focus on distributions to investors. However, we consider that it is inappropriate to compare listed trusts with listed companies due to differing regulatory frameworks and investment considerations. For example, (i) at least 75% of a listed REIT’s gross asset value must be invested in real estate that generates recurrent rental income at all times; (ii) the aggregate investments in all property developments undertaken by REITs, together with the aggregate contract value of the uncompleted units of real estate acquired shall not exceed 10% of the gross asset value of the REIT at any time; and (iii) REITs must distribute a minimum of 90% of net income after taxes to unitholders as dividends each year. Such requirements mean that the factors to consider when investing in trusts are different to that of a listed company, potentially affecting its valuation.

Taking into consideration the above, we were unable to identify any suitable Hong Kong listed hotel groups to conduct a meaningful comparison to ASH.

Additionally, since the Proposal involves a share exchange offer, we noted that the P/B Ratio of ASI and ASH was 0.07 and 0.04 on the Last Trading Day, which are comparable. As such, we are of the view that the position of the Scheme Shareholders will not be worse off by exchange to ASI Shares. Scheme Shareholders are reminded to refer to comparison of the market value of the Scheme Consideration against the market value of ASH Shares set out in section 4.1.1 above.

5.2. Privatisation precedents

We are of the view that past privatisation transactions of companies listed on the Stock Exchange may not be a good reference for assessing the fairness and reasonableness of the Proposal considering these companies are from different industries, which therefore have different market fundamentals and prospects. Accordingly, we do not consider necessary to show the precedents in this letter.

6. The Proposal — Convertible Note Offer

In compliance with Rule 13 of the Takeovers Code, to the extent the outstanding Convertible Notes have not otherwise been redeemed and/or the conversion rights of which have not been exercised, the Offeror will make (or procures to be made on its behalf) the Convertible Note Offer, which is conditional upon the Scheme becoming effective, on the following terms:

For every 20 Convertible Notes 3 new ASI Shares and the
Cash Payment of HK\$0.700*

* For the purpose of determining the entitlement for every Convertible Note held, holders of number of Convertible Note not in multiples of 20 will be entitled to 0.15 ASI Shares and HK\$0.035 for every Convertible Note held. However, as stated in the sub-section headed “2.3 Fractional shares” of the Explanatory Statement in the Scheme Document, fractions of an ASI Share will not be issued to any Scheme Shareholder and fractional entitlements to an ASI Share will be rounded down to the nearest whole number

The Convertible Note Offer Price represents a “see-through” price, which is equivalent to the value of the Scheme Consideration for every Scheme Share.

The holders of Convertible Notes (other than the Offeror and the Offeror Concert Parties) have several options to realise their investment, including:

- (a) Disposing the Convertible Notes to ASI by accepting the Convertible Note Offer, in exchange for 3 new ASI Shares and the Cash Payment of HK\$0.700 for every 20 Convertible Notes held;
- (b) Converting the Convertible Notes into new ASH Shares and become ASH Shareholders to participate in the Scheme as follows:
 - (i) Holders of Convertible Notes may exercise their conversion right and become ASH Shareholders, where upon any ASH Shares issued on or prior to the Meeting Record Date will form part of the Scheme Shares and entitle their holders to attend and vote at the Court Meeting and at the SGM and receive the Scheme Consideration; or
 - (ii) Holders of Convertible Notes may exercise their conversion right and become ASH Shareholders on or before the Scheme Record Time (but after the Meeting Record Date specified in sub-paragraph (i) above), where upon any ASH Shares issued on or before the Scheme Record Time will form part of the Scheme Shares and will be entitled to receive the Scheme Consideration (but such holders of Convertible Notes will not be entitled to vote at the Court Meeting or the SGM).

Subject to the Scheme becoming effective, as part of the Scheme, ASI will issue such number of new ASI Shares in accordance with the Share Exchange Ratio and pay the Cash Payment based on the number of Scheme Shares held by such Convertible Notes holders who have exercised their conversion right and become Scheme Shareholders as at the Scheme Record Time, being 3 new ASI Shares and the Cash Payment of HK\$0.700 for every 20 Convertible Notes; or

- (c) Holding their Convertible Notes until ASH exercises the early redemption right to redeem the remaining outstanding Convertible Notes, receiving a cash payment of HK\$0.453 for each Convertible Note held, which is higher than the consideration receivable under the Convertible Note Offer (of a value equivalent to approximately HK\$0.110 on the Last Trading Day and approximately HK\$0.092 as at the Latest Practicable Date), subject to the Scheme becoming effective.

We are of the view that the use of the “see-through” price ensures that the holders of Convertible Notes are essentially offered the same price as the Scheme Shareholders, thus ensuring equality of treatment between Scheme Shareholders and holders of Convertible Notes. Therefore, we are of the view that the consideration of the Convertible Note Offer is fair and reasonable.

As to the possible action for the holders of Convertible Notes (other than the Offeror and the Offeror Concert Parties), we set out below for your consideration:

For holders of Convertible Notes seeking most prudent course of action, that is, to mitigate the risk that the Offeror and Offeror Concert Parties or ASH not following through their stated intentions relating to the Convertible Notes, we recommend option (a) above. Option (a) is preferable to option (b)(i) and (b)(ii) because, under option (a), if the Scheme becomes effective, then the holders of Convertible Notes would have exposure to ASH's businesses via their holding in ASI Shares. If the Scheme does not become effective, holders of Convertible Notes can still potentially benefit from ASH's future redemption at HK\$0.453 for each Convertible Note. We do not recommend option (b)(i) or (b)(ii) because they expose holders of Convertible Notes to the possibility of losing their right to redemption at a price that is significantly higher than recent market prices if the Scheme does not become effective. Meanwhile, option (a) would deliver the same outcome if the Scheme becomes effective and a superior outcome if the Scheme does not become effective in terms of retention of redemption rights.

For holders of Convertible Notes who prefer to realise their investments in larger monetary terms and are prepared to bear the risk that the redemption does not take place, we recommend option (c). Holders of Convertible Notes should note that option (c) has three potential outcomes:

- (1) ***Scheme becomes effective and redemption occurs***: The Scheme becomes effective and both the Offeror and ASH follow through with their stated intention, resulting in the redemption of the Convertible Notes at a price of HK\$0.453 for each Convertible Note. This offers the highest monetary return.
- (2) ***Scheme becomes effective but no redemption***: The Scheme becomes effective, but the Offeror and ASH do not follow through with their stated intention. Holders of Convertible Notes should note that neither the Offeror nor ASH had given irrevocable undertakings to guarantee each of them will act according to the intentions stated on the Scheme Document in relation to the Convertible Notes. Under this scenario, holders of Convertible Notes will end up holding Convertible Notes of an unlisted subsidiary within a listed group. This outcome entails holding a potentially less liquid investment.
- (3) ***Scheme does not become effective***: If the Scheme does not become effective, holders of Convertible Notes' positions remain unchanged, and they can still potentially benefit from ASH's future redemption of the Convertible Notes at HK\$0.453 per Convertible Note.

Holders of Convertible Notes are reminded to make their decisions relating to the Convertible Notes with regard to their own circumstances, financial needs and the ability and willingness to bear risk.

RECOMMENDATIONS

In summary, we have considered the below factors and reasons in reaching our conclusion and recommendations regarding the Proposal:

- (a) The Scheme Consideration under the Proposal, which comprises both a share exchange and a Cash Payment, offers Scheme Shareholders a Cash Payment that exceeds cumulative dividends distributed by ASH over the past decade. The Proposal offers the Scheme Shareholders an immediate opportunity to (i) retain an equity exposure in the Reorganised ASI Group; and (ii) receive the Cash Payment that exceeds the cumulative amount of dividends distributed by ASH over the past ten financial years ended 31 March 2024;
- (b) As detailed in the sections “**1. Business and financial information of ASH**” and “**2. Business and financial information of ASI**” above, both ASH and ASI have shown recovery post COVID-19. Given ASH’s limited utility as a standalone listing platform as elaborated in section “**3. Reasons for and benefits of the Proposal**” above, although both groups are exposed to ongoing economic and geopolitical uncertainties, the Reorganised ASI Group - which the Scheme Shareholders will become interested in should the Scheme become effective - is expected to have greater overall financial strength, potentially increased market capitalisation and liquidity, and by way of a more diversified business portfolio, have better resilience against possible adverse circumstances;
- (c) As detailed in section “**4.1 Scheme Consideration comparison**” above, (i) the Scheme Consideration represented a premium over of approximately 52.78% over the closing price of HK\$0.072 for every ASH Share as quoted on the Stock Exchange on the Last Trading Day, and continued to represent a premium of 13.58% as at the Latest Practicable Date; (ii) the Scheme Consideration represented a premium of 15.21% over the net asset per share attributable to the owners of ASH as at 31 March 2024 adjusted the valuation surplus of ASH based on the Valuation Reports to reflect the market value of ASH’s properties as at 31 May 2024 on a diluted basis; and (iii) the price trends of the ASI Shares and the ASH Shares were generally aligned during the Review Period and continues to be so since the Last Trading Day and up to the Latest Practicable Date, indicating that our market value comparison analysis remained valid up to the Latest Practicable Date;
- (d) As detailed in section “**4.2. Historical liquidity of the ASH Shares and ASI Shares**” above based on historical trading patterns of ASI Shares and ASH Shares, Scheme Shareholders are not expected to be subject to a decrease in liquidity by holding ASI Shares instead of ASH Shares. Scheme Shareholders are expected to benefit from a larger public float of the ASI Shares, which in turn may potentially enhance liquidity of the ASI Shares should the Scheme become effective;
- (e) As detailed in section “**6. The Proposal — Convertible Note Offer**” above, the use of the “see-through” price ensures that the holders of Convertible Notes are essentially offered the same price as the Scheme Shareholders, thus ensuring equality of treatment between Scheme Shareholders and holders of Convertible Notes.

Recommendations for the Scheme Shareholders

In light of the above, we (i) are of the opinion that the Proposal are fair and reasonable so far as the Scheme Shareholders are concerned; and (ii) recommend the Independent Board Committee to recommend the Scheme Shareholders to vote in favour of the relevant resolutions in relation to the Proposal at the Court Meeting and the SGM.

Recommendations for the holder of the Convertible Notes

We are of the opinion that the Convertible Note Offer is fair and reasonable so far as the holders of Convertible Notes are concerned.

For the holders of Convertible Notes who are seeking for the most prudent course of action, we recommend the Independent Board Committee to recommend them to accept the Convertible Note Offer. For those holders of Convertible Notes who are prepared to accept the risk of holding convertible securities of an unlisted subsidiary of a listed company in exchange for potentially higher monetary returns, we recommend the Independent Board Committee to recommend them not to accept the Convertible Note Offer and continue to hold the Convertible Notes.

Additional notes to the Scheme Shareholders and the holders of Convertible Notes

As different Scheme Shareholders and holders of Convertible Notes would have different investment criteria, objectives or risk appetite and profiles, we recommend any Scheme Shareholders and holders of Convertible Notes who may require advice in relation to any aspect of the Scheme Document, or as to the action(s) to be taken, to consult a licensed securities dealer, bank manager, solicitor, professional accountant, tax adviser or other professional adviser.

Scheme Shareholders and holders of Convertible Notes are reminded that they should make their decisions to dispose of or retain their investments or exercise their rights in the ASH Shares or the Convertible Notes, having regard to their own circumstances and investment objectives and are reminded to closely monitor the market price and liquidity of the ASH Shares and the ASI Shares during the Offer Period, and they may consider selling their ASH Shares in the open market, where possible, if the net proceeds (after deducting all transaction costs) exceed the net amount to be received under the Proposal.

Yours faithfully,
For and on behalf of
Altus Capital Limited

Jeanny Leung
Responsible Officer

Charlotte Khoo
Responsible Officer

*Ms. Jeanny Leung (“**Ms. Leung**”) is a Responsible Officer of Altus Capital licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO and permitted to undertake work as a sponsor. She is also a Responsible Officer of Altus Investments Limited licensed to carry on Type 1 (dealing in securities) regulated activity under the SFO. Ms. Leung has over 30 years of experience in corporate finance advisory and commercial field in Greater China, in particular, she has participated in sponsorship work for initial public offerings and acted as financial adviser or independent financial adviser in various corporate finance advisory transactions.*

*Ms. Charlotte Khoo (“**Ms. Khoo**”) is a Responsible Officer of Altus Capital Limited licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO and permitted to undertake work as a sponsor. Ms. Khoo has over 10 years of experience in corporate finance and advisory in Hong Kong, in particular, she has participated in sponsorship work for initial public offerings and acted as financial adviser or independent financial adviser in various corporate finance transactions. Ms. Khoo is a certified public accountant of the Hong Kong Institute of Certified Public Accountants.*

This Explanatory Statement constitutes the statement required under section 100 of the Companies Act.

1 Introduction

Reference is made to the Announcement.

On 19 June 2024, the ASI Board and the Offeror Board requested the Board to put forward the Proposed Reorganisation to the Scheme Shareholders. If the Proposed Reorganisation is approved and implemented, it involves the privatisation of ASH through the Scheme and the withdrawal of the listing of ASH Shares on the Main Board. Subject to the satisfaction or waiver (as applicable) of the Scheme Conditions, ASH will become a non-listed company and an indirect non-wholly-owned subsidiary of ASI upon the Scheme becoming effective and the listing of ASH Shares will be withdrawn from the Main Board.

The purpose of this Explanatory Statement is to set out the terms and effect of the Proposal, the Scheme and the Convertible Note Offer and to give the Scheme Shareholders other relevant information in relation to the Proposal and the Scheme, and to give holders of the Convertible Notes (other than the Offeror and the Offeror Concert Parties) other relevant information in relation to the Convertible Note Offer.

2 Terms of the Proposed Group Reorganisation

2.1 The Proposal

Under the Proposal, subject to the satisfaction or waiver (as applicable) of the Scheme Conditions, it is proposed that:

- (a) all Scheme Shares (being all ASH Shares other than those held by the Offeror and the Offeror Concert Parties) will be cancelled and extinguished on the Scheme Effective Date in exchange for the Scheme Consideration for each Scheme Share;
- (b) immediately after the cancellation and extinguishment of the Scheme Shares, the issued share capital of ASH will be increased to the amount immediately prior to the cancellation and extinguishment of the Scheme Shares by applying the reserve created in the books of account of ASH as a result of the capital reduction to pay up in full at par such number of new Shares as is equal to the number of the Scheme Shares cancelled and extinguished as aforesaid, to be allotted and issued, credited as fully paid, to the Offeror. ASH will accordingly become a non-listed company and an indirect non-wholly-owned subsidiary of ASI on the Scheme Effective Date; and
- (c) ASH will make an application to the Stock Exchange for withdrawal of the listing of ASH Shares on the Main Board pursuant to Rule 6.15(2) of the Listing Rules with effect immediately following the Scheme Effective Date.

ASH will become a non-listed company and an indirect non-wholly-owned subsidiary of ASI upon the Scheme becoming effective and the listing of Shares on the Main Board will be withdrawn.

2.2 Scheme Consideration

Scheme Shares

As at the Latest Practicable Date, 2,018,040,477 ASH Shares were in issue, of which (i) 1,298,709,227 ASH Shares (representing approximately 64.35% of the total issued ASH Shares) are held by the Offeror and, indirectly, by ASI; (ii) 47,448,822 ASH Shares (representing approximately 2.35% of the total issued ASH Shares) are held by AO through its indirect wholly-owned subsidiary, Persian Limited, which are Offeror Concert Parties; (iii) 152,490 ASH Shares (representing approximately 0.01% of the total issued ASH Shares) are held by Mr. Poon Jing, who is an Offeror Concert Party; and (iv) the remaining 671,729,938 ASH Shares (representing approximately 33.29% of the total issued ASH Shares) are held by the Scheme Shareholders. All ASH Shares other than those held by the Offeror and the Offeror Concert Parties will be subject to the Scheme and regarded as Scheme Shares.

Upon the fulfilment of the Scheme Conditions and the Scheme becoming effective, all Scheme Shares will be cancelled and the Scheme Shareholders will be entitled to receive from ASI the new ASI Shares and the Cash Payment:

For every 20 Scheme Shares cancelled 3 new ASI Shares and
the Cash Payment of HK\$0.700*

* For the purpose of determining the entitlement for every Scheme Share held, holders of number of Scheme Shares not in multiples of 20 will be entitled to 0.15 ASI Shares and HK\$0.035 for every Scheme Share held. However, as stated in the sub-section headed “2.3 Fractional shares” of this Explanatory Statement, fractions of an ASI Share will not be issued to any Scheme Shareholder and fractional entitlements to an ASI Share will be rounded down to the nearest whole number

The new ASI Shares and Cash Payment will be issued and paid to the Scheme Shareholders only if the Scheme becomes effective.

The Proposal will be implemented by way of the Scheme. Pursuant to the Proposal, if the Scheme becomes effective, the Scheme Shares will be cancelled whereby every 20 Scheme Shares will be exchanged into 3 new ASI Shares (which will rank *pari passu* with all other ASI Shares) to be issued, credited as fully paid.

Further, subject to fulfilment of the Scheme Conditions, ASI will pay on behalf of the Offeror a Cash Payment of HK\$0.700 for every 20 Scheme Shares held, which is equivalent to HK\$0.035 for every Scheme Share held, which is more than the aggregate dividend per ASH Share of HK\$0.033 which ASH distributed in the 10 financial years ended 31 March 2024 (adjusted for the bonus issue completed on 16 February 2017). The Cash Payment will be distributed to the Scheme Shareholders whose names appear on the register of members of ASH at the Scheme Record Time.

If, after the Latest Practicable Date, any dividend and/or other distribution and/or other return of capital is announced, declared or paid in respect of ASH Shares, the Offeror reserves the right to reduce the Scheme Consideration by all or any part of the amount or value of such dividend, distribution and/or as the case may be, return of capital after consultation with the Executive, in which case any reference in the Announcement, this Scheme Document or any other announcement or document to the Scheme Consideration will be deemed to be a reference to the Scheme Consideration as so reduced.

As at the Latest Practicable Date, (i) ASH had not announced or declared any dividend, distribution or other return of capital which remains unpaid; and (ii) ASH did not intend to announce, declare and, or pay any dividend, distribution or other return of capital before the Scheme Effective Date, or the date on which the Scheme is not approved, or the Proposal otherwise lapses (as the case may be).

Basis for determining the Share Exchange Ratio and the Cash Payment

The Share Exchange Ratio of 3 new ASI Shares for every 20 Scheme Shares cancelled, together with the Cash Payment under the Scheme of HK\$0.700 (being an integral part of the Proposed Group Reorganisation), for every 20 Scheme Shares cancelled were determined on arm's length terms and on a commercial basis after taking into account, among other things:

- a) the aggregated underlying value of the Scheme Consideration, which consists of (i) the ASI Adjusted NAV attributable to the 0.15 ASI Share and (ii) the Cash Payment to which the holder of each Scheme Share will be entitled to receive under the Proposal, which is attractive for the Scheme Shareholders as it represents a premium to the ASH Adjusted NAV for Scheme Share. Please refer to the sub-section headed "Aggregated underlying value of the Scheme Consideration, which consists of (i) the ASI Adjusted NAV attributable to the 0.15 ASI Share and (ii) the Cash Payment to which the holder of each Scheme Share will be entitled to receive under the Proposal" under the sub-section headed "2.7. Comparison of value" for detailed illustration of the premium;
- b) the historical business and financial performance of ASI and ASH;
- c) the prevailing and historical market price levels of ASI and ASH;
- d) the business potential of the Reorganised ASI Group after the Proposal takes effect and the potential benefits of the Proposal for the ASI Shareholders and Shareholders;
- e) the fact that the ASI is a company listed on the Stock Exchange and that ASH will continue to be a non-wholly-owned subsidiary of ASI. Thus, Scheme Shareholders will be able to continue to participate in the performance of ASH indirectly; and
- f) the fact that the Cash Payment could provide a certain level of liquidity to the Scheme Shareholders, while the Reorganised ASI Group could retain sufficient resources to support its future operations and expansion after the Completion.

Convertible Notes

ASH has 2,693,120,010 outstanding Convertible Notes in the principal amount of approximately HK\$1,220 million, of which 2,597,418,454 Convertible Notes and 94,897,644 Convertible Notes are held by ASI and AO, respectively, on the Last Trading Day and as at the Latest Practicable Date, respectively. The outstanding Convertible Notes are unlisted and each Convertible Note is convertible into one ASH Share and, if all outstanding Convertible Notes are converted, will result in an aggregate issue of 2,693,120,010 new ASH Shares.

In compliance with Rule 13 of the Takeovers Code, to the extent the outstanding Convertible Notes have not otherwise been redeemed and/or the conversion rights of which have not been exercised, the Offeror will make (or procure to be made on its behalf) the Convertible Note Offer, which is conditional upon the Scheme becoming effective, on the following terms:

For every 20 Convertible Notes 3 new ASI Shares and the Cash Payment of HK\$0.700*

* For the purpose of determining the entitlement for every Convertible Note held, holders of number of the Convertible Notes not in multiples of 20 will be entitled to 0.15 ASI Shares and HK\$0.035 for every Convertible Note held. However, as stated in the sub-section headed “2.3 Fractional shares” of this Explanatory Statement, fractions of an ASI Share will not be issued to any holder of the Convertible Notes and fractional entitlements to an ASI Share will be rounded down to the nearest whole number

The Convertible Note Offer Price represents a “see-through” price, which is equivalent to the value of the Scheme Consideration for every Scheme Share. The Convertible Note Offer is extended to all outstanding Convertible Notes except for the Convertible Notes held by the Offeror and the Offeror Concert Parties and they have no objections to an offer not being made for the Convertible Notes held by them.

In the event that the outstanding Convertible Notes (not held by the Offeror or the Offeror Concert Parties) or part thereof are converted, thus resulting in the issue of new ASH Shares prior to the Scheme Record Time, such new ASH Shares will form part of the Scheme Shares and the holder of such new ASH Shares will be eligible to receive the Scheme Consideration under the Scheme. In addition, any ASH Shares issued on or prior to the Meeting Record Date will entitle their holders to attend and vote at the Court Meeting and at the SGM.

In accordance with the terms of the Deed Poll, ASH may redeem all outstanding Convertible Notes 10 business days prior to 23 February 2047 (being the maturity date of the Convertible Notes), if at least 90% of the Convertible Notes originally issued have been converted. Upon the Scheme becoming effective, if any Convertible Notes other than those held by the Offeror and Offeror Concert Parties remain outstanding, it is the intention of the Offeror to convert all of its outstanding Convertible Notes held, which at the Latest Practicable Date represents approximately 96.45% of the Convertible Notes originally issued, and in such event, it is the intention of ASH to compulsorily redeem the remaining outstanding Convertible Notes within three months of the Scheme becoming effective by paying cash to these holders of the Convertible Notes at the redemption value, being HK\$0.453 for each Convertible Note.

As at the Latest Practicable Date, the public float of ASH is approximately 33.29%. Assuming only ASI converts the Convertible Notes held by it, through the Offeror, prior to the Scheme becoming effective, the public float of ASH would decrease to approximately 14.55%. This would result in ASH not meeting the minimum public float requirement under Rule 8.08 of the Listing Rules. Consequently, the conversion of the Convertible Notes held by ASI through the Offeror would only be feasible after the completion of the Scheme, and therefore it is the intention of the Offeror to convert all of its outstanding Convertible Notes held upon (and not before) the Scheme becoming effective if any Convertible Notes other than those held by the Offeror and Offeror Concert Parties remain outstanding.

The holders of the Convertible Notes (other than the Offeror and the Offeror Concert Parties) are reminded that they have various available options to realise their respective investments in the Convertible Notes, including:

- (a) Disposing the Convertible Notes to ASI through accepting the Convertible Note Offer, in exchange for 3 new ASI Shares and the Cash Payment of HK\$0.700 for every 20 Convertible Notes held;
- (b) Converting the Convertible Notes into new Shares and become ASH Shareholders to participate in the Scheme in the following ways:
 - (i) Holders of the Convertible Notes may exercise their conversion right and become ASH Shareholders, where upon any Shares issued on or prior to the Meeting Record Date will form part of the Scheme Shares and entitle their holders to attend and vote at the Court Meeting and at the SGM and receive the Scheme Consideration; or
 - (ii) Holders of the Convertible Notes may exercise their conversion right and become ASH Shareholders on or before the Scheme Record Time (but after the Meeting Record Date), where upon any ASH Shares issued on or before the Scheme Record Time will form part of the Scheme Shares and will be entitled to receive the Scheme Consideration (but such holders of the Convertible Notes will not be entitled to vote at the Court Meeting or the SGM).

Subject to the Scheme becoming effective, as part of the Scheme, ASI will issue such number of new ASI Shares in accordance with the Share Exchange Ratio and pay the Cash Payment based on the number of Scheme Shares held by such Convertible Notes holders who have exercised their conversion right and become Scheme Shareholders as at the Scheme Record Time, being 3 new ASI Shares and the Cash Payment of HK\$0.700 for every 20 Convertible Notes.

- (c) Holding their Convertible Notes until ASH exercises the early redemption right to redeem the remaining outstanding Convertible Notes, as currently contemplated, and receive a cash payment of HK\$0.453 for each Convertible Note held which is higher than the consideration receivable under the Convertible Note Offer (of a value equivalent to approximately HK\$0.110 on the Last Trading Day and approximately HK\$0.092 as at the Latest Practicable Date), subject to the Scheme becoming effective.

The Board acknowledges that ASI's proposal for the Convertible Note Offer is made in compliance of Rule 13 of the Takeovers Code, with the see-through price being determined with reference to Practice Note 6 of the Takeovers Code.

The recommendations from the Independent Board Committee and the Independent Financial Adviser to the holders of the Convertible Notes are included in the "Letter from the Independent Board Committee" set out in Part 5 of this Scheme Document and the "Letter from the Independent Financial Adviser" set out in Part 6 of the Scheme Document.

Holders of and potential investors in the Convertible Notes should exercise caution when dealing in (or exercising the conversion rights of) the Convertible Note. Any person who is in doubt about his or, her or, its position or any action to be taken is recommended to consult his or, her or, its own professional adviser(s).

2.3 Fractional shares

It is proposed that, under the Scheme, fractions of an ASI Share will not be issued to any Scheme Shareholder and fractional entitlements to an ASI Share will be rounded down to the nearest whole number and that, under the Convertible Note Offer, fractions of an ASI will not be issued to any holder of the Convertible Notes who accepts the Convertible Note Offer and fractional entitlements to an ASI Share will be rounded down to the nearest whole number. Fractional entitlements of Scheme Shareholders of holders of the Convertible Notes (as applicable) to ASI Shares will be aggregated (and, if necessary, rounded down to the nearest whole number of an ASI Share) and sold on the open market with the proceeds (net of expenses and taxes) to be paid to and retained for the benefit of the Reorganised ASI Group.

In compliance with Rule 20.1(a) of the Takeovers Code, upon the Scheme becoming effective, the new ASI Shares will be issued by ASI, and the Cash Payment will be paid by ASI, to the Scheme Shareholders as soon as possible but in any event no later than seven business days after the Scheme Effective Date. Further, the new ASI Shares will be issued by ASI and the cash payment will be paid by ASI to holders of the Convertible Notes who accept the Convertible Note Offer as soon as possible after the Scheme becomes effective but in any event no later than seven business days after the (i) the Scheme Effective Date or (ii) the date of receipt of a complete and valid acceptance in respect of the Convertible Note Offer, whichever is later.

2.4 Odd lot arrangements and matching services

ASH has appointed Computershare Hong Kong Investor Services Limited, an odd lot matching agent, on a best effort basis, to match the purchase and sale of odd lots of new ASI Shares at the relevant market price for every ASI Share.

Holders of new ASI Shares who wish to take advantage of this facility should contact Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong or at telephone number (852) 2862 8555 during office hours (9:00 a.m. to 6:00 p.m.) on working days (excluding Saturdays, Sundays and public holidays) for the period from Wednesday, 30 October 2024 to Wednesday, 20 November 2024 (both days inclusive). Holders of the Shares who would like to match odd lots are recommended to make an appointment in advance by dialling the telephone number of Computershare Hong Kong Investor Services Limited set out above.

Holders of odd lots of the new ASI Shares should note that successful matching of the sale and purchase of odd lots of the new ASI Shares is not guaranteed. Any Scheme Shareholder who is in any doubt of the odd lot arrangement is recommended to consult his, or her, or its own professional advisers.

Shareholders or potential investors should note that (i) odd lots arrangements do not guarantee successful matching of all odd lots at the relevant market price and (ii) odd lots might be sold below the market price in the market.

2.5 Market value and revaluation of property assets of ASI

Regarding the property assets of ASI, the following table sets out (i) their market values per the Valuation Reports, (ii) the carrying value based on the reported figures as at 31 March 2024, (iii) the respective differences between the market value and the carrying value and (iv) the respective after-tax valuation surplus attributable to ASI:

Property Type ^(Note 1)	Property market value as at 31 May 2024 (A) ^(Note 2)	Property carrying value at 31 March 2024 (B) ^(Note 3)	Difference between the market value (A) and carrying value (B)	Valuation surplus attributable to ASI after tax ^(Note 4)
	<i>HK\$000</i>	<i>HK\$000</i>	<i>HK\$000</i>	<i>HK\$000</i>
Property interests held by the ASI Group for investment in Hong Kong	28,570,800	17,345,488	11,225,312	9,375,750
Property interests held by the ASI Group for development in Hong Kong	6,390,000	4,682,646	1,707,354	1,306,035
Property interests held by the ASI Group for sale in Hong Kong	4,923,600	2,530,993	2,392,607	1,003,156
Properties held under development in Canada	6,179,566	4,351,163	1,828,403	981,791
Property interests held by the ASI Group for development in the PRC	5,419,322	2,251,687	3,167,635	831,504
Property interests held by the ASI Group for occupation in Hong Kong	2,117,300	1,652,801	464,499	464,499
Property interests held by the ASI Group for future development in Hong Kong	<u>731,000</u>	<u>394,793</u>	<u>336,207</u>	<u>267,928</u>
Total	<u>54,331,588</u>	<u>33,209,571</u>	<u>21,122,017</u>	<u>14,230,663</u>

Note:

1. All figures in the table above are approximations
2. Calculated using exchange rates of CAD1:HK\$5.7123 and RMB\$1:HK\$1.0997, where applicable
3. Calculated using exchange rate of CAD1:HK\$5.7648 and RMB\$1:HK\$1.0781, where applicable
4. Profits tax, capital gain tax and/or land appreciation tax have been provided where applicable at the tax rates prevailing in the countries in which the properties are situated

2.6 Market Value and Revaluation of Property Assets of ASH

Regarding the property assets of ASH, the following table sets out (i) their market values per the Valuation Reports, (ii) the carrying value based on the reported figures as at 31 March 2024, (iii) the respective differences between the market value and the carrying value and (iv) the respective after-tax valuation surplus attributable to ASH:

Property Type ^(Note 1)	Property Market Value as at 31 May 2024 (A) ^(Note 2) <i>HK\$000</i>	Property Carrying Value at 31 March 2024 (B) ^(Note 3) <i>HK\$000</i>	Difference between the market value (A) and carrying value (B) <i>HK\$000</i>	Valuation Surplus Attributable to ASH after Tax ^(Note 4) <i>HK\$000</i>
Property interests held by the Group for investment in Hong Kong	13,134,000	2,442,892	10,691,108	10,691,108
Properties held under development in Canada	6,179,566	4,351,163	1,828,403	1,187,171
Property interests held by the Group for future development in Hong Kong	<u>327,000</u>	<u>277,621</u>	<u>49,379</u>	<u>49,216</u>
Total	<u><u>19,640,566</u></u>	<u><u>7,071,676</u></u>	<u><u>12,568,890</u></u>	<u><u>11,927,495</u></u>

Note:

1. All figures in the table above are approximations
2. Calculated using exchange rates of CAD1:HK\$5.71 and RMB\$1:HK\$1.0997, where applicable
3. Calculated using exchange rate of CAD1:HK\$5.76 and RMB\$1:HK\$1.0781, where applicable
4. Profits tax and/or capital gain tax have been provided where applicable at the tax rates prevailing in the countries in which the properties are situated

2.7 Comparison of value***Market value of the Scheme Consideration against the market price of the ASH Shares***

Based on the closing price of HK\$0.380 for every ASI Share as quoted on the Stock Exchange as at the Latest Practicable Date, the value of the Scheme Consideration is equivalent to approximately HK\$0.092 for every Scheme Share as at the Latest Practicable Date, which represents:

- (a) a premium of approximately 13.58% over the closing price of HK\$0.081 per ASH Share as quoted on the Stock Exchange as at the Latest Practicable Date;
- (b) a premium of approximately 27.78% over the closing price of HK\$0.072 for every ASH Share as quoted on the Stock Exchange on the Last Trading Day;
- (c) a premium of approximately 17.95% over the average closing price of approximately HK\$0.078 for every ASH Share as quoted on the Stock Exchange for the 10 trading days up to and including the Last Trading Day;
- (d) a premium of approximately 31.43% over the average closing price of approximately HK\$0.070 for every ASH Share as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day;
- (e) a premium of approximately 43.75% over the average closing price of approximately HK\$0.064 for every ASH Share as quoted on the Stock Exchange for the 90 trading days up to and including the Last Trading Day; and
- (f) a premium of approximately 24.32% over the average closing price of approximately HK\$0.074 for every ASH Share as quoted on the Stock Exchange for the 180 trading days up to and including the Last Trading Day.

Based on the closing price of HK\$0.50 for every ASI Share as quoted on the Stock Exchange on the Last Trading Day, the value of the Scheme Consideration is equivalent to approximately HK\$0.110 for every Scheme Share on the Last Trading Day, which represents:

- (a) a premium of approximately 35.80% over the closing price of HK\$0.081 per ASH Share as quoted on the Stock Exchange as at the Latest Practicable Date;
- (b) a premium of approximately 52.78% over the closing price of HK\$0.072 for every ASH Share as quoted on the Stock Exchange on the Last Trading Day;
- (c) a premium of approximately 41.03% over the average closing price of approximately HK\$0.078 for every ASH Share as quoted on the Stock Exchange for the 10 trading days up to and including the Last Trading Day;

- (d) a premium of approximately 57.14% over the average closing price of approximately HK\$0.070 for every ASH Share as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day;
- (e) a premium of approximately 71.88% over the average closing price of approximately HK\$0.064 for every ASH Share as quoted on the Stock Exchange for the 90 trading days up to and including the Last Trading Day; and
- (f) a premium of approximately 48.65% over the average closing price of approximately HK\$0.074 for every ASH Share as quoted on the Stock Exchange for the 180 trading days up to and including the Last Trading Day.

Market value of the Scheme Consideration as at the Latest Practicable Date against the net asset value of ASH Shares

The following sets out the comparison of value of the market value of the Scheme Consideration as at Latest Practicable Date against the adjusted and reported net assets value attributable to owners of ASH respectively:

Categorisation of the net asset values of ASH (Note 1)	Discount	Market value of the Scheme Consideration (per Scheme Share) as at Latest Practicable Date	Net asset value attributable to owners of ASH (per Share)
<i>(a) On a diluted basis (full conversion of the Convertible Notes):</i>			
Based on the ASH Adjusted NAV	96.78%	HK\$0.092 ^(Note 2)	HK\$2.86 ^(Note 3)
Based on reported figures as at 31 March 2024	72.12%		HK\$0.33 ^(Note 4)
<i>(b) On an undiluted basis:</i>			
Based on the ASH Adjusted NAV	98.59%	HK\$0.092 ^(Note 2)	HK\$6.54 ^(Note 5)
Based on reported figures as at 31 March 2024	85.40%		HK\$0.63 ^(Note 6)

Notes:

- All figures in the table above are approximations.
- Based on (i) the Cash Payment of HK\$0.035 per Scheme Share; and (ii) the closing price of HK\$0.380 per ASI Share as quoted on the Stock Exchange as at the Latest Practicable Date and the Share Exchange Ratio, the value of the Scheme Consideration is equivalent to approximately HK\$0.092 per Scheme Share.
- Calculated based on the aggregate of (i) audited consolidated total equity attributable to owners of ASH of approximately HK\$1,262.92 million, (ii) the convertible notes liability which would be written back upon full conversion of outstanding Convertible Notes of HK\$272.31 million, both as disclosed in the audited report of

ASH as at 31 March 2024 and (iii) the valuation surplus of ASH based on the Valuation Reports of approximately HK\$11,927.50 million to reflect the fair market value of ASH's properties as at 31 May 2024, and divided by the aggregate of 2,018,040,477 ASH Shares and 2,693,120,010 Convertible Notes in issue (which can be converted to an equivalent number of Shares) as at the Latest Practicable Date.

4. Calculated based on the aggregate of (i) the audited consolidated total equity attributable to owners of ASH of approximately HK\$1,262.92 million as at 31 March 2024 and (ii) the convertible notes liability of HK\$272.31 million as disclosed in the audited report of ASH as at 31 March 2024, and divided by the aggregate of 2,018,040,477 ASH Shares and 2,693,120,010 Convertible Notes in issue (which can be converted to an equivalent number of Shares) as at the Latest Practicable Date.
5. Calculated based on the aggregate of (i) audited consolidated total equity attributable to owners of ASH of approximately HK\$1,262.92 million as disclosed in the audited report of ASH as at 31 March 2024 and (ii) the valuation surplus of ASH based on the Valuation Reports of approximately HK\$11,927.50 million to reflect the fair market value of ASH's properties as at 31 May 2024, and divided by 2,018,040,477 ASH Shares in issue on the Last Trading Day and as at the Latest Practicable Date.
6. Calculated based on the audited consolidated total equity attributable to owners of ASH of approximately HK\$1,262.92 million as at 31 March 2024, and divided by 2,018,040,477 ASH Shares in issue as at the Latest Practicable Date.

Market value of the Scheme Consideration on the Last Trading Day against the net asset value of ASH Shares

The following sets out the comparison of value of the market value of the Scheme Consideration on the Last Trading Day against the adjusted and reported net assets value attributable to owners of ASH respectively:

Categorisation of the net asset values of ASH ^(Note 1)	Discount	Market value of the Scheme Consideration (per Scheme Share) on the Last Trading Day	Net asset value attributable to owners of ASH (per Share)
<i>(a) On a diluted basis (full conversion of the Convertible Notes):</i>			
Based on the ASH Adjusted NAV	96.15%	HK\$0.110 ^(Note 2)	HK\$2.86 ^(Note 3)
Based on reported figures as at 31 March 2024	66.67%		HK\$0.33 ^(Note 4)
<i>(b) On an undiluted basis:</i>			
Based on the ASH Adjusted NAV	98.32%	HK\$0.110 ^(Note 2)	HK\$6.54 ^(Note 5)
Based on reported figures as at 31 March 2024	82.54%		HK\$0.63 ^(Note 6)

Notes:

1. All figures in the table above are approximations.

2. Based on (i) the Cash Payment of HK\$0.035 per Scheme Share; and (ii) the closing price of HK\$0.50 per ASI Share as quoted on the Stock Exchange on the Last Trading Day and the Share Exchange Ratio, the value of the Scheme Consideration is equivalent to approximately HK\$0.110 per Scheme Share.
3. Calculated based on the aggregate of (i) audited consolidated total equity attributable to owners of ASH of approximately HK\$1,262.92 million, (ii) the convertible notes liability which would be written back upon full conversion of outstanding Convertible Notes of HK\$272.31 million, both as disclosed in the audited report of ASH as at 31 March 2024 and (iii) the valuation surplus of ASH based on the Valuation Reports of approximately HK\$11,927.50 million to reflect the fair market value of ASH's properties as at 31 May 2024, and divided by the aggregate of 2,018,040,477 ASH Shares and 2,693,120,010 Convertible Notes in issue (which can be converted to an equivalent number of ASH Shares) on the Last Trading Day.
4. Calculated based on the aggregate of (i) the audited consolidated total equity attributable to owners of ASH of approximately HK\$1,262.92 million as at 31 March 2024 and (ii) the convertible notes liability of HK\$272.31 million as disclosed in the audited report of ASH as at 31 March 2024, and divided by the aggregate of 2,018,040,477 ASH Shares and 2,693,120,010 Convertible Notes in issue (which can be converted to an equivalent number of ASH Shares) on the Last Trading Day.
5. Calculated based on the aggregate of (i) audited consolidated total equity attributable to owners of ASH of approximately HK\$1,262.92 million as disclosed in the audited report of ASH as at 31 March 2024 and (ii) the valuation surplus of ASH based on the Valuation Reports of approximately HK\$11,927.50 million to reflect the fair market value of ASH's properties as at 31 May 2024, and divided by 2,018,040,477 ASH Shares in issue on the Last Trading Day.
6. Calculated based on the audited consolidated total equity attributable to owners of ASH of approximately HK\$1,262.92 million as at 31 March 2024, and divided by 2,018,040,477 ASH Shares in issue on the Last Trading Day.

Aggregated underlying value of the Scheme Consideration, which consists of (i) the ASI Adjusted NAV attributable to the 0.15 ASI Share and (ii) the Cash Payment to which the holder of each Scheme Share will be entitled to receive under the Proposal

The following table sets out a comparison of the aggregated underlying value of the Scheme Consideration, which consists of (i) the ASI Adjusted NAV attributable to the 0.15 ASI Share and (ii) the Cash Payment to which the holder of each Scheme Share will be entitled to receive under the Proposal, against the ASH Adjusted NAV:

Categorisation of the underlying value of the share portion of the Scheme Consideration and the net asset value of ASH ^(Note 1)	Premium	Aggregate of the underlying value of the share portion of the Scheme Consideration and the Cash Payment	Cash Payment (per Scheme Share)	Underlying value of the share portion of the Scheme Consideration (the Adjusted net assets) attributable to the 0.15 ASI Share to which the holder of each Scheme Share will receive	Net asset value attributable to owners of ASH (per Share)
	$((A) - (D))/(D)$	$(A) = (B) + (C)$	(B)	(C)	(D)
<i>(a) On a diluted basis (full conversion of the Convertible Notes):</i>					
Based on the ASH Adjusted NAV	15.21%	HK\$3.295	HK\$0.035	HK\$3.26 ^(Note 2)	HK\$2.86 ^(Note 4)
<i>(b) On an undiluted basis:</i>					
Based on reported figures as at 31 March 2024	165.87%	HK\$1.675	HK\$0.035	HK\$1.64 ^(Note 3)	HK\$0.63 ^(Note 5)

Notes:

- All figures in the table above are approximations.
- Based on the adjusted unaudited net asset value per ASI Share of HK\$21.73 calculated based on the aggregate of (i) audited consolidated total equity attributable to owners of ASI of approximately HK\$14,451.43 million, as disclosed in the audited report of ASI as at 31 March 2024 and (ii) the valuation surplus of ASI based on the Valuation Reports of approximately HK\$14,230.66 million to reflect the fair market value of ASI's properties as at 31 May 2024, divided by 1,319,782,288 ASI Shares in issue on the Last Trading Day and as at the Latest Practicable Date, respectively, and taking into account the Share Exchange Ratio, the underlying unaudited net asset value of the Scheme Consideration is equivalent to approximately HK\$3.26 for every Scheme Share.
- Based on the audited net asset value per ASI Share of HK\$10.95, calculated by the audited net asset value attributable to the ASI Shareholders of approximately HK\$14,451.43 million as disclosed in the audited report of ASI as at 31 March 2024, divided by 1,319,782,288 ASI Shares in issue on the Last Trading Day and as at the Latest Practicable Date, respectively, and taking into account the Share Exchange Ratio, the underlying unaudited net asset value of the Scheme Consideration is equivalent to approximately HK\$1.64 per for every Scheme Share.
- Calculated based on the aggregate of (i) audited consolidated total equity attributable to owners of ASH of approximately HK\$1,262.92 million, (ii) the convertible notes liability which would be written back upon full conversion of outstanding Convertible Notes of HK\$272.31 million, both as disclosed in the audited report of

ASH as at 31 March 2024 and (iii) the valuation surplus of ASH based on the Valuation Reports of approximately HK\$11,927.50 million to reflect the fair market value of ASH's properties as at 31 May 2024, and divided by the aggregate of 2,018,040,477 ASH Shares and 2,693,120,010 Convertible Notes in issue (which can be converted to an equivalent number of Shares) on the Last Trading Day and as at the Latest Practicable Date, respectively.

5. Calculated based on the audited consolidated total equity attributable to owners of ASH of approximately HK\$1,262.92 million as at 31 March 2024, and divided by 2,018,040,477 ASH Shares in issue on the Last Trading Day and as at the Latest Practicable Date, respectively.

2.8 Rights Attaching to ASI Shares and the Issue Mandate

The ASI Shares to be issued pursuant to the Scheme and forming part of the Scheme Consideration will, when issued, be credited as fully paid, free from all Encumbrances, and will rank *pari passu* with all other ASI Shares then in issue. Holders of such ASI Shares will be entitled to receive all dividends and other distributions of ASI if the record time for determining the entitlement to such dividends and distributions falls at or after the date on which such ASI Shares are issued.

The new ASI Shares shall be allotted and issued pursuant to the Issue Mandate. Application will be made by ASI to the Listing Committee for the approval for the listing of, and permission to deal in, the new ASI Shares to be issued pursuant to the Scheme on the Main Board of the Stock Exchange.

As disclosed in ASI's poll results announcement dated 25 August 2023, the grant of the Issue Mandate was approved by the ASI Shareholders at the annual general meeting of ASI held on the same date. Under the Issue Mandate, ASI is authorised to issue up to 263,956,457 new ASI Shares. As at the Latest Practicable Date, no new ASI Share has been allotted and issued under the Issue Mandate.

As disclosed in ASI's notice dated 13 August 2024 on the ASI AGM, a resolution will be put to the vote at the ASI AGM to renew the Issue Mandate with effect from 4 September 2024, with such renewed Issue Mandate granting the ASI Directors the authority to issue up to 263,956,457 new ASI Shares (assuming there is no change in the number of issued ASI Shares between the Latest Practicable Date and the date of the ASI AGM). The renewed Issue Mandate will be valid for the period from the date of passing of the relevant resolutions up to the conclusion of the next annual general meeting in 2025, or the expiration of the period within which the next annual general meeting of the ASI is required by the its bye-laws or any applicable laws to be held, or the revocation or variation of the Issue Mandate by an ordinary resolution of the ASI Shareholders in a general meeting of ASI, whichever of these three events occurs first.

As the renewed Issue Mandate is conditional upon (a) the passing of an ordinary resolution of the ASI Shareholders approving the grant of the Issue Mandate; and (b) the passing of an ordinary resolution by the AO Shareholders at the AO AGM approving the grant of the Issue Mandate to the Directors. No ASI Shareholder or AO Shareholder is required to abstain from voting on such resolution. ASI has received from each of AO and Mr. Poon Jing an irrevocable undertaking to vote in favour of such resolutions at the ASI AGM and AO AGM, respectively.

Assuming all holders of the Convertible Notes, other than those of the Offeror and the Offeror Concert Parties (to whom the Convertible Note Offer is not being made), either participate in the Convertible Note Offer or convert their notes into ASH Shares before the Scheme Record Time, the maximum number of new ASI Shares expected to be issued is 100,880,077 ASI Shares.

2.9 Confirmation of Financial Resources

Assuming either (i) all Convertible Notes other than those held by the Offeror or the Offeror Concert Parties are converted before the Scheme Effective Date or (ii) all holders of such Convertible Notes participate in the Convertible Note Offer, the total maximum amount of cash payable under the Scheme and the Convertible Note Offer on the basis described in this Scheme Document is approximately HK\$23.54 million and the Offeror intends to finance the cash required for the Proposal and the Convertible Note Offer with the internal cash resources of ASI.

Anglo Chinese has been appointed as the financial adviser to the Offeror and ASI in connection with the Proposal and the Convertible Note Offer.

Anglo Chinese, as the financial adviser of the Offeror and ASI, is satisfied that sufficient financial resources are available to the Offeror to satisfy its obligations in respect of the full implementation of the Proposal and the Convertible Note Offer in accordance with its terms.

3 CONDITIONS TO THE PROPOSAL AND THE SCHEME

The implementation of the Proposal is, and the Scheme will become, effective and binding on ASH and all Scheme Shareholders, subject to the satisfaction or waiver (as applicable) of the Scheme Conditions set out below:

- (a) the approval of the Scheme (by way of poll) by a majority in number of Scheme Shareholders representing not less than three-fourths in value of the Scheme Shares held by the Scheme Shareholders present and voting either in person or by proxy at the Court Meeting;
- (b) the approval of the Scheme (by way of poll) by at least 75% of the votes attaching to the Scheme Shares held by the Scheme Shareholders that are voted either in person or by proxy at the Court Meeting, provided that the number of votes cast (by way of poll) against the resolution to approve the Scheme is not more than 10% of the votes attaching to all the Scheme Shares held by the Scheme Shareholders;
- (c) the passing by Shareholders of a special resolution at the SGM to approve any reduction of the issued share capital of ASH by the cancellation of the Scheme Shares, and an ordinary resolution to apply the reserve created by the cancellation of the Scheme Shares to simultaneously restore the issued share capital of ASH by the allotment and issue of an equal number of Shares (credited as fully paid) to the Offeror;
- (d) the sanction of the Scheme (with or without modification) by the Court and the delivery to the Registrar of Companies of a copy of the order of the Court for registration;
- (e) the necessary compliance with the procedural requirements and conditions, if any, of Section 46(2) of the Companies Act in relation to any reduction of the issued share capital of ASH referred to in (c) above;

- (f) the granting by the Stock Exchange of the listing of, and permission to deal in, the ASI Shares which fall to be issued pursuant to the Proposal, on the Main Board of the Stock Exchange;
- (g) all Authorisations having been obtained or made from, with or by (as the case may be) the Relevant Authorities in Bermuda, Hong Kong, and/or any other relevant jurisdictions and, if applicable, any waiting periods having expired or terminated (in each case where such Authorisation is material in the context of the Group as a whole and in the context of the Proposal);
- (h) the Authorisations remaining in full force and effect without variation, and all necessary statutory or regulatory obligations in all relevant jurisdictions having been complied with and no requirement having been imposed by any Relevant Authorities which is not expressly provided for, or is in addition to requirements expressly provided for, in relevant laws, rules, regulations or codes in connection with the Proposal or any matters, documents (including circulars) or things relating thereto, in each aforesaid case up to and at the time when the Scheme becomes binding and effective in accordance with its terms;
- (i) if required, the obtaining by the Offeror or ASI of such other necessary consent, approval, permission, waiver or exemption which may be required from any Relevant Authorities or other third parties which are necessary for the performance of the Scheme under applicable laws and regulations;
- (j) no government, governmental, quasi-governmental, statutory or regulatory body, court or agency in any jurisdiction having taken or instituted any action, proceeding, suit, investigation or enquiry (or enacted, made or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order) that would make the Scheme or its implementation in accordance with its terms void, unenforceable, illegal or impracticable (or which would impose any material and adverse conditions or obligations with respect to the Scheme or its implementation in accordance with its terms);
- (k) all necessary consents which may be required from financial institutions under any existing material debt facilities and other contractual obligations of ASH being obtained;
- (l) since the Latest Practicable Date, there having been no material adverse change in the business, financial or trading position or prospects of any member of the Group to an extent which is material in the context of the Group taken as a whole or in the context of the Proposal;
- (m) since the Latest Practicable Date, there not having been instituted or remaining outstanding any material litigation, arbitration proceedings, prosecution or other legal proceedings to which any member of the Group is a party (whether as plaintiff or defendant or otherwise) and no such proceedings having been threatened in writing against any such member and no investigation by any government or quasi-governmental, supranational, regulatory or investigative body or court against or in respect of any such member or the business carried on by any such member having been threatened in writing, announced, instituted or remaining outstanding by, against or in respect of any such member in each case which is material and adverse in the context of the Group taken as a whole or in the context of the Proposal; and

- (n) the passing of the resolutions in relation to the renewal of the Issue Mandate at the ASI AGM and the AO AGM.

ASH shall use its reasonable endeavours to ensure that Condition (m) is fulfilled.

The Scheme Conditions (a) to (g) above cannot be waived. The Offeror and ASI reserve the right to waive any of the Scheme Conditions (h) to (n), either in whole or in respect of any particular matter. All of the Scheme Conditions will have to be satisfied or validly waived (as applicable), on or before the Long Stop Date, otherwise the Scheme will not become effective. Subject to the Scheme Conditions being satisfied or validly waived (as applicable), the Scheme will become effective and binding on ASH and all Scheme Shareholders.

In respect of the Scheme Conditions (g) to (i), other than those set out in Scheme Conditions (a) to (f) (inclusive), the Offeror and ASI are not currently aware of any Authorisations or consents which are required. As at the Latest Practicable Date, the Offeror is not aware of any circumstances which may result in Conditions (j) not being satisfied. In respect of Scheme Condition (n), ASI has received from each of AO and Mr. Poon Jing an irrevocable undertaking to vote in favour of such resolutions at the ASI AGM and AO AGM, respectively. The Offeror is not a party to any agreements or arrangements which relate to circumstances in which it may or may not invoke or seek to invoke any of the above conditions to the Proposal. Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror should not invoke any condition so as to cause the Scheme not to become binding and effective unless the circumstances which give rise to the right to invoke the condition are of material significance to the Offeror in the context of the Scheme.

If the Scheme Conditions are not satisfied or waived (as appropriate) on or before the Long Stop Date, the Proposal will lapse. If the Scheme is withdrawn, not approved or lapses, the listing of ASH Shares on the Stock Exchange will not be withdrawn.

As at the Latest Practicable Date, none of the Scheme Conditions had been fulfilled or waived (as applicable).

In addition, the Convertible Note Offer is conditional upon the Scheme becoming effective.

Shareholders and potential investors should be aware that the implementation of the Proposal is subject to the Scheme Conditions being fulfilled or waived, as applicable, and thus may or may not become effective. Further, the Convertible Note Offer is conditional upon the Scheme becoming effective and if the Scheme does not become effective, the Convertible Note Offer will not be completed. Shareholders and potential investors are advised to exercise caution when dealing in ASH Shares.

Pursuant to the Takeovers Code, neither the Offeror nor any of the parties acting in concert with it (nor any person who is subsequently acting in concert with any of them) may announce an offer or possible offer for ASH within 12 months from the date on which the Scheme is not approved or the Proposal otherwise lapses, except with the consent of the Executive.

4 REASONS AND BENEFITS OF THE PROPOSED GROUP REORGANISATION

The Offeror Board and the Board (other than the member of the Independent Board Committee) are of the view that the terms of the Proposal are attractive and beneficial to the Scheme Shareholders and ASI Shareholders. The reasons and benefits of the Proposal are elaborated in detail below:

For Scheme Shareholders

4.1 Receive a cash payment equivalent to dividends of more than the aggregate of those distributed by ASH in the past 10 financial years

The Proposal offers Scheme Shareholders a unique opportunity to realise a portion of their investment in ASH by receiving a substantial cash payment.

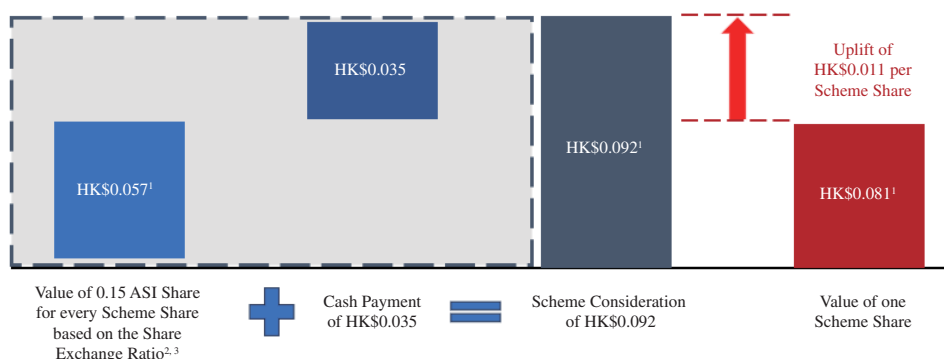
The Cash Payment of HK\$0.035 for every Scheme Share held represents an amount more than the aggregate dividend per ASH Share of HK\$0.033 distributed by ASH in the past 10 financial years ended 31 March 2024 (adjusted for the bonus issue completed on 16 February 2017), and enables the Scheme Shareholders to capitalise a part of their investment in ASH.

4.2 Preserving investment value while continuing to be invested in a broad range of property assets primarily located in Hong Kong, including ASH's hotel portfolio and enjoying a stronger asset backing to their investment than they currently hold

By retaining an equity exposure to and participating in the ownership in ASI under the Proposal, together with the Cash Payment, Scheme Shareholders can largely retain the value of their investments both in market terms and net asset value.

- (a) In market terms, under the Proposal, Scheme Shareholders will receive 3 ASI Shares and a Cash Payment of HK\$0.700 for every 20 Scheme Shares held. The total value of the Scheme Consideration, comprising the share and cash portion, of approximately HK\$0.110 and HK\$0.092 for every Scheme Share based on the closing price of ASI Share price on the Last Trading Day and as at the Latest Practicable Date, respectively, which respectively represent a premium of approximately 52.78% and 27.78% over the closing price of HK\$0.072 for every ASH Share as quoted on the Stock Exchange on the Last Trading Day, and a premium of approximately 35.80% and 13.58% over the closing price of HK\$0.081 for every ASH Share as quoted on the Stock Exchange as at the Latest Practicable Date, respectively. This is illustrated in the following diagrams based on the closing price of ASH Shares and ASI Shares on the Last Trading Day and as at the Latest Practicable Date:

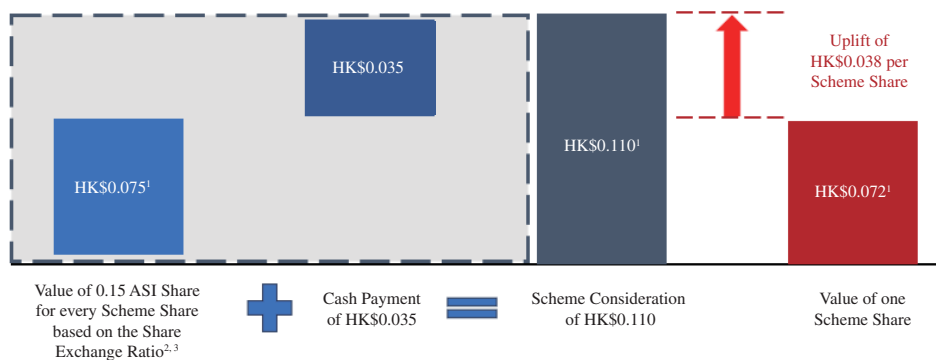
Based on the respective closing price of ASH Shares and ASI Shares as at the Latest Practicable Date:



Notes:

1. Based on the closing price of ASI Shares of HK\$0.380 and ASH Shares of HK\$0.081 as quoted on the Stock Exchange as at the Latest Practicable Date
2. Fractions of an ASI Share will not be issued to any Scheme Shareholder and fractional entitlements to an ASI Share will be rounded down to the nearest whole number
3. No adjustment has been made to the total maximum amount of cash payable by the Offeror under the Scheme and the Convertible Note Offer of approximately HK\$23.54 million, since it only represented approximately 2.0% of the bank balances and cash of ASI as at 31 March 2024 and 0.2% of the net assets of ASI as at 31 March 2024, respectively

Based on the respective closing price of ASH Shares and ASI Shares on the Last Trading Day:



Notes:

1. Based on the closing price of ASI Shares of HK\$0.500 and ASH Shares of HK\$0.072 as quoted on the Stock Exchange on the Last Trading Day

2. Fractions of an ASI Share will not be issued to any Scheme Shareholder and fractional entitlements to an ASI Share will be rounded down to the nearest whole number
 3. No adjustment has been made to the total maximum amount of cash payable by the Offeror under the Scheme and the Convertible Note Offer of approximately HK\$23.54 million, since it only represented approximately 2.0% of the bank balances and cash of ASI as at 31 March 2024 and 0.2% of the net assets of ASI as at 31 March 2024, respectively
- (b) In terms of net asset value, currently ASH is mainly engaged in hotel operations in Hong Kong, and property development and sales in Canada. In contrast, ASI (excluding ASH) is engaged in a wider range of business activities mainly under two segments, being: (a) the property sales segment which engages in the sales of residential and commercial properties in Hong Kong and the PRC; and (b) the property investment segment which engages in the leasing of offices and commercial properties in Hong Kong. The Proposal enables Scheme Shareholders to maintain an interest in ASH's assets through holding of the new ASI Shares, while simultaneously providing exposure to the broader and more diversified portfolio of ASI. The aggregated underlying value of the Scheme Consideration, which consists of (i) the ASI Adjusted NAV attributable to the 0.15 ASI Share and (ii) the Cash Payment to which the holder of each Scheme Share will be entitled to receive under the Proposal, represents a premium of 15.21% over the ASH Adjusted NAV on a fully diluted basis (full conversion of the Convertible Notes) on the Last Trading Day and as at the Latest Practicable Date.

To provide Scheme Shareholders with a clearer understanding of the respective net asset value of ASI and ASH, this Scheme Document includes the Valuation Reports prepared by independent valuers. These Valuation Reports, prepared in accordance with Rule 11 of the Takeovers Code, offer valuations of the respective properties of ASH and ASI as of a date no more than three months prior to the despatch of this Scheme Document. Copies of the Valuation Reports are set out in Appendix IX to this Scheme Document.

4.3 Opportunity to invest in a more substantial and diversified asset portfolio

As discussed above, ASI holds a broader and more diversified property portfolio than ASH. As disclosed in the audited financial statements of ASI and ASH for the year ended 31 March 2024, (i) the audited net asset value of ASH attributable to owners of ASH was approximately HK\$1,263 million and (ii) the ASH Adjusted NAV was approximately HK\$13,190 million. In comparison, (i) the audited net asset value of ASI attributable to owners of ASI was approximately HK\$14,451 million and (ii) the ASI Adjusted NAV was approximately HK\$28,682 million. Accordingly, the Proposal provides the opportunity for Scheme Shareholders to participate in the future growth of the Reorganised ASI Group's businesses with a substantially larger balance sheet and a more diversified property portfolio.

4.4 Continual investment in ASH while being more directly supported by the stronger balance sheet and listing vehicle of ASI

The Proposal will allow the Scheme Shareholders, as new ASI Shareholders, to remain invested in and continue to participate in the business and performance of ASH indirectly, where its operations will be supported by ASI more directly both from a financial and operational standpoint. In this regard, as ASH will be able to draw upon the full financial resources of the Reorganised ASI Group, this will help ASH in financing its operations.

4.5 Enhancement of trading liquidity and operational agility

As at the Latest Practicable Date, the public float of ASH was approximately 33.29%. Upon Completion, Scheme Shareholders will hold approximately 7.09% of ASI Shares, and together with current public ASI Shareholders, will hold approximately 51.79% of the total issued ASI Shares. Therefore, Scheme Shareholders are expected to benefit from the resulting larger public float of ASI Shares, in terms of percentage, number and value of shares with enhanced trading liquidity.

The market capitalisation of ASH was approximately HK\$145.30 million and approximately HK\$163.46 million on the Last Trading Day and as at the Latest Practicable Date, respectively. The market capitalisation of ASI of approximately HK\$659.89 million and approximately HK\$501.52 million on the Last Trading Day and as at the Latest Practicable Date, respectively, is more than approximately 4 times and approximately 3 times that of ASH, respectively. ASH will have more flexibility to develop its business, including but not limited to acquisitions in the future should the opportunity arises, by leveraging on the larger market capitalisation of the Reorganised ASI Group after taking into account the requirements of the Listing Rules.

For the Reorganised ASI Group:

The Proposed Group Reorganisation will facilitate integration between the ASI Group (excluding the Group) and the Group (as ASH will become a non-listed company and an indirect non-wholly-owned subsidiary of ASI upon the Scheme becoming effective). Consequently, current ASI Shareholders and Scheme Shareholders will jointly own the Reorganised ASI Group.

Compared to ASI and ASH under the current corporate structure, a larger asset portfolio, balance sheet and potential market capitalisation with the Reorganised ASI Group can be leveraged to facilitate (a) strategic investments, growth initiatives and fundraising with enhanced operational agility when complying with Listing Rule requirements on notifiable transactions and connected transactions such as reporting and shareholders' approval requirements, and (b) streamlining of the management hierarchy and achieving cost-savings through the reduction of administrative and financial costs for ASH as a separately listed company. Upon Completion, AO will remain as the controlling shareholder (within the meaning of the Listing Rules) of ASI, indirectly holding approximately 48.12% of the ASI Shares, with Mr. Poon Jing holding approximately 0.09% and approximately 51.79% of ASI Shares held by the public. The resulting larger public float of ASI Shares, as supported by a larger ASI Group, is expected to enhance the trading liquidity of the Reorganised ASI Group's shares. The above synergies are expected to benefit both the ASI Shareholders and Scheme Shareholders.

5 OFFEROR'S INTENTION REGARDING ASH

The Offeror intends to continue with the existing business of the Group and to align them more closely with the operations of ASI, as detailed in the headed "4. REASONS AND BENEFITS OF THE PROPOSED GROUP REORGANISATION" in this Explanatory Statement. The Offeror does not intend to introduce any major changes to the existing operations or business of the Group (including any redeployment of fixed assets of the Group). It is also the intention of the Offeror that there will not be significant changes in the management and employees of the Group as a result of the Proposal.

6 THE SCHEME UNDER SECTION 99 OF THE COMPANIES ACT

According to Section 99 of the Companies Act, where an arrangement is proposed between a company and its members or any class of them, the Court may, on the application of the company or any member of the company, order a meeting of the members of the company or class of members, as the case may be, to be summoned in such manner as the Court directs.

It is provided in Section 99 of the Companies Act that if a majority in number representing three-fourths in value of the members or class of members, as the case may be, present and voting either in person or by proxy at the meeting summoned as directed by the Court agree to any arrangement, the arrangement shall, if sanctioned by the Court, be binding on all members or class of members, as the case may be, and also on the company. Section 99 of the Companies Act further provides that any order of the Court sanctioning such a scheme shall have no effect until a copy of the court order has been delivered to the Registrar of Companies in Bermuda for registration.

7 REQUIREMENTS UNDER RULE 2.10 OF THE TAKEOVERS CODE

In addition to satisfying any requirements imposed by the law of Bermuda as summarised above, but except with the consent of the Executive to dispense with compliance or strict compliance therewith, Rule 2.10 of the Takeovers Code requires that the Scheme may only be implemented if:

- (a) the approval of the Scheme (by way of poll) by at least 75% of the votes attaching to the Scheme Shares held by the Scheme Shareholders that are voted either in person or by proxy at the Court Meeting; and
- (b) the number of votes cast (by way of poll) against the resolution to approve the Scheme is not more than 10% of the votes attaching to all the Scheme Shares held by the Scheme Shareholders.

As at the Latest Practicable Date, the Scheme Shareholders held in aggregate 671,729,938 Scheme Shares. On this basis, 10% of the votes attached to all the Scheme Shares held by the Scheme Shareholders referred to in paragraph (b) above was approximately 67,172,994 Scheme Shares.

8 BINDING EFFECT

Under the Proposal, subject to the Scheme becoming effective in accordance with its terms, the Scheme Shares will be cancelled in exchange for the Scheme Consideration. Upon such cancellation, the issued share capital of ASH will be restored to its former number by the issuance to the Offeror, credited as fully paid, of the same number of Shares as the number of the Scheme Shares cancelled. The reserve created in ASH's books of account as a result of any reduction in the issued share capital will be applied in paying up in full at par the new Shares so issued, credited as fully paid, to the Offeror.

Upon the Scheme becoming effective, it will be binding on ASH and all Scheme Shareholders, regardless of how they voted (or whether they voted) at the Court Meeting and the SGM.

9 EFFECT OF THE PROPOSAL ON THE SHAREHOLDING STRUCTURES OF ASH AND ASI

9.1 Shareholding structure of ASH

On the assumption that there is no other change in the shareholding of ASH immediately before the Scheme becoming effective, the table below sets out the shareholding structure of ASH as at the Latest Practicable Date and immediately upon the Scheme becoming effective and the new ASI Shares are being issued:

Shareholders	As at the Latest Practicable Date		Immediately upon the Scheme becoming effective and the new ASI Shares are being issued if:			
	<i>No. of Shares</i>	<i>Approximate percentage of the issued share capital of ASH (%) (Note 1)</i>	<i>either (i) all CNs held by independent CN holders are converted before the Scheme Effective Date or (ii) independent CN holders participate in the Convertible Note Offer</i>	<i>Approximate percentage of the issued share capital of ASH (%) (Note 1)</i>	<i>all CNs held by independent CN holders are NOT converted before the Scheme Effective Date and independent CN holders do NOT participate in the Convertible Note Offer</i>	<i>Approximate percentage of the issued share capital of ASH (%) (Note 1)</i>
Offeror	1,298,709,227	64.35	1,971,243,077	97.64	1,970,439,165	97.64
Offeror Concert Parties						
-AO (Note 3)	47,448,822	2.35	47,448,822	2.35	47,448,822	2.35
-Mr. Poon Jing (Note 4)	152,490	0.01	152,490	0.01	152,490	0.01
Aggregate number of Shares held by the Offeror and the Offeror Concert Parties	1,346,310,539	66.71	2,018,844,389	100.00	2,018,040,477	100.00
<i>Scheme Shareholders</i>	<i>671,729,938</i>	<i>33.29</i>	<i>—</i>	<i>—</i>	<i>—</i>	<i>—</i>
Total number of Shares	2,018,040,477	100.00	2,018,844,389	100.00	2,018,040,477	100.00
Outstanding CN held by the Offeror and the Offeror Concert Parties	2,692,316,098	N/A	2,692,316,098	N/A	2,692,316,098	N/A
Outstanding CN held by Independent CN holders	803,912	N/A	—	N/A	803,912	N/A

Notes:

1. All percentages in the above table are approximations.
2. Under the Scheme, the issued share capital of ASH will, on the Scheme Effective Date, be reduced by cancelling the Scheme Shares. On the assumption that there is no other change in the shareholding of ASH immediately before the Scheme becoming effective, upon the aforementioned capital reduction, the issued share capital of ASH will be increased to its former amount by the issuance to the Offeror, credited as fully paid, of the aggregate number of Shares as is equal to the number of Scheme Shares cancelled. The reserve created in ASH's books of account as a result of any capital reduction will be applied in paying up in full at par the new Shares so issued, credited as fully paid, to the Offeror.
3. Persian Limited, a wholly-owned subsidiary of AO, held such 47,448,822 Shares.
4. Mr. Poon Jing, a Director, owns 152,490 Shares. Save for Shares held by Mr. Poon Jing, no other directors of ASH hold any Shares as at the Latest Practicable Date.

Upon the Scheme becoming effective, the Offeror will hold approximately 97.64% of the issued share capital of ASH on the assumptions that there is no other change in shareholding in ASH before completion of the Proposed Group Reorganisation.

As at the Latest Practicable Date, there are 28,800,000 ASH Share Options with an exercise price of HK\$0.343 each in issue, out of which 14,400,000 ASH Share Options are held by Mr. Poon Hai, a director of each of AO, ASI, ASH and the Offeror, and 14,400,000 ASH Share Options are held by Mr. Poon Yeung, Roderick, a director of each of AO, ASI and ASH. On 19 June 2024, the Offeror and ASI have received the Optionholder Undertakings from each of Mr. Poon Hai and Mr. Poon Yeung, Roderick, pursuant to which the Optionholders have confirmed that each of them (i) acknowledges, agrees and accepts that in connection with the Proposal, no offer for or otherwise in respect of the ASH Share Options will be made under or in connection with Rule 13 of the Takeovers Code; and (ii) unconditionally and irrevocably undertakes to the Offeror and ASI that in the event any offer is made by any person for or otherwise in respect of the ASH Share Options in connection with the Proposal, each of them will not accept any such offer. As all of the ASH Share Options are held by Offeror Concert Parties and the holders of the ASH Share Options have provided the Optionholder Undertakings, a corresponding offer for the ASH Share Options will not be made pursuant to Rule 13 of the Takeovers Code.

9.2 SHAREHOLDING STRUCTURE OF ASI

On the assumption that there is no other change in the shareholding of ASI immediately before the Scheme becoming effective, the table below sets out the shareholding structure of ASI as at the Latest Practicable Date and immediately upon the allotment and issue of new ASI Shares under the Proposal:

ASI Shareholder	As at the Latest Practicable Date		Immediately upon the Scheme becoming effective and the new ASI Shares are being issued if:			
	<i>No. of ASI Shares</i>	<i>Approximate percentage of the issued share capital of ASI (%) (Note 1)</i>	either (i) all CNs held by independent CN holders are converted before the Scheme Effective Date or (ii) independent CN holders participate in the Convertible Note Offer		all CNs held by independent CN holders are NOT converted before the Scheme Effective Date and independent CN holders do NOT participate in the Convertible Note Offer	
	<i>No. of ASI Shares</i>	<i>Approximate percentage of the issued share capital of ASI (%) (Note 1)</i>	<i>No. of ASI Shares</i>	<i>Approximate percentage of the issued share capital of ASH (%) (Note 1)</i>	<i>No. of ASI Shares</i>	<i>Approximate percentage of the issued share capital of ASH (%) (Note 1)</i>
AO	683,556,392	51.79	683,556,392	48.12	683,556,392	48.12
Mr. Poon Jing (Note 2)	1,308,884	0.10	1,308,884	0.09	1,308,884	0.09
Other existing ASI Shareholders	634,917,012	48.11	634,917,012	44.69	634,917,012	44.70
Sub-total	1,319,782,288	100.00	1,319,782,288	92.90	1,319,782,288	92.91
Scheme Shareholders	—	—	100,759,491	7.09	100,759,491	7.09
Independent CN holders	—	—	120,587	0.01	—	—
Total	1,319,782,288	100.00	1,420,662,366	100.00	1,420,541,779	100.00

Notes:

- All percentages in the above table are approximations.
- Mr. Poon Jing, a director of ASI, owns 1,308,884 ASI Shares and 152,490 ASH Shares. Save for ASH Shares and ASI Shares held by Mr. Poon Jing, no other members of the ASI Board hold any ASI Shares and ASH Shares as at the Latest Practicable Date. As at the Latest Practicable Date, Mr. Poon Hai and Mr. Poon Yeung, Roderick, being members of the ASI Board, each held 3,500,000 ASI Share Options.
- ASH does not hold any ASI Shares.

Upon the Scheme becoming effective, AO will hold approximately 48.12% of the issued share capital of ASI on the assumptions that there is no other change in shareholding in ASI before completion of the Proposed Group Reorganisation

10 WITHDRAWAL OF LISTING OF ASH SHARES ON THE MAIN BOARD

Upon Completion, all Scheme Shares will be cancelled and the share certificates for the Scheme Shares will thereafter cease to have effect as documents or evidence of title. ASH will apply to the Stock Exchange for withdrawal of the listing of ASH Shares on the Stock Exchange pursuant to Rule 6.15(2) of the Listing Rules with effect immediately after the Scheme Effective Date. The Shareholders will be notified by way of an announcement of the exact dates of the Court Meeting and the SGM to approve and give effect to the Scheme, the exact dates of the last day of dealing in the Shares, and on which the Scheme and the withdrawal of the listing of ASH Shares will become effective. A detailed expected timetable will be set out in this Scheme Document, which will also contain, among other things, further details of the Scheme and the Convertible Note Offer. The Board intends that the listing of ASH Shares on the Stock Exchange shall be maintained in the event that the Scheme does not become effective.

The Scheme will lapse if it does not become effective on or before the Long Stop Date, and the Scheme Shareholders will be notified by way of announcement accordingly. The listing of Shares will not be withdrawn if the Proposal is not approved or lapses.

11 IF THE PROPOSAL IS NOT APPROVED OR LAPSES

If the Scheme Conditions are not satisfied or waived (as appropriate) on or before the Long Stop Date, the Proposal will lapse. If the Scheme is withdrawn, not approved or lapses, the listing of ASH Shares on the Stock Exchange will not be withdrawn.

Pursuant to the Takeovers Code, neither the Offeror nor any of the parties acting in concert with it (nor any person who is subsequently acting in concert with any of them) may announce an offer or possible offer for ASH within 12 months from the date on which the Scheme is not approved or the Proposal otherwise lapses, except with the consent of the Executive.

12 REGISTRATION, PAYMENT AND DESPATCH OF ASI SHARE CERTIFICATES**12.1 Closure of the register of members of ASH**

On the basis that the Scheme Record Time will be on Friday, 18 October 2024, it is proposed that the register of members of ASH will be closed from Wednesday, 2 October 2024 onwards (or such other date as may be notified to the Scheme Shareholders by way of announcement) in order to determine the entitlements of the Scheme Shareholders to the Scheme Consideration under the Scheme. Scheme Shareholders should ensure that their ASH Shares are registered or the relevant transfer documentation for their ASH Shares are lodged for registration with the ASH Branch Share Registrar before the closure of the register of members of ASH.

12.2 Payment of the Cash Payment and despatch of share certificates for ASI Shares to the Scheme Shareholders

In the event that the Scheme becomes effective, settlement of the Scheme Consideration will be made to the Scheme Shareholders whose names appear on the register of members of ASH as at the Scheme Record Time in accordance with the terms of the Scheme. Share certificates for new ASI Shares and cheques for the Cash Payment to Scheme Shareholders will be despatched as soon as practicable but in any event within seven business days (as defined in the Takeovers Code) after the Scheme Effective Date. On the basis that the Scheme becomes effective on Friday, 18 October 2024 (Bermuda time), the share certificates and cheques for settlement of the Scheme Consideration are expected to be despatched on or before Tuesday, 29 October 2024 (Hong Kong time). Scheme Shareholders shall also take note of the effect of severe weather on the date of the share certificates and cheques for settlement of the Scheme Consideration as further set out in the section headed “EFFECT OF SEVERE WEATHER ON THE EXPECTED TIMETABLE” in the Expected Timetable set out in Part 3 of this Scheme Document.

In respect of the new ASI Shares which the Scheme Shareholders are entitled to receive as consideration for cancellation of their Scheme Shares under the Scheme, each Scheme Shareholder will be sent one share certificate representing all ASI Shares entitled, except for HKSCC Nominees which may request for share certificates to be issued in such denominations as it may specify.

Any share certificates of new ASI Shares posted to the Scheme Shareholders pursuant to the Scheme which have been returned or undelivered will be cancelled. The branch share registrar and transfer office of ASI in Hong Kong may thereafter issue new share certificates in respect of such ASI Shares to persons who satisfy the Offeror that they are respectively entitled thereto, and transfer to them all accrued entitlements from the date of allotment and issue of the relevant ASI Shares, subject to the payment of any expenses incurred. The Offeror shall exercise its absolute discretion in determining whether or not it is satisfied that any person is so entitled, and a certificate of the Offeror to the effect that any particular person is so entitled or not so entitled, as the case may be, shall be conclusive and binding upon all persons claiming an interest in the relevant ASI Shares.

Share certificates and cheques for the settlement of the Scheme Consideration will be sent by post in postage pre-paid envelopes addressed to the persons entitled thereto at their respective registered addresses or, in the case of joint holders, to the registered address of that joint holder whose name then stands first in the register of members of ASH in respect of the joint holding. For Beneficial Owners that hold Scheme Shares through a nominee (other than HKSCC Nominees), share certificates and cheques issued in the name of the nominee will be sent by post in pre-paid envelopes addressed to the nominee. All such cheques will be posted at the risk of the persons entitled thereto and none of the Offeror, ASI, ASH, Anglo Chinese, Altus and the ASH Branch Share Registrar and their respective directors, employees, officers, agents, advisers, associates and affiliates and any other persons involved in the Proposal will be responsible for any loss or delay in transmission.

For Beneficial Owners whose Scheme Shares are deposited in CCASS and registered under the name of HKSCC Nominees, share certificate(s) and cheque(s) will be in envelope(s) addressed to and made available for collection by HKSCC Nominees. Upon receipt of the cheque(s), HKSCC Nominees will cause (a) such ASI Shares to be transferred to the relevant CCASS Participants; and (b) such cash payment to be credited to the designated bank accounts of the relevant CCASS Participants in accordance with the General Rules of HKSCC and HKSCC Operational Procedures in effect from time to time.

As provided in the Scheme, on or after the day being six calendar months after the date of posting the cheques, the Offeror shall have the right to cancel payment of any cheque which has not been cashed or which has been returned uncashed and shall place all monies represented thereby in a deposit account in the name of the Offeror with a licensed bank in Hong Kong selected by the Offeror. The Offeror shall hold monies represented by uncashed cheques until the expiry of six years from the Scheme Effective Date and shall, prior to such date, make payments therefrom of the sums payable pursuant to the Scheme to persons who satisfy the Offeror that they are respectively entitled thereto and the cheques of which they are payees have not been cashed. Any payments made by the Offeror shall not include any interest accrued on the sums to which the respective persons are entitled pursuant to the Scheme, and are subject to, if applicable, the deduction of interest, tax, withholding tax or any other deduction required by law. The Offeror shall exercise its absolute discretion in determining whether or not it is satisfied that any person is so entitled, and a certificate of the Offeror to the effect that any particular person is so entitled or not so entitled, as the case may be, shall be conclusive and binding upon all persons claiming an interest in the relevant monies.

Settlement of the Scheme Consideration to which the Scheme Shareholders are entitled under the Scheme will be implemented in full in accordance with the terms of the Scheme, without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against any such Scheme Shareholder. Scheme Shareholders are recommended to consult their professional advisers if they are in doubt as to the above procedures.

12.3 Payment of the Cash Payment and despatch of share certificates for ASI Shares to the holders of the Convertible Notes who has accepted the Convertible Note Offer

Subject to and upon the Scheme becoming effective, share certificates for new ASI Shares and payment by cheques of the applicable cash entitlements to holders of the Convertible Notes under the Convertible Note Offer are expected to be despatched or made as soon as possible but in any event no later than seven business days after the later of (i) the Scheme Effective Date or (ii) the date of receipt of a complete and valid Form of Acceptance in respect of the Convertible Note Offer, whichever is later. On the basis that the Convertible Note Offer closes on Friday, 1 November 2024, the share certificates for new ASI Shares and cheques for the payment of the applicable cash entitlement under the Convertible Note Offer are expected to be despatched on or before Tuesday, 12 November 2024.

Payment will be made by way of cheques delivered by ordinary post in pre-paid envelopes addressed to the holders of the Convertible Notes at their respective last known addresses as notified by the holders of the Convertible Notes to the Group.

All such cheques will be posted at the risk of the persons entitled thereto and none of the Offeror, ASI, ASH, Anglo Chinese, Altus and the ASH Branch Share Registrar and their respective directors, employees, officers, agents, advisers, associates and affiliates and any other persons involved in the Proposal will be responsible for any loss or delay in transmission.

On or after the day being six calendar months after the posting of such cheques, the Offeror shall have the right to cancel payment of any cheque which has not been cashed or which has been returned uncashed and shall place all monies represented by the cheque in a deposit or custodian account in the name of the Offeror with a licensed bank in Hong Kong, China selected by the Offeror.

The Offeror shall hold monies represented by uncashed cheques until the expiry of six years from the closing of the Convertible Note Offer and shall, prior to such date, make payments therefrom of the sums payable pursuant to the Convertible Note Offer to persons who satisfy the Offeror that they are respectively entitled thereto and the cheques of which they are payees have not been cashed. Any payments made by the Offeror shall not include any interest accrued on the sums to which the respective persons are entitled pursuant to the Convertible Note Offer, and are subject to, if applicable, the deduction of interest, tax, withholding tax or any other deduction required by law. The Offeror shall exercise its absolute discretion in determining whether or not it is satisfied that any person is so entitled, and a certificate of the Offeror to the effect that any particular person is so entitled or not so entitled, as the case may be, shall be conclusive and binding upon all persons claiming an interest in the relevant monies.

13 OVERSEAS SCHEME SHAREHOLDERS

The making and implementation of the Proposal to the Scheme Shareholders who are not residents in Hong Kong may be subject to the laws of the relevant jurisdictions in which such Scheme Shareholders are located. Scheme Shareholders and Beneficial Owners who are not residents in Hong Kong should inform themselves about and observe any applicable requirements in their own jurisdictions. ASI, the Offeror and ASH do not represent that this Scheme Document may be lawfully distributed in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by ASI, the Offeror and ASH which is intended to permit a public offering or the distribution of this Scheme Document in any jurisdiction (other than Hong Kong) where action for that purpose is required. Accordingly, it is prohibited for any person to (i) copy, distribute or publish all or part of this Scheme Document or any advertisement or other offering material in any jurisdiction; (ii) disclose the content of this Scheme Document; or (iii) use information contained herein for any purpose other than assessment of the Proposal, unless the information is already publicly available in another form.

It is the responsibility of any overseas Scheme Shareholder and Beneficial Owner wishing to take any action in relation to the Proposal to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, the compliance with the necessary formalities and the payment of any issue, transfer or other taxes due in such jurisdiction. Any action

taken by such Scheme Shareholders and Beneficial Owners in respect of the Proposal and the Scheme will be deemed to constitute a representation and warranty from such persons to ASI, the Offeror and ASH and their respective advisers that those laws and regulatory requirements have been complied with.

As at the Latest Practicable Date, no non-qualifying overseas shareholders had been identified.

Scheme Shareholders and Beneficial Owners residing in jurisdictions other than Hong Kong should consult their professional advisers if they are in any doubt as to the potential applicability of, or consequence under, any provision of law or regulation or judicial or regulatory decisions or interpretations in any jurisdictions, territory or locality therein or thereof and, in particular, whether there will be any restriction or prohibition on the acquisition, retention, disposal or otherwise with respect to ASH Shares or the ASI Shares. It is emphasised that none of Offeror, ASI, ASH, Anglo Chinese, Altus and any of their respective directors, officers, employees, agents, affiliates or advisers or any other person involved in the Proposal accepts any responsibility in relation to the above.

As at the Latest Practicable Date, there were 17 ASH Shareholders (representing approximately 2.70% of the total number of the ASH Shareholders) whose addresses as shown in the register of members of ASH were outside Hong Kong and those ASH Shareholders together held 25,095 ASH Shares (representing approximately 0.001% of the issued share capital of ASH). Jurisdictions of these ASH Shareholders include the PRC, Canada, Japan, Malaysia and Singapore.

The Directors had been advised by local counsel in the PRC, Canada, Japan, Malaysia and Singapore that there is no restriction under the respective laws or regulations of those jurisdictions against extending the Scheme automatically or despatching this Scheme Document to those overseas ASH Shareholders. The Scheme will be extended and this Scheme Document will be despatched to those overseas ASH Shareholders in the PRC, Canada, Japan, Malaysia and Singapore.

14 TAXATION AND INDEPENDENT ADVICE

As the Scheme does not involve the execution of any contract note or instrument of transfer in respect of Hong Kong stock, no stamp duty will be payable pursuant to the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong) on the cancellation of the Scheme Shares upon the Scheme becoming effective.

The Scheme Shareholders, whether in Hong Kong or in other jurisdictions, are recommended to consult their own professional advisers if they are in doubt as to the taxation implications of the Proposal and, in particular, whether the receipt of the Scheme Consideration would make such Scheme Shareholders liable to taxation in Hong Kong or in other jurisdictions.

It is emphasised that none of Offeror, ASI, ASH, Anglo Chinese, Altus and any of their respective directors, officers, employees, agents, affiliates or advisers or any other person involved in the Proposal accepts any responsibility in relation to any tax or other effects on, or liabilities of, any person in connection with the Proposal in Hong Kong or any other jurisdictions.

15 COSTS OF THE PROPOSAL

In light of the recommendations of the Independent Board Committee and the Independent Financial Adviser as set out in Parts 5 and 6 of this Scheme Document, respectively, Rule 2.3 of the Takeovers Code is not applicable, and the Offeror and ASH shall bear their own expenses incurred in connection with the Proposal.

16 COURT MEETING AND SGM

16.1 Court Meeting

In accordance with the directions of the Court, the Court Meeting will be convened for the purposes of considering and, if thought fit, passing the resolution to approve the Scheme (with or without modifications).

All Scheme Shareholders whose names appear on the register of members of ASH as at the Meeting Record Date will be entitled to attend and vote on the Scheme at the Court Meeting either in person or by proxy, and only the votes of the Scheme Shareholders will be taken into account in determining if the Scheme Condition in paragraph (b) in the section headed “3. CONDITIONS TO THE PROPOSAL AND THE SCHEME” in this Explanatory Statement is satisfied. All Offeror Concert Parties have undertaken not to vote their ASH Shares at the Court Meeting.

For the purpose of the Scheme Condition in paragraph (a) in the section headed “3. CONDITIONS TO THE PROPOSAL AND THE SCHEME” in this Explanatory Statement (the “**Scheme Condition (a)**”), the Scheme will become effective subject to, among others, the approval of the Scheme (by way of a poll) by a majority in number of Scheme Shareholders representing not less than three-fourths in value of the Scheme Shares held by the Scheme Shareholders present and voting either in person or by proxy at the Court Meeting.

In accordance with the Companies Act, the abovementioned “majority in number” requirement in Scheme Condition (a) will be met if the number of Scheme Shareholders voting either in person or by proxy in favour of the Scheme at the Court Meeting exceeds the number of Scheme Shareholders voting either in person or by proxy against the Scheme at the Court Meeting. Each Registered Owner will be counted as one vote for the purposes of calculating the “majority in number” at the Court Meeting. In accordance with the directions from the Court, (i) to the extent that Scheme Shares are registered in the name of HKSCC Nominees, for the purpose of calculating the “majority in number” at the Court Meeting, HKSCC Nominees will be counted as one vote which will be exercised for or against the Scheme according to the majority of voting instructions it receives; and (ii) in the cases of banks, brokers, and other nominees who hold Scheme Shares in their name on behalf of others, the vote(s) (or abstention(s)) represent the instruction to the bank, broker or nominee from the underlying beneficiary(ies) or investor(s). To the extent that such banks, brokers or nominees hold Scheme Shares from multiple beneficial owners, they will, for the purpose of calculating the “majority in number” at the Court Meeting, be counted as one vote which will be exercised for or against the Scheme according to the majority of voting instructions it receives.

At the Court Meeting, a Scheme Shareholder (other than a bank, a broker, or other nominee who holds Shares in its name on behalf of others or HKSCC Nominees Limited) who elects to vote must vote all the Shares registered in his or her or its name (as the case may be) either FOR the Scheme or AGAINST the Scheme. For the avoidance of doubt, a Scheme Shareholder (other than a bank, a broker, or other nominee who holds Shares in its name on behalf of others or HKSCC Nominees Limited) will not be permitted to vote some Shares registered in his or her or its name (as the case may be) both FOR the Scheme and AGAINST the Scheme.

Notice of the Court Meeting is set out in Appendix VI to of this Scheme Document. The Court Meeting will be held at 10:00 a.m. on Monday, 23 September 2024 at the time and place specified in the notice.

16.2 SGM

The SGM will be held immediately after the Court Meeting for the purpose of considering and, if thought fit, passing (i) a special resolution to approve the reduction of the issued share capital of ASH by cancelling and extinguishing the Scheme Shares; and (ii) an ordinary resolution to approve, among other things, the application of the credit created by the cancellation of the Scheme Shares to restore the issued share capital of ASH by the allotment and issue of an equal number of ASH Shares (credited as fully paid) to the Offeror.

All ASH Shareholders whose names appear on the register of members of ASH as at the Meeting Record Date will be entitled to attend and vote at the SGM. At the SGM, all votes will be taken by poll and each ASH Shareholder present and voting, either in person or by proxy, will be entitled to either vote all of his ASH Shares in favour of or against each of the resolutions proposed at the SGM, or he may vote some of his ASH Shares in favour of, and any or all of the balance of his ASH Shares against, each of the resolutions proposed at the SGM (and vice versa).

Notice of the SGM is set out in Appendix VII to this Scheme Document. The SGM will be held at the same place and on the same date as the Court Meeting at 10:15 a.m. (or as soon thereafter as the Court Meeting shall have concluded or been adjourned).

16.3 Results of the Court Meeting and the SGM

An announcement will be made by ASH, ASI and the Offeror in relation to the results of the Court Meeting and the SGM no later than 7:00 p.m. on Monday, 23 September 2024. Information on the number of votes cast in favour of and the number of votes cast against the Scheme and the number of CCASS Participants on whose instructions they are cast will be included in such announcement.

As at the Latest Practicable Date, neither the Offeror nor any party acting in concert with it had received any irrevocable commitment to vote for or against (i) the Scheme at the Court Meeting; or (ii) any of the resolutions to be proposed at the SGM.

If the resolution to be proposed at the Court Meeting and all the resolutions to be proposed at the SGM are passed in fulfilment of the Scheme Conditions set out in paragraphs (a) to (c) in the section headed “3. CONDITIONS TO THE PROPOSAL AND THE SCHEME” in this Explanatory Statement, the expected latest time for trading in ASH Shares on the Main Board is 4:00 p.m. on

Tuesday, 22 October 2024 (or such other date and time as ASH Shareholders may be notified by way of announcement), and trading in ASH Shares on the Main Board will cease from then onwards, unless the Scheme is withdrawn or lapses in accordance with its terms and the Takeovers Code subsequently, in which event trading in ASH Shares on the Main Board will resume after the date on which the Scheme is so withdrawn or lapses and further announcement(s) will be made to notify ASH Shareholders and investors of ASH of the exact date and time by which trading in ASH Shares on the Main Board will resume.

If the resolution to be proposed at the Court Meeting or if any of the resolutions to be proposed at the SGM is not passed in accordance with the Scheme Conditions set out in paragraphs (a) to (c) in the section headed “3. CONDITIONS TO THE PROPOSAL AND THE SCHEME” in this Explanatory Statement, the Scheme and the Proposal will lapse and trading in ASH Shares on the Main Board will not cease from 4:00 p.m. on Tuesday, 22 October 2024 onwards. Further announcements will be made in this event.

17 ACTIONS TO BE TAKEN

ACTIONS TO BE TAKEN BY ASH SHAREHOLDERS

Scheme Shareholders who are entitled to attend and vote at the Court Meeting and ASH Shareholders who are entitled to attend and vote at the SGM are those whose names appear on the register of members of ASH on the Meeting Record Date, being Monday, 23 September 2024. In order to qualify to attend and vote at the Court Meeting and the SGM, all transfers of share ownership of ASH Shares accompanied by the relevant share certificates must be lodged with the ASH Branch Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong before 4:30 p.m. on Monday, 16 September 2024.

A **PINK** form of proxy for use at the Court Meeting and a **WHITE** form of proxy for use at the SGM are enclosed with this Scheme Document.

Whether or not you are able to attend the Court Meeting and/or the SGM or any adjournment thereof, you are strongly urged to complete and sign the enclosed **PINK** form of proxy in respect of the Court Meeting, and the enclosed **WHITE** form of proxy in respect of the SGM, in accordance with the respective instructions printed thereon, and to lodge them at the office of the ASH Branch Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong. In order to be valid, the **PINK** form of proxy for use at the Court Meeting should be lodged so as to reach the above address not later than 10:00 a.m. on Saturday, 21 September 2024. The **PINK** form of proxy may also be handed to the chairman of the Court Meeting at the Court Meeting (who shall have absolute discretion whether or not to accept the proxy form) before the taking of poll. In order to be valid, the **WHITE** form of proxy for use at the SGM must be lodged so as to reach the above address not later than 10:15 a.m. on Saturday, 21 September 2024.

Completion and return of the relevant form of proxy for the Court Meeting and/or the SGM will not preclude you from attending and voting in person at the relevant meeting or any adjournment thereof should you so wish, and, in such event, the relevant form of proxy will be revoked by operation of law.

Voting at the Court Meeting and the SGM will be taken by poll as required under the Listing Rules and the Takeovers Code. If you do not appoint a proxy and you do not attend and vote at the Court Meeting and/or the SGM, you will still be bound by the outcome of the Court Meeting and/or the SGM if, among other things, the resolutions are passed by the requisite majorities of the Scheme Shareholders or the ASH Shareholders (as the case may be). You are therefore strongly urged to attend and vote at the Court Meeting and the SGM in person or by proxy.

ASH, ASI and the Offeror will make an announcement in relation to the results of the Court Meeting and the SGM no later than 7:00 p.m. on Monday, 23 September 2024 and, if all the resolutions are passed at those meetings, further announcements will be made in relation to, among other things, the results of the Court Hearing and, if the Scheme is sanctioned, the Scheme Record Time, the Scheme Effective Date and the date of withdrawal of listing of ASH Shares from the Main Board in accordance with the requirements of the Takeovers Code and the Listing Rules.

ACTIONS TO BE TAKEN BY BENEFICIAL OWNERS WHOSE ASH SHARES ARE HELD BY REGISTERED OWNER OTHER THAN HKSCC NOMINEES

No person shall be recognised by ASH as holding any ASH Shares on trust.

A Beneficial Owner whose ASH Shares are registered in the name of a Registered Owner should contact such Registered Owner to give instructions to and/or to make arrangements with such Registered Owner as to the manner in which ASH Shares beneficially owned by the Beneficial Owner should be voted at the Court Meeting and/or the SGM. A Beneficial Owner who wishes to attend and vote at the Court Meeting and/or the SGM personally should:

- (a) contact the Registered Owner directly to make the appropriate arrangements with the Registered Owner to enable the Beneficial Owner to attend and vote at the Court Meeting and/or the SGM and for such purpose the Registered Owner may appoint the Beneficial Owner as his/her/its proxy; or
- (b) arrange for some or all of the ASH Shares registered in the name of the Registered Owner to be transferred and registered in the name of the Beneficial Owner prior to the Meeting Record Date.

The appointment of a proxy by the Registered Owner at the relevant Court Meeting and/or the SGM shall be in accordance with all relevant provisions of the bye-laws of ASH. In the case of such appointment, the relevant forms of proxy shall be completed and signed by the Registered Owner and shall be lodged in the manner and before the latest time for lodging the relevant forms of proxy as more particularly set out in this Scheme Document.

Completion and return of the relevant form of proxy for the Court Meeting and/or the SGM will not preclude the Registered Owner from attending and voting in person at the relevant meeting or any adjournment thereof should he/she/it so wish, and, in such event, the relevant form of proxy will be revoked by operation of law. Instructions to and/or arrangements with the Registered Owner should be given or made in advance of the relevant latest time for the lodgement of the forms of proxy in respect of the Court Meeting and/or the SGM in order to provide the Registered Owner with sufficient time to complete his/her/its forms of proxy accurately and to submit them by the deadline. To the

extent that any Registered Owner requires instructions from or arrangements to be made with any Beneficial Owner at a particular date or time in advance of the relevant latest time for the lodgement of the forms of proxy in respect of the Court Meeting and/or the SGM, such Beneficial Owner should comply with the requirements of such Registered Owner.

ACTIONS TO BE TAKEN BY BENEFICIAL OWNERS WHOSE ASH SHARES ARE DEPOSITED IN CCASS

Any Beneficial Owner whose ASH Shares are deposited in CCASS and registered under the name of HKSCC Nominees must:

- (a) unless such Beneficial Owner is a person admitted to participate in CCASS as an Investor Participant, contact his/her/its broker, custodian, nominee or other relevant person who is, or has in turn deposited such ASH Shares with, the Other CCASS Participant regarding voting instructions to be given to such persons if he/she/it wishes to vote in respect of the Scheme; or
- (b) become a Registered Shareholder and thereby have the right to attend and vote at the Court Meeting and/or the SGM (as appropriate) by arranging for some or all of such ASH Shares to be withdrawn from CCASS and transferred and registered in the name of the Beneficial Owner prior to the Meeting Record Date, if the Beneficial Owner wishes to vote (in person or by proxy) at the Court Meeting and/or the SGM. For withdrawal of Shares from CCASS and registration thereof, the Beneficial Owner will be required to pay to CCASS a withdrawal fee per board lot withdrawn, a registration fee for each share certificate issued, stamp duty on each transfer instrument, and if the Share(s) of the Beneficial Owner are held through a financial intermediary, any other relevant fees charged by such financial intermediary. Beneficial owners should contact his, her or its broker, custodian, nominee or other relevant person in advance of the latest time for lodging transfers of the Share(s) into your name so as to qualify to attend and vote at the Court Meeting and/or the SGM, in order to provide such broker, custodian, nominee or other relevant person with sufficient time to withdraw the Share(s) from CCASS and register them in the name of the Beneficial Owners.

The procedure for voting in respect of the Scheme by the Investor Participants and the Other CCASS Participants with respect to ASH Shares registered under the name of HKSCC Nominees shall be in accordance with the “Operating Guide for Investor Participants”, “General Rules of HKSCC” and “HKSCC Operational Procedures” in effect from time to time.

Only Scheme Shareholders whose ASH Shares are registered in their own names in the register of members of ASH on the Meeting Record Date and present and voting, in person or by proxy, at the Court Meeting will be counted as Scheme Shareholders for the purpose of calculating whether or not a majority in number of Scheme Shareholders have approved the Scheme at the Court Meeting under Section 99 of the Companies Act. Each Registered Owner will be counted as one vote for the purposes of calculating the “majority in number” at the Court Meeting. In accordance with the directions from the Court, (i) to the extent that Scheme Shares are registered in the name of HKSCC Nominees, for the purpose of calculating the “majority in number” at the Court Meeting, HKSCC Nominees will be counted as one vote which will be exercised for or against the Scheme according to the majority of

voting instructions it receives; and (ii) in the cases of banks, brokers, and other nominees who hold Shares in their name on behalf of others, the vote(s) (or abstention(s)) represent the instruction to the bank, broker or nominee from the underlying beneficiary(ies) or investor(s). To the extent that such banks, brokers or nominees hold Shares from multiple beneficial owners, they will, for the purpose of calculating the “majority in number” at the Court Meeting, be counted as one vote which will be exercised for or against the Scheme according to the majority of voting instructions it receives. A Beneficial Owner who wishes to individually vote or be counted for such purposes should make arrangements to be registered as a Scheme Shareholder in his/her/its own name prior to the Meeting Record Date.

ACTIONS TO BE TAKEN BY HOLDERS OF THE CONVERTIBLE NOTES

A **BLUE** Form of Acceptance is enclosed with this Scheme Document.

Holders of the Convertible Notes may choose to accept the Convertible Note Offer on the terms (including all declarations and undertakings) as set out in the Scheme Document, the letter to the holders of the Convertible Notes and the enclosed Form of Acceptance, by completing and signing the accompanying **BLUE** Form of Acceptance and returning it in accordance with the instructions set out below. Such acceptance of the Convertible Note Offer will be in respect of all the Convertible Notes held by you.

If you wish to accept the Convertible Note Offer, you should complete and return the duly completed and executed **BLUE** Form of Acceptance together with the relevant certificate(s), document(s) of title or entitlement in respect of the Convertible Notes and/or any other document(s) (if applicable) evidencing the grant of the Convertible Notes to you (and/or any satisfactory indemnity or indemnities required in respect thereof) for your holding of the Convertible Notes, so as to reach ASH at 30th Floor, YF Life Tower 33 Lockhart Road, Wan Chai, Hong Kong, China, for the attention of the Company Secretary of ASH and marked “Asia Standard Hotel Group Limited - Convertible Note Offer” as soon as possible and in any event no later than 4:00 p.m. on Friday, 1 November 2024 (or such later date as may be notified by ASI, the Offeror, ASH on the website of the Stock Exchange).

If you (i) choose to do nothing (including not returning a Form of Acceptance) or (ii) fail to complete the Form of Acceptance in accordance with the instructions set out therein, and the Convertible Note Offer closes, you will be treated as having rejected the Convertible Note Offer in respect of all outstanding Convertible Notes held by you at the closing of the Convertible Note Offer.

Before returning the Form of Acceptance to the Offeror, please ensure that you have completed and signed the Form of Acceptance and that your signature has been witnessed.

No acknowledgment of receipt of the Form of Acceptance or any other documents will be given.

If you convert your Convertible Notes and the corresponding ASH Shares are issued to you prior to the Scheme Record Time, any such ASH Shares will be Scheme Shares and will be cancelled if the Scheme becomes effective. Accordingly, you will be entitled to receive the Scheme Consideration for the Scheme Shares held by you as at the Scheme Record Time.

Scheme Shareholders and ASH Shareholders as at the Meeting Record Date will be entitled to attend and vote at the Court Meeting and the SGM respectively, whereas a holder of the Convertible Notes will not have such right to attend and vote at the Court Meeting and/or the SGM. Please see the section headed “16. COURT MEETING AND SGM” in the Explanatory Statement and the notices of Court Meeting and the SGM in Appendices VI and VII to this Scheme Document for further details.

18 EXERCISE YOUR RIGHT TO VOTE

If you are an ASH Shareholder or a Beneficial Owner whose ASH Shares are held by a Registered Owner (including HKSCC Nominees), you are strongly encouraged to exercise your right to vote (in the case of an ASH Shareholder) or to give instructions to the relevant Registered Owner (in the case of a Beneficial Owner) to vote in person or by proxy at the Court Meeting and/or the SGM. If you keep any ASH Shares in a share lending programme, you are encouraged to recall any outstanding ASH Shares on loan to avoid market participants using borrowed stock to vote.

If you are a Beneficial Owner whose ASH Shares are deposited in CCASS, you are strongly encouraged to withdraw at least some of your ASH Shares from CCASS and become a registered holder of such ASH Shares and exercise your right to vote, in person or by proxy, at the Court Meeting and/or the SGM. You should contact your broker, custodian, nominee or other relevant person in advance of the latest time for lodging transfers of ASH Shares into your name so as to qualify to attend and vote at the Court Meeting and/or the SGM, in order to provide such broker, custodian, nominee or other relevant person with sufficient time to withdraw your ASH Shares from CCASS and register them in your name.

In respect of any ASH Shares of which you are the Beneficial Owner and which will remain in CCASS, you are encouraged to contact your broker, custodian, nominee or other relevant person regarding voting instructions in relation to the manner in which those ASH Shares should be voted at the Court Meeting and/or the SGM without delay.

If you are a Registered Owner holding ASH Shares on behalf of Beneficial Owners, you should inform the relevant Beneficial Owners about the importance of exercising their right to vote. You should also remind the relevant Beneficial Owners that if they wish to be counted individually in the calculation of the “majority in number” requirement at the Court Meeting, they should make arrangements to become a Registered Owner of some or all of their ASH Shares.

If you are in any doubt as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, stockbroker, bank manager, solicitor, professional accountant or other professional adviser and obtain independent professional advice.

19 COURT HEARING TO SANCTION THE SCHEME

In accordance with the Companies Act, if the relevant resolutions are approved at the Court Meeting and the SGM, ASH must make an application to the Court to sanction the Scheme.

The Court Hearing is expected to take place on Friday, 11 October 2024 (Bermuda time). In determining whether to exercise its discretion to sanction the Scheme, the Court will determine, among other things, whether the Scheme is fair to the Scheme Shareholders. At the Court Hearing, the Court may impose such conditions as it deems appropriate in relation to the Scheme, but may not impose any material changes without the joint consent of the Offeror and ASH. ASH may consent on behalf of the Scheme Shareholders to any modification of the Scheme which the Court may think fit to approve or impose.

If the Court sanctions the Scheme and if all the other Scheme Conditions are fulfilled or waived (as applicable), ASH intends to file the Court order sanctioning the Scheme with the Registrar of Companies on Friday, 18 October 2024 (Bermuda time). This will cause the Scheme to become effective.

Scheme Shareholders (including any Beneficial Owners of such ASH Shares who give voting instructions to a Registered Owner who subsequently votes at the Court Meeting) should note that they will be entitled, but are not required, to appear at the Court Hearing expected to take place on Friday, 11 October 2024 (Bermuda time).

20 RECOMMENDATION

Your attention is drawn to the following:

- (a) the section headed “K. RECOMMENDATIONS” in the “LETTER FROM THE BOARD” set out in Part 4 of this Scheme Document;
- (b) the “LETTER FROM THE INDEPENDENT BOARD COMMITTEE” set out in Part 5 of this Scheme Document; and
- (c) the “LETTER FROM THE INDEPENDENT FINANCIAL ADVISER” set out in Part 6 of this Scheme Document.

21 FURTHER INFORMATION

Further information is set out in the appendices to, and elsewhere in, this Scheme Document, all of which form part of this Explanatory Statement.

ASH Shareholders and Scheme Shareholders should rely only on the information contained in this Scheme Document. None of Offeror, ASI, ASH, Anglo Chinese, Altus and the ASH Branch Share Registrar and their respective directors, employees, officers, agents, advisers, associates and affiliates and any other persons involved in the Proposal have authorised anyone to provide you with information that is different from what is contained in this Scheme Document.

22 PRECAUTIONARY LANGUAGE REGARDING FORWARD-LOOKING STATEMENTS

This document includes certain “forward-looking statements”. These statements are based on the current expectations of the management of Offeror, ASI and/or ASH (as the case may be) and are naturally subject to uncertainty and changes in circumstances. The forward-looking statements contained in this Scheme Document include statements about the expected effects of the Proposal on ASH, the expected timing and scope of the Proposal, and all other statements in this Scheme Document other than historical facts.

Forward-looking statements include, without limitation, statements typically containing words such as “intends”, “expects” and words of similar import. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements. These factors include, but are not limited to, the satisfaction of the conditions to the Proposal, as well as additional factors, such as general, social, economic and political conditions in the countries in which the ASI Group and/or the Group operate(s) or other countries which have an impact on the ASI Group and/or the Group’s business activities or investments, interest rates, the monetary and interest rate policies of the countries in which the ASI Group and/or the Group operate(s), inflation or deflation, foreign exchange rates, the performance of the financial markets in the countries in which the ASI Group and/or the Group operate(s) and globally, changes in domestic and foreign laws, regulations and taxes, changes in competition and the pricing environments in the countries in which the ASI Group and/or the Group operate(s) and regional or general changes in asset valuations and disruptions or reductions in travel and operations due to natural or man-made disasters, pandemics, epidemics or outbreak of infections or contagious diseases such as novel coronavirus. Other unknown or unpredictable factors could cause actual results to differ materially from those in the forward-looking statements.

All written and oral forward-looking statements attributable to ASI, the Offeror, ASH or persons acting on behalf of any of them are expressly qualified in their entirety by the cautionary statements above. The forward-looking statements included herein are made only as at the Latest Practicable Date. Any forward-looking statement contained in this Scheme Document based on past or current trends and/or activities of the ASI Group and/or the Group should not be taken as a representation that such trends or activities will continue in the future. No statement in this Scheme Document is intended to be a profit forecast or to imply that the earnings of the ASI Group and/or the Group for the current year or future years will necessarily match or exceed their respective historical or published earnings. Each forward-looking statement speaks only as at the date of the particular statement. Subject to the requirements of the Takeovers Code and other applicable laws and regulations, each of ASI, the Offeror and ASH expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in their expectations with regard thereto or any change in events, conditions of circumstances on which any such statement is based.

23 GENERAL

The directors of ASH who have an interest in the Proposal (as result of being common director(s) of ASH and the Offeror or other Offeror Concert Parties or in the case of Mr. Poon Jing, being himself an Offeror Concert Party), being Mr. Poon Jing, Mr. Poon Hai, Mr. Poon Yeung, Roderick, Mr. Fung Siu To, Clement, Mr. Leung Wai Keung and Mr. Wong Chi Keung, have abstained from voting on the Board resolution(s) in relation to the Proposed Group Reorganisation. Save for the 152,490 Shares held by Mr. Poon Jing, no other directors of ASH hold any Shares as at the Latest Practicable Date.

In case of any inconsistency, the English language text of this Scheme Document and the accompanying forms of proxy and the Form of Acceptance shall prevail over the Chinese language text.

In case of any inconsistency between this Explanatory Statement and the Scheme set out in Appendix V to this Scheme Document, the Scheme shall prevail.

1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

The following is a summary of the audited financial results of the Group for each of the three financial years ended 31 March 2022, 2023 and 2024, which is extracted from the audited consolidated financial statements of the Group as set forth in the annual reports of the Group for the three years ended 31 March 2022, 2023 and 2024.

No qualified or modified opinion was given by the then auditor of the Group, PricewaterhouseCoopers, in respect of the Group's audited consolidated financial statements for each of the three years ended 31 March 2022, 2023 and 2024. The auditor's reports issued by the auditor of the Group in respect of the audited consolidated financial statement of the Group for each of the three years ended 31 March 2022, 2023 and 2024 also did not contain any emphasis of matter or material uncertainty related to going concern.

Summary of Consolidated Profit and Loss Account, Consolidated Statement of Comprehensive Income of the Group

	For the year ended 31 March,		
	2022	2023	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Audited)</i>	<i>(Audited)</i>	<i>(Audited)</i>
Total revenue	989,747	926,653	891,248
Gross profit	948,534	862,575	776,451
Operating loss	(660,208)	(37,489)	(2,138,862)
Loss before income tax	(790,399)	(190,856)	(2,328,112)
Loss for the year	(745,986)	(212,786)	(2,249,767)
Loss attributable to shareholders of ASH	(746,382)	(212,794)	(2,249,709)
Profit/(loss) attributable to non-controlling interests	396	8	(58)
Comprehensive income/(charge) attributable to shareholders of ASH	(2,868,572)	827,008	(1,744,187)
Comprehensive income/(charge) attributable to non-controlling interests	1,029	(3,845)	(476)
Tax credit/(expenses)	44,413	(21,930)	78,345
Dividend per share	Nil	Nil	Nil
Basic loss per share (HK\$)	(0.37)	(0.11)	(1.12)

Summary of Consolidated Balance Sheet of the Group

	As of 31 March,		
	2022	2023	2024
	HK\$'000	HK\$'000	HK\$'000
	(Audited)	(Audited)	(Audited)
Property, plant and equipment	2,888,088	2,800,432	2,689,627
Investment in joint ventures and an associated company	178,903	180,828	188,358
Other non-current assets	1,222,278	1,294,003	1,106,023
Non-current assets	4,289,269	4,275,263	3,984,008
Properties under development for sale	1,401,523	1,781,003	2,166,295
Inventories	17,881	27,949	26,753
Other current assets	3,405,300	3,197,719	1,734,968
Current assets	4,824,704	5,006,671	3,928,016
Current liabilities	2,825,992	1,594,034	1,563,316
Non-current liabilities	4,105,373	4,682,129	5,087,600
Equity			
Equity attributable to shareholders of ASH	2,180,095	3,007,103	1,262,916
Non-controlling interests	2,513	(1,332)	(1,808)

2. CONSOLIDATED FINANCIAL STATEMENTS

ASH is required to set out or refer to in this Scheme Document the consolidated statement of financial position, consolidated statement of cash flows and any other primary statement as shown in (i) the audited consolidated financial statements of the Group for the year ended 31 March 2024 (the “ASH 2024 Financial Statements”), (ii) the audited consolidated financial statements of the Group for the year ended 31 March 2023 (the “ASH 2023 Financial Statements”) and (iii) the audited consolidated financial statements of the Group for the year ended 31 March 2022 (the “ASH 2022 Financial Statements”), together with the notes to the relevant published accounts which are of major relevance to the appreciation of the above financial information.

The ASH 2024 Financial Statements are set out on pages 66 to 148 in the annual report of the Group for the year ended 31 March 2024 (the “ASH 2024 Annual Report”), which was published on 30 July 2024. The ASH 2024 Annual Report was posted on the respective websites of the Stock Exchange (www.hkexnews.hk) and ASH (<http://www.asiastandardhotelgroup.com>), and please also see below a direct link of the ASH 2024 Annual Report:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0730/2024073000680.pdf>

The ASH 2023 Financial Statements are set out on pages 66 to 148 in the annual report of the Group for the year ended 31 March 2023 (the “ASH 2023 Annual Report”), which was published on 28 July 2023. The ASH 2023 Annual Report was posted on the respective websites of the Stock Exchange (www.hkexnews.hk) and ASH (<http://www.asiastandardhotelgroup.com>), and please also see below a direct link of the ASH 2023 Annual Report:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0728/2023072801361.pdf>

The ASH 2022 Financial Statements are set out on pages 66 to 144 in the annual report of the Group for the year ended 31 March 2022 (the “ASH 2022 Annual Report”), which was published on 28 July 2022. The ASH 2022 Annual Report was posted on the respective websites of the Stock Exchange (www.hkexnews.hk) and ASH (<http://www.asiastandardhotelgroup.com>), and please also see below a direct link of the ASH 2022 Annual Report:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0728/2022072801101.pdf>

The ASH 2024 Financial Statements, the ASH 2023 Financial Statements and the ASH 2022 Financial Statements (but not any other part of the ASH 2024 Annual Report, the ASH 2023 Annual Report and the ASH 2022 Annual Report) are incorporated by reference into this Scheme Document and form part of this Scheme Document.

3. INDEBTEDNESS

As at the close of business on 31 May 2024, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of the Scheme Document, the carrying amount of the Group's outstanding indebtedness was approximately HK\$6,001 million.

As at 31 May 2024, the Group, as lessees, had lease liabilities of approximately HK\$3 million. Further, approximately HK\$5,723 million bank borrowings of the Group were guaranteed, and secured by the Group's certain property, plant and equipment, properties under development for sale, and the equity interests in certain subsidiaries of the Group and approximately HK\$275 million convertible notes liabilities of the Group were unsecured.

As at close of business on 31 May 2024, the Group had contingent liabilities of approximately HK\$364 million in respect of financial guarantees given to the financial institutions for the banking and loan facilities extended to the Group's joint ventures.

Save as aforesaid and apart from intra-group liabilities, the Group did not, as at 31 May 2024, have any material outstanding (i) debt securities, whether issued and outstanding, authorised or otherwise created but unissued, or term loans, whether guaranteed, unguaranteed, secured (whether the security is provided by the Group or by third parties) or unsecured; (ii) other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits or hire purchase commitments, whether guaranteed, unguaranteed, secured or unsecured; (iii) mortgage or charges; or (iv) guarantees or other contingent liabilities.

4. MATERIAL CHANGES

The Directors confirm that, save and except for the following information, there had been no material change in the financial or trading position or outlook of the Group since 31 March 2024 (being the date to which the latest published audited consolidated financial statements of the Group were made up), and up to and including the Latest Practicable Date:

- a) As disclosed in the Group's annual report for the year ended 31 March 2024, the handover of the pre-sold units of "Landmark On Robson", the Group's wholly-owned residential development in Vancouver's downtown district, was set to begin in the second half of 2024. As of 31 March 2024, a total of approximately CAD241 million (equivalent to approximately HK\$1,389 million) in contracted sales of residential units in this development had been achieved. As at the Latest Practicable Date, the handover procedure of the pre-sold units has been commenced, and the Group expects that, in alignment with the progress of the handover procedure, the respective proportion of the contracted sales will be duly recognised as revenue in accordance with the relevant accounting standards.

1. RESPONSIBILITY STATEMENT

This Scheme Document includes particulars given in compliance with the Takeovers Code for the purposes of giving information with regard to the Proposal, the Scheme, the Convertible Note Offer, the ASI Group (including the Offeror) and the Group.

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

2. SHARE CAPITAL OF ASH

As at the Latest Practicable Date:

- (a) the authorised share capital of ASH was HK\$ 700,000,000 divided into 35,000,000,000 ASH Shares;
- (b) the issued and paid-up share capital of ASH was HK\$ 40,360,809 comprising 2,018,040,477 ASH Shares;
- (c) all ASH Shares in issue rank *pari passu* in all respects including as to rights to return of capital, dividends and voting; and
- (d) there has been no change to the issued share capital of ASH since 31 March 2024 (being the date to which the latest published audited consolidated financial statements of the Group were made up); and
- (e) the following ASH Share Options and Convertible Notes were outstanding:

ASH Share Options

Optionholder	ASH Share Options	Exercise Price	Exercise Period
Mr. Poon Hai	14,400,000	HK\$0.343	From 11 th December 2015 to 10 th December 2025
Mr. Poon Yeung, Roderick	14,400,000	HK\$0.343	From 11 th December 2015 to 10 th December 2025

Convertible Notes

Holder of Convertible Notes	Convertible Notes	Exercise Period
The Offeror	2,597,418,454	From 24 February 2017 to up to and including the date falling the 10th business day prior to 23 February 2047
AO	94,897,644	From 24 February 2017 to up to and including the date falling the 10th business day prior to 23 February 2047
Other independent third parties	803,912	From 24 February 2017 to up to and including the date falling the 10th business day prior to 23 February 2047

3. INTERESTS IN THE SECURITIES OF ASH AND ASI**3.1 Interests of Directors in the securities of ASH and ASI**

As at the Latest Practicable Date, save as disclosed in paragraph 2(e) above and below, none of the Directors were interested within the meaning of Part XV of the SFO in any ASH Shares, any ASI Shares or any convertible securities, warrants, options or derivatives in respect of ASH Shares or ASI Shares:

Interests in the securities of ASH

Shareholder	ASH Shares
Mr. Poon Jing	152,490

Interests in the securities of ASI

Shareholder	ASI Shares
Mr. Poon Jing	1,308,884

3.2 Other interests in the securities of ASH and ASI

As at the Latest Practicable Date, save as disclosed in the sub-section headed “3.1 Interests of Directors in the securities of ASH and ASI” in this Appendix II and the section headed “9. EFFECT OF THE PROPOSAL ON THE SHAREHOLDING STRUCTURES OF ASH AND ASI” in the Explanatory Statement set out in Part 7 of this Scheme Document:

- (a) ASH did not own any ASI Shares or any convertible securities, warrants, options, or derivatives in respect of ASI Shares or the shares in the Offeror;
- (b) none of ASH and the Directors owned or had control or direction over any ASH Shares, any ASI Shares or any convertible securities, warrants, options or derivatives in respect of ASH Shares or ASI Shares;
- (c) none of the subsidiaries of ASH, any pension fund of the Group or any person who is presumed to be acting in concert with ASH by virtue of class (5) of the definition of “acting in concert” or who is an associate of ASH by virtue of class (2) of the definition of “associate” under the Takeovers Code (but excluding any exempt principal traders and exempt fund managers) owned or controlled any ASH Shares or ASI Shares, or any convertible securities, warrants, options or derivatives in respect of ASH Shares or ASI Shares;
- (d) no ASH Shares or ASI Shares or convertible securities, warrants, options or derivatives in respect of the ASH Shares or ASI Shares were managed on a discretionary basis by any fund managers (other than exempt fund managers) connected with ASH;
- (e) none of ASH or the Directors had borrowed or lent any ASI Shares or ASH Shares or any convertible securities, warrants, options or derivatives in respect of any ASI Shares or ASH Shares, save for any borrowed ASI Shares or ASH Shares which have been either on-lent or sold; and
- (f) there was no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code which existed between ASH, or any person who is presumed to be acting in concert with ASH by virtue of classes (1), (2), (3) and (5) of the definition of “acting in concert” under the Takeovers Code or who is an associate of ASH by virtue of classes (2), (3) and (4) of the definition of “associate” under the Takeovers Code, and any other person.

4. DEALINGS IN THE ASH SHARES AND ASI SHARES

- (a) During the Relevant Period, none of ASH or any Directors had dealt for value in any ASH Shares, ASI Shares or any convertible securities, warrants, options or derivatives in respect of ASH Shares or ASI Shares;

- (b) During the Offer Period and up to the Latest Practicable Date:
 - (i) no subsidiary of ASH, no pension fund of ASH or of a subsidiary of ASH and no person who is presumed to be acting in concert with ASH by virtue of class (5) of the definition of “acting in concert” under the Takeovers Code or who is an associate of ASH by virtue of class (2) of the definition of “associate” under the Takeovers Code (but excluding any exempt principal traders and exempt fund managers) had dealt for value in any ASH Shares, ASI Shares or any convertible securities, warrants, options or derivatives in respect of any ASH Shares or ASI Shares;

 - (ii) no person who had an arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with ASH, or any person who is presumed to be acting in concert with ASH by virtue of classes (1), (2), (3) and (5) of the definition of “acting in concert” under the Takeovers Code or who is an associate of ASH by virtue of classes (2), (3) and (4) of the definition of “associate” under the Takeovers Code had dealt for value in any ASH Shares, ASI Shares or any convertible securities, warrants, options or derivatives in respect of any ASH Shares or ASI Shares; and

 - (iii) no fund manager (other than exempt fund managers) connected with ASH who managed funds on a discretionary basis had dealt for value in any ASH Shares, ASI Shares or any convertible securities, warrants, options or derivatives in respect of any ASH Shares or ASI Shares.

5. MARKET PRICES

The table below sets out the closing prices of ASH Shares on the Stock Exchange on (i) the last trading day of each of the calendar months during the Relevant Period; (ii) the Last Trading Day; and (iii) the Latest Practicable Date:

	Closing Price per ASH Share (HK\$)
29 December 2023	0.078
31 January 2024	0.079
29 February 2024	0.066
28 March 2024	0.060
30 April 2024	0.060
31 May 2024	0.074
19 June 2024	0.072
28 June 2024	0.083
31 July 2024	0.082
Latest Practicable Date	0.081

During the Relevant Period, the highest closing price of ASH Shares as quoted on the Stock Exchange was HK\$0.091 on 21 June 2024, and the lowest closing price of ASH Shares as quoted on Stock Exchange was HK\$0.054 on 24 April 2024.

6. ARRANGEMENTS IN CONNECTION WITH THE DIRECTORS

As at the Latest Practicable Date:

- (a) no arrangement was in place for any benefit (other than statutory compensation required under appropriate laws) would be given to any Director as compensation for loss of office or otherwise in connection with the Proposal;
- (b) save for Mr. Poon Jing who is not a Scheme Shareholder, no other Directors are interested in any ASH Shares;
- (c) there was no agreement, arrangement or understanding (including any compensation arrangement) existing (i) between the Offeror or the Offeror Concert Party and any Director, recent Directors, shareholders or recent shareholders of ASH or (ii) between any Directors and any other person which is conditional on or dependent upon the outcome of the Proposal or otherwise connected with the Proposal; and
- (d) there were no material contracts entered into by the Offeror in which any Director has a material personal interest.

7. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into any service contract with ASH or any of its subsidiaries or associated companies which (i) (including both continuous and fixed term contracts) had been entered into or amended within the Relevant Period; (ii) are continuous contracts with a notice period of 12 months or more; or (iii) are fixed-term contracts with more than 12 months to run irrespective of the notice period.

8. LITIGATION

As at the Latest Practicable Date, neither ASH nor any of its subsidiaries was engaged in any litigation, arbitration or claim of material importance, and so far as the Directors were aware, no litigation or claim of material importance was pending or threatened by or against ASH or any of its subsidiaries.

9. MATERIAL CONTRACT

There was no material contract entered into by ASH or any of its subsidiaries after the date which was two years before commencement of the Offer Period up to and including the Latest Practicable Date, other than contracts entered into in the ordinary course of business carried on or intended to be carried on by ASH or any of its subsidiaries.

10. EXPERTS AND CONSENTS

The following are the qualifications of the experts who have given advice which is contained in this Scheme Document:

Names	Qualifications
Anglo Chinese	a corporation licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO
Altus, the Independent Financial Adviser	a corporation licensed to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO
Vincorn Consulting and Appraisal Limited	an independent professional property valuer
AGL	an independent professional property valuer
Ryan ULC	an independent professional property valuer

Each of Anglo Chinese, Independent Financial Adviser, Vincorn Consulting and Appraisal Limited, AGL and Ryan ULC has given and has not withdrawn its written consent to the issue of this Scheme Document with the inclusion of its letter or report and the reference to its name in the form and context in which they respectively appear.

None of Anglo Chinese, Independent Financial Adviser, Vincorn Consulting and Appraisal Limited, AGL and Ryan ULC had any shareholding, directly or indirectly, in any member of the Group or any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

11. MISCELLANEOUS

- (a) As at the Latest Practicable Date, the Board comprised six executive directors, namely Mr. Poon Jing, Mr. Poon Hai, Mr. Poon Yeung, Roderick, Mr. Fung Siu To, Clement, Dr. Lim Yin Cheng and Mr. Woo Wei Chun, Joseph; and three independent non-executive directors, namely Mr. Koon Bok Ming, Alan, Mr. Leung Wai Keung and Mr. Wong Chi Keung.
- (b) The Director comprising the Independent Board Committee is Mr. Koon Bok Ming, Alan, being an independent non-executive director of ASH.
- (c) The principal place of business of Altus is 21 Wing Wo Street, Central, Hong Kong.

12. DOCUMENTS ON DISPLAY

Copies of the following documents are available for inspection from the date of this Scheme Document until the Scheme Effective Date or the date on which the Scheme lapses or is withdrawn, whichever is the earlier: (1) on the website of ASH at <http://www.asiastandardhotelgroup.com>; (2) on the website of ASI at <https://asiastandard.com>; and (3) on the website of the SFC at www.sfc.hk:

- (a) the memorandum and articles of association of the Offeror;
- (b) the memorandum of association and bye-laws of ASI;
- (c) the memorandum of association and bye-laws of ASH;
- (d) the ASH 2024 Annual Report, the ASH 2023 Annual Report and the ASH 2022 Annual Report;
- (e) the ASI 2024 Annual Report, the ASI 2023 Annual Report and the ASI 2022 Annual Report;
- (f) the letter from the Board, the text of which is set out on pages 20 to 44 of this Scheme Document;
- (g) the letter from the Independent Board Committee, the text of which is set out on pages 45 and 46 of this Scheme Document;

- (h) the letter from the Independent Financial Adviser, the text of which is set out on pages 47 to 89 of this Scheme Document;
- (i) the written consents referred to in the section headed “10. EXPERTS AND CONSENTS” in this Appendix;
- (j) the Optionholder Undertakings;
- (k) the irrevocable undertakings from AO and Mr. Poon Jing as referred to in the sub-section headed “11. Conditions to the Proposal, and the Scheme and the Convertible Note Offer” in the Letter of the Board set out in Part 4 in this Scheme Document; and
- (l) this Scheme Document.

1. SUMMARY OF FINANCIAL INFORMATION OF THE ASI GROUP

The following is a summary of the audited financial results of the ASI Group for each of the three financial years ended 31 March 2022, 2023 and 2024, which is extracted from the audited consolidated financial statements of the ASI Group as set forth in the annual reports of the ASI Group for the three years ended 31 March 2022, 2023 and 2024.

No qualified or modified opinion was given by the then auditor of the ASI Group, PricewaterhouseCoopers, in respect of the ASI Group's audited consolidated financial statements for each of the three years ended 31 March 2022, 2023 and 2024. The auditor's reports issued by the auditor of the ASI Group in respect of the audited consolidated financial statement of the ASI Group for each of the three years ended 31 March 2022, 2023 and 2024 also did not contain any emphasis of matter or material uncertainty related to going concern.

Summary of Consolidated Profit and Loss Account, Consolidated Statement of Comprehensive Income of the ASI Group

	For the year ended 31 March,		
	2022	2023	2024
	HK\$'000	HK\$'000	HK\$'000
	(Audited)	(Audited)	(Audited)
Total revenue	2,509,735	2,072,777	1,735,341
Gross profit	2,426,881	1,967,325	1,582,520
Operating profit/(loss)	(800,642)	819,338	(5,759,214)
Profit/(loss) before income tax	(1,100,686)	880,540	(6,380,252)
Profit/(loss) for the year	(1,012,303)	764,607	(6,181,454)
Profit attributable to shareholders of ASI	(883,576)	801,412	(5,792,196)
Profit attributable to non-controlling interests	(128,727)	(36,805)	(389,258)
Comprehensive income attributable to shareholders of ASI	(5,667,215)	3,424,375	(4,987,108)
Comprehensive income attributable to non-controlling interests	(495,234)	139,227	(302,221)
Tax credit/(expenses)	88,383	(115,933)	198,798
Dividend per share	Nil	Nil	Nil
Basic earnings per share	(0.67)	0.61	(4.39)

Summary of Balance Sheet of the ASI Group

	As of 31 March,		
	2022	2023	2024
	HK\$'000 (Audited)	HK\$'000 (Audited)	HK\$'000 (Audited)
Investment properties	10,034,752	10,844,446	10,901,144
Property, plant and equipment	4,761,239	4,671,642	4,576,811
Investment in joint ventures and associated companies	4,373,855	4,598,431	3,853,211
Other non-current assets	4,112,788	4,489,250	4,061,718
Non-current assets	23,282,634	24,603,769	23,392,884
Properties under development for sale	4,257,302	5,007,956	6,366,075
Completed properties held for sale	3,481	3,481	—
Hotel and restaurant inventories	17,881	27,949	26,753
Other current assets	7,461,083	8,255,573	4,358,941
Current assets	11,739,747	13,294,959	10,751,769
Current liabilities	5,157,955	5,018,348	7,228,229
Non-current liabilities	13,454,317	12,906,669	12,232,042
Equity			
Equity attributable to shareholders of ASI	16,014,161	19,438,536	14,451,428
Non-controlling interests	395,948	535,175	232,954

2. CONSOLIDATED FINANCIAL STATEMENTS

ASI is required to set out or refer to in this Scheme Document the consolidated statement of financial position, consolidated statement of cash flows and any other primary statement as shown in (i) the audited consolidated financial statements of the ASI Group for the year ended 31 March 2024 (the “ASI 2024 Financial Statements”), (ii) the audited consolidated financial statements of the ASI Group for the year ended 31 March 2023 (the “ASI 2023 Financial Statements”) and (iii) the audited consolidated financial statements of the ASI Group for the year ended 31 March 2022 (the “ASI 2022 Financial Statements”), together with the notes to the relevant published accounts which are of major relevance to the appreciation of the above financial information.

The ASI 2024 Financial Statements are set out on pages 72 to 168 in the annual report of the ASI Group for the year ended 31 March 2024 (the “ASI 2024 Annual Report”), which was published on 30 July 2024. The ASI 2024 Annual Report was posted on the respective websites of the Stock Exchange (www.hkexnews.hk) and ASI (<https://www.asiastandard.com>), and please also see below a direct link of the ASI 2024 Annual Report:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0730/2024073000694.pdf>

The ASI 2023 Financial Statements are set out on pages 71 to 168 in the annual report of the ASI Group for the year ended 31 March 2023 (the “ASI 2023 Annual Report”), which was published on 28 July 2023. The ASI 2023 Annual Report was posted on the respective websites of the Stock Exchange (www.hkexnews.hk) and ASI (<https://www.asiastandard.com>), and please also see below a direct link of the ASI 2023 Annual Report:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0728/2023072801089.pdf>

The ASI 2022 Financial Statements are set out on pages 66 to 160 in the annual report of the ASI Group for the year ended 31 March 2022 (the “ASI 2022 Annual Report”), which was published on 28 July 2022. The ASI 2022 Annual Report was posted on the respective websites of the Stock Exchange (www.hkexnews.hk) and ASI (<https://www.asiastandard.com>), and please also see below a direct link of the ASI 2022 Annual Report:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0728/2022072801096.pdf>

The ASI 2024 Financial Statements, the ASI 2023 Financial Statements and the ASI 2022 Financial Statements (but not any other part of the ASI 2024 Annual Report, the ASI 2023 Annual Report and the ASI 2022 Annual Report) are incorporated by reference into this Scheme Document and form part of this Scheme Document.

3. FINANCIAL AND TRADING PROSPECTS OF ASI

With Hong Kong government's uplift of all property cooling measures in early 2024, the long stagnant property market finds its way out from the gloom and transactions have significantly picked up. Prices remain soft amidst economic uncertainties and we expect that may take some time to recover. The encouraging number of successful applications under various talent admission schemes helps to create demand in the local residential property market. On leasing aspect, the ASI Group is in the advanced stage of securing an anchor retail tenant in its office building in Central. In the Mainland China, the continued relaxation of property market restraints, lowering of mortgage rate and reduction of initial downpayment help to release the purchasing power.

With increasing visitors' arrivals, hotel operation recovers but still behind its peak before COVID. The Tourism Board of Hong Kong, through the Pilot Scheme for Characteristics Local Tourism Events, which was launched initially in January 2018 to provide funding support for arts, cultural, festivals, dining or sports events with Hong Kong's local characteristics and unique attributes, is continually encouraging the participants of the tourism industry in Hong Kong to develop signature tourism products to showcase the Hong Kong's diversified cultural landscape. On the other side, the government of Hong Kong has been promulgating Hong Kong's development of "Eight Centres" to provide impetus for sustaining competitiveness and economic growth, thus bringing inflow of visitors and businessmen into the city. The ASI Group expects the tourism industry will recover further by the anticipated completion of the third runway of the airport at the end of 2024 and the full recovery of the airline capacity.

On 19 June 2024, the ASI Group put forward a proposal of reorganisation to disinterested shareholders of the listed hotel subsidiary which, if approved, will streamline the ASI Group's operations and achieve savings through the reduction of administrative costs.

Benefitting from the ASI Group's hedging effort in prior years, it is still enjoying the low interest cost brought by the interest rate swaps entered in prior years, alleviating the ASI Group from associated finance cost burden.

Management of the ASI Group continues to be financially cautious and prudent to mitigate any negative impact in this uncertain economic environment.

FINANCIAL IMPACT OF THE PROPOSAL

If the Scheme becomes effective, the ASI Group's shareholding in ASH will increase from approximately 64.35% as at the Latest Practicable Date to approximately 97.64%. ASH will accordingly become a non-listed company and an indirect non-wholly-owned subsidiary of ASI on the Scheme Effective Date, with the remaining ASH Shares held as to approximately 2.35% by AO through its wholly-owned subsidiary, Persian Limited and as to approximately 0.01% by Mr. Poon Jing. The profit and loss and the assets and liabilities of the Group will continue to be consolidated into the consolidated financial statements of the ASI Group. The increase in shareholdings in ASH will be treated as an equity transaction, resulting in an adjustment between the reserves and the non-controlling interest, and no gain or loss will be recognised in the consolidated income statement of the ASI Group.

4. INDEBTEDNESS

As at the close of business on 31 May 2024, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Scheme Document, the carrying amount of the ASI Group's outstanding indebtedness was approximately HK\$17,688 million, comprising approximately HK\$17,672 million bank borrowings, approximately HK\$10 million convertible notes liabilities and approximately HK\$6 million lease liabilities.

As at close of business on 31 May 2024, ASI Group had contingent liabilities of approximately HK\$2,642 million in respect of financial guarantees given to the financial institutions for the banking and loan facilities extended to ASI Group's joint ventures.

Save as aforesaid and apart from intra-group liabilities, the ASI Group did not, as at 31 May 2024, have any material outstanding (i) debt securities, whether issued and outstanding, authorised or otherwise created but unissued, or term loans, whether guaranteed, unguaranteed, secured (whether the security is provided by the ASI Group or by third parties) or unsecured; (ii) other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits or hire purchase commitments, whether guaranteed, unguaranteed, secured or unsecured; (iii) mortgage or charges; or (iv) guarantees or other contingent liabilities.

5. MATERIAL CHANGES

The ASI Directors confirm that, there had been no material change in the financial or trading position or outlook of the ASI Group since 31 March 2024 (being the date to which the latest published audited consolidated financial statements of the ASI Group were made up), and up to and including the Latest Practicable Date.

1. RESPONSIBILITY STATEMENT

This Scheme Document includes particulars given in compliance with the Takeovers Code for the purposes of giving information with regard to the Proposal, the Scheme, the Convertible Note Offer, the ASI Group (including the Offeror) and the ASI Group.

The ASI Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Scheme Document relating to the ASI Group (other than that relating to the Offeror or the Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Scheme Document by the ASI Directors have been arrived at after due and careful consideration and there are no other facts not contained in this Scheme Document the omission of which would make any statement in this Scheme Document misleading.

The directors of the Offeror jointly and severally accept full responsibility for the accuracy of the information contained in this Scheme Document (including such information relating to the Offeror but excluding such that relating to the ASI Group or the Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Scheme Document (other than those expressed by the ASI Directors or the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this Scheme Document the omission of which would make any statement in this Scheme Document misleading.

2. SHARE CAPITAL OF ASI

As at the Latest Practicable Date:

- (a) the authorised share capital of ASI was HK\$4,000,000,000 divided into 400,000,000,000 ASI Shares;
- (b) the issued and paid-up share capital of ASI was HK\$13,197,823 comprising 1,319,782,288 ASI Shares;
- (c) all ASI Shares in issue rank *pari passu* in all respects including as to rights to return of capital, dividends and voting;
- (d) there was no re-organisation of capital during the 2 financial years preceding the Announcement Date;
- (e) there has been no change to the issued share capital of ASI since 31 March 2024 (being the date to which the latest published audited consolidated financial statements of the ASI Group were made up) ; and

(f) the following ASI Share Options were outstanding:

Optionholder	ASI Share Options	Exercise Price	Exercise Period
Mr. Poon Hai	3,500,000	HKD\$1.38	From 11 th December 2015 to 10 th December 2025
Mr. Poon Yeung, Roderick	3,500,000	HKD\$1.38	From 11 th December 2015 to 10 th December 2025

3. INTERESTS IN THE SECURITIES OF ASH AND ASI

3.1 Interests of ASI Directors and directors of the Offeror in the securities of ASH and ASI

As at the Latest Practicable Date, save as disclosed in paragraph 2(f) above and below, none of the ASI Directors and directors of the Offeror were interested within the meaning of Part XV of the SFO in any ASI Shares, any ASI Shares or any convertible securities, warrants, options or derivatives in respect of ASI Shares or ASI Shares:

Interests in the securities of ASH

Shareholder	ASH Shares
Mr. Poon Jing	152,490

Interests in the securities of ASI

Shareholder	ASI Shares
Mr. Poon Jing	1,308,884

3.2 Other interests in the securities of ASI, the Offeror and ASH

As at the Latest Practicable Date, save as disclosed in the sub-section headed “3.1 Interests of ASI Directors and directors of the Offeror in the securities of ASH and ASI” in this Appendix IV and the section headed “9. EFFECT OF THE PROPOSAL ON THE SHAREHOLDING STRUCTURES OF ASH AND ASI” in the Explanatory Statement set out in Part 7 of this Scheme Document:

- (a) none of the Offeror, ASI, the directors of the Offeror and the ASI Directors owned or had control or direction over any ASI Shares or ASH Shares or any convertible securities, warrants, options or derivatives in respect of the ASI Shares or ASH Shares;
- (b) none of the Offeror Concert Parties owns or has control or direction over any ASI Shares or ASH Shares or any convertible securities, warrants, options or derivatives in respect of the ASI Shares or ASH Shares;

- (c) none of the subsidiaries of ASI, any pension fund of the ASI Group or any person who is presumed to be acting in concert with ASI by virtue of class (5) of the definition of “acting in concert” or who is an associate of ASI by virtue of class (2) of the definition of “associate” under the Takeovers Code (but excluding any exempt principal traders and exempt fund managers) owned or controlled any ASI Shares or ASH Shares, or any convertible securities, warrants, options or derivatives in respect of the ASI Shares or ASH Shares;
- (d) there was no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code which existed between the Offeror or any of the Offeror Concert Parties, and any other person;
- (e) none of the Offeror, ASI or the Offeror Concert Parties had borrowed or lent any ASI Shares or ASH Shares or any convertible securities, warrants, options or derivatives in respect of any ASI Shares or ASH Shares, save for any borrowed ASI Shares or ASH Shares which have been either on-lent or sold; and
- (f) Emolument of none of ASI Directors will be affected by the Proposal.

4. DEALINGS IN THE ASI SHARES AND ASH SHARES

- (a) During the Relevant Period:
 - (i) none of the Offeror, ASI, the Offeror Concert Parties, the directors of the Offeror or the ASI Directors had dealt for value in any ASH Shares, ASI Shares or any convertible securities, warrants, options or derivatives in respect of the ASH Shares and ASI Shares;
- (b) During the Offer Period and up to the Latest Practicable Date:
 - (i) no subsidiary of ASI, no pension fund of ASI or of a subsidiary of ASI and no person who is presumed to be acting in concert with ASI by virtue of class (5) of the definition of “acting in concert” under the Takeovers Code or who is an associate of ASI by virtue of class (2) of the definition of “associate” under the Takeovers Code (but excluding any exempt principal traders and exempt fund managers) had dealt for value in any ASH Shares, ASI Shares or any convertible securities, warrants, options or derivatives in respect of any ASH Shares or ASI Shares;
 - (ii) no person who had an arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with ASI, or any person who is presumed to be acting in concert with ASI by virtue of classes (1), (2), (3) and (5) of the definition of “acting in concert” under the Takeovers Code or who is an associate of ASI by virtue of classes (2), (3) and (4) of the definition of “associate” under the Takeovers Code had dealt for value in any ASH Shares, ASI Shares or any convertible securities, warrants, options or derivatives in respect of any ASH Shares or ASI Shares; and

- (iii) no fund manager (other than exempt fund managers) connected with ASI who managed any ASH Shares, ASI Shares or any convertible securities, warrants, options or derivatives in respect of any Shares on a discretionary basis had dealt for value in any ASH Shares, ASI Shares or any convertible securities, warrants, options or derivatives in respect of any ASH Shares or ASI Shares.

5. MARKET PRICES

The table below sets out the closing prices of the ASI Shares on the Stock Exchange on (i) the last trading day of each of the calendar months during the Relevant Period; (ii) the Last Trading Day; and (iii) the Latest Practicable Date:

	Closing Price per ASI Share (HK\$)
29 December 2023	0.440
31 January 2024	0.400
29 February 2024	0.400
28 March 2024	0.420
30 April 2024	0.400
31 May 2024	0.420
19 June 2024	0.500
28 June 2024	0.415
31 July 2024	0.400
Latest Practicable Date	0.380

During the Relevant Period, the highest closing price of ASI Shares as quoted on the Stock Exchange was HK\$0.54 on 7 June 2024, and the lowest closing price of ASI Shares as quoted on Stock Exchange was HK\$0.345 on 5 February 2024.

6. ARRANGEMENTS IN CONNECTION WITH THE PROPOSAL

- (a) there was no agreement, arrangement or understanding between the Offeror or ASI and any other person in relation to the transfer, charge or pledge of the ASH Shares to be issued pursuant to the Proposal, and the Offeror and ASI had no intention to transfer, charge or pledge any ASH Shares to be issued pursuant to the Proposal to any other person;
- (b) other than the Scheme Consideration, the Offeror and the Offeror Concert Parties have not paid and will not pay any other consideration, compensation or benefit in whatever form to the Scheme Shareholders or persons acting in concert with them in relation to the Scheme Shares; and
- (c) there is no understanding, arrangement or agreement or special deal (as defined in Rule 25 of the Takeovers Code) between (i) any Scheme Shareholder; and (ii)(a) the Offeror and the Offeror Concert Parties, or (b) ASH, its subsidiaries or associated companies.

7. LITIGATION

As at the Latest Practicable Date, neither ASI nor any of its subsidiaries was engaged in any litigation, arbitration or claim of material importance, and so far as the ASI Directors were aware, no litigation or claim of material importance was pending or threatened by or against ASI or any of its subsidiaries.

8. MATERIAL CONTRACT

There was no material contract entered into by ASI or any of its subsidiaries after the date which was two years before commencement of the Offer Period up to and including the Latest Practicable Date, other than contracts entered into in the ordinary course of business carried on or intended to be carried on by ASI or any of its subsidiaries.

9. EXPERTS AND CONSENTS

The following are the qualifications of the experts who have given advice which is contained in this Scheme Document:

Names	Qualifications
Anglo Chinese	a corporation licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO
Vincorn Consulting and Appraisal Limited	an independent professional property valuer
Prudential Surveyors (Hong Kong) Limited	an independent professional property valuer

Each of Anglo Chinese, Vincorn Consulting and Appraisal Limited and Prudential Surveyors (Hong Kong) Limited has given and has not withdrawn its written consent to the issue of this Scheme Document with the inclusion of its letter or report and the reference to its name in the form and context in which they respectively appear.

None of Anglo Chinese, Vincorn Consulting and Appraisal Limited and Prudential Surveyors (Hong Kong) Limited had any shareholding, directly or indirectly, in any member of the ASI Group or any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the ASI Group.

10. MISCELLANEOUS

- (i) ASI was incorporated in Bermuda on 28 May 1991. Its registered office is at Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda and its principal office is at 30th Floor, YF Life Tower, 33 Lockhart Road, Wanchai, Hong Kong.. As at the Latest Practicable Date, the ASI Board comprised Mr. Poon Jing, Mr. Poon Hai, Mr. Poon Yeung, Roderick, Mr. Fung Siu To, Clement, Mr. Kwan Po Lam, Phileas, Mr. Lun Pui Kan, Mr. Ip Chi Wai, Mr. Leung Wai Keung and Mr. Wong Chi Keung.
- (ii) The Offeror was incorporated in the British Virgin Island on 7 June 1995. Its registered office is at Craigmuir Chambers, Road Town, Tortola, VG 1110, British Virgin Islands and its principal office in Hong Kong is at 30th Floor, YF Life Tower, 33 Lockhart Road, Wanchai, Hong Kong. As at the Latest Practicable Date, the Offeror Board comprised five executive directors, namely Mr. Poon Jing, Mr. Poon Hai, Mr. Fung Siu To, Clement, Mr. Kwan Po Lam, Phileas and Mr. Lun Pui Kan.
- (iii) The registered office of Anglo Chinese, the financial adviser to ASI and the Offeror in relation to the Proposal and the Convertible Note Offer, is at 40/F., Two Exchange Square, 8 Connaught Place, Central, Hong Kong.
- (iv) The principal members of the Offeror Concert Party are ASI, AO and Mr. Poon Jing.
- (v) AO was incorporated in Bermuda on 28 June 1996. Its registered office is at Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda and its principal office is at 30th Floor, YF Life Tower, 33 Lockhart Road, Wanchai, Hong Kong.. As at the Latest Practicable Date, the board of directors of AO comprised Mr. Poon Jing, Mr. Poon Hai, Mr. Poon Yeung, Roderick, Mr. Fung Siu To, Clement, Mr. Kwan Po Lam, Phileas, Mr. Lun Pui Kan, Mr. Wong Chi Keung, Mr. Cheung Kwok Wah and Mr. Leung Wai Keung.
- (vi) As at the Latest Practicable Date, (i) the Offeror was a direct wholly-owned subsidiary of ASI; (ii) ASI was indirectly owned as to approximately 51.79% by AO; and (iii) AO was approximately 65.6% directly and indirectly owned by Mr. Poon Jing. The address of Mr. Poon Jing is 30th Floor, YF Life Tower, 33 Lockhart Road, Wanchai, Hong Kong.

IN THE SUPREME COURT OF BERMUDA
CIVIL JURISDICTION
COMMERCIAL COURT
2024: No. 228
IN THE MATTER OF
ASIA STANDARD HOTEL GROUP LIMITED
AND
IN THE MATTER OF SECTION 99 OF
THE COMPANIES ACT 1981 OF BERMUDA, AS AMENDED
SCHEME OF ARRANGEMENT
BETWEEN
ASIA STANDARD HOTEL GROUP LIMITED
AND
THE SCHEME SHAREHOLDERS

PRELIMINARY

(A) In this Scheme of Arrangement, unless inconsistent with the subject or context, the following expressions shall have the meanings respectively set opposite them:

“AO”	Asia Orient Holdings Limited, a company incorporated in Bermuda with limited liability, the issued shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 214)
“ASI”	Asia Standard International Group Limited, an exempted company incorporated in Bermuda with limited liability and the issued shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 129)
“ASI Group”	ASI and its subsidiaries
“ASI Shares”	ordinary share(s) of HK\$0.01 each in the share capital of ASI
“Business Day”	a day on which the Stock Exchange is open for the transaction of business

“Cash Payment”	subject to the Scheme becoming effective and as part of the Scheme, the payment of HK\$0.035 for every Scheme Share payable in cash by ASI to the Scheme Shareholders whose names appear on the register of members of the Company at the Scheme Record Time
“Companies Act”	the Companies Act 1981 (as amended) of Bermuda
“Company”	Asia Standard Hotel Group Limited, an exempted company incorporated in Bermuda with limited liability, the issued shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 292)
“Court”	the Supreme Court of Bermuda
“Executive”	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong or any delegate for the time being of the Executive Director
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	Monday, 26 August 2024, being the latest practicable date prior to the date of the Scheme Document for the purpose of ascertaining certain information contained in the Scheme Document
“Long Stop Date”	31 December 2024 (or such later date as the Offeror and the Company may agree or, to the extent applicable, as the Court may direct, and in all cases, as permitted by the Executive)
“Main Board”	the Main Board operated by the Stock Exchange
“Offeror”	The Sai Group Limited, a company incorporated in the British Virgin Islands with limited liability, being a direct wholly-owned subsidiary of ASI
“Offeror Concert Party(ies)”	party(ies) acting in concert or presumed to be acting in concert with the Offeror under the Takeovers Code, including ASI, AO and Mr. Poon Jing
“Proposal”	the proposed group reorganisation of the Company and ASI by the Offeror by way of the Scheme and the withdrawal of the listing of Shares on the Main Board of the Stock Exchange
“Registrar of Companies”	the Registrar of Companies in Bermuda

“Reorganised ASI Group”	ASI Group upon the Scheme becoming effective and after the allotment and issue of the new ASI Shares in connection with the Proposal, whereupon the Company will become an indirect non-wholly-owned subsidiary of ASI
“Scheme” or “Scheme of Arrangement”	the scheme of arrangement under Section 99 of the Companies Act for the implementation of the Proposal with or subject to any modification, addition or condition which may be approved or imposed by the Court
“Scheme Document”	the composite scheme document issued by ASI, the Offeror and the Company to the Shareholders in relation to, among others, the Scheme, including each of the letters, statements, appendices and notices therein
“Scheme Effective Date”	the date upon which the Scheme becomes effective in accordance with its terms
“Scheme Record Time”	Friday, 18 October 2024 (Hong Kong time), or such other date as shall have been announced by the Company, being the record date for the purpose of determining the entitlements of the Scheme Shareholders under the Scheme
“Scheme Shareholder(s)”	duly registered holder(s) of the Scheme Shares as at the Scheme Record Time
“Scheme Share(s)”	the Share(s) other than those held by the Offeror and the Offeror Concert Parties
“Share(s)”	ordinary shares of HK\$0.02 each in the share capital of the Company
“Shareholder(s)”	the duly registered holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers

- (B) The Company is an exempted company incorporated in Bermuda with limited liability on 21 January 1997. As at the Latest Practicable Date, the Company had an authorised share capital of HK\$700,000,000 divided into 35,000,000,000 Shares of which 2,018,040,477 Shares had been issued fully paid or credited as fully paid.
- (C) Each of the Offeror and ASI has agreed to appear by Appleby (Bermuda) Limited at the hearing of the petition to sanction this Scheme and has undertaken to the Court to be bound by this Scheme and to execute and do and procure to be executed and done all such documents, acts and things as may be necessary or desirable to be executed and/or done by the Offeror or ASI respectively for the purpose of giving effect to this Scheme.

- (D) The primary purpose of this Scheme is to cancel all Scheme Shares and to issue new Shares to the Offeror equal to the number of the Scheme Shares cancelled on the Scheme Effective Date.

THE SCHEME

PART I

CANCELLATION OF THE SCHEME SHARES

1. On the Scheme Effective Date:
 - (a) all Scheme Shares shall be cancelled; and
 - (b) the Company shall issue new Shares (credited as fully paid) to the Offeror equal to the number of the Scheme Shares cancelled and the Company shall apply the reserve created in its books of account as a result of the cancellation of the Scheme Shares in paying up in full at par such new Shares.

PART II

CONSIDERATION FOR CANCELLATION OF THE SCHEME SHARES

2. In consideration of the cancellation of all Scheme Shares, each Scheme Shareholder shall be entitled to receive from ASI, for every 20 Scheme Shares cancelled:
 - (a) 3 new ASI Shares; and
 - (b) the Cash Payment of HK\$0.700.
3. For the purpose of determining the entitlement for every Scheme Share held, holders of number of Scheme Shares not in multiples of 20 will be entitled to 0.15 ASI Shares and HK\$0.035 for every Scheme Share held. Under this Scheme, fractions of an ASI Share will not be issued to any Scheme Shareholder and fractional entitlements to an ASI Share will be rounded down to the nearest whole number. Fractional entitlements of Scheme Shareholders to ASI Shares will be aggregated (and if necessary, rounded down to the nearest whole number of an ASI Share) and sold on the open market with the proceeds (net of expenses and taxes) to be paid to and retained for the benefit of the Reorganised ASI Group.

PART III

GENERAL

4. Share certificates in respect of the new ASI Shares and cheques in respect of the Cash Payment shall be sent to the Scheme Shareholders whose names appear in the register of members of the Company at the Scheme Record Time as soon as possible but in any event within seven Business Days after the Scheme Effective Date.
5. Any share certificates of new ASI Shares posted to the Scheme Shareholders pursuant to the Scheme which have been returned or undelivered will be cancelled. The branch share registrar and transfer office of ASI in Hong Kong may thereafter issue new share certificates in respect of such ASI Shares to persons who satisfy the Offeror that they are respectively entitled thereto, and transfer to them all accrued entitlements from the date of allotment and issue of the relevant ASI Shares, subject to the payment of any expenses incurred. The Offeror shall exercise its absolute discretion in determining whether or not it is satisfied that any person is so entitled, and a certificate of the Offeror to the effect that any particular person is so entitled or not so entitled, as the case may be, shall be conclusive and binding upon all persons claiming an interest in the relevant ASI Shares.
6. On or after the day being six calendar months after the date of the posting the cheques for the payment of the Cash Payment, the Offeror shall have the right to cancel payment of any cheque which has not been cashed or which has been returned uncashed and shall place all monies represented thereby in a deposit account in the name of the Offeror with a licensed bank in Hong Kong selected by the Offeror.
7. The Offeror shall hold all monies represented by uncashed cheques for the Cash Payment until the expiry of six years from the Scheme Effective Date and shall, prior to such date, make payments therefrom of the sums payable pursuant to the Scheme to persons who satisfy the Offeror that they are respectively entitled thereto and the cheques of which they are payees have not been cashed. Any payments made by the Offeror shall not include any interest accrued on the sums to which the respective persons are entitled pursuant to the Scheme, and are subject to, if applicable, the deduction of interest, tax, withholding tax or any other deduction required by law. The Offeror shall exercise its absolute discretion in determining whether or not it is satisfied that any person is so entitled, and a certificate of the Offeror to the effect that any particular person is so entitled or not so entitled, as the case may be, shall be conclusive and binding upon all persons claiming an interest in the relevant monies. On the expiry of six years from the Scheme Effective Date, the Offeror shall be released from any further obligation to make any payments under the Scheme and shall be absolutely entitled to the balance (if any) of the sums then standing to the credit of the deposit or custodian account in its name, including accrued interest subject to any deduction required by law and any expenses incurred.
8. On the Scheme Effective Date, all of the Scheme Shares will be cancelled and the share certificates for the Scheme Shares will thereafter cease to be valid as documents or evidence of title.

9. The Scheme shall become effective as soon as a copy of the order of the Court sanctioning the Scheme under Section 99 of the Companies Act has been delivered to the Registrar of Companies for registration.
10. The Company and the Offeror may jointly consent for and on behalf of all Scheme Shareholders to any modification(s) of or addition(s) to the Scheme or to any condition(s) which the Court may see fit to approve or impose.
11. Unless the Scheme becomes effective on or before the Long Stop Date, the Scheme shall lapse.
12. Subject to the requirements of the Takeovers Code, the Company and the Offeror have agreed that the parties shall bear their own costs, charges and expenses of and incidental to the Scheme.



ASIA STANDARD HOTEL GROUP LIMITED

泛海酒店集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 292)

IN THE SUPREME COURT OF BERMUDA

CIVIL JURISDICTION

COMMERCIAL COURT

2024: No. 228

IN THE MATTER OF

ASIA STANDARD HOTEL GROUP LIMITED

AND

IN THE MATTER OF SECTION 99 OF THE COMPANIES ACT 1981 OF BERMUDA, AS

AMENDED

SCHEME OF ARRANGEMENT

BETWEEN

ASIA STANDARD HOTEL GROUP LIMITED

AND

THE SCHEME SHAREHOLDERS

NOTICE OF COURT MEETING

NOTICE IS HEREBY GIVEN that, by an order (the “Order”) dated 22 August 2024 made in the above matter, the Supreme Court of Bermuda (the “Court”) has directed a meeting (the “Court Meeting”) of the Scheme Shareholders (as defined in the Scheme hereinafter mentioned) to be convened and held for the purpose of considering and, if thought fit, approving (with or without modifications) a scheme of arrangement (the “Scheme”) proposed to be made between Asia Standard Hotel Group Limited (the “Company”) and the Scheme Shareholders and that the Court Meeting will be held at Empire Grand Room, 1st Floor, Empire Hotel Hong Kong, 33 Hennessy Road, Wanchai, Hong Kong on 23 September 2024 at 10:00 a.m. (Hong Kong time) at which place and time all the Scheme Shareholders are invited to attend.

A copy of the Scheme and a copy of the explanatory statement explaining the Scheme pursuant to Section 100 of the Companies Act 1981 (as amended) of Bermuda are incorporated in the composite scheme document of which this notice forms part. A copy of the composite scheme document can also be obtained by the Scheme Shareholders from the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

Scheme Shareholders may vote in person at the Court Meeting or they may appoint another person, whether a member of the Company or not, as their proxy to attend and vote in their stead. A **PINK** form of proxy for use at the Court Meeting is enclosed with the composite scheme document.

Where there are joint registered holders of any Scheme Share (as defined in the Scheme), any one of such persons may vote at the Court Meeting, either personally or by proxy, in respect of such share as if he was solely entitled thereto; but if more than one of such joint holders be present at the Court Meeting personally or by proxy, that one of the said persons so present whose name stands first on the register in respect of such share shall alone be entitled to vote in respect thereof.

It is requested that **PINK** forms of proxy appointing proxies together with the power of attorney or other authority (if any) under which it is signed (or a notarially certified copy thereof) be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 10:00 a.m. on 21 September 2024, but if the **PINK** forms of proxy are not so lodged they may be handed to the chairman of the Court Meeting at the Court Meeting (who shall have absolute discretion whether or not to accept the proxy form) before the taking of poll.

By the Order, the Court has appointed KOON Bok Ming, Alan, an independent non-executive director of the Company, or, failing which, any other person authorised by the Board, to act as the chairman of the Court Meeting and has directed the chairman of the Court Meeting (or a person duly authorised by the chairman of the Court Meeting) to report the results of the Court Meeting to the Court.

The Scheme will be subject to the subsequent approval of the Court.

Dated this 29 August 2024

By order of the Court
Appleby (Bermuda) Ltd
Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda
Attorneys for the Company

* *for identification purpose only*

Notes:

1. To ascertain the entitlements to attend and vote at the Court Meeting, Scheme Shareholders must lodge the relevant transfer document(s) and share certificate(s) at the branch share registrar and transfer office of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 16 September 2024 for registration.
2. If a tropical cyclone warning signal No. 8 or above is or is expected to be hoisted or "extreme conditions" warning or a black rainstorm warning signal is or is expected to be in force at any time after 7:00 a.m. on the date of the Court Meeting, the Court Meeting will be adjourned. ASH will post a supplementary notice on the respective websites of the Stock Exchange and ASH to notify the Scheme Shareholders of the date, time and venue of the adjourned meetings.

The Court Meeting and the SGM will be held as scheduled (i) if a tropical cyclone warning signal No.8 or above is cancelled, or "extreme conditions" warning or a black rainstorm warning signal are no longer in force, at or before 7:00 a.m. on the date of the Court Meeting and/or the SGM; or (ii) if a tropical cyclone warning signal no. 3 or below is hoisted or an amber or red rainstorm warning signal is in force.

Scheme Shareholders should make their own decision as to whether to attend the Court Meeting under bad weather conditions bearing in mind their own situations, and if they choose to do so, they are advised to exercise care and caution.

As at the date of this Notice, the board of directors of the Company comprises the six executive directors, namely Mr. Poon Jing, Mr. Poon Hai, Mr. Poon Yeung, Roderick, Mr. Fung Siu To, Clement, Dr. Lim Yin Cheng and Mr. Woo Wei Chun, Joseph; and three independent non-executive directors, namely Mr. Koon Bok Ming, Alan, Mr. Leung Wai Keung and Mr. Wong Chi Keung.

**ASIA STANDARD HOTEL GROUP LIMITED****泛海酒店集團有限公司****(Incorporated in Bermuda with limited liability)***(Stock Code: 292)****NOTICE OF SPECIAL GENERAL MEETING**

NOTICE IS HEREBY GIVEN that a special general meeting (the “SGM”) of the members (the “Members”) of Asia Standard Hotel Group Limited (the “Company”) will be held at 10:15 a.m. (Hong Kong time) on 23 September 2024 at Empire Grand Room, 1st Floor, Empire Hotel Hong Kong, 33 Hennessy Road, Wanchai, Hong Kong (or as soon thereafter as the Court Meeting convened at the direction of the Court for the same day and place has concluded or been adjourned), for the purposes of considering and, if thought fit, passing the following resolutions (with or without modifications) as a special resolution and an ordinary resolution of the Company, respectively.

Unless otherwise defined, capitalised terms defined in the composite scheme document dated 29 August 2024 (the “Scheme Document”) of which this notice forms part shall have the same meanings when used herein.

SPECIAL RESOLUTION

1. “THAT, for the purpose of giving effect to the Scheme (with any modifications thereof or additions thereto or subject to any conditions approved or imposed by the Court) between the Company and the Scheme Shareholders as set out in the Scheme Document and subject to the approval of the Scheme by the Scheme Shareholders at the Court Meeting, on the Scheme Effective Date, the reduction of the issued share capital of the Company by the cancellation of the Scheme Shares be and is hereby approved.”

ORDINARY RESOLUTION

2. “THAT:
 - (a) subject to and contemporaneously with the cancellation of the Scheme Shares, (i) the issued share capital of the Company shall be increased to the amount immediately prior to the cancellation of the Scheme Shares by the allotment and issue to the Offeror such number of Shares, credited as fully paid, as is equal to the number of Scheme Shares cancelled; (ii) the Company shall apply the reserve created in the books of account of the Company as a result of the cancellation of the Scheme Shares in paying up in full at par such new Shares; and (iii) the Directors be and are hereby authorised to allot and issue the new Shares accordingly; and

- (b) any one Director be and is hereby unconditionally authorised to do all acts and things and/or sign such documents as considered by him to be necessary or desirable for or in connection with the implementation and completion of the Proposal and the Scheme, including (without limitation) (i) the making of an application to the Stock Exchange for withdrawal of the listing of the Shares on the Main Board of the Stock Exchange, subject to the Scheme taking effect; (ii) any reduction of issued share capital of the Company referred to above; (iii) the allotment and issue of the new Shares to the Offeror referred to above; and (iv) the giving, on behalf of the Company, of consent to any modification of, or addition to, the Scheme, which the Court may see fit to impose and to do all other acts and things and/or sign such documents considered by him to be necessary for or desirable in connection with the implementation of the Proposal and the Scheme and in relation to the proposed privatisation of the Company by the Offeror by way of the Scheme as a whole.”

By order of the board of directors
Asia Standard Hotel Group Limited
Mr. Lee Tai Hay, Dominic
Company Secretary

Hong Kong, 29 August 2024

Registered Office:
Victoria Place
5th Floor
31 Victoria Street
Hamilton HM 10
Bermuda

Head Office and Principal Place of Business:
30th Floor, YF Life Tower
33 Lockhart Road, Wanchai
Hong Kong

Notes:

1. A member entitled to attend and vote at the SGM convened by the above notice (the “Notice”) or its adjourned meeting (as the case may be) is entitled to appoint one (or, if he/she/it holds two or more Shares, more than one) proxy to attend the SGM and vote on his/her/its behalf in accordance with the Company’s bye-laws (the “Bye-laws”). A proxy need not be a Member. A **WHITE** form of proxy for use at the SGM or its adjournment (as the case may be) is enclosed with the Scheme Document and is also available on the respective websites of Hong Kong Exchanges and Clearing Limited (“Stock Exchange”) and the Company.
2. To be valid, a **WHITE** form of proxy, duly signed and completed, together with the power of attorney or other authority (if any) under which it is signed (or a notorially certified copy thereof), must be lodged with the branch share registrar and transfer office of the Company in Hong Kong (the “Registrar”), Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, not less than 48 hours before the time appointed for holding the SGM or its adjourned meeting (as the case may be) and in default, the proxy will not be treated as valid. Completion and return of the **WHITE** form of proxy shall not preclude Members from attending and voting in person at the SGM or at its adjourned meeting (as the case may be) should they so wish. In that event, their **WHITE** form of proxy will be deemed to have been revoked.
3. To ascertain the entitlements to attend and vote at the SGM, Members must lodge the relevant transfer document(s) and share certificate(s) at the Registrar’s office at Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 16 September 2024 for registration.

4. Where there are joint registered holders of any Share, any one of such joint holders may attend and vote at the SGM or its adjourned meeting (as the case may be), either in person or by proxy, in respect of such Shares as if he/she/it were solely entitled thereto; but if more than one of such joint holders are present at the SGM or its adjourned meeting (as the case may be), that one of the said persons so present whose name stands first on the register in respect of such share shall alone be entitled to vote in respect thereof. .
5. In compliance with Rule 17.47(4) of the Rules Governing the Listing of Securities on the Main Board and the Bye-laws, voting on all resolutions in respect of the above matters set out in the Notice and any other resolutions properly put to the vote of the SGM will be decided by way of poll.
6. If a tropical cyclone warning signal No. 8 or above is or is expected to be hoisted or “extreme conditions” warning or a black rainstorm warning signal is or is expected to be in force at any time after 7:00 a.m. on the date of the SGM, the SGM will be adjourned. ASH will post a supplementary notice on the respective websites of the Stock Exchange and ASH to notify the Members of the date, time and venue of the adjourned meetings.

The SGM will be held as scheduled (i) if a tropical cyclone warning signal No.8 or above is cancelled, or “extreme conditions” warning or a black rainstorm warning signal are no longer in force, at or before 7:00 a.m. on the date of the Court Meeting and/or the SGM; or (ii) if a tropical cyclone warning signal no. 3 or below is hoisted or an amber or red rainstorm warning signal is in force.

Members should make their own decision as to whether to attend the SGM under bad weather conditions bearing in mind their own situations, and if they choose to do so, they are advised to exercise care and caution.

7. Members are advised to read the Scheme Document which contains information concerning the resolutions to be proposed in the SGM.

As at the date of this Notice, the board of directors of the Company comprises the six executive directors, namely Mr. Poon Jing, Mr. Poon Hai, Mr. Poon Yeung, Roderick, Mr. Fung Siu To, Clement, Dr. Lim Yin Cheng and Mr. Woo Wei Chun, Joseph; and three independent non-executive directors, namely Mr. Koon Bok Ming, Alan, Mr. Leung Wai Keung and Mr. Wong Chi Keung.

* *for identification purpose only*

The following is a form of the letter to the holders of the Convertible Notes being sent in connection with the Convertible Note Offer.

The Sai Group Limited

(Incorporated in the British Virgin Islands with limited liability)

29 August 2024

To the Holders of the Convertible Notes

Dear Sir or Madam

**CONVERTIBLE NOTE OFFER
IN CONNECTION WITH THE PROPOSED GROUP REORGANISATION OF ASI AND
ASH BY THE OFFEROR INVOLVING A SHARE EXCHANGE OFFER WITH CASH
PAYMENT TO THE SCHEME SHAREHOLDERS
BY WAY OF A SCHEME OF ARRANGEMENT
(UNDER SECTION 99 OF THE COMPANIES ACT OF BERMUDA)**

A scheme document dated the same date as this letter issued jointly by ASI, the Offeror and ASH (the “**Scheme Document**”) and a form of acceptance of the Convertible Note Offer (the “**Form of Acceptance**”) are provided to you together with this letter. Terms used but not defined in this letter shall have the same meanings as in the Scheme Document. This letter should be read in conjunction with the Scheme Document.

On 19 June 2024, the ASI Board and the Offeror Board requested the Board to put forward the Proposed Group Reorganisation to the Scheme Shareholders. The Proposal involves the privatisation of ASH through the Scheme and the withdrawal of the listing of ASH Shares on the Main Board. Subject to the satisfaction or waiver (as applicable) of the Scheme Conditions, ASH will become a non-listed company and an indirect non-wholly-owned subsidiary of ASI upon the Scheme becoming effective and the listing of ASH Shares will be withdrawn on the Main Board.

As stated in the Scheme Document, the Offeror is making an appropriate offer to the holders of the Convertible Notes in accordance with Rule 13 of the Takeovers Code (other than the Offeror and the Offeror Concert Parties), subject to and conditional upon the Scheme becoming effective.

This letter constitutes the Convertible Note Offer and explains its terms and the actions you may take in relation to any Convertible Notes held by you. You are advised to refer to the Scheme Document and the Form of Acceptance when considering such actions.

Your attention is also drawn to the terms and conditions of your Convertible Notes.

TERMS OF THE CONVERTIBLE NOTE OFFER

In compliance with Rule 13 of the Takeovers Code, to the extent the outstanding Convertible Notes have not otherwise been redeemed and/or the conversion rights of which have not been exercised, the Offeror hereby makes the Convertible Note Offer, which is conditional upon the Scheme becoming effective, on the following terms:

For every 20 Convertible Notes rendered a holder of the Convertible Notes
will receive 3 new ASI Shares and
the Cash Payment of HK\$0.700*

* For the purpose of determining the entitlement for every Convertible Note held, holders of number of the Convertible Notes not in multiples of 20 will be entitled to 0.15 ASI Shares and HK\$0.035 for every Convertible Note held. However, as stated in the sub-section headed “2.3 Fractional shares” of the Explanatory Statement, fractions of an ASI Share will not be issued to any holder of the Convertible Notes and fractional entitlements to an ASI Share will be rounded down to the nearest whole number

The Convertible Note Offer Price represents a “see-through” price, which is equivalent to the value of the Scheme Consideration for every Scheme Share. The Convertible Note Offer is extended to all outstanding Convertible Notes except for the Convertible Notes held by the Offeror and the Offeror Concert Parties and they have no objections to an offer not being made for the Convertible Notes held by them.

In the event that the outstanding Convertible Notes (not held by the Offeror or the Offeror Concert Parties) or part thereof are converted, thus resulting in the issue of new ASH Shares prior to the Scheme Record Time, such new ASH Shares will form part of the Scheme Shares and the holder of such new ASH Shares will be eligible to receive the Scheme Consideration under the Scheme. In addition, any ASH Shares issued on or prior to the Meeting Record Date will entitle their holders to attend and vote at the Court Meeting and at the SGM as well as to receive the Scheme Consideration under the Scheme.

In accordance with the terms of the Deed Poll, ASH may redeem all outstanding Convertible Notes 10 business days prior to 23 February 2047 (being the maturity date of the Convertible Notes), if at least 90% of the Convertible Notes originally issued have been converted. Upon the Scheme becoming effective, if any Convertible Notes other than those held by the Offeror and Offeror Concert Parties remain outstanding, it is the intention of the Offeror to convert all of its outstanding Convertible Notes held, which at the Latest Practicable Date represents approximately 96.45% of the Convertible Notes originally issued, and in such event, it is the intention of ASH to compulsorily redeem the remaining outstanding Convertible Notes within three months of the Scheme becoming effective by paying cash to these holders of the Convertible Notes at the redemption value, being HK\$0.453 for each Convertible Note.

As at the Latest Practicable Date, the public float of ASH is approximately 33.29%. Assuming only ASI converts the Convertible Notes held by it, through the Offeror, prior to the Scheme becoming effective, the public float of ASH would decrease to approximately 14.55%. This would result in ASH not meeting the minimum public float requirement under Rule 8.08 of the Listing Rules.

Consequently, the conversion of the Convertible Notes held by ASI through the Offeror would only be feasible after the completion of the Scheme, and therefore it is the intention of the Offeror to convert all of its outstanding Convertible Notes held upon the Scheme becoming effective (and not before) if any Convertible Notes other than those held by the Offeror and Offeror Concert Parties remain outstanding.

You are reminded that you have various available options to realise your investments in your Convertible Notes, including:

- (a) Disposing of your Convertible Notes to ASI through accepting this Convertible Note Offer, in exchange for 3 new ASI Shares and the Cash Payment of HK\$0.700 for every 20 Convertible Notes held;
- (b) Converting your Convertible Notes into new ASH Shares and become ASH Shareholders to participate in the Scheme in the following ways:
 - (i) you may exercise your conversion right and become an ASH Shareholder, where upon any ASH Shares issued on or prior to the Meeting Record Date will form part of the Scheme Shares and entitle you to attend and vote at the Court Meeting and at the SGM and receive the Scheme Consideration; or
 - (ii) you may exercise your conversion right and become an ASH Shareholder on or before the Scheme Record Time (but after the Meeting Record Date), whereupon any ASH Shares issued on or before the Scheme Record Time will form part of the Scheme Shares and you will be entitled to receive the Scheme Consideration in respect of such new ASH Shares (but you would not be entitled to vote at the Court Meeting or at the SGM).

Subject to the Scheme becoming effective, as part of the Scheme, if you have converted your Convertible Notes such that ASH Shares are issued to you prior to the Scheme Record Time, ASI will issue such number of new ASI Shares in accordance with the Share Exchange Ratio and pay the Cash Payment to you based on the number of Scheme Shares held by you as at the Scheme Record Time.

- (c) Holding your Convertible Notes until ASH exercises the early redemption right to redeem the remaining outstanding Convertible Notes, as currently contemplated, and receive a cash payment of HK\$0.453 for each Convertible Note held which is higher than the aggregate value of the consideration receivable under the Convertible Note Offer (equivalent to approximately HK\$0.110 on the Last Trading Day and approximately HK\$0.092 as at the Latest Practicable Date), subject to the Scheme becoming effective.

The Convertible Note Offer is conditional upon the Scheme becoming effective. The Convertible Note Offer will become unconditional immediately upon the Scheme becoming effective, which will be prior to the withdrawal of the listing of the Shares on the Stock Exchange.

The Conditions of the Proposal and the Scheme are set out in the section headed “3. CONDITIONS TO THE PROPOSAL AND THE SCHEME” in the Explanatory Statement.

You are further advised to refer to the sections headed “12. REGISTRATION, PAYMENT AND DESPATCH OF ASI SHARE CERTIFICATES” and “14. TAXATION AND INDEPENDENT ADVICE” in the Explanatory Statement.

COURSES OF ACTION AVAILABLE TO HOLDERS OF THE CONVERTIBLE NOTES

In summary, the choices available to you in respect of your outstanding Convertible Notes are:

(A) Accept the Convertible Note Offer

The Convertible Note Offer shall apply to each outstanding Convertible Note that you hold up to the closing of the Convertible Note Offer.

You may choose to accept the Convertible Note Offer on the terms (including all declarations and undertakings) as set out in the Scheme Document, this letter and the enclosed Form of Acceptance, by completing and signing the accompanying **BLUE** Form of Acceptance and returning it in accordance with the instructions set out below. Such acceptance of the Convertible Note Offer will be in respect of all the Convertible Notes held by you.

(B) Reject the Convertible Note Offer

If you choose to reject the Convertible Note Offer, you do not need to complete or return the enclosed **BLUE** Form of Acceptance.

If you reject the Convertible Note Offer, you will not be entitled to the consideration offered by the Offeror under the Convertible Note Offer in respect of any outstanding Convertible Notes you may hold. You can hold your Convertible Notes until ASH exercises the early redemption right, as currently contemplated, to redeem the remaining outstanding Convertible Notes and receive a cash payment of HK\$0.453 for each Convertible Note held.

Following receipt of this letter, if you (i) choose to do nothing (including by not returning a Form of Acceptance) or (ii) fail to complete a returned Form of Acceptance in accordance with the instructions therein, and the Convertible Note Offer closes, you will be treated as having rejected the Convertible Note Offer in respect of all outstanding Convertible Notes held by you at the closing of the Convertible Note Offer.

(C) Convert Your Convertible Notes

If you convert your Convertible Notes and the corresponding ASH Shares are issued to you prior to the Scheme Record Time, any such ASH Shares will be Scheme Shares and will be cancelled if the Scheme becomes effective. Accordingly, you will be entitled to receive the Scheme Consideration for the Scheme Shares held by you as at the Scheme Record Time.

Scheme Shareholders and ASH Shareholders as at the Meeting Record Date will be entitled to attend and vote at the Court Meeting and the SGM respectively, whereas a holder of the Convertible Notes will not have such right to attend and vote at the Court Meeting and/or the SGM. Please see the section headed “16. COURT MEETING AND SGM” in the Explanatory Statement and the notices of Court Meeting and the SGM in Appendices VI and VII to the Scheme Document for further details.

HOW TO RETURN THE FORM OF ACCEPTANCE

You should complete and return the duly completed and executed Form of Acceptance together with the relevant certificate(s), document(s) of title or entitlement in respect of the Convertible Notes and/or any other document(s) (if applicable) evidencing the grant of the Convertible Notes to you (and/or any satisfactory indemnity or indemnities required in respect thereof) for your holding of the Convertible Notes, so as to reach ASH at 30th Floor, YF Life Tower 33 Lockhart Road, Wan Chai, Hong Kong, China, for the attention of the Company Secretary of ASH and marked “Asia Standard Hotel Group Limited - Convertible Note Offer” as soon as possible and in any event no later than 4:00 p.m. on Friday, 1 November 2024 (or such later date as may be notified by ASI, the Offeror, ASH on the website of the Stock Exchange).

Before returning the Form of Acceptance to the Offeror, please ensure that you have completed and signed the Form of Acceptance and that your signature has been witnessed.

No acknowledgment of receipt of the Form of Acceptance or any other documents will be given.

PAYMENTS UNDER THE CONVERTIBLE NOTE OFFER

Subject to the Scheme becoming effective, share certificates for new ASI Shares and payment by cheques of the applicable cash entitlements to holders of the Convertible Notes under the Convertible Note Offer are expected to be despatched or made as soon as possible after the Scheme has become effective but in any event no later than seven business days after (i) the Scheme Effective Date or (ii) the date of receipt of a complete and valid Form of Acceptance in respect of the Convertible Note Offer, whichever is later. On the basis that the Convertible Note Offer closes on Friday, 1 November 2024, the cheques for the payment of the applicable cash entitlement under the Convertible Note Offer are expected to be despatched on or before Tuesday, 12 November 2024.

Payment will be made by way of cheques delivered by ordinary post in pre-paid envelopes addressed to the holders of the Convertible Notes at their respective last known addresses as notified by the holders of the Convertible Notes to the Group.

All such cheques will be posted at the risk of the persons entitled thereto and none of the Offeror, ASI, ASH, Anglo Chinese, Altus and the ASH Branch Share Registrar and their respective directors, employees, officers, agents, advisers, associates and affiliates and any other persons involved in the Proposal will be responsible for any loss or delay in transmission.

On or after the day being six calendar months after the posting of such cheques, the Offeror shall have the right to cancel payment of any cheque which has not been cashed or which has been returned uncashed and shall place all monies represented by the cheque in a deposit or custodian account in the name of the Offeror with a licensed bank in Hong Kong selected by the Offeror.

The Offeror shall hold monies represented by uncashed cheques until the expiry of six years from the Scheme Effective Date and shall, prior to such date, make payments therefrom of the sums payable pursuant to the Scheme and the Convertible Note Offer to persons who satisfy the Offeror that they are respectively entitled thereto and the cheques of which they are payees have not been cashed. Any payments made by the Offeror shall not include any interest accrued on the sums to which the respective persons are entitled pursuant to the Scheme and the Convertible Note Offer, and are subject to, if applicable, the deduction of interest, tax, withholding tax or any other deduction required by law. The Offeror shall exercise its absolute discretion in determining whether or not it is satisfied that any person is so entitled, and a certificate of the Offeror to the effect that any particular person is so entitled or not so entitled, as the case may be, shall be conclusive and binding upon all persons claiming an interest in the relevant monies.

On the expiry of six years from the closing of the Convertible Note Offer, the Offeror shall be released from any further obligation to make any payments under the Convertible Note Offer and the Offeror shall be absolutely entitled to the balance (if any) of the sums then standing to the credit of the deposit or custodian account in its name, including accrued interest subject to any deduction required by law and expenses incurred.

Settlement of cash payments to which any holder(s) of the Convertible Notes is entitled under the Convertible Note Offer will be implemented in full in accordance with the terms of the Convertible Note Offer without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such holder(s) of Convertible Notes.

OUTSTANDING CONVERTIBLE NOTES

Information on the Convertible Notes held by you can be obtained by contacting Suntera Corporate Services Limited at 2317 1729.

RECOMMENDATION OF THE INDEPENDENT BOARD COMMITTEE

Your attention is drawn to the letter from the Independent Board Committee set out in Part 5 of the Scheme Document and the letter from the Independent Financial Adviser set out in Part 6 of the Scheme Document which contain the recommendation of the Independent Board Committee and of the Independent Financial Advisor, respectively, in relation to the Proposal, the Scheme and the Convertible Note Offer.

The Independent Financial Adviser has advised the Independent Board Committee that it considers that the terms of the Convertible Note Offer are fair and reasonable so far as the holders of the Convertible Notes are concerned. It further advises the Independent Board Committee to recommend holders of Convertible Notes (other than the Offeror and the Offeror Concert Parties) who are seeking for the most prudent course of action to accept the Convertible Note Offer, and holders of Convertible Notes (other than the Offeror and the Offeror Concert Parties) who are prepared to accept the risk of holding convertible securities of an unlisted subsidiary of a listed company in exchange for potentially higher monetary returns not to accept the Convertible Note Offer and continue to hold the Convertible Notes.

The Independent Board Committee, having been so advised, considers that the terms of the Convertible Note Offer are fair and reasonable so far as the holders of the Convertible Notes are concerned. The Independent Board Committee recommends holders of Convertible Notes (other than the Offeror and the Offeror Concert Parties) who are seeking for the most prudent course of action to accept the Convertible Note Offer, and holders of Convertible Notes (other than the Offeror and the Offeror Concert Parties) who are prepared to accept the risk of holding convertible securities of an unlisted subsidiary of a listed company in exchange for potentially higher monetary returns not to accept the Convertible Note Offer and continue to hold the Convertible Notes.

PROFESSIONAL ADVICE

The information provided in this letter is intended to give you factual details on which to base your decision as to the action you wish to take.

If you are in any doubt as to any aspect of this letter, the Scheme Document or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

DECLARATIONS

By accepting the Convertible Note Offer, you:

- (a) confirm that you have read, understood and agreed to the terms and conditions of the Convertible Note Offer (including without limitation those set out in the Scheme Document, this letter and the Form of Acceptance), and that you have received the Scheme Document, this letter and the Form of Acceptance;
- (b) confirm that all of the Convertible Notes held by you in respect of which you accept the Convertible Note Offer are valid and subsisting, free from all liens, charges, mortgages, encumbrances and third party interests of any nature whatsoever;
- (c) confirm that you have observed and is permitted under all applicable laws and requirements to receive and accept the Convertible Note Offer and any revision thereof, and that you have obtained all requisite governmental, exchange control or other consents and made all registrations or filings required in compliance with all necessary formalities and regulatory or legal requirements, and have paid all issue, transfer or other taxes, duties or other required payments due from you in connection with such acceptance in any jurisdiction, and that you have not taken or omitted to take any action which will or may result in the Offeror, ASI, ASH, Anglo Chinese, Altus and the ASH Branch Share Registrar and their respective directors, employees, officers, agents, advisers, associates and affiliates and any other persons involved in the Proposal acting in breach of the legal or regulatory requirements of any jurisdiction in connection with the Convertible Note Offer or your acceptance thereof and such acceptance shall be valid and binding in accordance with all applicable laws and regulations;

- (d) agree, in consideration for the Convertible Note Offer, to release and waive all present and future claims, demands, actions and/or proceedings (whether contractual, statutory or otherwise and whether such claims are known or could be known or are in your contemplation at the time of signing the Form of Acceptance and to the maximum extent not prohibited by law) against any party (including the Offeror, ASI, ASH, Anglo Chinese and their officers and respective advisers) arising out of or in connection with the Convertible Notes and/or the Convertible Note Offer;
- (e) confirm that any acceptance of the Convertible Note Offer cannot be withdrawn or altered;
- (f) authorise ASI, the Offeror and ASH, jointly and severally, or any director or officer of ASI, the Offeror, ASH or any agent of such person to do all acts and things and to execute any document as may be necessary or desirable to give effect to any acceptance by you of the Convertible Note Offer, and you hereby undertake to execute any further assurance that may be required in respect of such acceptance (including but not limited to consenting to ASH, the Board, ASI or the Offeror, as applicable, exercising its rights to amend the terms of your Convertible Notes to enable such outstanding Convertible Notes to be cancelled in exchange for the payment by the Offeror of the cash considerations);
- (g) authorise ASH to transfer any personal data which may identify you (including, but not limited to your name, your date of birth, contact details, nationality, identity or passport number, tax residency, social security number (or equivalent), bank account details and details of your Convertible Notes) to ASI and the Offeror and to authorise ASI and the Offeror to collect, use and process such personal data for all matters directly or indirectly connected with the implementation of, and/or dealings regarding, the Convertible Note Offer and/or the Scheme. You agree to execute any further documents as may be required by ASH, ASI or the Offeror to give effect to such authorisation; and
- (h) undertake to confirm and ratify any action properly or lawfully taken on your behalf by any attorney or agent appointed by or pursuant to this letter or the Form of Acceptance.

GENERAL

All communications, notices, Form of Acceptance, cheques, certificates and other documents of any nature to be delivered by or sent to or from holders of the Convertible Notes or their designated agents by post, shall be posted at their risk, and none of the Offeror, ASI, ASH, Anglo Chinese, Altus and any of their respective directors, officers, employees, agents, affiliates or advisers or any other person involved in the Proposal accepts any responsibility for any loss, delay or any other liabilities whatsoever which may arise as a result thereof. This letter shall be taken as having been received by you within two business days of its despatch.

The provisions set out in the Form of Acceptance form part of the terms and conditions of the Convertible Note Offer.

The accidental omission to despatch the Scheme Document, the forms of proxy, the letter to holders of the Convertible Notes and/or Form of Acceptance or any of them to any person to whom the Convertible Note Offer is made will not invalidate the Convertible Note Offer or the Scheme in any way.

The Convertible Note Offer and all acceptances will be governed by and construed in accordance with the laws of Hong Kong. Execution of a Form of Acceptance by or on behalf of any person will constitute the agreement of such person that the courts of Hong Kong shall have exclusive jurisdiction to settle any dispute which may arise in connection with the Convertible Note Offer.

Due execution of the Form of Acceptance to accept the Convertible Note Offer will constitute an authority to ASI, Offeror, and ASH, jointly and severally, or any director or officer of ASI, the Offeror or ASH or their respective agents (including the Registrar) or persons as any of them may direct to complete, amend and execute any document on behalf of the accepting holder(s) of the Convertible Notes and to do any other act, that may be necessary or desirable for the purpose of cancelling all outstanding Convertible Notes which are the subject of such acceptance.

The delivery of the Form of Acceptance, duly signed, may, if the Offeror determines it appropriate, be as effective as if it were duly completed and received notwithstanding that it is not completed or received strictly in accordance with the instructions set out in the Form of Acceptance and this letter, including the date specified for receipt.

By accepting the Convertible Note Offer in respect of your Convertible Notes, you irrevocably and at your own risk elect to authorise ASI and/or the Offeror to send to you, or procure the sending to you of, any cash and the new ASI Share to which you are entitled.

Any acceptance of the Convertible Note Offer and the receipt of the consideration under the Convertible Note Offer may trigger taxes subject to withholding obligations of the Offeror. Any cash consideration under the relevant Convertible Note Offer will be paid to you net of such applicable taxes, if any. All holders of the Convertible Notes are recommended to consult their professional advisers if in any doubt as to the taxation implications of the Convertible Note Offer.

Unless otherwise expressly stated in the Scheme Document, this letter and/or Form of Acceptance, none of the terms of the Convertible Note Offer or any terms contained in the aforementioned documents will be enforceable, under the Contracts (Rights of Third Parties) Ordinance (Chapter 623 of the Laws of Hong Kong), by any person other than ASI, the Offeror and the accepting holder(s) of Convertible Notes.

The English language text of the Scheme Document and the accompanying forms of proxy, Form of Acceptance and this letter shall prevail over their respective Chinese language texts for the purpose of interpretation.

RESPONSIBILITY STATEMENTS

The issue of this letter has been approved by the directors of the Offeror, who jointly and severally accept full responsibility for the accuracy of the information contained in this letter (other than that relating to the Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this letter (other than opinions expressed by the Directors or ASI Directors in their capacity as such) have been arrived at after due and careful consideration and there are no other facts not contained in this letter, the omission of which would make any statement in this letter misleading.

The issue of this letter has been approved by the ASI Directors, who jointly and severally accept full responsibility for the accuracy of the information contained in this letter relating to the ASI Group (other than that relating to the Offeror and/or the Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this letter by the ASI Board have been arrived at after due and careful consideration and there are no other facts not contained in this letter, the omission of which would make any statement in this letter misleading.

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

Yours truly,
For and on behalf of
The Sai Group Limited
Mr. Lun Pui Kan
Director

The following is the text of a letter, a valuation summary and valuation certificates prepared for the purpose of incorporation in this Scheme Document received from Vincorn Consulting and Appraisal Limited, an independent valuer, in connection with its valuation of the property interests held by the Group. Terms defined in this report applies to this report only.

Vincorn Consulting and Appraisal Limited
Units 1602-4, 16/F
308 Central Des Voeux
No. 308 Des Voeux Road Central
Hong Kong

**The Board of Directors**

Asia Standard Hotel Group Limited
30/F,
YF Life Tower,
No. 33 Lockhart Road,
Wanchai,
Hong Kong

29 August 2024

Dear Sirs,

INSTRUCTION AND VALUATION DATE

We refer to your instructions for us to assess the Market Values of the property interests located in Hong Kong held by Asia Standard Hotel Group Limited (the “Company”) and its subsidiaries (hereinafter together referred to as the “Group”) for the purposes of public disclosure. We confirm that we have carried out inspection, made relevant enquiries and searches and obtained such further information as we consider necessary in order to provide you with our opinion of the Market Values of the property interests as at 31 May 2024 (the “Valuation Date”).

VALUATION STANDARDS

The valuation has been prepared in accordance with the HKIS Valuation Standards 2020 published by The Hong Kong Institute of Surveyors effective from 31 December 2020 with reference to the International Valuation Standards published by the International Valuation Standards Council effective from 31 January 2022; and the requirements set out in the Chapter 5 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Rule 11 of the Codes on Takeovers and Mergers and Share Buy-backs published by the Securities and Futures Commission.

VALUATION BASIS

Our valuation has been undertaken on the basis of Market Value. 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”.

VALUATION ASSUMPTIONS

Our valuation has been made on the assumption that the seller sells the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the property interests.

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

As the property interests are held under long term leasehold interests, we have assumed that the owner has free and uninterrupted rights to use the property interests for the whole of the unexpired term of the leasehold interests.

VALUATION METHODOLOGY

There are three generally accepted approaches to value property interests, namely Market Approach, Income Approach and Cost Approach.

Market Approach is universally considered as the most accepted valuation approach for valuing most forms of property. This involves the analysis of recent market evidence of similar properties to compare with the subject under valuation. Each comparable is analysed on the basis of its unit rate; each attribute of the comparables is then compared with the subject and where there are any differences, the unit rate is adjusted in order to arrive at the appropriate unit rate for the subject. This is done by making percentage adjustments to the unit rate for various factors, such as time, location, building age, building quality and so on.

When valuing the property interests held by the Group, we have adopted Market Approach, but not Income Approach nor Cost Approach, as there are sufficient comparables located in the vicinity.

POTENTIAL TAX LIABILITIES

As advised by the Group, the potential tax liabilities which may arise from the sale of the property interests include:

- (i) Ad valorem stamp duty on consideration or value of the property (whichever is the higher) at tax rates under the scale as follows:

Consideration or value of the property (whichever is the higher)	Rate
Up to HKD3,000,000	HKD100
HKD3,000,001 to HKD3,528,240	HKD100+10% of the excess over HKD3,000,000
HKD3,528,241 to HKD4,500,000	1.50%
HKD4,500,001 to HKD4,935,480	HKD67,500+10% of the excess over HKD4,500,000
HKD4,935,481 to HKD6,000,000	2.25%
HKD6,000,001 to HKD6,642,860	HKD135,000+10% of the excess over HKD6,000,000
HKD6,642,861 to HKD9,000,000	3.00%
HKD9,000,001 to HKD10,080,000	HKD270,000+10% of the excess over HKD9,000,000
HKD10,080,001 to HKD20,000,000	3.75%
HKD20,000,001 to HKD21,739,120	HKD750,000+10% of the excess over HKD20,000,000
HKD21,739,121 and above	4.25%

The buyer, the seller, and any person who uses the instrument will be jointly and severally liable to pay ad valorem stamp duty. In other words, the buyer, the seller and any person who uses the instrument will have the same extent of liability, under the law, to pay for any ad valorem stamp duty payable on the chargeable instruments, irrespective of any agreement to the contrary made between them.

- (ii) Profit tax on the profit from the sale of property at tax rates as follows:

Assessable Profit	Rate
Assessable profits up to HKD2,000,000	8.25%
Any part of assessable profits over HKD2,000,000	16.5%

The property interests are currently held by the Group and with no intention for disposal. Hence, the likelihood of any potential tax liabilities of these property interests being crystallized is remote.

LAND TENURE AND TITLE INVESTIGATION

We have made enquires and relevant searches at the Hong Kong Land Registry. However, we have not searched the original documents nor have we verified the existence of any amendments, which do not appear in the documents available to us. All documents have been used for reference only.

All legal documents disclosed in this letter, the valuation summary and the valuation certificates are for reference only. No responsibility is assumed for any legal matters concerning the legal titles to the property interests set out in this letter, the valuation summary and the valuation certificates.

INFORMATION SOURCES

We have relied to a considerable extent on information provided by the Group. We have also accepted advice given to us on matters such as identification of the properties, particulars of occupancy, areas and all other relevant matters. Dimensions, measurements and areas included in the valuation are based on information contained in the documents provided to us and are, therefore, only approximations.

We have also been advised by the Group that no material factors or information have been omitted or withheld from information supplied and consider that we have been provided with sufficient information to reach an informed view. We believe that the assumptions used in preparing our valuation are reasonable and have had no reason to doubt the truth and accuracy of information provided to us by the Group which is material to the valuation.

INSPECTION AND INVESTIGATIONS

The properties were inspected externally and internally. Although not all areas were accessible for viewing at the time of inspection, we have endeavoured to inspect all areas of the properties. Investigations were carried out as necessary. Our investigations have been conducted independently and without influence from any third party in any manner.

We have not tested any services of the properties and are therefore unable to report on their present conditions. We have not undertaken any structural surveys of the properties and are therefore unable to comment on the structural conditions. We have not carried out any investigations on site to determine the suitability of the ground conditions for any future developments. Our valuation is prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be required.

We have not carried out any on-site measurements to verify the correctness of the areas in respect of the properties but have assumed that the areas shown on the documents or deduced from the plans are correct. All documents and plans have been used as reference only and all dimensions, measurements and areas are therefore approximations.

CURRENCY

Unless otherwise stated, all monetary figures stated in this report are in Hong Kong Dollar (“HKD”).

The valuation summary and the valuation certificates are attached hereto.

Yours faithfully,
For and on behalf of
Vincorn Consulting and Appraisal Limited

Vincent Cheung
BSc(Hons) MBA FHKIS FRICS RPS(GP)
MCIREA MHKSI MISCM MHIREA FHKIoD
RICS Registered Valuer
Registered Real Estate Appraiser & Agent PRC
Managing Director

Note:

Vincent Cheung is a fellow of the Hong Kong Institute of Surveyors, a fellow of the Royal Institution of Chartered Surveyors, a Registered Professional Surveyor (General Practice) under the Surveyors Registration Ordinance (Cap. 417) in Hong Kong Special Administrative Region (“Hong Kong”), a member of China Institute of Real Estate Appraisers and Agents, a member of Hong Kong Securities and Investment Institute, a member of Institute of Shopping Centre Management, a member of Hong Kong Institute of Real Estate Administrators, a fellow of the Hong Kong Institute of Directors, a Registered Valuer of the Royal Institution of Chartered Surveyors and a Registered Real Estate Appraiser and Agent People’s Republic of China. He is suitably qualified to carry out the valuation and has over 27 years of experience in the valuation of fixed and intangible assets of this magnitude and nature in the subject region.

VALUATION SUMMARY

Group 1 - Property Interests Held by the Group for Future Development in Hong Kong

No.	Property	Market Value in the Existing State as at 31 May 2024	Interest Attributable to the Group	Market Value in the Existing State as at 31 May 2024 Attributable to the Group
1	Portions A1 and B on Ground Floor, 1st to 3rd Floors and Roof, No. 14 Kimberley Street, and 1st to 3rd Floors, No. 16 Kimberley Street, Tsim Sha Tsui, Kowloon, Hong Kong	HKD252,000,000	100%	HKD252,000,000
2	5th and 6th Floors of No. 19 Ngan Mok Street and 4th and 5th Floors of No. 21 Ngan Mok Street, Tin Hau, Hong Kong	HKD75,000,000	100%	HKD75,000,000
	Sub-total:	<u>HKD327,000,000</u>		<u>HKD327,000,000</u>

Group 2 - Property Interests Held by the Group for Investment in Hong Kong

No.	Property	Market Value in the Existing State as at 31 May 2024	Interest Attributable to the Group	Market Value in the Existing State as at 31 May 2024 Attributable to the Group
3	Empire Hotel Hong Kong and the Extension, No. 33 Hennessy Road, Wan Chai, Hong Kong	HKD4,796,000,000	100%	HKD4,796,000,000
4	Empire Hotel Kowloon, No. 62 Kimberley Road, Tsim Sha Tsui, Kowloon, Hong Kong	HKD3,636,000,000	100%	HKD3,636,000,000
5	Empire Prestige Tsim Sha Tsui, No. 8 Kimberley Street, Tsim Sha Tsui, Kowloon, Hong Kong	HKD981,000,000	100%	HKD981,000,000
6	Empire Hotel Causeway Bay, No. 8 Wing Hing Street, Causeway Bay, Hong Kong	HKD2,772,000,000	100%	HKD2,772,000,000
7	Empire Prestige Causeway Bay, No. 8A Wing Hing Street, Causeway Bay, Hong Kong	HKD949,000,000	100%	HKD949,000,000
	Sub-total:	<u>HKD13,134,000,000</u>		<u>HKD13,134,000,000</u>
	Total:	<u>HKD13,461,000,000</u>		<u>HKD13,461,000,000</u>

VALUATION CERTIFICATES

Group 1 - Property Interests Held by the Group for Future Development in Hong Kong

No.	Property	Description and Tenure	Occupancy Particulars	Market Value in the Existing State as at 31 May 2024
1	Portions A1 and B on Ground Floor, 1st to 3rd Floors and Roof, No. 14 Kimberley Street, and 1st to 3rd Floors, No. 16 Kimberley Street, Tsim Sha Tsui, Kowloon, Hong Kong <i>(10/11 shares of and in Kowloon Inland Lot No. 9254 and 3/4 shares of and in Kowloon Inland Lot No. 8590)</i>	The property comprises two retail units on Ground Floor, three residential floors and a roof of a 4-storey tenement building, and three residential floors of another 4-storey tenement building located in Tsim Sha Tsui. As per our scaled-off measurement on the approved building plans, the property has a total saleable area ("SA") of approximately 6,471.00 square feet ("sq.ft."), a yard of approximately 400.00 sq.ft. and a roof of approximately 844.00 sq.ft. As per the Occupation Permit Nos. D160/52 and D425/52, it was completed in about 1952. The subject lots, Kowloon Inland Lot Nos. 9254 and 8590 are held under Conditions of Regrant Nos. 8637 and 7628 respectively for a common term of 150 years commencing from 24 June 1888.	As per our on-site inspection and information provided by the Group, Portions A1 and B on Ground Floor, No. 14 Kimberley Street is currently leased on a rolling basis at a monthly rent of HKD40,000 per month, and the rest of the property is currently vacant.	HKD252,000,000 (HONG KONG DOLLARS TWO HUNDRED AND FIFTY TWO MILLION) 100% Interest Attributable to the Group: HKD252,000,000 (HONG KONG DOLLARS TWO HUNDRED AND FIFTY TWO MILLION)

Notes:

- The property was inspected by Leo Wong *Probationer of HKIS Candidate of RICS* on 17 May 2024.
- The valuation and this certificate were prepared by Vincent Cheung *BSc(Hons) MBA FHKIS FRICS RPS(GP) MCIREA MHKSI MISCM MHIREA FHKIoD RICS Registered Valuer Registered Real Estate Appraiser and Agent PRC*, Kit Cheung *BSc(Hons) FHKIS MRICS RPS(GP) MCIREA MHIREA RICS Registered Valuer Registered Real Estate Appraiser PRC* and Iverson Chan *BSc(Hons) MHKIS MRICS RPS(GP) RICS Registered Valuer CAIA*.
- The details of the land search records of the property dated 13 May 2024 are summarised below:-

Item	Details
Registered Owner:	World Sea Limited, a wholly-owned subsidiary of the Company <u>Portions A1 and B on Ground Floor, No. 14 Kimberley Street and 1st Floor, No. 16 Kimberley Street</u> By an assignment dated 30 December 2022, registered vide Memorial No. 23020101250024 <u>1st to 3rd Floors and Roof, No. 14 Kimberley Street and 2nd and 3rd Floors, No. 16 Kimberley Street</u> By an assignment dated 30 December 2022, registered vide Memorial No. 23020101250049

Item	Details
Government Rent:	HKD161.60 per annum (Kowloon Inland Lot No. 9254 and Kowloon Inland Lot No. 8590)
Major Encumbrances:	<p><u>All Units</u></p> <ul style="list-style-type: none"> • Mortgage in favour of Bank of China (Hong Kong) Limited to secure all moneys in respect of general banking facilities (PT.) dated 5 September 2023, registered vide Memorial No. 23091801660030 <p><u>Portions A1 and B on Ground Floor, 1st to 3rd Floors and Roof, No. 14 Kimberley Street</u></p> <ul style="list-style-type: none"> • Deed of Mutual Covenant dated 14 January 1974, registered vide Memorial No. UB1052685; and • Notice No. "UMB/BAMB01/1801-154/0001" under s.30B(3) of The Buildings Ordinance dated 3 October 2019, registered vide Memorial No. 19112002220136. <p><u>1st to 3rd Floors, No. 16 Kimberley Street</u></p> <ul style="list-style-type: none"> • Deed of Covenant dated 13 December 1967, registered vide Memorial No. UB608072; and • Notice No. "UMB/BAMB01/1801-154/0002" under s.30B(3) of The Buildings Ordinance dated 3 October 2019, registered vide Memorial No. 19112002220145.

4. The property is erected on Kowloon Inland Lot Nos. 9254 and 8590, which are held under Conditions of Regrant Nos. 8637 and 7628 respectively. The salient conditions are summarised below:-

Item	Details
Lot Numbers:	<p><u>No. 14 Kimberley Street</u> Kowloon Inland Lot No. 9254</p> <p><u>No. 16 Kimberley Street</u> Kowloon Inland Lot No. 8590</p>
Lease Term:	150 years commencing from 24 June 1888
Major Special Conditions:	The lot shall not be used for industrial purposes and no factory building shall be erected thereon.

5. The property falls within an area zoned "Commercial (6)" under Kowloon Planning Area No. 1 - Approved Tsim Sha Tsui Outline Zoning Plan No. S/K1/28 approved on 3 December 2013.

6. The general description and market information of the property are summarized below:

Location	: The property is located at Nos. 14-16 Kimberley Street, Tsim Sha Tsui, Kowloon, Hong Kong.
Transportation	: Hong Kong International Airport and Tsim Sha Tsui MTR Station are located approximately 34.4 kilometres and 0.4 kilometres away from the property respectively.
Nature of Surrounding Area	: The area is predominately a commercial area intermingled with residential buildings in Tsim Sha Tsui.

No.	Property	Description and Tenure	Occupancy Particulars	Market Value in the Existing State as at 31 May 2024
2	5th and 6th Floors of No. 19 Ngan Mok Street and 4th and 5th Floors of No. 21 Ngan Mok Street, Tin Hau, Hong Kong <i>(2/9 shares of and in The Remaining Portion of Section B of Inland Lot No. 3541 and 2/9 shares of and in Section A of Inland Lot No. 3541 and Sub-Section 1 of Section B of Inland Lot No. 3541)</i>	The property comprises two residential floors on an 8-storey tenement building and two residential floors of another 8-storey tenement building located in Tin Hau. As per our scaled-off measurement on the approved building plans, the property has a total SA of approximately 2,237.00 sq.ft. As per the Occupation Permit No. H257/67, it was completed in about 1967. The subject lots, The Remaining Portion of Section B of Inland Lot No. 3541, Section A of Inland Lot No. 3541 and Sub-Section 1 of Section B of Inland Lot No. 3541, are held under Government Lease for a term of 75 years renewable for 75 years commencing from 13 February 1922.	As per our on-site inspection and information provided by the Group, the property is currently leased subject to various tenancies at a total monthly rent of HKD49,800 with the latest expiry in November 2025.	HKD75,000,000 (HONG KONG DOLLARS SEVENTY FIVE MILLION) 100% Interest Attributable to the Group: HKD75,000,000 (HONG KONG DOLLARS SEVENTY FIVE MILLION)

Notes:

- The property was inspected by Leo Wong *Probationer of HKIS Candidate of RICS* on 17 May 2024.
- The valuation and this certificate were prepared by Vincent Cheung *BSc(Hons) MBA FHKIS FRICS RPS(GP) MCIREA MHKSI MISCM MHIREA FHKIoD RICS Registered Valuer Registered Real Estate Appraiser and Agent PRC*, Kit Cheung *BSc(Hons) FHKIS MRICS RPS(GP) MCIREA MHIREA RICS Registered Valuer Registered Real Estate Appraiser PRC* and Iverson Chan *BSc(Hons) MHKIS MRICS RPS(GP) RICS Registered Valuer CAIA*.
- The details of the land search records of the property dated 30 April 2024 are summarised below:-

Item	Details
Registered Owner:	Billion Benefit Development Limited, a wholly-owned subsidiary of the Company <u>5th Floor, No. 19 Ngan Mok Street</u> By an assignment dated 9 November 2018, registered vide Memorial No. 18112901120037 <u>6th Floor, No. 19 Ngan Mok Street</u> By an assignment dated 8 August 2018, registered vide Memorial No. 18082400380017 <u>4th Floor, No. 21 Ngan Mok Street</u> By and assignment dated 8 August 2018, registered vide Memorial No. 18082400380029 <u>5th Floor, No. 21 Ngan Mok Street</u> By an assignment dated 3 November 2021, registered vide Memorial No. 21111600520020
Government Rent:	HKD7,364 per annum

Item	Details
Major Encumbrances:	<p><u>All Units</u></p> <ul style="list-style-type: none"> • Deed of Mutual Grant with Plan dated 13 December 1967, registered vide Memorial No. UB607220. <p><u>5th and 6th Floors, No. 19 Ngan Mok Street</u></p> <ul style="list-style-type: none"> • Deed of Covenant dated 5 January 1968, registered vide Memorial No. UB610917; • Notice No. “UMB/MB02/2101-138/0001” by The Building Authority under s.30B(3) of The Buildings Ordinance dated 11 August 2022, registered vide Memorial No. 22100301540115 (Remarks: for common part(s) only); and • Notice No. “UMW/MB02/2101-138/0001” by The Building Authority under s.30C(3) of The Buildings Ordinance dated 11 August 2022, registered vide Memorial No. 22100301540136 (Remarks: for common part(s) only). <p><u>4th and 5th Floors, No. 21 Ngan Mok Street</u></p> <ul style="list-style-type: none"> • Deed of Mutual Covenant dated 29 December 1967, registered vide Memorial No. UB612631; • Notice No. “UMB/MB02/2101-138/0002” by The Building Authority under s.30B(3) of The Buildings Ordinance dated 11 August 2022, registered vide Memorial No. 22100301540120 (Remarks: for common part(s) only); and • Notice No. “UMW/MB02/2101-138/0002” by The Building Authority under s.30C(3) of The Buildings Ordinance dated 11 August 2022, registered vide Memorial No. 22100301540145 (Remarks: for common part(s) only).

4. The property is erected on The Remaining Portion of Section B of Inland Lot No. 3541, Section A of Inland Lot No. 3541 and Sub-Section 1 of Section B of Inland Lot No. 3541, which are held under Government Lease. The salient conditions are summarised below:-

Item	Details
Lot Number:	Inland Lot No. 3541
Lease Term:	75 years renewable for 75 years commencing from 13 February 1922
Major Special Conditions:	The said Lessee or any other person or persons shall not nor will during the continuance of this demise use exercise or follow in or upon the said premises or any part thereof the trade or business of a Brazier, Slaughterman, Soap-maker, Sugar-baker, Fellmonger, Melter of tallow, Oilman, Butcher, Distiller, Victualler or Tavern-keeper, Blacksmith, Nightman, Scavenger or any other noisy noisome or offensive trade or business whatever without the previous licence of His said Majesty signified in writing by the Governor or other person duly authorized in the behalf.

5. The property falls within an area zoned “Commercial/Residential” under Hong Kong Planning Area No. 8 - Approved North Point Outline Zoning Plan No. S/H8/28 approved on 9 April 2024.

6. The general description and market information of the property are summarized below:

Location	: The property is located at Nos. 19-21 Ngan Mok Street, Tin Hau, Hong Kong.
Transportation	: Hong Kong International Airport and Tin Hau MTR Station are located approximately 41.6 kilometres and 120 metres away from the property respectively.
Nature of Surrounding Area	: The area is predominately a residential area in Tin Hau with shops on the street level.

Group 2 - Property Interests Held by the Group for Investment in Hong Kong

No.	Property	Description and Tenure	Occupancy Particulars	Market Value in the Existing State as at 31 May 2024
3	Empire Hotel Hong Kong and the Extension, No. 33 Hennessy Road, Wan Chai, Hong Kong	<p>The property comprises a 19-storey hotel plus a three-storey basement with a proposed extension of three additional floors on top of the existing building, located in Wan Chai. The existing building provides 363 guestrooms while the extension will provide an additional 52 guestrooms.</p> <p>As per Conditions of Exchange No. 11851, the property has a site area of approximately 10,613.30 sq.ft. As per the approved building plans of the existing building, it has a total gross floor area (“GFA”) of approximately 128,570.10 sq.ft. As per the Occupation Permit No. H98/90, the existing building was completed in about 1990. As per the approved building plan pertained to the extension, the GFA of the property (i.e. existing building together with the extension) is proposed to be approximately 159,198.08 sq.ft.</p> <p>The subject lot, Inland Lot No. 8399, is held under Conditions of Exchange No. 11851 for a term of 75 years renewable for 75 years commencing from 9 July 1987.</p>	<p>As per our on-site inspection and information provided by the Group, the property is currently operated as a hotel under the brand name Empire Hotel Hong Kong. The Second Basement of the property is currently leased to Tiffin (HK) Limited subject to a tenancy with a term of three years from 25 March 2023 to 24 March 2026 at a monthly rent of HKD350,000, exclusive of rates and management fee.</p>	<p>HKD4,796,000,000 (HONG KONG DOLLARS FOUR BILLION SEVEN HUNDRED AND NINETY SIX MILLION)</p> <p>100% Interest Attributable to the Group:</p> <p>HKD4,796,000,000 (HONG KONG DOLLARS FOUR BILLION SEVEN HUNDRED AND NINETY SIX MILLION)</p>

Notes:

- The property was inspected by Leo Wong *Probationer of HKIS Candidate of RICS* on 8 August 2024.
- The valuation and this certificate were prepared by Vincent Cheung *BSc(Hons) MBA FHKIS FRICS RPS(GP) MCIREA MHKSI MISCM MHIREA FHKIoD RICS Registered Valuer Registered Real Estate Appraiser and Agent PRC*, Kit Cheung *BSc(Hons) FHKIS MRICS RPS(GP) MCIREA MHIREA RICS Registered Valuer Registered Real Estate Appraiser PRC* and Iverson Chan *BSc(Hons) MHKIS MRICS RPS(GP) RICS Registered Valuer CAIA*.
- The details of the land search records of the property dated 26 July 2024 are summarised below:-

Item	Details
Registered Owner:	Stone Pole Limited, a wholly-owned subsidiary of the Company By an assignment dated 6 November 1987, registered vide Memorial No. UB3560422

Item	Details
Government Rent:	HKD1,000 per annum
Major Encumbrances:	<ul style="list-style-type: none"> • Modification Letter with Plan dated 11 June 1990, registered vide Memorial No. UB4450154; • Certificate of Compliance dated 24 May 1994, registered vide Memorial No. UB6045119; and • Mortgage and Debenture in favour of Chong Hing Bank Limited dated 30 March 2023, registered vide Memorial No. 23041701680101.

4. The property is erected on Inland Lot No. 8399, which is held under Conditions of Exchange No. 11851 as modified by a Modification Letter with Plan dated 11 June 1990, registered vide Memorial No. UB4450154. The salient conditions are summarised below:-

Item	Details
Lot Number:	Inland Lot No. 8399
Lease Term:	75 years renewable for 75 years commencing from 9 July 1987
Major Special Conditions:	The lot or any part thereof or any building or buildings erected or to be erected thereon or any part of such building or buildings shall not be used for any purposes other than non-industrial (excluding godown) purposes.

5. The property falls within an area zoned "Commercial" under Hong Kong Planning Area No. 5 - Approved Wan Chai Outline Zoning Plan No. S/H5/31 approved on 2 May 2023.

6. The general description and market information of the property are summarized below:

Location	: The property is located at No. 33 Hennessy Road, Wan Chai, Hong Kong.
Transportation	: Hong Kong International Airport and Wan Chai MTR Station are located approximately 38.9 kilometres and 0.3 kilometres away from the property respectively.
Nature of Surrounding Area	: The area is predominately a commercial area in Wan Chai.

No.	Property	Description and Tenure	Occupancy Particulars	Market Value in the Existing State as at 31 May 2024
4	Empire Hotel Kowloon, No. 62 Kimberley Road, Tsim Sha Tsui, Kowloon, Hong Kong	<p>The property comprises a 25-storey hotel located in Tsim Sha Tsui and provides 343 guestrooms.</p> <p>As per Conditions of Exchange No. 12392, the property has a site area of approximately 11,423.83 sq.ft. As per the approved building plans, the property has a total GFA of approximately 136,798.15 sq.ft. As per the Occupation Permit No. K16/2001(OP), it was completed in about 2001.</p> <p>The subject lot, Kowloon Inland Lot No. 11070, is held under Conditions of Exchange No. 12392 for a term from 27 April 1996 to 30 June 2047.</p>	<p>As per our on-site inspection and information provided by the Group, the property is currently operated as a hotel under the brand name Empire Hotel Kowloon. The Lower Ground Floor and the Basement Floor of the property is currently leased to Hi Park Limited subject to a tenancy with a term of two years from 7 November 2022 to 6 November 2024 at a monthly rent of HKD120,000, exclusive of car lift maintenance fee, rates and management fee.</p>	<p>HKD3,636,000,000 (HONG KONG DOLLARS THREE BILLION SIX HUNDRED AND THIRTY SIX MILLION)</p> <p>100% Interest Attributable to the Group:</p> <p>HKD3,636,000,000 (HONG KONG DOLLARS THREE BILLION SIX HUNDRED AND THIRTY SIX MILLION)</p>

Notes:

- The property was inspected by Maverick Ip *Probationer of HKIS Candidate of RICS* on 31 July 2024.
- The valuation and this certificate were prepared by Vincent Cheung *BSc(Hons) MBA FHKIS FRICS RPS(GP) MCIREA MHKSI MISCM MHIREA FHKIoD RICS Registered Valuer Registered Real Estate Appraiser and Agent PRC*, Kit Cheung *BSc(Hons) FHKIS MRICS RPS(GP) MCIREA MHIREA RICS Registered Valuer Registered Real Estate Appraiser PRC* and Iverson Chan *BSc(Hons) MHKIS MRICS RPS(GP) RICS Registered Valuer CAIA*.

3. The details of the land search records of the property dated 26 July 2024 are summarised below:-

Item	Details
Registered Owner:	Vinstar Development Limited, a wholly-owned subsidiary of the Company By Conditions of Exchange No. 12392 dated 27 April 1996
Government Rent:	3% of the rateable value
Major Encumbrances:	<ul style="list-style-type: none"> • Modification Letter dated 17 January 2002, registered vide Memorial No. UB8592836; • Certificate of Compliance dated 30 December 2002, registered vide Memorial No. UB8855525; • Debenture in favour of Bank of China (Hong Kong) Limited for a consideration of HKD530,000,000 dated 6 July 2004, registered vide Memorial No. UB9275856; • Second Mortgage in favour of Bank of China (Hong Kong) Limited to secure general banking facilities to the extent of HKD30,500,000 dated 15 August 2006, registered vide Memorial No. 06091402450019; • Confirmatory Debenture dated 27 July 2007, registered vide Memorial No. 07081402120071; • Second Confirmatory Debenture dated 20 August 2008, registered vide Memorial No. 08091002020019; and • Further Legal Charge in favour of Bank of China (Hong Kong) Limited to secure all sums of money including further general banking facilities granted dated 18 October 2012, registered vide Memorial No. 12102502080027.

4. The property is erected on Kowloon Inland Lot No. 11070, which is held under Conditions of Exchange No. 12392 as modified by a Modification Letter dated 17 January 2002, registered vide Memorial No. UB8592836. The salient conditions are summarised below:-

Item	Details
Lot Number:	Kowloon Inland Lot No. 11070
Lease Term:	From 27 April 1996 to 30 June 2047
Major Special Conditions:	<ul style="list-style-type: none"> • The lot or any part thereof or any building or buildings erected or to be erected thereon shall not be used for any purpose other than non-industrial (including private residential, godown and petrol filling station) purposes. • The total GFA of any building or buildings erected or to be erected on the lot shall not be less than 7,641.36 square metres and shall not exceed 12,735.6 square metres.

5. The property falls within an area zoned "Commercial (6)" under Kowloon Planning Area No. 1 - Approved Tsim Sha Tsui Outline Zoning Plan No. S/K1/28 approved on 3 December 2013.

6. The general description and market information of the property are summarized below:

Location	: The property is located at No. 62 Kimberley Road, Tsim Sha Tsui, Kowloon, Hong Kong.
Transportation	: Hong Kong International Airport and Tsim Sha Tsui MTR Station are located approximately 33.8 kilometres and 0.7 kilometres away from the property respectively.
Nature of Surrounding Area	: The area is predominately a commercial area in Tsim Sha Tsui.

No.	Property	Description and Tenure	Occupancy Particulars	Market Value in the Existing State as at 31 May 2024
5	Empire Prestige Tsim Sha Tsui, No. 8 Kimberley Street, Tsim Sha Tsui, Kowloon, Hong Kong	<p>The property comprises a 22-storey hotel plus a single-storey basement located in Tsim Sha Tsui and provides 90 guestrooms.</p> <p>As per Conditions of Re-Grant No. UB7972 and Conditions of Re-Grant No. UB7846, the property has a site area of approximately 2,810.00 sq.ft. As per the approved building plans, the property has a total GFA of approximately 33,704.26 sq.ft. As per the Occupation Permit No. KN43/2017(OP), it was completed in about 2017.</p> <p>The subject lots, Kowloon Inland Lot No. 8669 and Kowloon Inland Lot No. 8753, are held under Conditions of Re-Grant No. UB7972 and Conditions of Re-Grant No. UB7846 respectively for a common term of 150 years commencing from 24 June 1888.</p>	<p>As per our on-site inspection and information provided by the Group, the property is currently operated as a hotel under the brand name Empire Prestige Tsim Sha Tsui. Shop 1 on Ground Floor of the property is currently leased to Reiwa Catering Limited subject to a tenancy with a term of three years from 10 May 2021 to 9 May 2024 which has been extended to 31 December 2024 at a monthly rent of HKD50,000, exclusive of rates and management fee. Shop 2 on Ground Floor of the property is currently leased to Atomic Ventures Limited subject to a tenancy with a term of three years from 30 June 2023 to 29 June 2026 at a monthly rent of HKD51,500, exclusive of rates and management fee.</p>	<p>HKD981,000,000 (HONG KONG DOLLARS NINE HUNDRED AND EIGHTY ONE MILLION)</p> <p>100% Interest Attributable to the Group:</p> <p>HKD981,000,000 (HONG KONG DOLLARS NINE HUNDRED AND EIGHTY ONE MILLION)</p>

Notes:

- The property was inspected by Maverick Ip *Probationer of HKIS Candidate of RICS* on 31 July 2024.
- The valuation and this certificate were prepared by Vincent Cheung *BSc(Hons) MBA FHKIS FRICS RPS(GP) MCIREA MHKSI MISCM MHIREA FHKIoD RICS Registered Valuer Registered Real Estate Appraiser and Agent PRC*, Kit Cheung *BSc(Hons) FHKIS MRICS RPS(GP) MCIREA MHIREA RICS Registered Valuer Registered Real Estate Appraiser PRC* and Iverson Chan *BSc(Hons) MHKIS MRICS RPS(GP) RICS Registered Valuer CAIA*.

3. The details of the land search records of the property dated 26 July 2024 are summarised below:-

Item	Details
Registered Owner:	Pacific Crown Enterprises Limited, a wholly-owned subsidiary of the Company By an assignment dated 7 May 2013, registered vide Memorial No. 13060501830025
Government Rent:	HKD322 per annum
Major Encumbrances:	<ul style="list-style-type: none"> • Mortgage in favour of Bank of China (Hong Kong) Limited to Secure All Moneys in Respect of General Banking Facilities dated 26 June 2018, registered vide Memorial No. 18071102560149.

4. The property is erected on Kowloon Inland Lot No. 8669 and Kowloon Inland Lot No. 8753, which are held under Conditions of Re-Grant No. UB7972 and Conditions of Re-Grant No. UB7846 respectively. The salient conditions are summarised below:-

Item	Details
Lot Numbers:	Kowloon Inland Lot No. 8669 and Kowloon Inland Lot No. 8753
Lease Term:	150 years commencing from 24 June 1888
Major Special Conditions:	The lot shall not be used for industrial purposes and no factory building shall be erected thereon.

5. The property falls within an area zoned "Commercial (6)" under Kowloon Planning Area No. 1 - Approved Tsim Sha Tsui Outline Zoning Plan No. S/K1/28 approved on 3 December 2013.

6. The general description and market information of the property are summarized below:

Location	: The property is located at No. 8 Kimberley Street, Tsim Sha Tsui, Kowloon, Hong Kong.
Transportation	: Hong Kong International Airport and Tsim Sha Tsui MTR Station are located approximately 33.8 kilometres and 0.7 kilometres away from the property respectively.
Nature of Surrounding Area	: The area is predominately a commercial area in Tsim Sha Tsui.

No.	Property	Description and Tenure	Occupancy Particulars	Market Value in the Existing State as at 31 May 2024
6	Empire Hotel Causeway Bay, No. 8 Wing Hing Street, Causeway Bay, Hong Kong	<p>The property comprises a 28-storey hotel located in Causeway Bay and provides 280 guestrooms.</p> <p>As per the approved building plans, the property has a site area of approximately 6,191.18 sq.ft. and a total GFA of approximately 92,571.96 sq.ft. As per the Occupation Permit No. H10/99, it was completed in about 1999.</p> <p>The subject lots, The Remaining Portion of Section A of Inland Lot No. 2372, The Remaining Portion of Inland Lot No. 2372, The Remaining Portion of Inland Lot No. 5386, The Remaining Portion of Section D of Inland Lot No. 5386, The Remaining Portion of Section C of Inland Lot No. 5386, The Remaining Portion of Section B of Inland Lot No. 5386, The Remaining Portion of Sub-Section 1 of Section B of Inland Lot No. 5386, and The Remaining Portion of Section A of Inland Lot No. 5386, are held under two Government Leases, each for a term of 75 years renewable for 75 years commencing from 13 February 1922.</p>	<p>As per our on-site inspection and information provided by the Group, the property is currently operated as a hotel under the brand name Empire Hotel Causeway Bay.</p>	<p>HKD2,772,000,000 (HONG KONG DOLLARS TWO BILLION SEVEN HUNDRED AND SEVENTY TWO MILLION)</p> <p>100% Interest Attributable to the Group:</p> <p>HKD2,772,000,000 (HONG KONG DOLLARS TWO BILLION SEVEN HUNDRED AND SEVENTY TWO MILLION)</p>

Notes:

- The property was inspected by Leo Wong *Probationer of HKIS Candidate of RICS* on 8 August 2024.
- The valuation and this certificate were prepared by Vincent Cheung *BSc(Hons) MBA FHKIS FRICS RPS(GP) MCIREA MHKSI MISCM MHIREA FHKIoD RICS Registered Valuer Registered Real Estate Appraiser and Agent PRC*, Kit Cheung *BSc(Hons) FHKIS MRICS RPS(GP) MCIREA MHIREA RICS Registered Valuer Registered Real Estate Appraiser PRC* and Iverson Chan *BSc(Hons) MHKIS MRICS RPS(GP) RICS Registered Valuer CAIA*.
- The details of the land search records of the property dated 26 July 2024 are summarised below:-

Item	Details
Registered Owner:	Master Asia Enterprises Limited, a wholly-owned subsidiary of the Company By assignments dated 3 August 1992, registered vide Memorial Nos. UB5409358, UB5409359, UB5409360, UB5409361, UB5409362, UB5409363, UB5409364, UB5409365 and UB5409366, and dated 7 October 1992, registered vide Memorial No. UB5471416.
Government Rent:	HKD329,394 per annum (New Rent)
Major Encumbrances:	<ul style="list-style-type: none"> Mortgage and Debenture in favour of The Hongkong and Shanghai Banking Corporation Limited (“Security Agent”) dated 28 March 2024, registered vide Memorial No. 24041202330128.

4. The property is erected on The Remaining Portion of Section A of Inland Lot No. 2372, The Remaining Portion of Inland Lot No. 2372, The Remaining Portion of Inland Lot No. 5386, The Remaining Portion of Section D of Inland Lot No. 5386, The Remaining Portion of Section C of Inland Lot No. 5386, The Remaining Portion of Section B of Inland Lot No. 5386, The Remaining Portion of Sub-Section 1 of Section B of Inland Lot No. 5386, and The Remaining Portion of Section A of Inland Lot No. 5386, which are held under Government Lease. The salient conditions are summarised below:-

Item	Details
Lot Numbers:	Inland Lot No. 2372 and Inland Lot No. 5386
Lease Term:	75 years renewable for 75 years commencing from 13 February 1922
Major Special Conditions:	The said Lessee or any other person or persons shall not nor will during the continuance of this demise use exercise or follow in or upon the said premises or any part thereof the trade or business of a Brazier, Slaughterman, Soap-maker, Sugar-baker, Fellmonger, Melter of tallow, Oilman, Butcher, Distiller, Victualler or Tavern-keeper, Blacksmith, Nightman, Scavenger or any other noisy noisome or offensive trade or business whatever without the previous licence of His said Majesty signified in writing by the Governor or other person duly authorized in the behalf.

By virtue of a Licence from District Land Officer/Hong Kong East dated 31 October 1994, a licence was granted to Master Asia Enterprises Limited and its successor or assignees for the above lots or any part thereof to be used in the trade or business of a Sugar-baker, Oilman, Butcher, Victualler or Tavern-keeper.

5. The property falls within an area zoned "Commercial/Residential" under Hong Kong Planning Area No. 8 - Approved North Point Outline Zoning Plan No. S/H8/28 approved on 9 April 2024.
6. The general description and market information of the property are summarized below:

Location	: The property is located at No. 8 Wing Hing Street, Causeway Bay, Hong Kong.
Transportation	: Hong Kong International Airport and Tin Hau MTR Station are located approximately 41.6 kilometres and 0.4 kilometres away from the property respectively.
Nature of Surrounding Area	: The area is predominately a residential area in Tin Hau with shops on the street level.

No.	Property	Description and Tenure	Occupancy Particulars	Market Value in the Existing State as at 31 May 2024
7	Empire Prestige Causeway Bay, No. 8A Wing Hing Street, Causeway Bay, Hong Kong	<p>The property comprises a 26-storey hotel located in Causeway Bay and provides 94 guestrooms.</p> <p>As per the approved building plans, the property has a site area of approximately 2,058.51 sq.ft. and a total GFA of approximately 30,874.53 sq.ft. As per the Occupation Permit No. HK46/2015(OP), it was completed in about 2015.</p> <p>The subject lots, The Remaining Portion of Inland Lot No. 5384 and The Remaining Portion of Inland Lot No. 5385, are each held under Government Leases for a term of 75 years renewable for 75 years commencing from 13 February 1922.</p>	<p>As per our on-site inspection and information provided by the Group, the property is currently operated as a hotel under the brand name Empire Prestige Causeway Bay.</p>	<p>HKD949,000,000 (HONG KONG DOLLARS NINE HUNDRED AND FORTY NINE MILLION)</p> <p>100% Interest Attributable to the Group:</p> <p>HKD949,000,000 (HONG KONG DOLLARS NINE HUNDRED AND FORTY NINE MILLION)</p>

Notes:

- The property was inspected by Leo Wong *Probationer of HKIS Candidate of RICS* on 8 August 2024.
- The valuation and this certificate were prepared by Vincent Cheung *BSc(Hons) MBA FHKIS FRICS RPS(GP) MCIREA MHKSI MISCM MHIREA FHKIoD RICS Registered Valuer Registered Real Estate Appraiser and Agent PRC*, Kit Cheung *BSc(Hons) FHKIS MRICS RPS(GP) MCIREA MHIREA RICS Registered Valuer Registered Real Estate Appraiser PRC* and Iverson Chan *BSc(Hons) MHKIS MRICS RPS(GP) RICS Registered Valuer CAIA*.
- The details of the land search records of the property dated 26 July 2024 are summarised below:-

Item	Details
Registered Owner:	<p>Sure Luck Development Limited, a wholly-owned subsidiary of the Company</p> <p>By assignments dated 17 September 2012, registered vide Memorial Nos. 12102502510413, 12102502510426, 12102502510438, 12102502510445, 12102502510457, 12102502510463, 12102502510470, 12102502510483, 12102502510490, 12102502510507, 12102502510517, 12102502510522, 12102502510534, 12102502510543, 12102502510554, 12102502510568, 12102502510574, 12102502510585, and 12102502510594.</p>
Government Rent:	HKD180,000 per annum (New Rent)

Item	Details
Major Encumbrances:	<ul style="list-style-type: none"> • Mortgage to secure all moneys in respect of general banking facilities (PT.) in favour of The Hongkong and Shanghai Banking Corporation Limited dated 27 September 2012, registered vide Memorial No. 12102502510604; • Rent Assignment in favour of The Hongkong and Shanghai Banking Corporation Limited dated 27 September 2012, registered vide Memorial No. 12102502510614; • Offensive Trade Licence from District Lands Officer, Hong Kong East dated 11 July 2014, registered vide Memorial No. 14071802040028; and • Occupation Permit No. HK46/2015(OP) dated 18 November 2015, registered vide Memorial No. 23010400570017.

4. The property is erected on The Remaining Portion of Inland Lot No. 5384 and The Remaining Portion of Inland Lot No. 5385, which are held under Government Leases. The salient conditions are summarised below:-

Item	Details
Lot Numbers:	Inland Lot No. 5384 and Inland Lot No. 5385
Lease Term:	75 years renewable for 75 years commencing from 13 February 1922
Major Special Conditions:	The said Lessee or any other person or persons shall not nor will during the continuance of this demise use exercise or follow in or upon the said premises or any part thereof the trade or business of a Brazier, Slaughterman, Soap-maker, Sugar-baker, Fellmonger, Melter of tallow, Oilman, Butcher, Distiller, Victualler or Tavern-keeper, Blacksmith, Nightman, Scavenger or any other noisy noisome or offensive trade or business whatever without the previous licence of His said Majesty signified in writing by the Governor or other person duly authorized in the behalf.

By virtue of an Offensive Trade Licence from District Lands Officer, Hong Kong East dated 11 July 2014, registered vide Memorial No. 14071802040028, a licence was granted to Sure Luck Development Limited and its successor or assignees for the above lots or any part thereof to be used in the trade or business of a Sugar-baker, Oilman, Butcher, Victualler or Tavern-keeper.

5. The property falls within an area zoned "Commercial/Residential" under Hong Kong Planning Area No. 8 - Approved North Point Outline Zoning Plan No. S/H8/28 approved on 9 April 2024.
6. The general description and market information of the property are summarized below:

Location	: The property is located at No. 8A Wing Hing Street, Causeway Bay, Hong Kong.
Transportation	: Hong Kong International Airport and Tin Hau MTR Station are located approximately 41.6 kilometres and 0.4 kilometres away from the property respectively.
Nature of Surrounding Area	: The area is predominately a residential area in Tin Hau with shops on the street level.

The following is the text of the valuation report prepared for the purpose of incorporation in this Scheme Document received from Ryan ULC, an independent valuer, in connection with their opinion of value of the property interests held by associated companies of ASH Group as at 31 May 2024. Terms defined in this report applies to this report only.



29 August 2024

Asia Standard Hotel Group Limited
30/F, Y F Life Tower
No. 33 Lockhart Road
Wanchai Hong Kong

Attention: The Board of Directors of Asia Standard Hotel Group Limited

**Re: Executive Summary to Appraisal Reports of Property Under Development For Sale
1650 Alberni Street and 1444 Alberni Street & 740 Nicola Street, Vancouver, BC**

In accordance with your instructions for us to value the subject property located at 1650 Alberni Street and 1444 Alberni Street & 740 Nicola Street, Vancouver, BC (as more particularly described in the attached valuation summaries) in which Asia Standard Hotel Group Limited (the “Company”) together with its subsidiaries (collectively the “Group”) have interests, we confirm that we have inspected the properties, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the values of such properties as at May 31, 2024 (the “Valuation Date”). It is prepared as an executive summary, at the request of the addressee, for the sole purpose of asset valuation purposes and the conclusions are not to be conveyed to other parties, without prior reference to the letter’s signatory.

BASIS OF VALUATION

Our valuation of the subject property represents its market value, and the scope of the assignment was made in accordance with the intended use, the Ethics and Standard of Professional Practice, and the Canadian Uniform Standards of Professional Appraisal practice (CUSPAP) of the Appraisal Institute of Canada (AIC).

The AIC is a professional organisation established in 1938 which represents real estate appraisers in Canada. It is responsible for setting the standards for the real estate appraisal profession in Canada and is widely recognized by official authorities across Canada, including but not limited to (i) the Canada Revenue Agency, the federal department of the Canadian government responsible for administering tax laws and programs, for tax-related property appraisal, (ii) Public Services and Procurement Canada, the federal department of the Canadian government with responsibilities

including central purchasing and management of government real property holdings, for federal property valuations, and (iii) other provincial government departments and agencies for matters such as property assessments, land expropriations, and estate settlements. Further, AIC is a member of various international appraisal organisations, which include The International Valuation Standards Council (“IVSC”), an international organisation responsible for developing and setting the international technical and ethical standards for valuation. Both The Royal Institution of Chartered Surveyors (RICS) and The Hong Kong Institute of Surveyors (HKIS), which we understand are commonly accepted by the Securities and Futures Commission, are member organisations of the IVSC.

AIC and RICS have in place mutual recognition arrangements which allow for (i) persons with AACI designation from AIC to gain direct entry as MRICS and (ii) persons who is a Fellow of the RICS (“FRICS”) or MRICS to gain the AACI designation with AIC through completing a designated procedure.

In valuing the properties, we have complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities published by The Stock Exchange of The Hong Kong Limited, Rule 11 of The Code on Takeovers and Mergers issued by the Securities and Futures Commission (“Takeovers Code”) and The HKIS Valuation Standards 2020 published by The Hong Kong Institute of Surveyors.

This executive summary has been prepared in conjunction with the previous appraisal reports referenced as A2403-8066AA and A2404-8095AA, which incorporates the value of the subject property as of May 31, 2024. All pertinent information as to the highest and best use, methods of valuation, definitions, neighbourhood descriptions, etc. are referenced in the full appraisal report and are to be considered concurrently with this letter.

In the course of our valuation of the properties, we have relied on the information and advice given by the Board of Directors of the Company.

EXECUTIVE SUMMARY

This summary forms part of a full appraisal report and should be read in conjunction with it.

CIVIC ADDRESS: 1650 Alberni Street and 1444 Alberni Street & 740 Nicola Street, Vancouver, BC.

TYPE OF PROPERTY: 1650 Alberni Street reflects a high density residential redevelopment site located on the south side of the 1600 block of Alberni Street, mid-block between Cardero and Bidwell Streets. The legal lots are currently improved to an older 66-unit, 15-storey rental apartment building, featuring a three-storey office component facing Alberni Street. It is within an area on the City of Vancouver’s West End Community Plan that will allow for significantly increased density and building height.

1444 Alberni Street and 740 Nicola Street reflects a high density residential redevelopment site. The property is comprised of two separate legal lots that form the entire south side of the 1400 block of Alberni Street, between Broughton and Nicola Streets. The legal lots are currently improved to an older 129-unit, 19-storey rental apartment building, featuring a four-storey office component fronting Alberni Street. It is within an area on the City of Vancouver’s West End Community Development Plan that will allow for significantly increased density and building height.

SITE AREA:

1650 Alberni Street.

17,296 sq.ft.

1444 Alberni Street & 740 Nicola Street.

43,282 sq.ft.

ZONING

CLASSIFICATION:

1650 Alberni Street.

CD-1 (Comprehensive Development).

Rezoning application was approved by City Council at Public Hearing on December 9, 2021.

1444 Alberni & 740 Nicola Street.

CD-1 (Comprehensive Development).

The rezoning application was approved by City Council at Public Hearing on September 18, 2018.

REGISTERED OWNER:

1650 Alberni Street.

1650 Alberni Residential Ltd., Inc. No. BC1157968.

As to an undivided 90/100 interest.

1650 Alberni Commercial Ltd., Inc. No. BC1157959.

As to an undivided 10/100 interest.

The Company has an indirect ownership of 40% over 1650 Alberni Residential Ltd and 1650 Alberni Commercial Ltd.

1444 Alberni & 740 Nicola Street.

Alberni Street Nominee Ltd., Inc. No. BC0993876.

The Company has an indirect ownership of 40% over Alberni Street Nominee Limited.

VALUE SUMMARY:

1640-1650 Alberni Street - Value Conclusion

Site Area (Sq.ft.)			17,296
		Value (price	
	Density	per buildable)	Total Value
<u>Gross Density</u>	252,840	\$663	\$167,638,269
Floor Space Ratio (FSR):	14.62		
Gross Land Value			\$167,638,269
Add Cost to Date			\$8,900,000
<i>Less Community Amenity Contributions</i>			<u>(\$32,700,000)</u>
Net Value			\$143,838,269
Rounded to:			CAD\$144,000,000

1444 Alberni Street & 740 Nicola Street

Site Area (Sq.ft.)			43,282
		Value (price	
	Density	per buildable)	Total Value
<u>Gross Density</u>	623,924	\$628	\$392,107,190
Floor Space Ratio (FSR):	14.62		
Gross Land Value			\$392,107,190
Add Cost to Date			\$20,920,096
<i>Less Community Amenity Contributions</i>			<u>(\$65,032,700)</u>
Net Value			\$347,994,586
Rounded to:			CAD\$348,000,000

* *Density refers to the total buildable area of the proposed development. Gross density includes both condominium and rental density which are revenue generating. Community Amenity Contributions (CACs) is a policy tool used by the City to negotiate with developers to provide community benefits as part of rezoning applications and represent a direct cost to the developer. The CACs are deducted from our valuation to derive the net land value as these costs have not been paid as at the valuation date.*

FINAL VALUE CONCLUSION: **1650 Alberni Street.**

\$144,000,000 Canadian Dollars or equivalent to approximately \$822,571,200 Hong Kong Dollars.

1444 Alberni Street & 740 Nicola Street.

\$348,000,000 Canadian Dollars or equivalent to approximately \$1,987,880,400 Hong Kong Dollars.

Unless otherwise stated, all sums stated in our valuations are in Canadian Dollars. The exchange rates adopted in our valuations are approximately 1 CAD (Canadian Dollar) = 5.7123 HKD (Hong Kong Dollars), which were approximately the prevailing exchange rates as at the Valuation Date.

EFFECTIVE DATE OF VALUE: May 31, 2024.

METHOD OF VALUATION

1650 Alberni Street.

At the valuation date, the subject represents a consolidation of three separate legal parcels that are improved with a 15-storey high-rise mixed use building comprised of 66 rental apartment units and a three-storey multi-tenant office component fronting Alberni Street; however, as the highest and best use of the site relates to redevelopment, a detailed viewing of the improvements has not been undertaken.

This report relates to the underlying land value based on the proposed development scheme and is compliant with Rule 11.2 (d) of the Takeovers Code where in the case of land currently being developed or with immediate development potential, in addition to giving the open market value in the state existing at the valuation date.

- The estimated total construction cost of the proposed project is approximately CAD \$234,000,000 (or equivalent to approximately HKD \$1,336,678,200) of which approximately CAD \$9,000,000 (or equivalent to approximately HKD \$51,410,700) has been paid up to the valuation date.
- The market value of the real property as if completed as at the valuation date would be approximately CAD \$456,000,000 (or equivalent to approximately HKD \$2,604,808,800).
- Pursuant to the rezoning application approved by the City of Vancouver dated December 9, 2021, the proposed development of a high-rise residential tower is legally permissible.

The proposed development represents a 43-storey residential building. The development will feature 211 market strata units plus 66 secure rental units of which 20% of the total rental units will be leased at below market rates.

In valuing a property, the Direct Comparison Approach is the generally preferred method of valuation. However, when valuing a development site with clear architectural plans and detailed proforma, the Residual Land Method becomes a preferred and appropriate method of valuation. In the case of the Residual Land Approach, development costs are deducted from the as if completed end value of the project, with the remaining value representing the value component that a developer can pay for the underlying land.

We have adopted the Residual Land Approach as the primary approach to value, which have been cross-checked by the market sale comparables of development sites.

In undertaking our valuations for the properties, we have considered the Residual Land Approach and have been provided with a detailed hard cost estimate by the Company. Furthermore, we have also examined a number of land sales over the past two years and have undertaken discussions with agents with respect to investor expectations for properties such as the subject in the current market.

Set out below are the key assumptions used in our valuations.

Inputs for Residual Land Approach Analysis

- (i) Residential Condominium For Sale (Strata): CAD \$396,661,200 or \$2,350 per sq.ft. based on market evidence of new presale and resale projects in Downtown Vancouver (or equivalent to approximately HKD \$2,265,847,773 or \$13,424 per sq.ft.)
- (ii) Residential Rental: CAD \$59,675,000 or \$1,250 per sq.ft. based on rental evidence of new rental projects in Downtown Vancouver and sales of new purpose-build rental projects in Metro Vancouver. (or equivalent to approximately HKD \$340,881,503 or \$7,140 per sq.ft.)
- (iii) Hard Cost: CAD \$130,726,240 pr \$500 per sq.ft. plus contingency and servicing. (or equivalent to approximately HKD \$746,747,501 or \$2,856 per sq.ft.)

Other Inputs

- (i) Cost Incurred to Date: CAD \$8,900,000. (or equivalent to approximately HKD \$50,839,470)
- (ii) Community Amenity Contribution Payable to City of Vancouver: CAD \$32,700,000. (or equivalent to approximately HKD \$186,792,210)

1444 Alberni Street & 740 Nicola Street.

At the valuation date, the subject represents two separate legal parcels that are improved with two separate developments. A high-rise, mixed use building comprised of a rental apartment component and multi-tenant office component located at Alberni and Broughton Streets and a multi-tenant low-rise class C office building located at Alberni and Nicola Streets. The highest and best use of the subject properties has been determined as redevelopment land and thus further detail regarding the current improvements has not been included within this report.

This report relates to the underlying land value based on the proposed development scheme and is compliant with Rule 11.2 (d) of the Takeovers Code where in the case of land currently being developed or with immediate development potential, in addition to giving the open market value in the state existing at the valuation date.

- The estimated total construction cost of the proposed project is approximately CAD \$656,000,000 (or equivalent to approximately HKD \$3,747,268,800) of which approximately CAD \$21,000,000 (or equivalent to approximately HKD \$ 119,958,300) has been paid up to the valuation date.
- The market value of the real property as if completed as at the valuation date would be approximately CAD \$1,190,000,000 (or equivalent to approximately HKD \$6,797,637,000).
- Pursuant to the rezoning application approved by the City of Vancouver dated September 18, 2018, the proposed development of two high-rise residential tower is legally permissible.

The property owner has proposed to redevelop the subject with two high-rise residential towers atop a common podium. The development will offer a passive house design which will reduce the building's ecological footprint. The development will feature 622 market strata units, 116 market rental and 13 moderate income units (within podium) and a City owned childcare facility.

In valuing a property, the Direct Comparison Approach is the generally preferred method of valuation. However, when valuing a development site with clear architectural plans and detailed proforma, the Residual Land Method becomes a preferred and appropriate method of valuation. In the case of the Residual Land Approach, development costs are deducted from the as if completed end value of the project, with the remaining value representing the value component that a developer can pay for the underlying land.

We have adopted the Residual Land Approach as the primary approach to value, which have been cross-checked by the market sale comparables of development sites.

In undertaking our valuations for the properties, we have considered the Residual Land Approach and have been provided with a detailed hard cost estimate by the Company. Furthermore, we have also examined a number of land sales over the past two years and have undertaken discussions with agents with respect to investor expectations for properties such as the subject in the current market.

Set out below are the key assumptions used in our valuations:

Inputs for Residual Land Approach Analysis

- (i) Residential Condominium For Sale (Strata): CAD \$1,059,062,750 or \$2,350 per sq.ft. based on market evidence of new presale and resale projects in Downtown Vancouver. (or equivalent to approximately HKD \$6,049,684,147 or \$13,424 per sq.ft.)

- (ii) Residential Market Rental: CAD \$128,152,100 or \$1,464 per sq.ft. based on rental evidence of new rental projects in Downtown Vancouver and sales of new purpose-built rental projects in Metro Vancouver. (or equivalent to approximately HKD \$732,043,241 or \$8,363 per sq.ft.)
- (iii) Moderate Income Rental: CAD \$3,778,979 or \$466 per sq.ft. (or equivalent to approximately HKD \$21,586,662 or \$2,662 per sq.ft.)
- (iv) Hard Cost: CAD \$402,789,941 or \$581 per sq.ft. plus contingency and servicing. (or equivalent to approximately HKD \$2,300,856,980 or \$3,319 per sq.ft.)

Other Inputs

- (i) Cost Incurred to Date: CAD \$20,920,000. (or equivalent to approximately HKD \$119,501,316)
- (ii) Community Amenity Contribution Payable to City of Vancouver: CAD \$65,032,700. (or equivalent to approximately HKD \$371,486,292).

SOURCE OF INFORMATION

For 1650 Alberni Street we have relied upon the information provided by the Company. It is noted that a gross density of 14.95 FSR is proposed for the subject including 11.77 market strata, 2.85 rental density and 0.33 of excess balcony space. For consistency purposes and the fact that exterior balcony space is not considered as saleable area, the subject is evaluated based on an anticipated density of 14.62 FSR (11.77 market strata and 2.85 market rental) as per the development statistics provided to us dated October 26, 2023. The overall proposal is consistent with the general land use plan (West End Community Plan) adopted by the City of Vancouver while noting that the rezoning application has been approved by the City of Vancouver on December 9, 2021. The West End Plan was adopted by the City of Vancouver in 2013 which relates to a comprehensive policy framework designed to guide the growth and development of Vancouver's West End neighbourhood over a 30-year period. In particular, the subject is identified within the Georgia Corridor subsection A of the West End neighbourhood which calls for increased density with a maximum height of 385 feet while maximum density is determined on a site by site basis. Overall, the subject's rezoning application was considered in accordance with the West End Plan and the overall proposed development conforms to the guidelines set in the general land use plan.

For 1650 Alberni Street a CAC (Community Amenity Contribution) will be payable to the City of Vancouver upon rezoning. We understand a cash CAC package of CAD\$32.7 million has been negotiated with the City based on the information provided to us. CAC in Vancouver is policy tool used by the City to negotiate with developers to provide community benefits as part of rezoning applications. When a developer seeks to rezone a property, which often allows for increased density or changes in land use, the City will require a CAC which is intended to offset the impacts of new development on local infrastructure and services. We have relied upon the hard cost estimate provided by the Company dated October 26, 2023. The cost figures provided incorporate value engineering and have been relied upon in our residual land analysis. Overall, the hard cost figures provided are considered to be at market levels based on other proformas we have reviewed in Downtown Vancouver.

For 1444 Alberni Street and 740 Nicola Street we have relied upon the information provided by the Company in terms of the most recent development statistics and density allocation among the various uses. The overall proposal is consistent with the general land use plan (West End Community Plan) adopted by the City of Vancouver while noting that the rezoning application has been approved by the City of Vancouver on September 18, 2018. In particular, the subject is identified within the Georgia Corridor subsection B of the West End neighbourhood which calls for increased density with a maximum height of 500 feet while maximum density is determined on a site by site basis. Overall, the subject's rezoning application was considered in accordance with the West End Plan and the overall proposed development conforms to the guidelines set in the general land use plan. We have relied upon the hard cost estimate provided by the Company dated June 22, 2023, which we have had no reason to doubt are not accurate nor current. The cost figures provided incorporate value engineering and have been relied upon in our residual land analysis. Overall, the hard cost figures provided are considered to be at market levels based on other proformas we have reviewed in Downtown Vancouver.

Our client has provided us with a detailed breakdown of the total costs incurred to date with regards to various consultants, management, and municipal charges as well as other miscellaneous fees and interest. These costs are considered to be accurate and relied upon.

In respect of all properties, we have accepted advice given by the Company on such matters as planning approvals or statutory notices, easements, tenure, identification of land and buildings, completion date of buildings, number of car parking spaces, particulars of occupancy, pre-sale details, rental incomes and revenue, joint venture agreements, development or redevelopment schemes, development time schedules, construction costs, site and floor areas, interest attributable to the Company and all other relevant matters.

Dimensions, measurements, and areas included in the valuation report are based on the information provided to us and are therefore only approximations. We have had no reason to doubt the truth and accuracy of the information provided to us by the Company which is material to the valuations. We were also advised by the Company that no material facts have been omitted from the information provided.

TITLE INVESTIGATION

We have been shown copies of various documents including Real Estate Title Certificates, Sales and Purchase Contracts and other official permits relating to the property interests and have made relevant enquiries. Where possible, we have examined the original documents to verify the existing title to the property interests and any material encumbrance that might be attached to the property interests or any tenancy amendment.

SITE INSPECTION

The property was viewed by the appraiser externally on May 31, 2024 and all photographs of the subject property were taken on that date. Together with any pertinent information supplied by the client, the site and property description forms the basis for the property description contained herein.

CURRENCY

Unless otherwise stated, all sums stated in our valuations are in Canada Dollar (“CAD”).

CERTIFICATION

I certify that, to the best of my knowledge and belief that:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions and are my impartial and unbiased professional analyses, opinions, and conclusions.
3. I have no past, present or prospective interest in the property that is the subject of this report and no personal and/or professional interest or conflict with respect to the parties involved with this assignment.
4. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. My engagement in and compensation is not contingent upon developing or reporting predetermined results, the amount of value estimate, a conclusion favouring the client, or the occurrence of a subsequent event.
6. My analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the CUSPAP.
7. I have the knowledge and experience to complete this assignment competently, and where applicable this report is co-signed in compliance with CUSPAP.
8. Except as herein disclosed, no one has provided significant professional assistance to the person(s) signing this report.
9. As of the date of this report the undersigned has fulfilled the requirements of the AIC’s Continuing Professional Development Program.
10. The undersigned is (are all) members in good standing of the Appraisal Institute of Canada.

CO-SIGNING AIC APPRAISER’S CERTIFICATION: If an AIC appraiser has co-signed this appraisal report, he or she certifies and agrees that “I directly supervised the appraiser who prepared this appraisal report and having reviewed the report, agree with the statements and conclusions of the appraiser, agree to be bound by the appraiser’s certification and am taking full responsibility for the appraisal and the appraisal report.”

PROPERTY IDENTIFICATION

CIVIC ADDRESS	1650 Alberni Street and 1444 Alberni Street & 740 Nicola Street, Vancouver, BC.
LEGAL DESCRIPTION	Lot 24 to 26 Block 55 Plan VAP92 Part1 E District Lot 185 Land District 36. PID #011-520-973, 012-357-545, 012-357-570.

Based upon the data, analyses and conclusions contained herein, the market value of the interest in the property described.

As at May 31, 2024,

As set out elsewhere in this report, this report is subject to certain assumptions and limiting conditions, the verification of which is outside the scope of this report.

APPRAISER:

SUPERVISORY APPRAISER:

Tony Liu
 B.Comm, AACI, P.App
 Manager, Valuation
 AIC Membership # 910154

Ryan H. Wong
 B.Comm, AACI, P.App
 Director, Valuation
 AIC Membership # 901127

Viewed Property: Yes
 Date of Viewing: May 31, 2024.
 Date Signed: August 29, 2024.

Viewed Property: No

NOTE: For this appraisal to be valid, an original or a password protected digital signature is required.

The following is the text of the valuation report prepared for the purpose of incorporation in this Scheme Document received from Altus Group Limited, an independent valuer, in connection with their opinion of value of the property interests of the ASH Group as at 31 May 2024. Terms defined in this report applies to this report only.



August 29, 2024

The Board of Directors

Asia Standard Hotel Group
1555 — 200 Burrard Street
Vancouver, BC V6C 3L6

RE: Valuation of Vancouver, BC Canada Properties

1400 Robson Street & 1394 Robson Street, Vancouver BC

Instructions, Purpose & Valuation Date

In accordance with your instructions for us to value certain properties in Vancouver, Canada in which Asia Standard Hotel Group Limited (the “Company”) together with its subsidiaries (collectively the “Group”) have interests, we confirm that we have inspected the properties, made relevant enquiries, and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the values of such properties as at May 31, 2024 (the “Valuation Date”) (i) for incorporation into scheme document dated August 29, 2024 issued by Asia Standard International Group Limited, The Sai Group Limited and the Company; and (ii) to be a document on display in accordance with The Codes on Takeovers and Mergers and Share Buy-backs issued by the Securities and Futures Commission of Hong Kong.

Basis of Valuation

Our valuation of each of the properties represents its Market Value, as at May 31, 2024, in accordance with the Canadian Uniform Standards of Professional Appraisal Practice.

Market Value is defined by the Appraisal Institute of Canada in the Canadian Uniform Standards of Professional Appraisal Practice as:

“The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress.”

Implicit in this definition are the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- buyer and seller are typically motivated;
- both parties are well informed or well advised, and acting in what they consider their best interests;
- a reasonable time is allowed for exposure in the open market;
- payment is made in terms of cash in Canadian dollars or in terms of financial arrangements comparable thereto; and
- the price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

Valuation Basis and Assumptions

In valuing the properties, we have complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities published by The Stock Exchange of The Hong Kong Limited, Rule 11 of The Codes on Takeovers and Mergers and Share Buy-backs issued by the Securities and Futures Commission and The HKIS Valuation Standards 2020 published by The Hong Kong Institute of Surveyors.

Scope of Work

The scope of work has included the following:

- ▼ Title searches were conducted and reviewed
- ▼ An inspection of the exterior of the subject property, as well as the surrounding neighbourhood, was completed. The inspection was limited to a walk-through, non-invasive, visual examination of the subject property.
- ▼ Review of publicly available physical, legal, social, political, economic and other factors that could affect the value of the subject property.
- ▼ Collection of municipal information pertaining to the subject property such as zoning, assessment and taxes.
- ▼ Review of documentation relating to the subject property provided by the client or their agent. Documents provided by the client are not available for review without client approval.

- ▼ Research of transactional data on land and buildings comparable to the subject property. As well, a market rental survey has been conducted to estimate rental rates for the subject property. Sources of market evidence included real estate agents, consultants, vendors and purchasers, as well as MLS and Altus Data Solutions.
- ▼ Estimation of the highest and best use “as if vacant” and the highest and best use of the land “as improved”, as at the Effective Date.
- ▼ Valuation of the interest in the subject property utilizing the most appropriate appraisal methodology; in this regard, the Direct Comparison Approach has been applied and later reconciled to a final estimate of value.
- ▼ Completion of a narrative report outlining background, descriptions, analyses and value conclusion(s)
- ▼ The analysis set out in this report relied on written and verbal information obtained from a variety of sources that are considered to be reliable. Unless otherwise stated herein, client-supplied information was not verified and is believed to be correct. The mandate for the appraisal did not require a report prepared to the standard appropriate for court purposes or for arbitration; full documentation or confirmation of all information by reference to primary sources was not completed.

The following was not included in the scope of work for this assignment:

- ▼ This valuation does not consider any personal property
- ▼ Findings that may be discovered through a more rigorous due diligence mandate
- ▼ A technical investigation such as the following was not completed:
 - detailed inspections or engineering review of the structure, roof or mechanical systems
 - an environmental review of the property
 - a site or building survey
 - investigations into the bearing qualities of the soil, or
 - audit of financial and legal arrangements concerning the subject property leases.

Extraordinary Limiting Conditions

An Extraordinary Limiting Condition, as defined in Section 3.29 of CUSPAP 2024, is a necessary modification to, or exclusion of, a Standard Rule which may diminish the reliability of the report.

This report is subject to the following Extraordinary Limiting Conditions:

Extraordinary Limiting Conditions

Inspection	The properties were inspected on May 4, 2024.
Title Investigation and Encumbrances	<p>We have carried out land search's at the Land Title and Survey Authority of British Columbia of Canada.</p> <p>We have been provided with copies of title documents of the properties. However, we have not scrutinized all the original documents to verify ownership or to ascertain the existence of any amendments.</p> <p>We are not aware of any material encumbrances registered on the titles that would affect values.</p>
Financing	For the purpose of this appraisal we have assumed that the property is free and clear of all financing.
Environmental	We are not experts in environmental matters and make no representations regarding them. It is assumed for the purpose of this report that there is no environmental contamination. A formal environmental audit should be conducted for certainty. The impact on value of contamination on the site, if any, has therefore not been taken into account in our estimate of value.
Soil Conditions	<p>It is assumed that there are no hidden or unapparent conditions of the soil or sub-soil which would render the subject property more or less valuable than reported in the appraisal. No engineering tests were completed, and no liability is assumed for soil conditions. It is strongly advised that the advice of appropriate experts be sought.</p> <p>We have not been provided with any information regarding the quality or stability of the soils at the subject property. For the purpose of this report, it is assumed that the subject property's soil conditions are similar in nature to the lands in the surrounding area and would not require significant extraneous site preparation costs prior to development. Should further geotechnical information be made available, we reserve the right to amend our conclusion of value.</p>

Market Conditions

The estimate of value is based on an analysis of data available as of the date of this report; we emphasize our value estimates are subject to market fluctuations (either downward or upward) between the effective date and any future date of sale. As real estate markets are both dynamic and cyclical in nature (in particular when rapid changes to real estate values occur over a short time period), we cannot be held responsible for any changes in market conditions occurring beyond the effective date of the appraisal.

Extraordinary Assumptions

An Extraordinary Assumption, as defined in Section 3.28 of CUSPAP 2024, is an assumption, directly related to a specific assignment, which, if were not assumed to be true, could materially alter the opinions or conclusions.

This report is subject to the following Extraordinary Assumptions:

Extraordinary Assumptions

Density

We have been provided and have reviewed the architectural plans, dated February 2020 by Musson Cattell Mackay Partnership. The plans indicate a total density of 9.625 FSR, based on the maximum 8.75 FSR as outlined in the Zoning Bylaw and the West End Community Plan, as well as an additional 10% heritage transfer density. We have had no reason to doubt the truth and accuracy of this information which is material to the valuations, nor have we had any reason to doubt that the architectural plans dated February 2020 is not current. We were also advised by the Company that no material facts have been omitted from the information provided.

FSR or Floor Square Ratio is generally calculated as the total Gross Buildable Area (above grade) divided by the Site Area of the property.

The Density or FSR that is achieved on any development site has a direct impact on Land Value. Typically a higher land value results when a higher density or FSR is achieved.

Based on the budget and summary of costs incurred to date which have been provided by the client, all costs relating to the heritage transfer density have been paid.

We have been provided with a unit summary which indicates net saleable areas for the residential component. It is an Extraordinary Assumption that the densities outlined in the building plans, residential unit summary and net commercial densities indicated provided by the client are correct.

Cost Estimates

We have been provided with a summary of the construction budget and costs incurred to date as of March 2024. We have relied on these estimates without audit and it is an Extraordinary Assumption of this report that the costs provided are correct and complete. A full analysis of construction estimates and development consulting are beyond the scope of this appraisal. Any changes in proposed development specifications and/or construction costs could be expected to impact the values estimated in this report.

Interior Finishes

Based on our inspection of 1400 Robson Street and review of the marketing material, the interior finishes are considered of high quality and above average.

Sales Data

We have been provided with a list of firm pre-sale contracts in place for the East Tower of the subject project. The noted pre-sales have been incorporated into the revenue estimate of our residual pro forma. It is an Extraordinary Assumption of this report that the information provided is correct and complete, as well as that the pre-sales in place as at the effective date of this report will close at the reported values upon completion of construction. If any material changes from the information provided should occur, a change in value would be anticipated.

Net Areas

We have been provided with saleable areas for the retail and office components of the proposed project from the client. Based on the information provided, the saleable retail area is 17,798 sf based on the Form V: Schedule of Unit Entitlement provided by the client. The saleable office area is 20,352 sf based on the Form V: Schedule of Unit Entitlement for Air Space Parcel 3 provided by the client.

We have also been provided with updated net residential unit areas which have been sourced from the “Landmark Area Schedule 2022Q4” provided by the client. The noted schedule indicates a total net residential area of 116,337 sf for the East Tower and 105,057 sf for the West Tower.

It is an Extraordinary Assumption that the areas provided are correct and complete. If the areas should change materially from what has been provided, a change in value would be anticipated.

Property Type (Description of Properties Appraised)

1400 Robson Street is a recently completed multi family residential (with a commercial component) and is classified as a completed property held for sale. The registered owner of 1400 Robson Street is 1488 Robson Landmark Holdings Limited. The Company has the indirect ownership of 100% of the interests held by 1488 Robson Landmark Holdings Limited, and 3rd party sale closings are taking place from time to time, which closings commenced August 8, 2024.

1394 Robson is a property for future development. There are no immediate development plans as the form of development is still under consideration. The registered owner of 1394 Robson Street is 1388 Robson Nominee Ltd. The Company has the indirect ownership of 100% over 1388 Robson Nominee Limited.

Method of Valuation

In valuing 1400 Robson Street, which comprises a recently completed Strata Condominium Development, we have adopted the Direct Comparison Approach. Deductions have been made for any outstanding Costs to Complete the project.

In valuing 1394 Robson Street, which comprises vacant Development Land, we have adopted the Direct Comparison Approach.

The Direct Comparison Approach recognizes the principle of substitution, according to which a buyer will not pay more for one property than for another that is equally desirable. By this approach, an opinion of value is developed by applying a comparative analysis of properties that are similar to the subject property that have recently sold, are listed for sale or are under contract, by focusing on the similarities and differences that affect value.

Potential Tax Liabilities

As advised by the Group, the potential tax liabilities which would arise on the direct disposal of the property interests held by the Group at the amounts valued by us mainly comprise the following:

- ▼ Corporate income tax at 26% on gain
- ▼ Withholding tax at 10% if the net proceeds (minus taxes and statutory contributions) are repatriated outside Canada as dividends under the Hong Kong-Canada tax arrangement

In respect of the properties held by the Group for future development for investment and operation, the likelihood of the relevant tax liabilities being crystallised is remote as the Group have no plans for the disposal of such properties yet.

In respect of the completed properties held for sale, it is likely that the relevant tax liabilities will be crystallised upon sale.

Source of Information

In the course of our valuation of the properties, we have relied on the information provided to us by the client.

We have relied on information provided to us from the Group on such matters as planning approvals, easements, tenure, identification of land and buildings, completion date of buildings, number of car parking spaces, particulars of occupancy, pre-sale details, rental incomes and revenue, joint venture agreements, development or redevelopment schemes, development time schedules, construction costs, site and floor areas, property interest, and all other relevant matters.

Dimensions, measurements and areas included in the valuation report are based on the information provided to us and are therefore only approximations. We have had no reason to doubt the truth and accuracy of the information provided to us by the Group which is material to the valuations. We were also advised by the Group that no material facts have been omitted from the information provided.

Currency

Unless otherwise stated, all sums stated in our valuations are in Canada Dollar (“CAD”).

The exchange rate adopted in our valuations are approximately 1 CAD (Canadian Dollar) = 5.7123 HKD (Hong Kong Dollars), which were approximately the prevailing exchange rates as at the date of valuation.

Appraisal Institute of Canada

The AIC is a professional organisation established in 1938 which represents real estate appraisers in Canada. It is responsible for setting the standards for the real estate appraisal profession in Canada and is widely recognized by official authorities across Canada, including but not limited to (i) the Canada Revenue Agency, the federal department of the Canadian government responsible for administering tax laws and programs, for tax-related property appraisal, (ii) Public Services and Procurement Canada, the federal department of the Canadian government with responsible including central purchasing and management of government real property holdings, for federal property valuations, and (iii) other provincial government departments and agencies for matters such as property assessments, land expropriations, and estate settlements. Further, AIC is a member of various international appraisal organisations, which include The International Valuation Standards Council (“IVSC”), an international organisation responsible for developing and setting the international technical and ethical standards for valuation. Both The Royal Institution of Chartered Surveyors (RICS) and The Hong Kong Institute of Surveyors (HKIS), which we understand are commonly accepted by the Securities and Futures Commission, are member organisations of the IVSC.

AIC and RICS have in place mutual recognition arrangements which allow for (i) persons with AACI designation from AIC to gain direct entry as MRICS and (ii) persons who is a Fellow of the RICS (“FRICS”) or MRICS to gain the AACI designation with AIC through completing a designated procedure.

Summary of Valuation (as at May 31, 2024)

1400 Robson Street	\$564,800,000 (CAD) (or equivalent to approximately HKD \$3,226,307,040)
1394 Robson Street	\$25,000,000 (CAD) (or equivalent to approximately HKD \$142,807,500)
Total	\$589,800,000 (CAD) (or equivalent to approximately HKD \$3,369,114,540)

Yours very truly,

David Eger, B.Comm, RI, AACI, MRICS
Altus Group Limited

The following is the text of a letter and valuation report prepared for the purpose of incorporation in this Scheme Document received from Prudential Surveyors (Hong Kong) Limited, an independent valuer, in connection with their opinion of value of the property interests of the ASI Group as at 31 May 2024. Terms defined in this report applies to this report only.



Prudential Surveyors (Hong Kong) Limited
測建行香港有限公司

29 August 2024

The Board of Directors
Asia Standard International Group Limited
30th Floor, YF Life Tower,
No. 33 Lockhart Road,
Wanchai,
Hong Kong

Dear Sirs,

Re: Valuation of property interests of 7 properties located in Hong Kong

In accordance with the instruction of Asia Standard International Group Limited (hereinafter referred to as the 'Company') for us to carry out the valuation of property interests of 7 properties held by the Company and / or its subsidiaries (hereinafter referred to as the 'Group') for investment in Hong Kong (hereinafter referred to as the 'Subject Properties'), we confirm that we have carried out inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Subject Properties as at 31 May 2024 (hereinafter referred to as the 'Valuation Date').

This letter, forming part of our valuation report, identifies the Subject Properties being valued, explains the basis and methodology of our valuation and lists out the assumptions and the title investigation we have made in the course of our valuation as well as the limiting conditions.

BASIS OF VALUATION

Our valuation of the property interest in the Subject Properties is our opinion of the market value which we would define as intended to mean '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.'

The market value is the best price reasonably obtainable in the market by the seller and the most advantageous price reasonably obtainable in the market by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical

financing, sale and leaseback arrangements, joint ventures, management agreements, special considerations or concessions granted by anyone associated with the sale, or any element of special value. The market value of the Subject Properties is also estimated without regard to costs of sale and purchase, and without offset for any associated taxes.

Our valuation has been carried out in accordance with ‘HKIS Valuation Standards 2020’ issued by The Hong Kong Institute of Surveyors and the ‘International Valuation Standards (IVS)’ published by the International Valuation Standards Council which came into effect in 2022.

Our valuation has been prepared under the generally accepted valuation procedures and is in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and The Code on Takeovers and Mergers and Share Buy-backs (the ‘Takeovers Code’) issued by The Securities and Futures Commission.

VALUATION METHODOLOGY

In assessing the market value, we have considered the Direct Comparison Method which is based on comparing the Subject Properties to be valued directly with other comparable properties, which have transferred its legal ownership close to the valuation date. Comparable properties of similar size, character and location are analysed and carefully weighed against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of the capital values. Locational and economical characteristics are important criteria to be analysed when comparing such comparables against the Subject Properties to be valued.

VALUATION ASSUMPTIONS

In valuing the property interests, we have assumed that the Company has free and uninterrupted rights to use or to assign the property interests for the whole of the unexpired term granted subject to payment of rent and that all requisite land premium/purchase consideration otherwise payable have been fully settled.

Our valuation has also been made on the assumption that the Subject Properties are to be sold in the open market without the benefit of a deferred terms contract, leaseback, joint venture, or any similar arrangement that would serve to affect their values. No account has been taken of any option or right of pre-emption concerning or affecting the sale of the Subject Properties and no forced sale situation in any manner is assumed in our valuation.

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

It is assumed that all applicable zoning, land use regulations and other restrictions have been complied with unless a non-conformity has been stated, defined and considered in the valuation report.

TITLE INVESTIGATION

We have caused land searches to be made at the Land Registry and have been provided with extracts of title documents. We have been advised by the Company that no further relevant documents have been produced. However, we have not examined the original documents to verify the ownership and to ascertain the existence of any amendments that may not appear on the copies handed to us. All documents have been used for reference only. No investigation has been made for the legal title or any liabilities attached to the Subject Properties.

LIMITING CONDITIONS

We have inspected the exterior, and where possible, the interior of the Subject Properties on 27 and 28 June 2024 by Mr. Wilson Ng, Assistant Manager of Valuation & Advisory under the supervision of the Valuer. However, no structural survey has been made nor have any tests been carried out on any of the services provided in the Subject Properties. We are, therefore, not able to report that the Subject Properties are free from rot, infestation or any other structural defects. Yet, in the course of our inspection, we did not note any serious defects.

Moreover, we have not carried out any site investigations to determine or otherwise the suitability of the ground conditions, the presence or otherwise of contamination and the provision of or otherwise suitability for services etc. for any future development. Our valuation is prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred in the event of any redevelopment.

No detailed on-site measurements have been made during our inspection. Dimensions, measurements and areas included in the valuation report attached are based on information contained in the documents provided to us and are therefore approximations only.

Having reviewed all relevant documentation, we have relied to a considerable extent on the information provided by the Company and have accepted advice given to us on such matters as planning approvals, statutory notices, easements, tenure, completion date of building, particulars of occupancy, site and floor plans, floor areas and other relevant matters in the identification of the Subject Properties in which the registered owners has valid interest. We have not seen original planning consents and have assumed that the Subject Properties have been erected and are being occupied and used in accordance with such consents.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Company. We were also advised by the Company that no material facts have been omitted from the information supplied. We considered that we have been provided with sufficient information to reach an informed view and have no reason to suspect that any information has been withheld.

Except for the purpose of disclosure in the Scheme Document to be issued by the Company in connection with the proposed group reorganization of ASI and ASH and the proposed withdrawal of listing of the ASH shares, neither the whole nor any part of this valuation report or any reference thereto may be included in any published document, circular or statement, nor published in any way whatsoever without the prior written approval of Prudential Surveyors (Hong Kong) Limited as to the form and context in which it may appear.

DECLARATION

We hereby certify, to the best of our knowledge and belief, that: -

- We are an external valuer, independent from the Company and the property owners, its subsidiaries and its jointly controlled entities and its respective directors and controlling shareholder and that we do not have any direct or indirect material interests in the securities or assets of the Group, its connected persons, or any associate of the Group and we have no bias with respect to the parties involved.
- We have previous, current or anticipated involvement with the Company in respect of the Subject Properties in the past 24 months from the date of instruction or date of agreement of the engagement, whichever is earlier.

REMARKS

We hereby confirm that we have neither present nor prospective interests in the Company, the Subject Properties and the value reported herein.

Unless otherwise specified, all money amounts stated herein are in Hong Kong Dollars (HK\$).

We attach herewith our valuation report.

Pursuant to Rule 11.5(c) of the Takeovers Code, we have given and have not withdrawn our consent to the issue of this Scheme Document of Asia Standard International Group Limited dated 29 August 2024 with the inclusion therein of this letter and valuation report and the reference to our name in the form and context in which they respectively appear.

Yours faithfully,

For and on behalf of

PRUDENTIAL SURVEYORS (HONG KONG) LIMITED

Michael C K Lee
MRICS MHKIS(GP) RPS(GP)
Director

Ng Sai Hee
FHKIS RPS(GP)
Chief Consultant

Mr. Michael C K Lee is a Registered Professional Surveyor (GP) with more than 9 years post-qualification experience in valuation of properties in the HKSAR, Macau and mainland China and land matters advisory in Hong Kong. Mr. Lee is also a Member of The Hong Kong Institute of Surveyors and The Royal Institution of Chartered Surveyors.

Mr. Ng Sai Hee is a Registered Professional Surveyor (GP) with more than 40 years of post-qualification experience in valuation of properties in the HKSAR, Macau, mainland China and the Asia Pacific Region. Mr. Ng is a Fellow of The Hong Kong Institute of Surveyors.

The address of the valuer is 3rd Floor, Tung Hip Commercial Building, Nos. 244-252 Des Voeux Road Central, Hong Kong

SUMMARY OF VALUES

Property Interests Held by the Group for Investment in Hong Kong

No.	Subject Property	Market Value in existing state as at 31 May 2024 <i>HK\$</i>	Interest attributable to the Group (%)	Market Value in existing state attributable to the Group as at 31 May 2024 <i>HK\$</i>
1.	Asia Standard Tower, Nos. 9-65 Queen's Road Central, Hong Kong	5,300,000,000	100	5,300,000,000
2.	YF Life Tower, No. 33 Lockhart Road, Hong Kong	6,240,000,000	100	6,240,000,000
3.	The Goldmark, No. 502 Hennessy Road, Causeway Bay, Hong Kong	3,730,000,000	33.3	1,243,300,000
4.	No. 22 Pottinger Street, Central, Hong Kong	73,800,000	100	73,800,000
5.	Various flats in Hollywood Building, No. 186 Hollywood Road, Hong Kong	81,800,000	100	81,800,000
6.	5th Floor and the Roof, No. 66 Queen's Road West, Hong Kong	6,800,000	100	6,800,000
7.	4th Floor, No. 58 Queen's Road West, Hong Kong	4,400,000	100	4,400,000
	Total:	<u><u>15,436,800,000</u></u>		<u><u>12,950,100,000</u></u>

VALUATION REPORT

Property Interests Held by the Group for Investment in Hong Kong

Subject Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 May 2024 HK\$
1. Asia Standard Tower, Nos. 9-65 Queen's Road Central, Hong Kong Inland Lot Nos. 5148, 5149, 5150, 5151, 5152 and the Extensions thereto, Inland Lot Nos. 5185, 5186, 5187, 5188 and 5189 and The Remaining Portion of Inland Lot No. 5153 and the Extension thereto	Asia Standard Tower is a 24-storey (14th floor omitted) commercial building completed in 1977 and is previously known as Union Bank Building. The Subject Property comprises the whole block of Asia Standard Tower. The saleable area of the Subject Property is 104,244 s.f. or thereabouts (9,684 s.m. or thereabouts) as measured from building plans. The Subject Property is held under various Government Leases for a common term of 999 years from 26 June 1843 and expiring in year 2842.	As at the Valuation Date, various floors of the Subject Property are mainly tenanted at a total monthly rent of \$4,352,072 under various terms with the latest expiry date of the tenancy on 31 March 2027 whilst the remaining units are vacant, as advised by the instructing party.	5,300,000,000 (100% interest attributable to the Group: 5,300,000,000)

Notes:

- Asia Standard Tower is situated at a corner site located at the junction of Queen's Road Central and Pottinger Street. It has 3 frontages facing Pottinger Street, Queen's Road Central and Li Yuen Street West. The main lift lobby for upper office floors is situated at Lower Ground Floor which is accessible from Pottinger Street and Li Yuen Street West. The Lower Ground Floor provides retail shops facing internal corridor and Li Yuen Street West respectively whilst the Ground Floor and 1st floor shop unit captures the high pedestrian flow from Pottinger Street and Queen's Road Central. The 2nd to 3rd floors are occupied by a Yoga center and 5th floor is occupied by a fitness center. Offices uses are found on the 6th to 23rd floors. The building is serviced by four passenger lifts and two staircases.
- The registered owner of the Subject Property is Hoi Chak Properties Limited by an Assignment dated 23 January 1989 vide Memorial No. UB3987742 for a consideration of \$380,500,000.00.
- The Subject Property is subject to the following material encumbrances:

Debenture and Mortgage dated 3 February 2021 in favour of The Hong Kong and Shanghai Banking Corporation Limited vide Memorial No. 21022602580205 for consideration see memorial. (PT.)
- The Subject Property is situated within 'Commercial' zone in Draft Central District Outline Zoning Plan No. S/H4/17 dated 24 May 2019. This zone is intended primarily for commercial developments, which may include uses such as office, shop, services, place of entertainment, eating place and hotel, functioning as territorial business/financial centre(s) and regional or district commercial/shopping centre(s). These areas are usually major employment nodes.
- Hoi Chak Properties Limited is an indirect wholly-owned subsidiary of the Company.

Subject Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 May 2024 HK\$
2.	YF Life Tower, No. 33 Lockhart Road, Hong Kong	YF Life Tower is a 25-storey commercial building (with 4th, 14th and 24th Floors omitted) completed in 1993, erected over 7-storey podium of shop, carpark and E&M floors.	6,240,000,000
	The Remaining Portions of Sub-sections 1, 2, 3 and 4 of Section A, Section A of Sub-Sections 1, 2, 3 of Section A, The Remaining Portion of Section A and Sections B, D and E of Inland Lot No. 2821	As at the Valuation Date, various floors of the Subject Property are mainly tenanted at a total monthly rent of \$7,221,548 under various terms with the latest expiry date of the tenancy on 31 March 2027, as advised by the instructing party. Portion of 21st, 29th, 30th and 31st floors of the Subject Property is occupied by the Group whilst the remaining units are vacant, as advised by the instructing party.	(100% interest attributable to the Group: 6,240,000,000)

Notes:

1. YF Life Tower occupies a large rectangular shaped through site situated on the southern side of Jaffe Road and northern side of Lockhart Road, neighbouring Lockhart Road Playground on its west and David House on its east, directly opposite to Golden Star Building and Harcourt House on the other sides of Lockhart Road and Jaffe Road respectively. The Empire Hotel and Kew Green Hotel WanChai are located to its further southeast at Fenwick Street.
2. The ground floor of YF Life Tower was planned to have 2 shop units and a main lift lobby entering from Lockhart Road and Jaffe Road and the floors above the 7-storey podium were designed for office use serving by 7 passenger lifts, 2 service lifts and 4 common staircases.
3. The registered owner of the Subject Property is Tilpifa Company Limited by various Assignments dated 4 July 1991 and 23 March 2015 vide Memorial Nos. UB4932511 and 15041502400023 respectively as per the records of Land Registry.
4. The Subject Property is subject to the following material encumbrances:
 - Deed of Joint Venture dated 4 July 1991 vide Memorial No. UB4932510;
 - Deed of Mutual Grant of Right of Way dated 17 June 1993 vide Memorial No. UB5689921;
 - Occupation Permit No. H64/93 dated 17 June 1993 vide Memorial No. UB5742048;

- Memorandum of Designation of Name of Building dated 21 March 2019 vide Memorial No. 19032601050017; and
 - Mortgage dated 2 November 2023 in favour of The Hongkong and Shanghai Banking Corporation Limited vide Memorial No. 23111301620029 for consideration see memorial (pt.).
5. The Subject Property is situated within an area zoned as 'Commercial' zone in Approved Wan Chai Outline Zoning Plan No. S/H5/31 dated 12 May 2023. This zone is intended primarily for commercial developments, which may include uses such as office, shop, services, place of entertainment, eating place and hotel, functioning as territorial business/financial centre(s) and regional or district commercial/shopping centre(s). These areas are usually major employment nodes.
6. Tilpifa Company Limited is an indirect wholly-owned subsidiary of the Company.

Subject Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 May 2024 HK\$
3. The Goldmark, No. 502 Hennessy Road, Causeway Bay, Hong Kong	The Goldmark is a 26-storey commercial building with a corner portion completed in 1987, comprising Mass Transit Railway Station entrance / staircase / access on the 2nd basement, 1st basement and Ground Floor. For the remaining area / spaces, these are shops on basement, Ground Floor and 1st to 3rd Floors, restaurants on 4th to 9th Floors and office on floors above.	As at the Valuation Date, various floors of the Subject Property are partly tenanted at a total monthly rent at \$1,721,864 under various terms with the latest expiry date of the tenancy on 19 July 2026 whilst the remaining units are vacant, as advised by the instructing party.	3,730,000,000 (33.3% interest attributable to the Group: 1,243,300,000)
Inland Lot No. 8584 and Section Q of Inland Lot No. 81	The Subject Property comprises the whole block of The Goldmark. The saleable area of the Subject Property is 71,377 s.f. or thereabouts (6,631.09 s.m. or thereabouts) as measured from building plans. The Subject Property is held under Conditions of Grant for a term of 75 years commencing from 21 December 1984 renewable for a further term of 75 years expiring in year 2134, and Section Q of Inland Lot No. 81 is held under a Government Lease for a term of 999 years expiring in year 2842 respectively. The remaining share (1/100) was allocated to MTR for the station entrance.		

Notes:

1. The Goldmark occupies a large semi-island site situated on the southern side of Hennessy Road at its junctions with Jardine's Bazaar and Jardine's Crescent and adjacent to a large new commercial development known as 'Hysan Place', directly opposite to East Point Centre and Capitol Centre on other sides of Hennessy Road and Jardine's Crescent respectively. It is well situated within the commercial hub of Causeway Bay where ample public amenities and excellent shopping facilities are established.
2. The registered owners of the Subject Property are Perfect Pearl Company Limited (99/100 shares for the Goldmark) dated 1 November 1985 vide Memorial No. UB2931216 for a consideration of \$55,000,000.00 and MTR Corporation Limited (1/100 shares for the MTR facilities) dated 2 March 2000 vide Memorial No. UB8121833.
3. The Subject Property is subject to the following material encumbrances:

Legal Charge dated 9 August 2019 in favour of Hang Seng Bank Limited vide Memorial No. 19081502420283 to secure all moneys in respect of general bank facilities (pt.) (Remarks: by Perfect Pearl Company Limited re 99/100 shares).

4. The Subject Property is situated within an area zoned as 'Commercial' zone in Approved Causeway Bay Outline Zoning Plan No. S/H6/17 dated 18 January 2019. This zone is intended primarily for commercial developments, which may include uses such as office, shop, services, place of entertainment, eating place and hotel, functioning as territorial business/financial centre(s) and regional or district commercial/shopping centre(s). These areas are usually major employment nodes.

5. Perfect Pearl Company Limited is an associate company of the Company and the 33.3% of the equity interest is attributable to the Group.

Subject Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 May 2024 <i>HK\$</i>
4. No. 22 Pottinger Street, Central, Hong Kong Inland Lot No. 5158	The Subject Property comprises a 3-storey pre-war tenement building with a cockloft between the Ground Floor and the First Floor. The saleable area of the Subject Property is 1,738 s.f. or thereabouts (161.46 s.m. or thereabouts) as measured from assignment plan. The Subject Property is held under a Government Lease of Inland Lot No. 5158. The lease term is of 999 years commencing from 26 June 1843 expiring in year 2842.	As at the Valuation Date, the Subject Property is tenanted at a total monthly rent at \$135,000 for a term commencing from 15 January 2024 to 14 January 2027, as advised by the instructing party.	73,800,000 (100% interest attributable to the Group: 73,800,000)

Notes:

1. The Subject Property is located at the midway of Pottinger Street which connects Queen's Road Central and Des Voeux Road Central.
2. The registered owner of the Subject Property is Glory Ocean Limited by an Assignment dated 15 January 1996 vide Memorial No. UB6527189 for a consideration of \$44,390,000.00.
3. The Subject Property is subject to the following material encumbrances:
 - (i) Scavenging Lane Covenant in favour of H.E. The Governor vide Memorial No. UB161220 dated 21 March 1939;
 - (ii) Mortgage dated 13 March 2012 in favour of Chong Hing Bank Limited vide Memorial No. 12041002370208 for general banking facilities to an unlimited extent; and
 - (iii) Assignment of Rentals dated 13 March 2012 in favour of Chong Hing Bank Limited vide Memorial No.12041002370215.
4. The Subject Property is situated within an area zoned as 'Commercial' zone in Draft Central Outline Zoning Plan No. S/H4/17 dated 24 May 2019. This zone is intended primarily for commercial developments, which may include uses such as office, shop, services, place of entertainment, eating place and hotel, functioning as territorial business/financial centre(s) and regional or district commercial/shopping centre(s). These areas are usually major employment nodes.
5. Glory Ocean Limited is an indirect wholly-owned subsidiary of the Company.

Subject Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 May 2024 HK\$
5. Various flats in Hollywood Building, No. 186 Hollywood Road, Hong Kong 14/69th part or share of and in The Remaining Portions of Sections B, C, D, E and F, Section A, Section G and The Remaining Portion of Inland Lot No. 210	The Subject Property comprises 14 residential units in an 8-storey (ground, podium, 1st to 7th floors) tenement building, planned to have shops on ground floor, offices on 1st floor and domestic units on floors above, with gated stairways entering from Upper Station Street and pedestrian path at side. The building was completed in 1964. The saleable areas of various flats of the Subject Property are stated in <i>Note 2</i> . The Subject Property is held under 8 Government Leases for a common term of 999 years from 2 December 1844 expiring in year 2843. The Government Rent for The Remaining Portions of Section E, Section A and Section G of Inland Lot No. 210 are \$11.4, \$11.2 and \$9.45 per annum respectively and no apportionments have been allotted to the property.	Flats C and D on 1st Floor and Flat I on 6th Floor are vacant, as at the Valuation Date while the other flats of the Subject Property are tenanted at a total monthly rent at \$127,000 under various terms with the latest expiry date of the tenancy on 30 March 2026 for residential use, as advised by the instructing party.	81,800,000 (100% interest attributable to the Group: 81,800,000)

Notes:

- Hollywood Building occupies an irregular shaped semi-island site on the south-eastern side of Hollywood Road, bounded by Upper Station Street on its southeast, a pedestrian way on its southwest, directly opposite to Elegance Court on the other side of Upper Station Street at a spot level of approximately 15.8 meters above Hong Kong Principal Datum, within the long established mixed user area of upper Sheung Wan, Hong Kong, in close proximity to Hollywood Road Park, the local commercial district and Nam Pak Hong.

2. Saleable areas which are scaled off from the registered floor plans and share of the various flats are stated as follows:

Flat / Floor	Saleable Area (<i>s.f.</i>)	Saleable Area (<i>s.m.</i>)	Share of the Lot
Flat C on 1st Floor	473	43.94	1/69
Flat D on 1st Floor	423	39.30	1/69
Flat B on 2nd Floor	532	49.42	1/69
Flat F on 2nd Floor	626	58.16	1/69
Flat I on 3rd Floor	354	32.89	1/69
Flat F on 4th Floor	626	58.16	1/69
Flat A on 6th Floor	451	41.90	1/69
Flat B on 6th Floor	494	45.89	1/69
Flat G on 6th Floor	411	38.18	1/69
Flat H on 6th Floor	452	41.99	1/69
Flat I on 6th Floor	336	31.22	1/69
Flat A on 7th Floor and the corresponding part of the Roof	392	36.42	1/69
Flat C on 7th Floor and the corresponding part of the Roof	485	45.06	1/69
Flat GH1 on 7th Floor and the corresponding part of the Roof	320	29.73	1/2 of 2/69

3. The registered owners of various flats of the Subject Property are as follows:

Flat C on 1st Floor

Wealthy One Limited by an Assignment dated 3 September 2019 vide Memorial No. 19091801710012 for a consideration of \$7,220,000.00

Flat D on 1st Floor, Flat B on 2nd Floor, Flat I on 3rd Floor, Flat F on 4th Floor, Flats A, B, G, H on 6th Floor, Flats A and C and Flat GH1 on 7th Floor and the corresponding part of the Roofs

Harbourside Development Limited by various Assignments dated 3 November 2009, 31 May 2010, 16 October 2009, 14 October 2011, 28 September 2009, 27 April 2010, 12 October 2007, 30 April 2010, 12 October 2007, 24 February 2009 and 2 May 2008 for a total consideration of \$30,983,000.00.

Flat F on 2nd Floor

Silver Act Limited by an Assignment dated 28 February 2022 vide Memorial No. 22032200360045 for a consideration of \$7,688,000.00

Flat I on 6th Floor

Shine Supreme Limited by 2 Assignments dated 19 November 2018 vide Memorial No. 18120500520073 (by Lee Shek Hong) (1/3) for a consideration of \$1,680,000.00 and Memorial No. 18120500520080 (by Law Kam Cheung) (2/3) for a consideration of \$3,360,000.00 respectively

4. The Subject Property is subject to the following material encumbrances:

For all 14 flats

Notice No. 'UMB/MB01/2101-103/0001' by the Building Authority under section 30B(3) of the Buildings Ordinance dated 25 July 2022 vide Memorial No.22123001650036. (Remarks: with a letter issued by the Building Authority dated 31 October 2022 re common part(s) only)

In addition to the above encumbrances for all 14 flats, the following flats are also subject to the following material encumbrances:

Flat D on 1st Floor

Mortgage dated 13 March 2012 in favour of Chong Hing Bank Limited vide Memorial No. 12041002370050 for general banking facilities to an unlimited extent

Flat B on 2nd Floor

Mortgage dated 13 March 2012 in favour of Chong Hing Bank Limited vide Memorial No. 12041002370065 for general banking facilities to an unlimited extent

Flat I on 3rd Floor

(i) Statutory Declaration of Hui Yuk Ching dated 3 November 2009 vide Memorial No.09120802620022; and

(ii) Mortgage dated 13 March 2012 in favour of Chong Hing Bank Limited vide Memorial No. 12041002370070 for general banking facilities to an unlimited extent.

Flat F on 4th Floor

Mortgage dated 13 March 2012 in favour of Chong Hing Bank Limited vide Memorial No. 12041002370081 for general banking facilities to an unlimited extent

Flat A on 6th Floor

Mortgage dated 13 March 2012 in favour of Chong Hing Bank Limited vide Memorial No. 12041002370098 for general banking facilities to an unlimited extent

Flat B on 6th Floor

Mortgage dated 13 March 2012 in favour of Chong Hing Bank Limited vide Memorial No. 12041002370109 for general banking facilities to an unlimited extent

Flat G on 6th Floor

(i) Statutory Declaration of Kong Hing Wah as to the loss of Title Deeds dated 11 October 2007 vide Memorial No. 07110602430069; and

(ii) Mortgage dated 13 March 2012 in favour of Chong Hing Bank Limited vide Memorial No. 12041002370112 for general banking facilities to an unlimited extent.

Flat H on 6th Floor

(i) Statutory Declaration of Yiu Shuet Fong as to the loss of Title Deeds dated 30 April 2010 vide Memorial No. 10071302400039; and

(ii) Mortgage dated 13 March 2012 in favour of Chong Hing Bank Limited vide Memorial No. 12041002370123 for general banking facilities to an unlimited extent.

Flat I on 6th Floor

- (i) Statutory Declaration as to the loss of Title Deeds (Remarks: of Lee Shek Hong Re 1/3 Share) dated 29 December 2016 vide Memorial No. 17011901980241; and
- (ii) Statutory Declaration as to the loss of Title Deeds (Remarks: of Law Kam Cheung Re 1/3 Share) dated 29 December 2016 vide Memorial No. 17012401940047.

Flat A on 7th Floor and the corresponding part of the Roof

- (i) Statutory Declaration of Kong Hing Wah as to the loss of Title Deeds dated 11 October 2007 vide Memorial No. 07110602430069; and
- (ii) Mortgage dated 13 March 2012 in favour of Chong Hing Bank Limited vide Memorial No. 12041002370136 for general banking facilities to an unlimited extent.

Flat C on 7th Floor and the corresponding part of the Roof

Mortgage dated 13 March 2012 in favour of Chong Hing Bank Limited vide Memorial No. 12041002370144 for general banking facilities to an unlimited extent

Flat GH1 on 7th Floor and the corresponding part of the Roof

Mortgage dated 13 March 2012 in favour of Chong Hing Bank Limited vide Memorial No. 12041002370154 for general banking facilities to an unlimited extent

- 5. The Subject Property is situated within 'Residential (Group A) 8' zone in the Approved Sai Ying Pun & Sheung Wan Outline Zoning Plan No. S/H3/34 dated 13 November 2020. The planning intention in this zone is primarily for high-density residential developments. Commercial uses are always permitted on the lowest three floors of a building or in the purpose-designed non-residential portion of an existing building.
- 6. Wealthy One Limited, Harbourside Development Limited, Silver Act Limited and Shine Supreme Limited are indirect wholly-owned subsidiaries of the Company.

Subject Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 May 2024 <i>HK\$</i>
6. 5th Floor and the Roof, No. 66 Queen's Road West, Hong Kong 1/7th part or share of and in Section B of Inland Lot No. 368 and The Remaining Portion of Section B of Inland Lot No. 382	<p>The Subject Property is one of the domestic units in a 6-storey tenement building (ground, 1st to 5th Floors) planned to have shops on ground floor and domestic units on floors above, with gated main entrance on ground floor entering from Queen's Road West.</p> <p>The building was completed in 1972.</p> <p>The saleable area of the Subject Property is 524 s.f. or thereabouts (48.68 s.m. or thereabouts) and an ancillary area of 323 s.f. or thereabouts (30 s.m. or thereabouts) of top roof as measured from the registered floor plan.</p> <p>The Subject Property is held under 2 Government Leases for a common term of 999 years from 21st June 1853 and 16th March 1855 expiring in year 2852 and 2854 respectively.</p> <p>The Government Rent for Section B of Inland Lot No. 368 and The Remaining Portion of Section B of Inland Lot No. 382 are \$0.53 and \$16 per annum and \$4 and \$6 per annum have been allotted to the property.</p>	<p>As at the Valuation Date, the Subject Property is tenanted at a monthly rent of \$13,800 for a term commencing from 25 June 2023 to 14 June 2025, as advised by the instructing party.</p>	<p>6,800,000</p> <p>(100% interest attributable to the Group: 6,800,000)</p>

Notes:

1. The subject development being a joint development of Nos. 66-68 Queen's Road West occupies a small rectangular shaped through site on the southeastern side of Queen's Road West with return frontage onto Chuk Lin Lane, in that section between Possession Street and Hollywood Road, bounded by similar tenement blocks on either sides, directly opposite to Hollywood Centre on the other side of Queen's Road West, Hollywood Road Park on other side of Fat Hing Street.
2. The registered owner of the Subject Property is Happy Group Development Limited by an Assignment dated 7 April 2009 vide Memorial No. 09043001190030 for a consideration of \$3,600,000.00.
3. The Subject Property is subject to the following material encumbrances:
 - (i) Statutory Declaration as to the loss of Title Deeds dated 6 April 2009 vide Memorial No. 09043001190015;
 - (ii) Mortgage dated 13 March 2012 in favour of Chong Hing Bank Limited vide Memorial No. 12041002370022 for general banking facilities to an unlimited extent; and
 - (iii) Order No. 'C/TA/003252/22/HK' under section 24(1) of the Buildings Ordinance with Plan by the Building Authority dated 7 October 2022 vide Memorial No. 22112501720139.

4. The Subject Property is situated within 'Residential (Group A) 7' zone in the Approved Sai Ying Pun & Sheung Wan Outline Zoning Plan No. S/H3/34 dated 13 November 2020. The planning intention in this zone is primarily for high-density residential developments. Commercial uses are always permitted on the lowest three floors of a building or in the purpose-designed non-residential portion of an existing building.

5. Happy Group Development Limited is an indirect wholly-owned subsidiary of the Company.

Subject Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 May 2024 HK\$
7. 4th Floor, No. 58 Queen's Road West, Hong Kong 1/8th part or share of and in The Remaining Portion of Inland Lot No. 367 and The Remaining Portion of Section A of Inland Lot No. 368	<p>The Subject Property is one of the domestic units in a 6-storey tenement building (ground, 1st to 5th Floors) planned to have shops on ground floor and domestic units on floors above, with gated main entrance on ground floor entering from Queen's Road West.</p> <p>The building was completed in 1970.</p> <p>The saleable area of the Subject Property is 322 s.f. or thereabouts (29.9 s.m. or thereabouts) as measured from the registered floor plan.</p> <p>The Subject Property is held under 2 Government Leases for a common term of 999 years from 24 June 1853 and 21 June 1853 respectively expiring in year 2852.</p> <p>The Government Rent for The Remaining Portion of Inland Lot No. 367 is unknown and for The Remaining Portion of Section A of Inland Lot No.368 is \$3.64 per annum. No apportionments have been allotted to the property.</p>	<p>As at the Valuation Date, the Subject Property is tenanted at a monthly rent of \$11,500 under monthly periodic tenancy arrangement, as advised by the instructing party.</p>	<p>4,400,000</p> <p>(100% interest attributable to the Group: 4,400,000)</p>

Notes:

1. The subject development being a joint development of Nos. 58-60 Queen's Road West occupies a small rectangular shaped through site on the southeastern side of Queen's Road West with return frontage onto Chuk Lin Lane, in that section between Possession Street and Hollywood Road, bounded by Lai Yan Lau on its northeast and similar tenement blocks on its southwest, directly opposite to Hollywood Road Park on other side of Fat Hing Street.
2. The registered owner of the Subject Property is Happy Group Development Limited by an Assignment dated 10 September 2009 vide Memorial No. 09092401260027 for a consideration of \$2,557,000.00.
3. The Subject Property is subject to the following material encumbrances:

Mortgage dated 13 March 2012 in favour of Chong Hing Bank Limited vide Memorial No. 12041002370013 for general banking facilities to an unlimited extent.
4. The Subject Property is situated within 'Residential (Group A) 7' zone in the Approved Sai Ying Pun & Sheung Wan Outline Zoning Plan No. S/H3/34 dated 13 November 2020. The planning intention in this zone is primarily for high-density residential developments. Commercial uses are always permitted on the lowest three floors of a building or in the purpose-designed non-residential portion of an existing building.
5. Happy Group Development Limited is an indirect wholly-owned subsidiary of the Company.

The following is the text of a letter, a valuation summary and valuation certificates prepared for the purpose of incorporation in this Scheme Document received from Vincorn Consulting and Appraisal Limited, an independent valuer, in connection with its valuation of the property interests held by the ASI Group. Terms defined in this report applies to this report only.

Vincorn Consulting and Appraisal Limited
Units 1602-4, 16/F
308 Central Des Voeux
No. 308 Des Voeux Road Central
Hong Kong



The Board of Directors

Asia Standard International Group Limited
30/F,
YF Life Tower,
No. 33 Lockhart Road,
Wanchai,
Hong Kong

29 August 2024

Dear Sirs,

INSTRUCTION AND VALUATION DATE

We refer to your instructions for us to assess the Market Values of the property interests located in Hong Kong and The People's Republic of China ("The PRC") held by Asia Standard International Group Limited (the "Company") and its subsidiaries (hereinafter together referred to as the "Group") for the purposes of public disclosure. We confirm that we have carried out inspection, made relevant enquiries and searches and obtained such further information as we consider necessary in order to provide you with our opinion of the Market Values of the property interests as at 31 May 2024 (the "Valuation Date").

VALUATION STANDARDS

The valuation has been prepared in accordance with the HKIS Valuation Standards 2020 published by The Hong Kong Institute of Surveyors effective from 31 December 2020 with reference to the International Valuation Standards published by the International Valuation Standards Council effective from 31 January 2022; and the requirements set out in the Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Rule 11 of the Codes on Takeovers and Mergers and Share Buy-backs published by the Securities and Futures Commission.

VALUATION BASIS

Our valuation has been undertaken on the basis of Market Value. 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”.

VALUATION ASSUMPTIONS

Our valuation has been made on the assumption that the seller sells the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the property interests.

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

The property interests in Hong Kong and The PRC are held under long term leasehold interests and long term land use rights respectively. As per the advices given by The PRC legal adviser of the Group, Zhong Wen Law Firm, regarding the titles of the property interests in The PRC, the owner can use, transfer/sell, let or mortgage the relevant state-owned land use rights and ownership rights of the property interests in The PRC during the land use rights term.

VALUATION METHODOLOGY

There are three generally accepted approaches to value property interests, namely Market Approach, Income Approach and Cost Approach.

Market Approach is universally considered as the most accepted valuation approach for valuing most forms of property. This involves the analysis of recent market evidence of similar properties to compare with the subject under valuation. Each comparable is analysed on the basis of its unit rate; each attribute of the comparables is then compared with the subject and where there are any differences, the unit rate is adjusted in order to arrive at the appropriate unit rate for the subject. This is done by making percentage adjustments to the unit rate for various factors, such as time, location, building age, building quality and so on.

When valuing the property interests held by the Group, we have adopted Market Approach, but not Income Approach nor Cost Approach, as there are sufficient comparables located in the vicinity.

POTENTIAL TAX LIABILITIES

As advised by the Group, the potential tax liabilities which may arise from the sale of the property interests include:

(a) Property interests held by the Group in Hong Kong:-

- (i) Ad valorem stamp duty on consideration or value of the property (whichever is the higher) at tax rates under the scale as follows:

Consideration or value of the property (whichever is the higher)	Rate
Up to HKD3,000,000	HKD100
HKD3,000,001 to HKD3,528,240	HKD100+10% of the excess over HKD3,000,000
HKD3,528,241 to HKD4,500,000	1.50%
HKD4,500,001 to HKD4,935,480	HKD67,500+10% of the excess over HKD4,500,000
HKD4,935,481 to HKD6,000,000	2.25%
HKD6,000,001 to HKD6,642,860	HKD135,000+10% of the excess over HKD6,000,000
HKD6,642,861 to HKD9,000,000	3.00%
HKD9,000,001 to HKD10,080,000	HKD270,000+10% of the excess over HKD9,000,000
HKD10,080,001 to HKD20,000,000	3.75%
HKD20,000,001 to HKD21,739,120	HKD750,000+10% of the excess over HKD20,000,000
HKD21,739,121 and above	4.25%

The buyer, the seller, and any person who uses the instrument will be jointly and severally liable to pay ad valorem stamp duty. In other words, the buyer, the seller and any person who uses the instrument will have the same extent of liability, under the law, to pay for any ad valorem stamp duty payable on the chargeable instruments, irrespective of any agreement to the contrary made between them.

- (ii) Profit tax on the profit from the sale of property at tax rates as follows:

Assessable Profit	Rate
Assessable profits up to HKD2,000,000	8.25%
Any part of assessable profits over HKD2,000,000	16.5%

- (b) Property interests held by the Group in The PRC:-
- (i) Value added tax on the consideration at a rate of 9% (plus surcharges);
 - (ii) Corporate income tax on the profit from the sale of property at a rate of 25%; and
 - (iii) Land value appreciation tax on the appreciated portion of land value at progressive tax rates as follows:

Appreciated portion of land value	Progressive tax rate
Not more than 50%	30%
More than 50% but not more than 100%	40%
More than 100% but not more than 200%	50%
More than 200%	60%

For the property interests held by the Group in Groups 1 and 5, they are currently held by the Group and with no intention for disposal. Hence, the likelihood of any potential tax liabilities of these property interests being crystallised is remote.

For the property interests held by the Group in Groups 2 and 3, they are going to be disposed upon completion. For the property interests held by the Group in Group 4, they are currently held by the Group for sale. Hence, the potential tax liabilities of these property interests are likely to be crystallised.

LAND TENURE AND TITLE INVESTIGATION

We have made enquires and relevant searches at the Hong Kong Land Registry. However, we have not searched the original documents nor have we verified the existence of any amendments, which do not appear in the documents available to us. All documents have been used for reference only.

We have been provided with copies of documents in relation to the titles of the property interests in The PRC. However, we have not scrutinised the original documents to verify ownership or to verify any amendments, which may not appear on the copies handed to us. We have relied to a considerable extent on information provided by the Group.

We have relied on the advices given by the legal adviser regarding the titles of the property interests in The PRC. We do not accept liability for any interpretation that we have placed on such information, which is more properly placed within the sphere of the legal adviser.

All legal documents disclosed in this letter, the valuation summary and the valuation certificates are for reference only. No responsibility is assumed for any legal matters concerning the legal titles to the property interests set out in this letter, the valuation summary and the valuation certificates.

INFORMATION SOURCES

We have relied to a considerable extent on information provided by the Group and the legal adviser, in respect of the titles of the property interests in The PRC. We have also accepted advice given to us on matters such as identification of the properties, particulars of occupancy, areas and all other relevant matters. Dimensions, measurements and areas included in the valuation are based on information contained in the documents provided to us and are, therefore, only approximations.

We have also been advised by the Group that no material factors or information have been omitted or withheld from information supplied and consider that we have been provided with sufficient information to reach an informed view. We believe that the assumptions used in preparing our valuation are reasonable and have had no reason to doubt the truth and accuracy of information provided to us by the Group which is material to the valuation.

INSPECTION AND INVESTIGATIONS

The properties were inspected externally and internally. Although not all areas were accessible for viewing at the time of inspection, we have endeavoured to inspect all areas of the properties. Investigations were carried out as necessary. Our investigations have been conducted independently and without influence from any third party in any manner.

We have not tested any services of the properties and are therefore unable to report on their present conditions. We have not undertaken any structural surveys of the properties and are therefore unable to comment on the structural conditions. We have not carried out any investigations on site to determine the suitability of the ground conditions for any future developments. Our valuation is prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be required.

We have not carried out any on-site measurements to verify the correctness of the areas in respect of the properties but have assumed that the areas shown on the documents or deduced from the plans are correct. All documents and plans have been used as reference only and all dimensions, measurements and areas are therefore approximations.

CURRENCY

Unless otherwise stated, all monetary figures stated in this report are in Hong Kong Dollar (“HKD”) or Renminbi (“RMB”). The exchange rate adopted in our valuation of the property interests in The PRC is approximately RMB1.0 = HKD1.0997 which was approximately the prevailing exchange rate as at the Valuation Date.

The valuation summary and the valuation certificates are attached hereto.

Yours faithfully,
For and on behalf of
Vincorn Consulting and Appraisal Limited

Vincent Cheung
BSc(Hons) MBA FHKIS FRICS RPS(GP)
MCIREA MHKSI MISC MHIREA FHKIoD
RICS Registered Valuer
Registered Real Estate Appraiser & Agent PRC
Managing Director

Note:

Vincent Cheung is a fellow of the Hong Kong Institute of Surveyors, a fellow of the Royal Institution of Chartered Surveyors, a Registered Professional Surveyor (General Practice) under the Surveyors Registration Ordinance (Cap. 417) in Hong Kong Special Administrative Region (“Hong Kong”), a member of China Institute of Real Estate Appraisers and Agents, a member of Hong Kong Securities and Investment Institute, a member of Institute of Shopping Centre Management, a member of Hong Kong Institute of Real Estate Administrators, a fellow of the Hong Kong Institute of Directors, a Registered Valuer of the Royal Institution of Chartered Surveyors and a Registered Real Estate Appraiser and Agent People’s Republic of China. He is suitably qualified to carry out the valuation and has over 27 years of experience in the valuation of fixed and intangible assets of this magnitude and nature in the subject region.

VALUATION SUMMARY

Group 1 - Property Interests Held by the Group for Future Development in Hong Kong

No.	Property	Market Value in the Existing State as at 31 May 2024	Interest Attributable to the Group	Market Value in the Existing State as at 31 May 2024 Attributable to the Group
1	The Remaining Portion of Lot No. 531, The Remaining Portion of Section D of Lot No. 532 and The Remaining Portion of Lot No. 532 in D.D. 130, Tuen Mun, New Territories, Hong Kong	HKD280,000,000	100%	HKD280,000,000
2	Lot Nos. 97, 120, 706, 710, 732, 734, 755, 759 in D.D. 125, Yuen Long, New Territories, Hong Kong	HKD30,000,000	100%	HKD30,000,000
3	Lot Nos. 1, 2, 5-11, 14, 15, 20, 22-27, Sections A to G and The Remaining Portion of Lot No. 28, Sub-sections 1-45 and The Remaining Portion of Section A, Sub-sections 1-46 and The Remaining Portion of Section B, Sub-sections 1-31 and The Remaining Portion of Section C and The Remaining Portion of Lot No. 29, Lot Nos. 30-33, 35-45, Sections A, B and The Remaining Portion of Lot No. 46, Lot Nos. 48-52, 54-56, 58-60, 62-67, 69, 71-73 and 75-77 in D.D. 232, Sai Kung, New Territories, Hong Kong	HKD21,000,000	30%	HKD6,300,000
4	1st, Mezzanine & 2nd to 4th Floors, Aberdeen Industrial Building, No. 236 Aberdeen Main Road, Hong Kong	HKD73,000,000	100%	HKD73,000,000
Sub-total:		<u>HKD404,000,000</u>		<u>HKD389,300,000</u>

Group 2 - Property Interests Held by the Group for Development in Hong Kong

No.	Property	Market Value in the Existing State as at 31 May 2024	Interest Attributable to the Group	Market Value in the Existing State as at 31 May 2024 Attributable to the Group
5	No. 92 Repulse Bay Road, Hong Kong	HKD890,000,000	50%	HKD445,000,000
6	high park, No. 1 Hung On Lane, Yuen Long, New Territories, Hong Kong	HKD5,500,000,000	100%	HKD5,500,000,000
	Sub-total:	<u>HKD6,390,000,000</u>		<u>HKD5,945,000,000</u>

Group 3 - Property Interests Held by the Group for Development in The PRC

No.	Property	Market Value in the Existing State as at 31 May 2024	Interest Attributable to the Group	Market Value in the Existing State as at 31 May 2024 Attributable to the Group
7	Unsold Portion of a Mixed-use Development Known as Capital Cove Located at No. 72 Yongshun West Street, Tongzhou District, Beijing, The PRC	RMB4,928,000,000 (HKD5,419,321,600)	50%	RMB2,464,000,000 (HKD2,709,660,800)
	Sub-total:	<u>RMB4,928,000,000</u> <u>(HKD5,419,321,600)</u>		<u>RMB2,464,000,000</u> <u>(HKD2,709,660,800)</u>

Group 4 - Property Interests Held by the Group for Sale in Hong Kong

No.	Property	Market Value in the Existing State as at 31 May 2024	Interest Attributable to the Group	Market Value in the Existing State as at 31 May 2024 Attributable to the Group
8	Car Parking Space No. M1, M2, M3, M5 and M6 on 1st Floor for the Parking of Motor Cycles, Canaryside, No. 8 Shung Shun Street, Kowloon, Hong Kong	HKD1,000,000	100%	HKD1,000,000
9	Private Car Parking Spaces Nos. 3, 5, 10, 13, 15 to 18, 20, 43, 45 to 51 and 53 on Ground Floor, Green Orchid, No. 1 Ping Hing Lane, Yuen Long, New Territories, Hong Kong	HKD9,000,000	100%	HKD9,000,000
10	Car Park Nos. 1 to 3, 58, 95 and 97 on Ground Floor, Royal Knoll, No. 2 Chi Wing Close, Fanling, New Territories, Hong Kong	HKD2,400,000	100%	HKD2,400,000
11	Motorcycle Parking Spaces Nos. M1 to M3 and M5 to M9 on 3rd Floor, The Westminster Terrace, No. 2A Yau Lai Road, Tsuen Wan, New Territories, Hong Kong	HKD1,200,000	100%	HKD1,200,000
12	Unit A on Ground Floor, Units A and B on 1st, 2nd, 3rd, 5th and 6th Floors, Unit B on 7th Floor, Units A on 8th, 9th and 10th Floors, Car Parking Space Nos. C01 to C03 & C05 to C17 and Motor Cycle Parking Space Nos. M01 & M02 on the Basement Floor, High Peak, No. 23 Po Shan Road, Hong Kong	HKD4,910,000,000	50%	HKD2,455,000,000
	Sub-total:	<u>HKD4,923,600,000</u>		<u>HKD2,468,600,000</u>

Group 5 - Property Interests Held by the Group for Occupation in Hong Kong

No.	Property	Market Value in the Existing State as at 31 May 2024	Interest Attributable to the Group	Market Value in the Existing State as at 31 May 2024 Attributable to the Group
13	No. 2 Henderson Road, Hong Kong	HKD1,110,000,000	100%	HKD1,110,000,000
14	No. 6 Goldsmith Road, Hong Kong	HKD910,000,000	100%	HKD910,000,000
15	No. 1D Cheung Chau Peak Road, Cheung Chau, New Territories, Hong Kong	HKD50,000,000	100%	HKD50,000,000
16	Cheung Chau Lot No. 950, Cheung Chau, New Territories, Hong Kong	HKD6,300,000	100%	HKD6,300,000
17	Flat B on 11th Floor, Miami Mansion, Nos. 13 & 15 Cleveland Street, Hong Kong	HKD21,000,000	100%	HKD21,000,000
18	Ground Floor of No. 97 Tai Hang Road & Car Parking Space No. 10 of Alpha Court, Nos. 95, 97 & 99 Tai Hang Road, Hong Kong	HKD20,000,000	100%	HKD20,000,000
	Sub-total:	<u>HKD2,117,300,000</u>		<u>HKD2,117,300,000</u>
	Total:	<u>HKD19,254,221,600</u>		<u>HKD13,629,860,800</u>

VALUATION CERTIFICATES

Group 1 - Property Interests Held by the Group for Future Development in Hong Kong

No.	Property	Description and Tenure	Occupancy Particulars	Market Value in the Existing State as at 31 May 2024
1	The Remaining Portion of Lot No. 531, The Remaining Portion of Section D of Lot No. 532 and The Remaining Portion of Lot No. 532 in D.D. 130, Tuen Mun, New Territories, Hong Kong	<p>The property comprises three agricultural lots located in Lam Tei, Tuen Mun, New Territories, Hong Kong.</p> <p>As per Government Notice, the property has a site area of approximately 10,811.00 sq.ft.</p> <p>The subject lots are held under Block Government Lease for a term of 75 years renewable for another 24 years less the last three days thereof commencing from 1 July 1898 and has been statutorily extended to 30 June 2047.</p>	As per our on-site inspection and information provided by the Group, the property is currently vacant.	<p>HKD280,000,000 (HONG KONG DOLLARS TWO HUNDRED AND EIGHTY MILLION)</p> <p>100% Interest Attributable to the Group:</p> <p>HKD280,000,000 (HONG KONG DOLLARS TWO HUNDRED AND EIGHTY MILLION)</p>

Notes:

- The property was inspected by Wingka Chan *Probationer of HKIS Candidate of RICS* on 12 July 2024.
- The valuation and this certificate were prepared by Vincent Cheung *BSc(Hons) MBA FHKIS FRICS RPS(GP) MCIREA MHKSI MISCM MHIREA FHKIoD RICS Registered Valuer Registered Real Estate Appraiser and Agent PRC*, Kit Cheung *BSc(Hons) FHKIS MRICS RPS(GP) MCIREA MHIREA RICS Registered Valuer Registered Real Estate Appraiser PRC* and Iverson Chan *BSc(Hons) MHKIS MRICS RPS(GP) RICS Registered Valuer CAIA*.
- The details of the land search records of the property dated 2 July 2024 are summarised below:-

Item	Details
Registered Owner:	Free Ocean Investments Limited, an indirectly wholly-owned subsidiary of the Company By an assignment dated 22 May 1997, registered vide Memorial No. TM800376
Government Rent:	3% of the rateable value
Major Encumbrances:	<p><u>The Remaining Portion of Lot No. 531 & The Remaining Portion of Lot No. 532</u></p> <ul style="list-style-type: none"> Deed Poll with Plan Re s.D & R.P. dated 8 September 1987, registered vide Memorial Nos. TM331572 and TM310721; and Deed Poll with Plan dated 8 March 1993, registered vide Memorial No. TM585396.

4. The property is in The Remaining Portion of Lot No. 531, The Remaining Portion of Section D of Lot No. 532 and The Remaining Portion of Lot No. 532 in D.D. 130, which is held under Block Government Lease of D.D. 130. The salient conditions are summarised below:-

Item	Details
Lot Numbers:	Various lots all in D.D. 130
Lease Term:	75 years renewable for another 24 years less the last three days thereof commencing from 1 July 1898 and has been statutorily extended to 30 June 2047
Major Special Conditions:	<ul style="list-style-type: none"> • The Lessee or any other person shall not, nor will, during the continuance of this demise, use, exercise or follow, in or upon the said premises, or any part thereof, any noisy, noisome or offensive trade or business whatever, nor convert any ground hereby expressed to be demised as agricultural or garden ground into use for building purposes other than for the proper occupation of the same ground as agricultural or garden ground without the previous Licence of His said Majesty, His Heirs, Successors or Assigns, signified in writing by the Governor of the said Colony of Hongkong, or other person duly authorised in that behalf. • The Lessee or any other person shall not nor will at any time during the said term erect or construct any building or structure of any description on the said demised premises or any part thereof whether demised as agricultural or garden ground or otherwise without first having obtained the approval thereto of the Surveyor to His said Majesty, His Heirs, Successors or Assigns, or other person duly authorised by the Governor of the said Colony of Hongkong, in that behalf.

5. The property falls within an area zoned as “Commercial” under Approved Lam Tei and Yick Yuen Outline Zoning Plan No. S/TM-LTYY/12 approved on 8 November 2022.

6. The general description and market information of the property are summarised below:

Location	:	The property is located at Castle Peak Road — Lam Tei, Tuen Mun, New Territories, Hong Kong.
Transportation	:	Hong Kong International Airport and Siu Hong MTR Station are located approximately 18.0 kilometres and 1.1 kilometres away from the property respectively.
Nature of Surrounding Area	:	The area is predominately a residential area in Tuen Mun.

No.	Property	Description and Tenure	Occupancy Particulars	Market Value in the Existing State as at 31 May 2024
2	Lot Nos. 97, 120, 706, 710, 732, 734, 755, 759 in D.D. 125, Yuen Long, New Territories, Hong Kong	<p>The property comprises eight agricultural lots located in Ha Chuen, Yuen Long, New Territories, Hong Kong.</p> <p>As per Block Government Lease, the property has a site area of approximately 47,044.80 sq.ft.</p> <p>The subject lots are held under Block Government Lease for a term of 75 years renewable for another 24 years less the last three days thereof commencing from 1 July 1898 and has been statutorily extended to 30 June 2047.</p>	As per our on-site inspection and information provided by the Group, the property is currently vacant.	<p>HKD30,000,000 (HONG KONG DOLLARS THIRTY MILLION)</p> <p>100% Interest Attributable to the Group:</p> <p>HKD30,000,000 (HONG KONG DOLLARS THIRTY MILLION)</p>

Notes:

- The property was inspected by Wingka Chan *Probationer of HKIS Candidate of RICS* on 12 July 2024.
- The valuation and this certificate were prepared by Vincent Cheung *BSc(Hons) MBA FHKIS FRICS RPS(GP) MCIREA MHKSI MISC MHIREA FHKIoD RICS Registered Valuer Registered Real Estate Appraiser and Agent PRC*, Kit Cheung *BSc(Hons) FHKIS MRICS RPS(GP) MCIREA MHIREA RICS Registered Valuer Registered Real Estate Appraiser PRC* and Iverson Chan *BSc(Hons) MHKIS MRICS RPS(GP) RICS Registered Valuer CAIA*.
- The details of the land search records of the property dated 2 July 2024 are summarised below:-

Item	Details
Registered Owner:	<p>Trade Hope Limited, an indirectly wholly-owned subsidiary of the Company</p> <p><u>Lot Nos. 97 and 120 in D.D.125</u></p> <p>By an assignment dated 10 January 1998, registered vide Memorial No. YL802778</p> <p><u>Lot Nos. 706 and 732 in D.D.125</u></p> <p>By an assignment dated 6 December 1997, registered vide Memorial No. YL799845</p> <p><u>Lot Nos. 710, 755 and 759 in D.D.125</u></p> <p>By an assignment dated 22 April 1998, registered vide Memorial No. YL814675</p> <p><u>Lot No. 734 in D.D.125</u></p> <p>By an assignment dated 1 June 1998, registered vide Memorial No. YL819636</p>
Government Rent:	3% of the rateable value
Major Encumbrances:	<p><u>All Lots</u></p> <ul style="list-style-type: none"> Legal Charge in favour of Sino View Holdings Limited dated 18 September 1998, registered vide Memorial No. YL832263; <p><u>Lot Nos. 120 in D.D.125</u></p> <ul style="list-style-type: none"> Warning Letter with Plan dated 8 June 2012, registered vide Memorial No. 12073001590186 (Remarks: From District Lands Officer, Yuen Long);

Item**Details**Lot Nos. 706, 710, 732, 734, 755 and 759 in D.D.125

- G.N.3102 under Lands Resumption Ordinance (Chapter 124) (Notice under Section 4) Annexed with Plan No. YLM11147B dated 30 May 2024, registered vide Memorial No. 24053101720013 (Remarks: Re: Resumption of Land for the second phase development of Hung Shui Kiu/Has Tsuen New Development Area (First Batch)); and

Lot Nos. 755 & 759 in D.D.125

- G.N.3103 under Roads (Works, Use and Compensation) Ordinance (Chapter 370) (Notice under Section 14) Annexed with Plan No. YLM10744 and Modification Resumption Plans Nos. YLM11095 and YLM11155 dated 30 May 2024, registered vide Memorial No. 24053101720028 (Remarks: Re: Resumption of Land for PWP Item Nos. 7787CL (Part) and 7829CL Hung Shui Kiu/Ha Tsuen New Development Area advance works Phase 3 and Stage 2 works — Site Formation and Engineering Infrastructure re Portion).

4. The property is in Lot Nos. 97, 120, 706, 710, 732, 734, 755, 759 in D.D. 125, which is held under Block Government Lease of D.D. 125. The salient conditions are summarised below:-

Item**Details**

Lot Numbers:

Various lots all in D.D. 125

Lease Term:

75 years renewable for another 24 years less the last three days thereof commencing from 1 July 1898 and has been statutorily extended to 30 June 2047

Major Special Conditions:

- The Lessee or any other person shall not, nor will, during the continuance of this demise, use, exercise or follow, in or upon the said premises, or any part thereof, any noisy, noisome or offensive trade or business whatever, nor convert any ground hereby expressed to be demised as agricultural or garden ground into use for building purposes other than for the proper occupation of the same ground as agricultural or garden ground without the previous Licence of His said Majesty, His Heirs, Successors or Assigns, signified in writing by the Governor of the said Colony of Hongkong, or other person duly authorised in that behalf.
- The Lessee or any other person shall not nor will at any time during the said term erect or construct any building or structure of any description on the said demised premises or any part thereof whether demised as agricultural or garden ground or otherwise without first having obtained the approval thereto of the Surveyor to His said Majesty, His Heirs, Successors or Assigns, or other person duly authorised by the Governor of the said Colony of Hongkong, in that behalf.

5. The property falls within an area zoned as “Residential (Group A) 2”, “Residential (Group A) 3” or “Open Space” under Approved Hung Shui Kiu and Ha Tsuen Outline Zoning Plan No. S/HSK/2 approved on 16 October 2018.

6. The general description and market information of the property are summarised below:

Location : The property is located at Ha Chuen, Yuen Long, New Territories, Hong Kong

Transportation : Hong Kong International Airport and Tin Shui Wai MTR Station are located approximately 25.4 kilometres and 2.4 kilometres away from the property respectively.

Nature of Surrounding Area : The area is predominately a storage area in Yuen Long.

No.	Property	Description and Tenure	Occupancy Particulars	Market Value in the Existing State as at 31 May 2024
3	Lot Nos. 1, 2, 5-11, 14, 15, 20, 22-27, Sections A to G and The Remaining Portion of Lot No. 28, Sub-sections 1-45 and The Remaining Portion of Section A, Sub-sections 1-46 and The Remaining Portion of Section B, Sub-sections 1-31 and The Remaining Portion of Section C and The Remaining Portion of Lot No. 29, Lot Nos. 30-33, 35-45, Sections A, B and The Remaining Portion of Lot No. 46, Lot Nos. 48-52, 54-56, 58-60, 62-67, 69, 71-73 and 75-77 in D.D. 232, Sai Kung, New Territories, Hong Kong	<p>The property comprises 194 agricultural lots located in Mau Tin, Sai Kung, New Territories, Hong Kong.</p> <p>As per Block Government Lease, the property has a site area of approximately 691,297.20 sq.ft.</p> <p>The subject lots are held under Block Government Lease for a term of 75 years renewable for another 24 years less the last three days thereof commencing from 1 July 1898 and has been statutorily extended to 30 June 2047.</p>	As per our on-site inspection and information provided by the Group, the property is currently vacant.	<p>HKD21,000,000 (HONG KONG DOLLARS TWENTY ONE MILLION)</p> <p>30% Interest Attributable to the Group:</p> <p>HKD6,300,000 (HONG KONG DOLLARS SIX MILLION AND THREE HUNDRED THOUSAND)</p>

Notes:

- The property was inspected by Wingka Chan *Probationer of HKIS Candidate of RICS* on 9 August 2024.
- The valuation and this certificate were prepared by Vincent Cheung *BSc(Hons) MBA FHKIS FRICS RPS(GP) MCIREA MHKSI MISCM MHIREA FHKIoD RICS Registered Valuer Registered Real Estate Appraiser and Agent PRC*, Kit Cheung *BSc(Hons) FHKIS MRICS RPS(GP) MCIREA MHIREA RICS Registered Valuer Registered Real Estate Appraiser PRC* and Iverson Chan *BSc(Hons) MHKIS MRICS RPS(GP) RICS Registered Valuer CAIA*.

3. The details of the land search records of the property dated 2 July 2024 are summarised below:-

Item	Details
Registered Owner:	Auburntown Limited, an indirectly 30%-owned associated company of the Company By an assignment dated 28 December 1988, registered vide Memorial No. SK136163
Government Rent:	3% of the rateable value
Major Encumbrances:	Nil

4. The property is in various lots in D.D. 232, which is held under Block Government Lease of D.D. 232. The salient conditions are summarised below:-

Item	Details
Lot Numbers:	Various lots all in D.D. 232
Lease Term:	75 years renewable for another 24 years less the last three days thereof commencing from 1 July 1898 and has been statutorily extended to 30 June 2047
Major Special Conditions:	<ul style="list-style-type: none"> • The Lessee or any other person shall not, nor will, during the continuance of this demise, use, exercise or follow, in or upon the said premises, or any part thereof, any noisy, noisome or offensive trade or business whatever, nor convert any ground hereby expressed to be demised as agricultural or garden ground into use for building purposes other than for the proper occupation of the same ground as agricultural or garden ground without the previous Licence of His said Majesty, His Heirs, Successors or Assigns, signified in writing by the Governor of the said Colony of Hongkong, or other person duly authorised in that behalf. • The Lessee or any other person shall not nor will at any time during the said term erect or construct any building or structure of any description on the said demised premises or any part thereof whether demised as agricultural or garden ground or otherwise without first having obtained the approval thereto of the Surveyor to His said Majesty, His Heirs, Successors or Assigns, or other person duly authorised by the Governor of the said Colony of Hongkong, in that behalf.

5. The property falls within an area zoned as “Conservation Area” or “Coastal Protection Area” under Approved Hebe Haven Outline Zoning Plan No. S/SK-HH/8 approved on 2 June 2020.

6. The general description and market information of the property are summarised below:

Location	: The property is located at Mau Tin, Sai Kung, New Territories, Hong Kong.
Transportation	: Hong Kong International Airport and Hang Hau MTR Station are located approximately 45.1 kilometres and 7.0 kilometres away from the property respectively.
Nature of Surrounding Area	: The area is predominately a natural reserve area in Sai Kung.

No.	Property	Description and Tenure	Occupancy Particulars	Market Value in the Existing State as at 31 May 2024
4	1st, Mezzanine & 2nd to 4th Floors, Aberdeen Industrial Building, No. 236 Aberdeen Main Road, Hong Kong <i>(120/720 shares of and in The Remaining Portion of Aberdeen Inland Lot No. 34)</i>	<p>The property comprises 5 industrial floors in a 22-storey industrial development, known as Aberdeen Industrial Building, located in Aberdeen, Hong Kong.</p> <p>As per our scaled-off measurement on the approved building plans, the property has a total saleable area (“SA”) of approximately 13,184.00 sq.ft. As per Occupation Permit No. H22/81, it was completed in about 1981.</p> <p>The subject lot, The Remaining Portion of Aberdeen Inland Lot No. 34, is held under Government Lease for a term of 999 years commencing from 26 December 1860.</p>	As per our on-site inspection and information provided by the Group, the property is currently vacant.	<p>HKD73,000,000 (HONG KONG DOLLARS SEVENTY THREE MILLION)</p> <p>100% Interest Attributable to the Group:</p> <p>HKD73,000,000 (HONG KONG DOLLARS SEVENTY THREE MILLION)</p>

Notes:

- The property was inspected by Maverick Ip *Probationer of HKIS Candidate of RICS* on 8 August 2024.
- The valuation and this certificate were prepared by Vincent Cheung *BSc(Hons) MBA FHKIS FRICS RPS(GP) MCIREA MHKSI MISCM MHIREA FHKIoD RICS Registered Valuer Registered Real Estate Appraiser and Agent PRC*, Kit Cheung *BSc(Hons) FHKIS MRICS RPS(GP) MCIREA MHIREA RICS Registered Valuer Registered Real Estate Appraiser PRC* and Iverson Chan *BSc(Hons) MHKIS MRICS RPS(GP) RICS Registered Valuer CAIA*.
- The details of the land search records of the property dated 2 July 2024 are summarised below:-

Item	Details
Registered Owner:	Full Union Development Limited, an indirectly wholly-owned subsidiary of the Company By an assignment dated 22 February 1999, registered vide Memorial No. UB7710580
Major Encumbrances:	<ul style="list-style-type: none"> Deed of Mutual Grant with Plan (RE AIL 365 and AIL 34 R.P.) dated 17 July 1981, registered vide Memorial No. UB2116453; Deed of Mutual Covenant with Plan dated 17 July 1981, registered vide Memorial No. UB2118585; and Order No. “DR00821/HK/22” By The Building Authority under S. 28(3) of The Buildings Ordinance (Re: For Drains at Exterior of the Building Only) dated 14 November 2022, registered vide Memorial No. 22122800870218.

4. The property is erected on The Remaining Portion of Aberdeen Inland Lot No. 34, which is held under Government Lease. The salient conditions are summarised below:-

Item	Details
Lot Number:	Aberdeen Inland Lot No. 34
Lease Term:	999 years commencing from 26 December 1860
Major Special Conditions:	<ul style="list-style-type: none"> • The Lessee, his Executors, Administrators and Assigns or any other person or persons shall not nor will during the continuance of this demise use exercise or follow in or upon the demised premises or any part thereof the trade of business of a Brazier, Slaughterman, Soap-maker, Sugar-baker, Fellmonger, Melter of tallow, Oilman, Butcher, Distiller, Victualler or Tavern-keeper, Blacksmith, Nightman, Scavenger or any other noisy noisome or offensive trade or business whatever without the previous licence of Her said Majesty, Her Heirs, Successors or Assigns, signified in writing by the Governor of the said Colony of Hong Kong, or other person duly authorised in that behalf.

5. The property falls within an area zoned as “Residential (Group E)” under Hong Kong Planning Area No. 15 & 16 - Approved Aberdeen & Ap Lei Chau Outline Zoning Plan No. S/H15/33 approved on 21 August 2018.

6. The general description and market information of the property are summarised below:

Location	: The property is located at No. 236 Aberdeen Main Road, Hong Kong.
Transportation	: Hong Kong International Airport and Wong Chuk Hang MTR Station are located approximately 40.7 kilometres and 1.9 kilometres away from the property respectively.
Nature of Surrounding Area	: The area is predominately an industrial area mixed with residential developments in Aberdeen.

Group 2 - Property Interests Held by the Group for Development in Hong Kong

No.	Property	Description and Tenure	Occupancy Particulars	Market Value in the Existing State as at 31 May 2024
5	No. 92 Repulse Bay Road, Hong Kong	<p>The property comprises a residential development site located in Repulse Bay, Hong Kong. The property is proposed to be developed into a three-storey house.</p> <p>As per approved building plans, the property has a site area of approximately 10,084.58 sq.ft. The proposed development has a SA of approximately 10,260.00 sq.ft. plus a garden of approximately 5,656.00 sq.ft. and a flat roof of approximately 2,979.00 sq.ft.</p> <p>The subject lot, Section B of Rural Building Lot No. 178, is held under Government Lease for a term of 75 years renewable for another 75 years commencing from 3 October 1921.</p>	<p>As per our on-site inspection and information provided by the Group, the property is currently undergoing construction works, which is expected to be completed in about December 2025.</p>	<p>HKD890,000,000 (HONG KONG DOLLARS EIGHT HUNDRED AND NINETY MILLION)</p> <p>50% Interest Attributable to the Group:</p> <p>HKD445,000,000 (HONG KONG DOLLARS FOUR HUNDRED AND FORTY FIVE MILLION)</p>

Notes:

- The property was inspected by Wingka Chan *Probationer of HKIS Candidate of RICS* on 7 August 2024.
- The valuation and this certificate were prepared by Vincent Cheung *BSc(Hons) MBA FHKIS FRICS RPS(GP) MCIREA MHKSI MISCM MHIREA FHKIoD RICS Registered Valuer Registered Real Estate Appraiser and Agent PRC*, Kit Cheung *BSc(Hons) FHKIS MRICS RPS(GP) MCIREA MHIREA RICS Registered Valuer Registered Real Estate Appraiser PRC* and Iverson Chan *BSc(Hons) MHKIS MRICS RPS(GP) RICS Registered Valuer CAIA*.
- The details of the land search records of the property dated 2 July 2024 are summarised below:-

Item	Details
Registered Owner:	Resounding Success Limited, an indirectly 50%-owned associated company of the Company By an assignment dated 15 July 1981, registered vide Memorial No. UB2130001
Major Encumbrances:	<ul style="list-style-type: none"> Mortgage in favour of Hang Seng Bank Limited dated 11 May 2020, registered vide Memorial No. 20051902220012.

4. The property is erected on Section B of Rural Building Lot No. 178, which is held under Government Lease. The salient conditions are summarised below:-

Item	Details
Lot Number:	Rural Building Lot No. 178
Lease Term:	75 years renewable for another 75 years commencing from 3 October 1921
Major Special Conditions:	<ul style="list-style-type: none"> • The Lessee shall not nor will except with the consent of the Governor in Council first obtained in that behalf erect more than two houses on the said piece or parcel of ground. • The Lessee will not erect any building on the said piece of parcel of ground other than a house or houses of European type. • Any buildings erected on the said piece or parcel of ground shall not exceed 35 feet in height except with the consent of the Governor of the said Colony. • The Lessee, his Executors, Administrators and Assigns or any other person or persons shall not nor will during the continuance of this demise use exercise or follow in or upon the demised premises or any part thereof the trade of business of a Brazier, Slaughterman, Soap-maker, Sugar-baker, Fellmonger, Melter of tallow, Oilman, Butcher, Distiller, Victualler or Tavern-keeper, Blacksmith, Nightman, Scavenger or any other noisy noisome or offensive trade or business whatever without the previous licence of His said Majesty, His Heirs, Successors or Assigns, signified in writing by the Governor of the said Colony of Hong Kong, or other person duly authorised in that behalf.

5. The property falls within an area zoned as “Residential (Group C) 5” under Hong Kong Planning Area No. 17 — Approved Shouson Hill & Repulse Bay Outline Zoning Plan No. S/H17/13 approved on 5 November 2013.
6. The gross development value of the property, assuming that it has been completed and it can be freely transferred, as at the Valuation Date was circa HKD1,250,000,000. According to information provided, the outstanding construction cost and incurred construction cost of the property as at the Valuation Date were circa HKD132,000,000 and HKD20,000,000 respectively.
7. When valuing the property, we have adopted Market Approach to assess the gross development value of the proposed development, which is then adjusted with considerations of the outstanding development costs, the outstanding development periods and the developer’s profit yet to be realised.

The adjustments to the gross development value have been detailed below:

Gross development value:	HKD1,250,000,000	
Adjustments:		
Less legal cost, marketing expense and agency fee:	Circa HKD50,000,000	It is the legal cost, marketing expense and agency fee payable for sale and marketing of the proposed development.
Less outstanding construction cost:	Circa HKD132,000,000	The adjustment is based on the outstanding construction cost provided by the Group.
Less professional fee and contingencies:	Circa HKD11,000,000	The professional fee is the fee payable to professional parties including architects, engineers and surveyors for the development. The contingencies are allowances in costs due to unforeseeable matters and emergencies during the construction process.

Less profit margin:	Circa HKD103,000,000	This is the developer's profit to be realised when carrying out development. It forms a component of the gross development value and thus it has to be deducted from the gross development value to arrive at the land value.
Less outstanding development period:	Circa HKD64,000,000	This is the cost of time from the Valuation Date to the expected completion date of construction works.
Market Value:	HKD890,000,000	

8. The general description and market information of the property are summarised below:

Location	:	The property is located at No. 92 Repulse Bay Road, Hong Kong.
Transportation	:	Hong Kong International Airport and Ocean Park MTR Station are located approximately 45.1 kilometres and 4.4 kilometres away from the property respectively.
Nature of Surrounding Area	:	The area is predominately a residential area in Repulse Bay.

No.	Property	Description and Tenure	Occupancy Particulars	Market Value in the Existing State as at 31 May 2024
6	high park, No. 1 Hung On Lane, Yuen Long, New Territories, Hong Kong	<p>The property comprises a development site, located in Hung Shui Kiu, Yuen Long, New Territories, Hong Kong. The property is proposed to be developed into five 12-storey composite buildings plus a single-storey basement carpark known as high park.</p> <p>As per New Grant No. 22861, the property has a site area of approximately 104,292.40 sq.ft. As per approved building plans, the proposed development has a total gross floor area (“GFA”) of approximately 521,440.79 sq.ft.</p> <p>The subject lot, Lot No. 4312 in D.D. 124, is held under New Grant No. 22861 for a term of 50 years commencing from 22 October 2020.</p>	<p>As per our on-site inspection and information provided by the Group, the property is currently undergoing construction works, which is expected to be completed in about June 2025.</p>	<p>HKD5,500,000,000 (HONG KONG DOLLARS FIVE BILLION AND FIVE HUNDRED MILLION)</p> <p>100% Interest Attributable to the Group:</p> <p>HKD5,500,000,000 (HONG KONG DOLLARS FIVE BILLION AND FIVE HUNDRED MILLION)</p>

Notes:

- The property was inspected by Wingka Chan *Probationer of HKIS Candidate of RICS* on 12 July 2024.
- The valuation and this certificate were prepared by Vincent Cheung *BSc(Hons) MBA FHKIS FRICS RPS(GP) MCIREA MHKSI MISCM MHIREA FHKIoD RICS Registered Valuer Registered Real Estate Appraiser and Agent PRC*, Kit Cheung *BSc(Hons) FHKIS MRICS RPS(GP) MCIREA MHIREA RICS Registered Valuer Registered Real Estate Appraiser PRC* and Iverson Chan *BSc(Hons) MHKIS MRICS RPS(GP) RICS Registered Valuer CAIA*.
- The details of the land search records of the property dated 2 July 2024 are summarised below:-

Item	Details
Registered Owner:	Union Rich Resources Limited, an indirectly wholly-owned subsidiary of the Company By New Grant No. 22861 of Lot No. 4312 in D.D.124 dated 22 October 2020
Major Encumbrances:	<ul style="list-style-type: none"> Debenture and Building Mortgage in favour of The Hong Kong and Shanghai Banking Corporation Limited for consideration see memorial dated 22 October 2020, registered vide Memorial No. 20111902420244 (Remarks: Re Lot No. 4312 in D.D.124).

4. The property is erected on Lot No. 4312 in D.D. 124, which is held under New Grant No. 22861. The salient conditions are summarised below:-

Item	Details
Lot Number:	Lot No. 4312 in D.D. 124
Lease Term:	50 years commencing from 22 October 2020
Major Special Conditions:	<ul style="list-style-type: none"> • The lot or any part thereof or any building or buildings erected or to be erected thereon shall not be used for any purpose other than for non-industrial (excluding office, godown, hotel and petrol filling station) purposes. • Any building or any part of any building erected or to be erected on the Lot shall not be used for any purpose other than the following:- <ul style="list-style-type: none"> • The lowest three floors for non-industrial (excluding office, godown, hotel and petrol filling station) purposes; • The remaining floors (excluding any basement level or basement levels (if erected) above the lowest three floors in the event that there are more than three basement levels) for private residential purposes; • Any basement level (if erected), whether being one of the lowest three floors or a basement level above the lowest three floors for non-industrial (excluding private residential, office, godown, hotel and petrol filling station) purposes. • The total GFA of any building or buildings erected or to be erected on the lot shall not be less than 29,067 square metres (“sq.m.”) and shall not exceed 48,445 sq.m. • The total site coverage of any building or buildings erected or to be erected on the lot shall not exceed 42% of the area of the lot except: <ul style="list-style-type: none"> • The total site coverage of the lowest two floors shall not exceed 62% of the area of the lot; • The total site coverage of the floor immediately above the lowest two floors shall not exceed 44% of the area of the lot; • In respect of any basement level or basement levels (if erected) solely for accommodating the parking, loading and unloading spaces to be provided, the total site coverage shall not be limited by the above site coverage limitation and shall not exceed the area of the lot. • No part of any building or other structure erected or to be erected on the lot together with any addition or fitting (if any) to such building or structure may in the aggregate exceed a height of 47.5 metres above the Hong Kong Principal Datum. • Any building or buildings erected or to be erected on the lot shall not exceed 13 storeys including any floor or space used as carpark and any floor or space below the level of the ground.

5. The property falls within an area zoned “Residential (Group A) 4” under Approved Hung Shui Kiu and Ha Tsuen Outline Zoning Plan No. S/HSK/2 approved on 16 October 2018.

6. The gross development value of the property, assuming that it has been completed and it can be freely transferred, as at the Valuation Date was circa HKD7,070,000,000. According to information provided, the outstanding construction cost and incurred construction cost of the property as at the Valuation Date were circa HKD397,000,000 and HKD1,295,000,000 respectively.

7. When valuing the property, we have adopted Market Approach to assess the gross development value of the proposed development, which is then adjusted with considerations of the outstanding development costs, the outstanding development periods and the developer's profit yet to be realised.

The adjustments to the gross development value have been detailed below:

Gross development value:	HKD7,070,000,000	
Adjustments:		
Less legal cost, marketing expense and agency fee:	Circa HKD283,000,000	It is the legal cost, marketing expense and agency fee payable for sale and marketing of the proposed development.
Less outstanding construction cost:	Circa HKD397,000,000	The adjustment is based on the outstanding construction cost provided by the Group.
Less profit margin:	Circa HKD589,000,000	This is the developer's profit to be realised when carrying out development. It forms a component of the gross development value and thus it has to be deducted from the gross development value to arrive at the land value.
Less outstanding development period:	Circa HKD301,000,000	This is the cost of time from the Valuation Date to the expected completion date of construction works.
Market Value:	HKD5,500,000,000	

8. The general description and market information of the property are summarised below:

Location	:	The property is located at No. 1 Hung On Lane, Yuen Long, New Territories, Hong Kong.
Transportation	:	Hong Kong International Airport and Tin Shui Wai MTR Station are located approximately 19.6 kilometres and 2.3 kilometres away from the property respectively.
Nature of Surrounding Area	:	The area is predominately a residential area in Hung Shui Kiu.

Group 3 - Property Interests Held by the Group for Development in The PRC

No.	Property	Description and Tenure	Occupancy Particulars	Market Value in the Existing State as at 31 May 2024
7	Unsold Portion of a Mixed-use Development Known as Capital Cove Located at No. 72 Yongshun West Street, Tongzhou District, Beijing, The PRC	<p>The property comprises the unsold portion of a mixed-use development site with a proposed development of six high-rise residential blocks, two high-rise office towers, erected over two-storey plus basement retail podiums and a basement carpark, and various ancillary facilities, known as Capital Cove, located in Tongzhou District, Beijing, The PRC.</p> <p>As per Real Estate Title Certificates, the subject site has a site area of approximately 51,979.73 sq.m. As per information provided by the Group, the proposed development has a total GFA of approximately and 171,045.53 sq.m., of which the aboveground GFA and the underground GFA are approximately 82,046.53 sq.m. and 88,999.00 sq.m. respectively.</p> <p>The land use rights of the subject site were granted for a term of 70 years expiring on 30 August 2074 for residential uses; 50 years expiring on 30 August 2054 for office, underground storage and underground carpark uses and 40 years expiring 30 August 2044 for commercial uses.</p>	As per our on-site inspection and information provided by the Group, the property is currently undergoing construction works, which is expected to be completed in about March 2025.	<p>RMB4,928,000,000 (RENMINBI FOUR BILLION NINE HUNDRED AND TWENTY EIGHT MILLION) (HKD5,419,321,600) (HONG KONG DOLLARS FIVE BILLION FOUR HUNDRED NINETEEN MILLION THREE HUNDRED TWENTY ONE THOUSAND AND SIX HUNDRED)</p> <p>50% Interest Attributable to the Group:</p> <p>RMB2,464,000,000 (RENMINBI TWO BILLION FOUR HUNDRED AND SIXTY FOUR MILLION) (HKD2,709,660,800) (HONG KONG DOLLARS TWO BILLION SEVEN HUNDRED NINE MILLION SIX HUNDRED SIXTY THOUSAND AND EIGHT HUNDRED)</p>

Notes:

- The property was inspected by Iverson Chan *BSc(Hons) MHKIS MRICS RPS(GP) RICS Registered Valuer CAIA* on 12 July 2024.
- The valuation and this certificate were prepared by Vincent Cheung *BSc(Hons) MBA FHKIS FRICS RPS(GP) MCIREA MHKSI MISCM MHIREA FHKIoD RICS Registered Valuer Registered Real Estate Appraiser and Agent PRC*, Kit Cheung *BSc(Hons) FHKIS MRICS RPS(GP) MCIREA MHIREA RICS Registered Valuer Registered Real Estate Appraiser PRC* and Iverson Chan *BSc(Hons) MHKIS MRICS RPS(GP) RICS Registered Valuer CAIA*.

3. Pursuant to two Real Estate Title Certificates, the land use rights of the property with a total site area of 51,979.73 sq.m. were granted to Beijing Huanghai Real Estate Development Company Limited, an indirectly 50%-owned associated company of the Company, for various terms. Details of the Real Estate Title Certificates are summarised below:-

Certificate No.	Use	Issue Date	Land Use Rights Expiry Date	Site Area (sqm)
Jing (2019) Tong Bu Dong Chan Quan Di No. 0007345	Commercial, Office, Underground Storage, Underground Carpark and Residential	11 March 2019	70 years expiring on 30 August 2074 for residential uses; 50 years expiring on 30 August 2054 for office, underground storage and underground carpark uses; 40 years expiring on 30 August 2044 for commercial uses	46,364.24
Jing (2019) Tong Bu Dong Chan Quan Di No. 0007351	Commercial, Office, Underground Storage, Underground Carpark and Residential	11 March 2019	70 years expiring on 30 August 2074 for residential uses; 50 years expiring on 30 August 2054 for office, underground storage and underground carpark uses; 40 years expiring on 30 August 2044 for commercial uses	5,615.49
Total				51,979.73

4. Pursuant to 12 Construction Project Planning Permits issued by Beijing Municipal Commission of Planning, the proposed development of the property was approved. Details of the Construction Project Planning Permits are summarised below:-

Construction Project Planning Permit No.	Issue Date	Block	Aboveground GFA (sq.m.)	Underground GFA (sq.m.)
Jian Zi Di No. 110112201400148	19 May 2014	1# Residential Block	23,749.07	10,941.07
Jian Zi Di No. 110112201400149	19 May 2014	2# Residential Block	14,572.54	12,898.69
Jian Zi Di No. 110112201400150	19 May 2014	3# Residential Block	12,714.52	16,182.71
Jian Zi Di No. 110112201400129	29 April 2014	4# Ancillary Facilities	903.26	0
Jian Zi Di No. 110112201400151	19 May 2014	5# Residential Block	25,520.95	4,132.77
Jian Zi Di No. 110112201400130	29 April 2014	6# Residential Block	10,949.67	20,154.45
Jian Zi Di No. 110112201400131	29 April 2014	7# Residential Block	12,583.01	2,285.58
Jian Zi Di No. 110112201400156	26 May 2014	8# Ancillary Retail	223.19	2,200.94
Jian Zi Di No. 110112201400155	26 May 2014	9# Ancillary Facilities	195.18	0
Jian Zi Di No. 110112201500049	16 April 2015	10# Office Tower	35,313.94	13,648.43
Jian Zi Di No. 110112201500050	16 April 2015	11# Office Tower	19,654.23	7,156.25
Jian Zi Di No. 110112201400154	26 May 2014	Ancillary Retail	157.34	1,998.34
Total			156,536.90	91,599.23

5. Pursuant to 5 Construction Project Work Commencement Permits, the construction of the proposed development of the property was approved. Details of the Construction Project Planning Permits are summarised as follows: -

Construction Project**Work****Commencement**

Permit No.	Issue Party	Issue Date	Block	Aboveground GFA (sq.m.)	Underground GFA (sq.m.)
[2017] Shi Jian Zi Di No. 0603	Beijing Municipal Commission of Housing and Urban-Rural Development	28 August 2017	1# Residential Block	23,749.07	10,941.07
[2018] Shi [Tong] Jian Zi Di No. 0022	Beijing Municipal Tongzhou District Commission of Housing and Urban-Rural Development	26 March 2018	2#, 6# Residential Blocks & Ancillary Retail	25,679.55	35,051.48
[2018] Shi [Tong] Jian Zi Di No. 0023	Beijing Municipal Tongzhou District Commission of Housing and Urban-Rural Development	26 March 2018	3#, 5#, 7# Residential Blocks, 4#, 9# Ancillary Facilities and 8# Ancillary Retail	52,140.11	24,802.00
[2019] Shi [Tong] Jian Zi Di No. 0010	Tongzhou District Commission of Housing and Urban-Rural Development	22 January 2019	10# Office Tower	35,313.94	13,648.43
[2019] Shi [Tong] Jian Zi Di No. 0011	Tongzhou District Commission of Housing and Urban-Rural Development	22 January 2019	11# Office Tower	19,654.23	7,156.25
Total				156,536.90	91,599.23

6. Pursuant to the Mortgage Agreements entered into between United Overseas Bank (China) Limited Beijing Branch as the mortgagee and Beijing Huanghai Real Estate Development Company Limited as the mortgagor, the property was subject to mortgage.

7. Pursuant to 3 Beijing Commodity Property Pre-sale Permits issued by Beijing Municipal Commission of Housing and Urban-Rural Development, portion of the proposed development of the property with a total GFA of 94,969.25 sq.m. was approved to pre-sale. The details of the Beijing Commodity Property Pre-sale Permits are summarised as follows:-

Beijing Commodity Property Pre-sale

Permit No.	Issue Date	Block	No. of Flat	GFA (sq.m.)
Jing Fang Shou Zheng Zi No. (2019)67	7 July 2019	3#, 5#, 7# Residential Blocks	535	47,483.39
Jing Fang Shou Zheng Zi No. (2020)21	27 March 2020	2#, 6# Residential Blocks	182	24,809.71
Jing Fang Shou Zheng Zi No. (2021)66	10 June 2021	Levels 1-18 of 1# Residential Block	232	22,676.15
		Total	949	94,969.25

8. The gross development value of the property, assuming that it has been completed and it can be freely transferred, as at the Valuation Date was circa RMB6,325,000,000. According to information provided, the outstanding construction cost and incurred construction cost of the property as at the Valuation Date were circa RMB342,000,000 and RMB2,471,000,000 respectively.
9. When valuing the property, we have adopted Market Approach to assess the gross development value of the proposed development, which is then adjusted with considerations of the outstanding development costs, the outstanding development periods and the developer's profit yet to be realised.

The adjustments to the gross development value have been detailed below:

Gross development value:	RMB6,325,000,000	
Adjustments:		
Less legal cost, marketing expense and agency fee:	Circa RMB151,000,000	It is the legal cost, marketing expense and agency fee payable for sale and marketing of the proposed development.
Less outstanding construction cost:	Circa RMB342,000,000	The adjustment is based on the outstanding construction cost provided by the Group.
Less contingencies and finance cost:	Circa RMB45,000,000	The contingencies are allowances in costs due to unforeseeable matters and emergencies during the construction process. The finance cost is the cost of borrowing of the construction cost. It is calculated on the basis of half of the construction period since construction cost is generally borrowed and settled periodically by stage payments.
Less profit margin:	Circa RMB726,000,000	This is the developer's profit to be realised when carrying out development. It forms a component of the gross development value and thus it has to be deducted from the gross development value to arrive at the land value.
Less outstanding development period:	Circa RMB133,000,000	This is the cost of time from the Valuation Date to the expected completion date of construction works.
Market Value:	RMB4,928,000,000	

10. The general description and market information of the property are summarised below:

- Location : The property is located at No. 72 Yongshun West Street, Tongzhou District, Beijing, The PRC.
- Transportation : Beijing Capital International Airport and Tongzhouxi Railway Station are located approximately 19.9 kilometres and 2.5 kilometres away from the property respectively.
- Nature of Surrounding Area : The area is predominately a residential area in Tongzhou District.

11. We have been provided with a legal opinion regarding the property by Zhong Wen Law Firm, which contains, inter alia, the following:

- (a) Beijing Huanghai Real Estate Development Company Limited has obtained the state-owned land use rights of the property and ownership rights of the construction work in progress and unsold portion;
- (b) During the land use rights term, Beijing Huanghai Real Estate Development Company Limited can use, transfer/sell, let or mortgage the relevant state-owned land use rights and ownership rights. In accordance with the mortgage agreements, written consent from the mortgagee shall be obtained prior to transferring/selling the mortgaged state-owned land use rights and ownership rights; and
- (c) The state-owned land use rights of the property and ownership rights of the construction work in progress and unsold portion are subject to mortgage but are not subject to any dispute or seizure. The mortgagee is United Overseas Bank (China) Limited Beijing Branch.

Group 4 - Property Interests Held by the Group for Sale in Hong Kong

No.	Property	Description and Tenure	Occupancy Particulars	Market Value in the Existing State as at 31 May 2024
8	Car Parking Space No. M1, M2, M3, M5 and M6 on 1st Floor for the Parking of Motor Cycles, Canaryside, No. 8 Shung Shun Street, Kowloon, Hong Kong	The property comprises 5 motorcycle parking spaces on 1st Floor of a residential development, known as Canaryside, located in Yau Tong, Kowloon, Hong Kong. As per Occupation Permit No. KN18/2006(OP), it was completed in about 2006.	As per our on-site inspection and information provided by the Group, the property is currently vacant and available for sale.	HKD1,000,000 (HONG KONG DOLLARS ONE MILLION) 100% Interest Attributable to the Group: HKD1,000,000 (HONG KONG DOLLARS ONE MILLION)
	<i>(5/6,051 shares of and in The Remaining Portion of Yau Tong Inland Lot No. 21)</i>	The subject lot, The Remaining Portion of Yau Tong Inland Lot No. 21, is held under Conditions of Sale No. UB10361 for a term of 99 years less the last 3 days thereof commencing from 1 July 1898 and has been statutorily extended to 30 June 2047.		

Notes:

- The property was inspected by Maverick Ip *Probationer of HKIS Candidate of RICS* on 24 July 2024.
- The valuation and this certificate were prepared by Vincent Cheung *BSc(Hons) MBA FHKIS FRICS RPS(GP) MCIREA MHKSI MISCM MHIREA FHKIoD RICS Registered Valuer Registered Real Estate Appraiser and Agent PRC*, Kit Cheung *BSc(Hons) FHKIS MRICS RPS(GP) MCIREA MHIREA RICS Registered Valuer Registered Real Estate Appraiser PRC* and Iverson Chan *BSc(Hons) MHKIS MRICS RPS(GP) RICS Registered Valuer CAIA*.
- The details of the land search records of the property dated 2 July 2024 are summarised below:-

Item	Details
Registered Owner:	Tonlok Limited, an indirectly wholly-owned subsidiary of the Company By a confirmatory assignment dated 21 March 2007, registered vide Memorial No. 07061301660013
Government Rent:	3% of the rateable value
Major Encumbrances:	<ul style="list-style-type: none"> Modification Letter with Plan (Re YTIL 21) dated 26 August 2004, registered vide Memorial No. UB9318768; Deed Poll with Plan Re S.A and R.P. dated 22 December 2004, registered vide Memorial No. UB9452589; Modification Letter dated 9 August 2005, registered vide Memorial No. 05081601770011; Occupation Permit (Permit No. KN 18/2006(OP)) dated 30 August 2006, registered vide Memorial No. 06092202050255; Certificate of Compliance (from Lands Office, Kowloon East, Lands Department) dated 13 March 2007, registered vide Memorial No. 07031701010013; and

Item	Details
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- Deed of Mutual Covenant and Management Agreement with Plans in favour of Prosperity Land Estate Management Limited (Manager) dated 22 March 2007, registered vide Memorial No. 07041600950053.

4. The property is erected on The Remaining Portion of Yau Tong Inland Lot No. 21, which is held under Conditions of Sale No. UB10361 as modified by two Modification Letters dated 26 August 2004 and 9 August 2005 and registered vide Memorial Nos. UB9318768 and 05081601770011 respectively. The salient conditions are summarised below:-

Item	Details
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Lot Number:	Yau Tong Inland Lot No. 21
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Lease Term:	99 years less the last 3 days thereof commencing from 1 July 1898 and has been statutorily extended to 30 June 2047
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Major Special Conditions:	<ul style="list-style-type: none"> • The Lot or any part thereof or any building or buildings erected or to be erected thereon shall not be used for any purpose other than for non-industrial (excluding godown, petrol filling station and hotel) purposes; • Any building or any part of any building erected or to be erected on the Lot shall not be used for any purpose other than the following:- <ul style="list-style-type: none"> • The lowest three floors for non-industrial (excluding godown, petrol filling station and hotel) purposes; • The remaining floors for private residential purposes; • Any basement level or levels (if erected) shall not be used for any purpose other than for non-industrial (excluding private residential, godown, petrol filling station and hotel) purposes.
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5. The property falls within an area zoned as “Residential (Group E)” under Kowloon Planning Area No. 15 - Approved Cha Kwo Ling, Yau Tong, Lei Yue Mun Outline Zoning Plan No. S/K15/27 approved on 8 November 2022.

6. The general description and market information of the property are summarised below:

Location	: The property is located at No. 8 Shung Shun Street, Kowloon, Hong Kong.
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Transportation	: Hong Kong International Airport and Yau Tong MTR Station are located approximately 42.6 kilometres and 0.7 kilometres away from the property respectively.
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Nature of Surrounding Area	: The area is predominately a residential area in Yau Tong.
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No.	Property	Description and Tenure	Occupancy Particulars	Market Value in the Existing State as at 31 May 2024
9	Private Car Parking Spaces Nos. 3, 5, 10, 13, 15 to 18, 20, 43, 45 to 51 and 53 on Ground Floor, Green Orchid, No. 1 Ping Hing Lane, Yuen Long, New Territories, Hong Kong <i>(108/2,019 shares of and in The Remaining Portion of Lot No. 1738 in D.D. 122)</i>	The property comprises 18 private car parking spaces on Ground Floor of a residential development, known as Green Orchid, located in Yuen Long, New Territories, Hong Kong. As per Occupation Permit No. NT65/2006(OP), it was completed in about 2006. The subject lot, The Remaining Portion of Lot No. 1738 in D.D. 122, is held under New Grant No. YL4668 for a term of 50 years commencing from 14 July 2004.	As per our on-site inspection and information provided by the Group, the property is currently vacant and available for sale.	HKD9,000,000 (HONG KONG DOLLARS NINE MILLION) 100% Interest Attributable to the Group: HKD9,000,000 (HONG KONG DOLLARS NINE MILLION)

Notes:

- The property was inspected by Wingka Chan *Probationer of HKIS Candidate of RICS* on 12 July 2024.
- The valuation and this certificate were prepared by Vincent Cheung *BSc(Hons) MBA FHKIS FRICS RPS(GP) MCIREA MHKSI MISCM MHIREA FHKIoD RICS Registered Valuer Registered Real Estate Appraiser and Agent PRC*, Kit Cheung *BSc(Hons) FHKIS MRICS RPS(GP) MCIREA MHIREA RICS Registered Valuer Registered Real Estate Appraiser PRC* and Iverson Chan *BSc(Hons) MHKIS MRICS RPS(GP) RICS Registered Valuer CAIA*.
- The details of the land search records of the property dated 2 July 2024 are summarised below:-

Item	Details
Registered Owner:	Kelpoint Limited, an indirectly wholly-owned subsidiary of the Company By New Grant No. 4668 of Lot No. 1738 in D.D. 122 dated 14 July 2004
Government Rent:	3% of the rateable value
Major Encumbrances:	<ul style="list-style-type: none"> Deed Poll with Plan (Re S.A and R.P.) dated 23 May 2006, registered vide Memorial No. 06060701200030; Occupation Permit No. NT 65/2006(OP) dated 11 October 2006, registered vide Memorial No. 06120700960014; Certificate of Compliance by District Lands Office, Yuen Long Lands Department Re S.A & R.P. of Lot No. 1738 in D.D. 122 dated 14 March 2007, registered vide Memorial No. 07032000400010; and

Item	Details
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- Deed of Mutual Covenant and Management Agreement with Plans in favour of Prosperity Land Estate Management Limited (Manager) dated 13 April 2007, registered vide Memorial No. 07050201840109.

4. The property is erected on The Remaining Portion of Lot No. 1738 in D.D. 122, which is held under New Grant No. YL4668. The salient conditions are summarised below:-

Item	Details
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Lot Number:	Lot No. 1738 in D.D. 122
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Lease Term:	50 years commencing from 14 July 2004
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Major Special Conditions:	<ul style="list-style-type: none"> • The lot or any part thereof or any building or part of any building erected or to be erected thereon shall not be used for any purpose other than for private residential purposes.
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5. The property falls within an area zoned as “Comprehensive Development Area” under Approved Ping Shan Outline Zoning Plan No. S/YL-PS/20 approved on 13 September 2022.

6. The general description and market information of the property are summarised below:

Location	: The property is located at No. 1 Ping Hing Lane, Yuen Long, New Territories, Hong Kong.
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Transportation	: Hong Kong International Airport and Tin Shui Wai MTR Station are located approximately 21.7 kilometres and 1.2 kilometres away from the property respectively.
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Nature of Surrounding Area	: The area is predominately a residential area in Yuen Long.
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No.	Property	Description and Tenure	Occupancy Particulars	Market Value in the Existing State as at 31 May 2024
10	Car Park Nos. 1 to 3, 58, 95 and 97 on Ground Floor, Royal Knoll, No. 2 Chi Wing Close, Fanling, New Territories, Hong Kong	The property comprises 6 private car parking spaces on Ground Floor of a residential development, known as Royal Knoll, located in Fanling, New Territories, Hong Kong. As per Occupation Permit No. NT33/99, it was completed in about 1999.	As per our on-site inspection and information provided by the Group, the property is currently vacant and available for sale.	HKD2,400,000 (HONG KONG DOLLARS TWO MILLION AND FOUR HUNDRED THOUSAND) 100% Interest Attributable to the Group:
	(180/18,230 shares of and in Fanling Sheung Shui Town Lot No. 130)	The subject lot, Fanling Sheung Shui Town Lot No. 130, is held under New Grant No. 13082 for a term from 12 September 1996 to 30 June 2047.		HKD2,400,000 (HONG KONG DOLLARS TWO MILLION AND FOUR HUNDRED THOUSAND)

Notes:

- The property was inspected by Wingka Chan *Probationer of HKIS Candidate of RICS* on 12 July 2024.
- The valuation and this certificate were prepared by Vincent Cheung *BSc(Hons) MBA FHKIS FRICS RPS(GP) MCIREA MHKSI MISCM MHIREA FHKIoD RICS Registered Valuer Registered Real Estate Appraiser and Agent PRC*, Kit Cheung *BSc(Hons) FHKIS MRICS RPS(GP) MCIREA MHIREA RICS Registered Valuer Registered Real Estate Appraiser PRC* and Iverson Chan *BSc(Hons) MHKIS MRICS RPS(GP) RICS Registered Valuer CAIA*.
- The details of the land search records of the property dated 2 July 2024 are summarised below:-

Item	Details
Registered Owner:	Tonlok Limited, an indirectly wholly-owned subsidiary of the Company By New Grant No. 13082 of Fanling Sheung Shui Town Lot No. 130 dated 12 September 1996
Government Rent:	3% of the rateable value
Major Encumbrances:	<ul style="list-style-type: none"> Letter with Certified Carpark Layout Plans dated 23 October 1997, registered vide Memorial No. N405189; Amended Letter with Certified Carpark Layout Plan dated 12 May 1998, registered vide Memorial No. N415813; Modification Letter with Plan dated 17 December 1998, registered vide Memorial No. N430311; Occupation Permit dated 17 May 1999, registered vide Memorial No. N449310; Certificate of Compliance dated 29 September 1999, registered vide Memorial No. N453716; and Deed of Mutual Covenant Incorporating Management Agreement with Plan dated 4 October 1999, registered vide Memorial No. N458902.

4. The property is erected on Fanling Sheung Shui Town Lot No. 130, which is held under New Grant No. 13082 as modified by a Modification Letter with Plan dated 17 December 1998, registered vide Memorial No. N430311. The salient conditions are summarised below:-

Item	Details
Lot Number:	Fanling Sheung Shui Town Lot No. 130
Lease Term:	From 12 September 1996 to 30 June 2047
Major Special Conditions:	<ul style="list-style-type: none">• The lot or any part thereof or any building or part of any building erected or to be erected thereon shall not be used for any purpose other than for private residential purposes.

5. The property falls within an area zoned as “Residential (Group C) 2” under Approved Fanling / Sheung Shui Outline Zoning Plan No. S/FSS/28 approved on 9 April 2024.

6. The general description and market information of the property are summarised below:

Location	: The property is located at No. 2 Chi Wing Close, Fanling, New Territories, Hong Kong.
Transportation	: Hong Kong Airport and Fanling MTR Station are located approximately 41.6 kilometres and 0.6 kilometres away from the property respectively.
Nature of Surrounding Area	: The area is predominately a residential area in Fanling.

No.	Property	Description and Tenure	Occupancy Particulars	Market Value in the Existing State as at 31 May 2024
11	Motorcycle Parking Spaces Nos. M1 to M3 and M5 to M9 on 3rd Floor, The Westminster Terrace, No. 2A Yau Lai Road, Tsuen Wan, New Territories, Hong Kong <i>(8/4,986 shares of and in Tsuen Wan Town Lot No. 367)</i>	The property comprises 8 motorcycle parking spaces on 3rd Floor of a residential development, known as The Westminster Terrace, located in Tsuen Wan, New Territories, Hong Kong. As per Occupation Permit No. NT34/2009(OP), it was completed in about 2009. The subject lot, Tsuen Wan Town Lot No. 367, is held under New Grant No. 20228 for a term of 50 years commencing from 7 July 2006.	As per our on-site inspection and information provided by the Group, the property is currently vacant and available for sale.	HKD1,200,000 (HONG KONG DOLLARS ONE MILLION AND TWO HUNDRED THOUSAND) 100% Interest Attributable to the Group: HKD1,200,000 (HONG KONG DOLLARS ONE MILLION AND TWO HUNDRED THOUSAND)

Notes:

- The property was inspected by Maverick Ip *Probationer of HKIS Candidate of RICS* on 9 August 2024.
- The valuation and this certificate were prepared by Vincent Cheung *BSc(Hons) MBA FHKIS FRICS RPS(GP) MCIREA MHKSI MISCM MHIREA FHKIoD RICS Registered Valuer Registered Real Estate Appraiser and Agent PRC*, Kit Cheung *BSc(Hons) FHKIS MRICS RPS(GP) MCIREA MHIREA RICS Registered Valuer Registered Real Estate Appraiser PRC* and Iverson Chan *BSc(Hons) MHKIS MRICS RPS(GP) RICS Registered Valuer CAIA*.
- The details of the land search records of the property dated 2 July 2024 are summarised below:-

Item	Details
Registered Owner:	Lucky New Investment Limited, an indirectly wholly-owned subsidiary of the Company By New Grant No. 20228 of Tsuen Wan Town Lot No. 367 dated 7 July 2006
Government Rent:	3% of the rateable value
Major Encumbrances:	<ul style="list-style-type: none"> Occupation Permit No. NT34/2009(OP) dated 29 June 2009, registered vide Memorial No. 09072802290018; Certificate of Compliance from District Lands Office / Tsuen Wan and Kwai Tsing, Lands Department dated 17 December 2009, registered vide Memorial No. 09122302270012; and Deed of Mutual Covenant and Management Agreement with Plans in favour of Savills Property Management Limited (Manager) dated 18 January 2010, registered vide Memorial 10020902360265.

4. The property is erected on Tsuen Wan Town Lot No. 367, which is held under New Grant No. 20228. The salient conditions are summarised below:-

Item	Details
Lot Number:	Tsuen Wan Town Lot No. 367
Lease Term:	50 years commencing from 7 July 2006
Major Special Conditions:	<ul style="list-style-type: none">• The lot or any part thereof or any building or part of any building erected or to be erected thereon shall not be used for any purpose other than for private residential purposes.

5. The property falls within an area zoned as “Residential (Group B) 5” under Approved Tsuen Wan Outline Zoning Plan No. S/TW/37 approved on 6 February 2024.

6. The general description and market information of the property are summarised below:

Location	: The property is located at No. 2A Yau Lai Road, Tsuen Wan, New Territories, Hong Kong.
Transportation	: Hong Kong International Airport and Tsuen Wan West MTR Station are located approximately 27.9 kilometres and 2.9 kilometres away from the property respectively.
Nature of Surrounding Area	: The area is predominately a residential area in Tsuen Wan.

No.	Property	Description and Tenure	Occupancy Particulars	Market Value in the Existing State as at 31 May 2024
12	Unit A on Ground Floor, Units A and B on 1st, 2nd, 3rd, 5th and 6th Floors, Unit B on 7th Floor, Units A on 8th, 9th and 10th Floors, Car Parking Space Nos. C01 to C03 & C05 to C17 and Motor Cycle Parking Space Nos. M01 & M02 on the Basement Floor, High Peak, No. 23 Po Shan Road, Hong Kong <i>(6,580/7,066 shares of and in Inland Lot No. 6435 and The Extension Thereto)</i>	The property comprises 15 residential units, 16 car parking spaces and 2 motorcycle parking spaces of a residential development, known as High Peak, located in Mid-Levels, Hong Kong. As per sales brochure of the subject development, the property has a total SA of approximately 67,979.00 sq.ft. plus flat roof of approximately 1,226.00 sq.ft., roof of approximately 5,723.00 sq.ft. and yard of approximately 194.00 sq.ft. As per Occupation Permit No. HK35/2022/OP, it was completed in about 2022. The subject lot, Inland Lot No. 6435 and The Extension Thereto, is held under Government Lease for a term of 75 years renewable for another 75 years commencing from 7 January 1949.	As per our on-site inspection and information provided by the Group, the property is currently vacant and available for sale.	HKD4,910,000,000 (HONG KONG DOLLARS FOUR BILLION NINE HUNDRED AND TEN MILLION) 50% Interest Attributable to the Group: HKD2,455,000,000 (HONG KONG DOLLARS TWO BILLION FOUR HUNDRED AND FIFTY FIVE MILLION)

Notes:

- The property was inspected by Wingka Chan *Probationer of HKIS Candidate of RICS* on 8 August 2024.
- The valuation and this certificate were prepared by Vincent Cheung *BSc(Hons) MBA FHKIS FRICS RPS(GP) MCIREA MHKSI MISCM MHIREA FHKIoD RICS Registered Valuer Registered Real Estate Appraiser and Agent PRC*, Kit Cheung *BSc(Hons) FHKIS MRICS RPS(GP) MCIREA MHIREA RICS Registered Valuer Registered Real Estate Appraiser PRC* and Iverson Chan *BSc(Hons) MHKIS MRICS RPS(GP) RICS Registered Valuer CAIA*.
- The details of the land search records of the property dated 2 July 2024 are summarised below:-

Item	Details
Registered Owner:	Best Prosper Investment Limited, an indirectly 50%-owned associated company of the Company By an assignment dated 20 April 2015, registered vide Memorial No. 15051902040211 and two assignments both dated 8 May 2015, registered vide Memorial Nos. 15052900920048 and 15052900920065
Government Rent:	HKD778 per annum (Inland Lot No. 6435 and The Extension Thereto)

Item	Details
Major Encumbrances:	<ul style="list-style-type: none"> • Deed of Variation of Crown Lease dated 19 December 1979, registered vide Memorial No. UB1806154; • Deed of Variation of Crown Lease dated 11 December 1981, registered vide Memorial No. UB2185668; • Occupation Permit No. HK35/2022/OP dated 13 September 2022, registered vide Memorial No. 22110102130051; • Mortgage in favour of Bank of China (Hong Kong) Limited dated 20 October 2022, registered vide Memorial No. 22110802100222; • Memorandum for Certified True Copy Amended Car Park Layout Plan Annexed dated 11 September 2023, registered vide Memorial No. 23091101400018; and • Deed of Mutual Covenant and Management Agreement with Plans in favour of Savills Property Management Limited (Manager) dated 10 November 2023, registered vide Memorial No. 23120600580023.

4. The property is erected on Inland Lot No. 6435 and The Extension Thereto, which is held under Government Lease as extended by an Extension Letter dated 30 April 1965, registered vide Memorial No. UB485800, and as varied by two Deeds of Variation of Crown Lease dated 19 December 1979 and 11 December 1981, registered vide Memorial Nos. UB1806154 and UB2185668 respectively. The salient conditions are summarised below:-

Item	Details
Lot Number:	Inland Lot No. 6435 and The Extension Thereto
Lease Term:	75 years renewable for another 75 years commencing from 7 January 1949
Major Special Conditions:	<ul style="list-style-type: none"> • The Lessee will not use or allow or suffer to be used the said piece or parcel of ground or any part thereof or the said building or any part or parts of the said building for any purpose other than private residential purposes; • The Lessee will not erect or allow or suffer to be erected on the said piece or parcel of ground or any part thereof any structure other than one building which shall not contain more than 10 storeys and shall subject to the terms and covenants herein contained in all respects comply with the Buildings Ordinance any regulations made thereunder and any amending legislation (it being agreed and declared that for the purpose only of calculating the permitted plot ratio and site coverage under the said Ordinance its regulations and amending legislation in respect of the building erected or to be erected thereon the area of the said piece or parcel of ground shall be deemed to contain 1,393.55 sq.m. only).

5. The property falls within an area zoned as “Residential (Group C) 2” under Hong Kong Planning Area No. 11 - Approved Mid-Levels West Outline Zoning Plan No. S/H11/15 approved on 2 March 2010.

6. The general description and market information of the property are summarised below:

Location	: The property is located at No. 23 Po Shan Road, Hong Kong.
Transportation	: Hong Kong International Airport and Sai Ying Pun MTR Station are located approximately 36.4 kilometres and 1.4 kilometres away from the property respectively.
Nature of Surrounding Area	: The area is predominately a residential area in Mid-Levels.

Group 5 - Property Interests Held by the Group for Occupation in Hong Kong

No.	Property	Description and Tenure	Occupancy Particulars	Market Value in the Existing State as at 31 May 2024
13	No. 2 Henderson Road, Hong Kong	<p>The property comprises a 2-storey house over a single-storey basement carpark located in Jardine's Lookout, Hong Kong.</p> <p>As per Government Lease, the property has a site area of approximately 16,010.00 sq.ft. As per our scaled-off measurement on the approved building plans, the property has a SA of approximately 11,731.00 sq.ft., a garden of approximately 8,113.00 sq.ft., a roof of approximately 3,242.00 sq.ft. and a flat roof of approximately 728.00 sq.ft. As per Occupation Permit No. HK3/2018(OP), it was completed in about 2018.</p> <p>The subject lot, Inland Lot No. 6930, is held under Government Lease for a term of 75 years renewable for another 75 years commencing from 11 January 1950.</p>	As per our on-site inspection and information provided by the Group, the property is currently occupied by the Group.	<p>HKD1,110,000,000 (HONG KONG DOLLARS ONE BILLION ONE HUNDRED AND TEN MILLION)</p> <p>100% Interest Attributable to the Group:</p> <p>HKD1,110,000,000 (HONG KONG DOLLARS ONE BILLION ONE HUNDRED AND TEN MILLION)</p>

Notes:

- The property was inspected by Leo Wong *Probationer of HKIS Candidate of RICS* on 8 August 2024.
- The valuation and this certificate were prepared by Vincent Cheung *BSc(Hons) MBA FHKIS FRICS RPS(GP) MCIREA MHKSI MISCM MHIREA FHKIoD RICS Registered Valuer Registered Real Estate Appraiser and Agent PRC*, Kit Cheung *BSc(Hons) FHKIS MRICS RPS(GP) MCIREA MHIREA RICS Registered Valuer Registered Real Estate Appraiser PRC* and Iverson Chan *BSc(Hons) MHKIS MRICS RPS(GP) RICS Registered Valuer CAIA*.
- The details of the land search records of the property dated 2 July 2024 are summarised below:-

Item	Details
Registered Owner:	Juno Cliff Limited, an indirectly wholly-owned subsidiary of the Company By an assignment dated 30 September 1993, registered vide Memorial No. UB5826393
Government Rent:	HKD368 per annum
Major Encumbrances:	<ul style="list-style-type: none"> Mortgage in favour of Hang Seng Bank Limited dated 28 June 2013, registered vide Memorial No. 13071002370107; and Modification Letter dated 30 June 2017, registered vide Memorial No. 17070601790021.

4. The property is erected on Inland Lot No. 6930, which is held under Government Lease as modified by a Modification Letter dated 30 June 2017, registered vide Memorial No. 17070601790021. The salient conditions are summarised below:-

Item	Details
Lot Number:	Inland Lot No. 6930
Lease Term:	75 years renewable for another 75 years commencing from 11 January 1950
Major Special Conditions:	<ul style="list-style-type: none"> • The Lessee will not erect or allow to be erected on any portion of the said piece of parcel of ground any house having a curtilage of less than 8,000 sq.ft. including the site of the house and will not dispose of any portion of the said piece or parcel of ground having an area of less than 8,000 sq.ft.; • The Lessee will not erect or allow to be erected any buildings on the said piece or parcel of ground except one detached or semi-detached residence of European type with garage and all proper out-buildings thereto (it being agreed and declared that the composition of a residence shall be decided by the said Director); and • The said Lessee or any other person or persons shall not nor will during the continuance of this demise use exercise or follow in or upon the demised premises or any part thereof the trade of business of a Brazier, Slaughterman, Soap-maker, Sugar-baker, Fellmonger, Melter of tallow, Oilman, Butcher, Distiller, Victualler or Tavern-keeper, Blacksmith, Nightman, Scavenger or any other noisy noisome or offensive trade or business whatever without the previous licence of Her said Majesty signified in writing by the Governor or other person duly authorised in that behalf.

5. The property falls within an area zoned as “Residential (Group C) 1” under Hong Kong Planning Area No. 13 - Approved Jardine’s Lookout & Wong Nai Chung Gap Outline Zoning Plan No. S/H13/12 approved on 2 October 2007.

6. The general description and market information of the property are summarised below:

Location	: The property is located at No. 2 Henderson Road, Hong Kong.
Transportation	: Hong Kong Airport and Tin Hau MTR Station are located approximately 39.5 kilometres and 2.5 kilometres away from the property respectively.
Nature of Surrounding Area	: The area is predominately a residential area in Jardine’s Lookout.

No.	Property	Description and Tenure	Occupancy Particulars	Market Value in the Existing State as at 31 May 2024
14	No. 6 Goldsmith Road, Hong Kong	<p>The property comprises a 2-storey house located in Jardine's Lookout, Hong Kong.</p> <p>As per Government Lease, the property has a site area of approximately 10,468.00 sq.ft. As per our scaled-off measurement on the approved building plans, the property has an SA of approximately 6,706.00 sq.ft., a garden of approximately 5,222.00 sq.ft., a roof of approximately 2,569.00 sq.ft. and a terrace of approximately 1,329.00 sq.ft. As per Occupation Permit No. HK16/2022/OP, it was completed in about 2022.</p> <p>The subject lot, Inland Lot No. 7189, is held under Government Lease for a term of 75 years renewable for another 75 years commencing from 11 January 1950.</p>	As per our on-site inspection and information provided by the Group, the property is currently vacant.	<p>HKD910,000,000 (HONG KONG DOLLARS NINE HUNDRED AND TEN MILLION)</p> <p>100% Interest Attributable to the Group:</p> <p>HKD910,000,000 (HONG KONG DOLLARS NINE HUNDRED AND TEN MILLION)</p>

Notes:

- The property was inspected by Leo Wong *Probationer of HKIS Candidate of RICS* on 8 August 2024.
- The valuation and this certificate were prepared by Vincent Cheung *BSc(Hons) MBA FHKIS FRICS RPS(GP) MCIREA MHKSI MISCM MHIREA FHKIoD RICS Registered Valuer Registered Real Estate Appraiser and Agent PRC*, Kit Cheung *BSc(Hons) FHKIS MRICS RPS(GP) MCIREA MHIREA RICS Registered Valuer Registered Real Estate Appraiser PRC* and Iverson Chan *BSc(Hons) MHKIS MRICS RPS(GP) RICS Registered Valuer CAIA*.
- The details of the land search records of the property dated 2 July 2024 are summarised below:-

Item	Details
Registered Owner:	Derby Development Limited, an indirectly wholly-owned subsidiary of the Company By an assignment dated 31 August 2016, registered vide Memorial No. 16092800460265
Government Rent:	HKD240 per annum
Major Encumbrances:	<ul style="list-style-type: none"> Modification Letter dated 12 July 2019, registered vide Memorial No. 19072500820016; and Mortgage in favour of Chiyu Bank Corporation Limited dated 30 June 2022, registered vide Memorial No. 22072702360141.

4. The property is erected on Inland Lot No. 7189, which is held under Government Lease as modified by a Modification Letter dated 12 July 2019, registered vide Memorial No. 19072500820016. The salient conditions are summarised below:-

Item	Details
Lot Number:	Inland Lot No. 7189
Lease Term:	75 years renewable for another 75 years commencing from 11 January 1950
Major Special Conditions:	<ul style="list-style-type: none"> • The Lessee will not erect or allow to be erected on any portion of the said piece of parcel of ground any house having a curtilage of less than 8,000 sq.ft. including the site of the house and will not dispose of any portion of the said piece or parcel of ground having an area of less than 8,000 sq.ft.; • The Lessee will not erect or allow to be erected any buildings on the said piece or parcel of ground except one detached or semi-detached residence of European type with garage and all proper out-buildings thereto (it being agreed and declared that the composition of a residence shall be decided by the said Director); • In no case will the height of any such building exceed 35 feet; and • The said Lessee or any other person or persons shall not nor will during the continuance of this demise use exercise or follow in or upon the demised premises or any part thereof the trade of business of a Brazier, Slaughterman, Soap-maker, Sugar-baker, Fellmonger, Melter of tallow, Oilman, Butcher, Distiller, Victualler or Tavern-keeper, Blacksmith, Nightman, Scavenger or any other noisy noisome or offensive trade or business whatever without the previous licence of Her said Majesty signified in writing by the Governor or other person duly authorised in that behalf.

5. The property falls within an area zoned as “Residential (Group C) 1” under Hong Kong Planning Area No. 13 - Approved Jardine’s Lookout & Wong Nai Chung Gap Outline Zoning Plan No. S/H13/12 approved on 2 October 2007.

6. The general description and market information of the property are summarised below:

Location	: The property is located at No. 6 Goldsmith Road, Hong Kong.
Transportation	: Hong Kong International Airport and Tin Hau MTR Station are located approximately 39.4 kilometres and 2.6 kilometres away from the property respectively.
Nature of Surrounding Area	: The area is predominately a residential area in Jardine’s Lookout.

No.	Property	Description and Tenure	Occupancy Particulars	Market Value in the Existing State as at 31 May 2024
15	No. 1D Cheung Chau Peak Road, Cheung Chau, New Territories, Hong Kong	<p>The property comprises a two-storey house located in Cheung Chau, New Territories, Hong Kong.</p> <p>As per New Grant No. 3530, the property has a site area of approximately 3,625.00 sq.ft. As per our scaled-off measurement on the approved building plans, the property has a SA of approximately 2,537.00 sq.ft. As per Occupation Permit No. NT44/2015(OP), it was completed in about 2015.</p> <p>The subject lot, Cheung Chau Lot No. 930, is held under New Grant No. IS3530 for a term of 75 years renewable for another 24 years less the last three days thereof commencing from 1 July 1898 and has been statutorily extended to 30 June 2047.</p>	As per our on-site inspection and information provided by the Group, the property is currently occupied by the Group.	<p>HKD50,000,000 (HONG KONG DOLLARS FIFTY MILLION)</p> <p>100% Interest Attributable to the Group:</p> <p>HKD50,000,000 (HONG KONG DOLLARS FIFTY MILLION)</p>

Notes:

- The property was inspected by Leo Wong *Probationer of HKIS Candidate of RICS* on 9 August 2024.
- The valuation and this certificate were prepared by Vincent Cheung *BSc(Hons) MBA FHKIS FRICS RPS(GP) MCIREA MHKSI MISCM MHIREA FHKIoD RICS Registered Valuer Registered Real Estate Appraiser and Agent PRC*, Kit Cheung *BSc(Hons) FHKIS MRICS RPS(GP) MCIREA MHIREA RICS Registered Valuer Registered Real Estate Appraiser PRC* and Iverson Chan *BSc(Hons) MHKIS MRICS RPS(GP) RICS Registered Valuer CAIA*.
- The details of the land search records of the property dated 2 July 2024 are summarised below:-

Item	Details
Registered Owner:	Ocean Plaza Investments Limited, an indirectly wholly-owned subsidiary of the Company By an assignment dated 30 June 2000, registered vide Memorial No. IS284033
Government Rent:	3% of the rateable value
Major Encumbrances:	<ul style="list-style-type: none"> Mortgage in favour of Chong Hing Bank Limited dated 30 July 2012, registered vide Memorial No. 12081002720068; and Second Mortgage in favour of Chong Hing Bank Limited dated 3 August 2017, registered vide Memorial No. 17081002200058.

4. The property is erected on Cheung Chau Lot No. 930, which is held under New Grant No. IS3530. The salient conditions are summarised below:-

Item	Details
Lot Number:	Cheung Chau Lot No. 930
Lease Term:	75 years renewable for another 24 years less the last three days thereof commencing from 1 July 1898 and has been statutorily extended to 30 June 2047
Major Special Conditions:	<ul style="list-style-type: none"> • Except with the written permission of the District Officer, no building erected on the lot shall be used as a “Chai Tong” or for any other purpose of a similar nature. • Open space belonging to the owner shall be provided at the rear of every new building and such open space shall have an area of at least equal to half the roofed-over area of the building. • Without the consent of the District Officer in writing the height of any building shall not exceed 25 feet nor shall any building exceed 2 storeys in height. No storey shall be less than 10 feet in height. • Not more than 35% of the area shall be roofed over.

5. The property falls within an area zoned as “Residential (Group C) 2” under Approved Cheung Chau Outline Zoning Plan No. S/I-CC/9 approved on 14 September 2021.

6. The general description and market information of the property are summarised below:

Location	:	The property is located at No. 1D Cheung Chau Peak Road, Cheung Chau, New Territories, Hong Kong.
Transportation	:	Cheung Chau Ferry Pier is located approximately 0.6 kilometres away from the property.
Nature of Surrounding Area	:	The area is predominately a residential area in Cheung Chau.

No.	Property	Description and Tenure	Occupancy Particulars	Market Value in the Existing State as at 31 May 2024
16	Cheung Chau Lot No. 950, Cheung Chau, New Territories, Hong Kong	<p>The property comprises a single-storey house located in Cheung Chau, New Territories, Hong Kong.</p> <p>As per New Grant No. 3763, the property has a site area of approximately 2,000.00 sq.ft. As per information provided by the Group, the property has a SA of approximately 700.00 sq.ft. As per information provided by the Group, it was completed in about 1980.</p> <p>The subject lot, Cheung Chau Lot No. 950, is held under New Grant No. 3763 for a term of 99 years less the last three days thereof commencing from 1 July 1898 and has been statutorily extended to 30 June 2047.</p>	As per our on-site inspection and information provided by the Group, the property is currently occupied by the Group.	<p>HKD6,300,000 (HONG KONG DOLLARS SIX MILLION AND THREE HUNDRED THOUSAND)</p> <p>100% Interest Attributable to the Group:</p> <p>HKD6,300,000 (HONG KONG DOLLARS SIX MILLION AND THREE HUNDRED THOUSAND)</p>

Notes:

- The property was inspected by Leo Wong *Probationer of HKIS Candidate of RICS* on 9 August 2024.
- The valuation and this certificate were prepared by Vincent Cheung *BSc(Hons) MBA FHKIS FRICS RPS(GP) MCIREA MHKSI MISCM MHIREA FHKIoD RICS Registered Valuer Registered Real Estate Appraiser and Agent PRC*, Kit Cheung *BSc(Hons) FHKIS MRICS RPS(GP) MCIREA MHIREA RICS Registered Valuer Registered Real Estate Appraiser PRC* and Iverson Chan *BSc(Hons) MHKIS MRICS RPS(GP) RICS Registered Valuer CAIA*.
- The details of the land search records of the property dated 11 July 2024 are summarised below:-

Item	Details
Registered Owner:	Ocean Plaza Investments Limited, an indirectly wholly-owned subsidiary of the Company By an assignment dated 29 May 2014, registered vide Memorial No. 14061800960016
Government Rent:	3% of the rateable value
Major Encumbrances:	Nil

- The property is erected on Cheung Chau Lot No. 950, which is held under New Grant No. 3763. The salient conditions are summarised below:-

Item	Details
Lot Number:	Cheung Chau Lot No. 950
Lease Term:	99 years less the last three days thereof commencing from 1 July 1898 and has been statutorily extended to 30 June 2047

Item	Details
Major Special Conditions:	<ul style="list-style-type: none"><li data-bbox="571 263 1406 348">• Except with the written permission of the District Officer, no building erected on the lot shall be used as a “Chai Tong” or for any other purpose of a similar nature.<li data-bbox="571 363 1406 449">• Open space belonging to the owner shall be provided at the rear of every new building and such open space shall have an area of at least equal to half the roofed-over area of the building.<li data-bbox="571 463 1406 549">• Without the consent of the District Officer in writing the height of any building shall not exceed 25 feet nor shall any building exceed 2 storeys in height. No storey shall be less than 10 feet in height.<li data-bbox="571 563 1406 583">• Not more than 35% of the area shall be built upon.
5.	The property falls within an area zoned as “Residential (Group C) 5” under Approved Cheung Chau Outline Zoning Plan No. S/I-CC/9 approved on 14 September 2021.
6.	The general description and market information of the property are summarised below:
Location	: The property is located at Cheung Chau Lot No. 950, Cheung Chau, New Territories, Hong Kong.
Transportation	: Cheung Chau Ferry Pier is located approximately 0.6 kilometres away from the property.
Nature of Surrounding Area	: The area is predominately a residential area in Cheung Chau.

No.	Property	Description and Tenure	Occupancy Particulars	Market Value in the Existing State as at 31 May 2024
17	Flat B on 11th Floor, Miami Mansion, Nos. 13 & 15 Cleveland Street, Hong Kong <i>(1/49 shares of and in Section OO of Marine Lot No. 231 and The Extension Thereto)</i>	The property comprises a residential unit of a 12-storey composite building, known as Miami Mansion, located in Causeway Bay, Hong Kong. As per our scaled-off measurement of the approved building plan, the property has a SA of approximately 1,184.00 sq.ft. As per Occupation Permit No. H69/64, it was completed in about 1964. The subject lot, Section OO of Marine Lot No. 231 and The Extension Thereto, is held under Government Lease for a term of 999 years commencing from 25 December 1869.	As per our on-site inspection and information provided by the Group, the property is currently occupied by the Group.	HKD21,000,000 (HONG KONG DOLLARS TWENTY ONE MILLION) 100% Interest Attributable to the Group: HKD21,000,000 (HONG KONG DOLLARS TWENTY ONE MILLION)

Notes:

- The property was inspected by Leo Wong *Probationer of HKIS Candidate of RICS* on 8 August 2024.
- The valuation and this certificate were prepared by Vincent Cheung *BSc(Hons) MBA FHKIS FRICS RPS(GP) MCIREA MHKSI MISCM MHIREA FHKIoD RICS Registered Valuer Registered Real Estate Appraiser and Agent PRC*, Kit Cheung *BSc(Hons) FHKIS MRICS RPS(GP) MCIREA MHIREA RICS Registered Valuer Registered Real Estate Appraiser PRC* and Iverson Chan *BSc(Hons) MHKIS MRICS RPS(GP) RICS Registered Valuer CAIA*.
- The details of the land search records of the property dated 2 July 2024 are summarised below:-

Item	Details
Registered Owner:	Concept Miles Limited, an indirectly wholly-owned subsidiary of the Company By an assignment dated 15 August 1996, registered vide Memorial No. UB6748639
Government Rent:	HKD34 per annum (Section OO of Marine Lot No. 231 and The Extension Thereto)
Major Encumbrances:	<ul style="list-style-type: none"> Deed of Covenant with Plans dated 28 July 1965, registered vide Memorial No. UB498389; Mortgage in favour of Chong Hing Bank Limited dated 13 March 2012, registered vide Memorial No. 12041002370180; Assignment of Rentals in favour of Chong Hing Bank Limited dated 13 March 2012, registered vide Memorial No. 12041002370193; and Notice No. "UMB/MB031202-009/0001" by The Building Authority under s.30B(3) of The Buildings Ordinance dated 16 August 2013, registered vide Memorial No. 23031601200035 (Remarks: Re: common part(s) only).

4. The property is erected on Section OO of Marine Lot No. 231 and The Extension Thereto, which is held under Government Lease as extended by two Extension Letters dated 27 March 1953 and 28 April 1961 respectively. The salient conditions are summarised below:-

Item	Details
Lot Number:	Marine Lot No. 231 and The Extension Thereto
Lease Term:	999 years commencing from 25 December 1869
Major Special Conditions:	<ul style="list-style-type: none"> • The said Lessee or any other person or persons shall not nor will during the continuance of this demise use exercise or follow in or upon the demised premises or any part thereof the trade of business of a Brazier, Slaughterman, Soap-maker, Sugar-baker, Fellmonger, Melter of tallow, Oilman, Butcher, Distiller, Victualler or Tavern-keeper, Blacksmith, Nightman, Scavenger or any other noisy noisome or offensive trade or business whatever without the previous licence of His said Majesty signified in writing by the Governor or other person duly authorised in that behalf.

5. The property falls within an area zoned as “Other Specified Uses (Mixed Use)” under Hong Kong Planning Area No. 6 - Approved Causeway Bay Outline Zoning Plan No. S/H6/17 approved on 8 January 2019.

6. The general description and market information of the property are summarised below:

Location	: The property is located at Nos. 13 & 15 Cleveland Street, Hong Kong.
Transportation	: Hong Kong International Airport and Causeway Bay Station are located approximately 37.2 kilometres and 0.4 kilometres away from the property respectively.
Nature of Surrounding Area	: The area is predominately a residential area with commercial establishments on the street level in Causeway Bay.

No.	Property	Description and Tenure	Occupancy Particulars	Market Value in the Existing State as at 31 May 2024
18	Ground Floor of No. 97 Tai Hang Road & Car Parking Space No. 10 of Alpha Court, Nos. 95, 97 & 99 Tai Hang Road, Hong Kong (11/132 shares of and in Inland Lot No. 8749)	The property comprises a residential unit and a private car parking space of a four-storey residential development, known as Alpha Court, located in Tai Hang, Hong Kong. As per our scaled-off measurement on the approved building plan, the residential unit of the property has a SA of approximately 1,040.00 sq.ft. As per Occupation Permit No. H72/59, it was completed in about 1959. The subject lot, Inland Lot No. 8749, is held under Government Lease for a term from 11 July 1990 to 1 September 2032.	As per our on-site inspection and information provided by the Group, the property is currently occupied by the Group.	HKD20,000,000 (HONG KONG DOLLARS TWENTY MILLION) 100% Interest Attributable to the Group: HKD20,000,000 (HONG KONG DOLLARS TWENTY MILLION)

Notes:

- The property was inspected by Leo Wong *Probationer of HKIS Candidate of RICS* on 8 August 2024.
- The valuation and this certificate were prepared by Vincent Cheung *BSc(Hons) MBA FHKIS FRICS RPS(GP) MCIREA MHKSI MISCM MHIREA FHKIoD RICS Registered Valuer Registered Real Estate Appraiser and Agent PRC*, Kit Cheung *BSc(Hons) FHKIS MRICS RPS(GP) MCIREA MHIREA RICS Registered Valuer Registered Real Estate Appraiser PRC* and Iverson Chan *BSc(Hons) MHKIS MRICS RPS(GP) RICS Registered Valuer CAIA*.
- The details of the land search records of the property dated 2 July 2024 are summarised below:-

Item	Details
Registered Owner:	Nice Legend Limited, an indirectly wholly-owned subsidiary of the Company By an assignment dated 18 August 2010, registered vide Memorial No. 10091602490171
Government Rent:	3% of the rateable value
Major Encumbrances:	<ul style="list-style-type: none"> Deed of Mutual Covenant dated 21 November 1990, registered vide Memorial No. UB4642215; Mortgage in favour of Chong Hing Bank Limited dated 13 March 2012, registered vide Memorial No. 12041002370169; and Assignment of Rentals in favour of Chong Hing Bank Limited dated 13 March 2012, registered vide Memorial No. 12041002370170.

4. The property is erected on Inland Lot No. 8749, which is held under Government Lease. The salient conditions are summarised below:-

Item	Details
Lot Number:	Inland Lot No. 8749
Lease Term:	From 11 July 1990 to 1 September 2032
Major Special Conditions:	<ul style="list-style-type: none"> • The Lessee or any other person or persons will not during the continuance of this demise use exercise or following or upon the demised premise or any part thereof the trade or business of a Brazier, Slaughterman, Soap-maker, Sugar-baker, Fellmonger, Melter of tallow, Oilman, Butcher, Distiller, Victualler or Tavern-keeper, Blacksmith, Nightman, Scavenger, or any other noisy noisome or offensive trade or business whatever without the previous license of the Government signified in writing by the Director or other person duly authorised in that behalf; • The Lessee will not use or permit or suffer to be used the said piece or parcel of ground or any part thereof or any building or buildings erected or to be erected thereon or any part or parts of such building or buildings for any purpose other than private residential purposes.

5. The property falls within an area zoned as “Residential (Group C)” under Hong Kong Planning Area No. 6 - Approved Causeway Bay Outline Zoning Plan No. S/H6/17 approved on 8 January 2019.

6. The general description and market information of the property are summarised below:

Location	: The property is located at Nos. 95, 97 & 99 Tai Hang Road, Hong Kong.
Transportation	: Hong Kong International Airport and Tin Hau MTR Station are located approximately 38.6 kilometres and 1.7 kilometres away from the property respectively.
Nature of Surrounding Area	: The area is predominately a residential area in Tai Hang.