



ASIA STANDARD HOTEL GROUP LIMITED

泛海酒店集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 292)

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indirect non-wholly-owned subsidiary of ASI upon the Scheme becoming effective and the listing of ASH Shares will be withdrawn on the Main Board.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

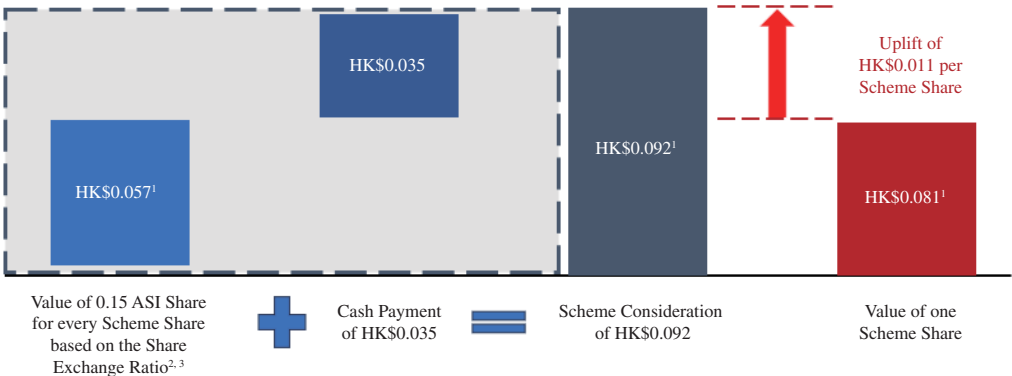
The Cash Payment of HK\$0.035 for every Scheme Share held represents an amount more than the aggregate dividend per ASH Share of HK\$0.033 distributed by ASH in the past 10 financial years ended 31 March 2024 (adjusted for the bonus issue completed on 16 February 2017), and enables the Scheme Shareholders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

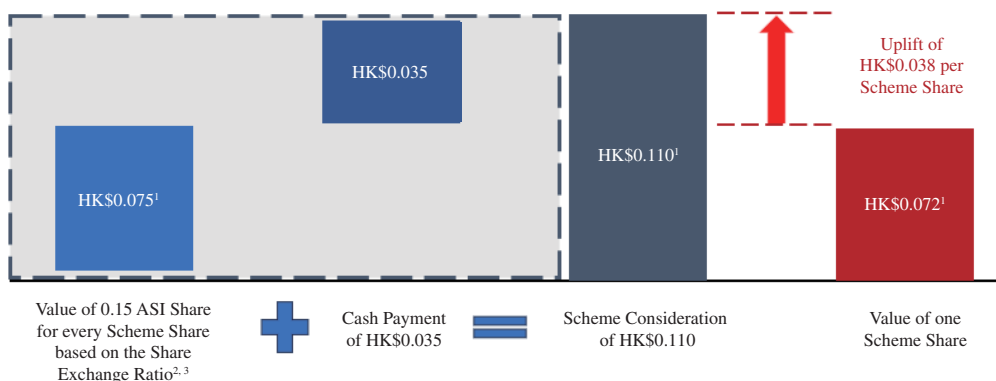
Based on the respective closing price of ASH Shares and ASI Shares as at the Latest Practicable Date:



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

A handwritten signature in black ink, appearing to read 'Lim Yin Cheng', written in a cursive style.

Lim Yin Cheng
Deputy Chairman and Chief Executive