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亞證地產有限公司

ASIASEC PROPERTIES LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 271)

DISCLOSEABLE TRANSACTION SUBSCRIPTION OF THE NOTES

THE SUBSCRIPTION

The Board is pleased to announce that on 11th October, 2018, the Subscriber, a direct wholly-owned subsidiary of the Company, the Issuer, the Personal Guarantor and the Subsidiary Guarantors entered into the Subscription Agreement, pursuant to which, the Subscriber has agreed to subscribe for the Notes in the principal amount of US\$12.5 million (equivalent to approximately HK\$98.0 million) for a term of 3 years with a coupon rate of 15% per annum, payable semi-annually in arrears.

LISTING RULES IMPLICATIONS

As the relevant Percentage Ratio(s) in respect of the Subscription exceeds 5% but is less than 25%, the Subscription constitutes a discloseable transaction of the Company and is subject to announcement requirement but exempt from Shareholders' approval requirement under Chapter 14 of the Listing Rules.

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THE SUBSCRIPTION

The parties to, and the principal terms of the Subscription Agreement are as follows:

The Subscription Agreement

Date 11th October, 2018

- Parties
- (a) the Subscriber as subscriber;
 - (b) the Issuer as issuer;
 - (c) the Personal Guarantor as the personal guarantor; and
 - (d) the Subsidiary Guarantors as guarantors.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Issuer, Personal Guarantor and Subsidiary Guarantors and their respective ultimate beneficial owners are third parties independent of the Company and their respective connected persons.

Subscription Price

Pursuant to the Subscription Agreement, the Subscriber has agreed to subscribe for the Notes in the principal amount of US\$12.5 million (equivalent to approximately HK\$98.0 million) for a term of 3 years with a coupon rate of 15% per annum, payable semi-annually in arrears.

Closing

Closing of the subscription of Note shall take place on 15th October, 2018.

Principal terms of the Notes

Total issue Notes:	US\$226 million aggregate principal amount of 15% senior notes due 2021.
Offering Price:	100% of the principal amount of the Notes.
Maturity Date:	15th October, 2021.
Interest:	The Notes will bear interest from and including 15th October, 2018 at the rate of 15% per annum, payable semi-annually in arrears.
Interest Payment Dates:	On 15th April and 15th October of each year, commencing 15th April, 2019.
Collaterals:	The issued shares of all of the Subsidiary Guarantors on a first priority basis pledged to a collateral agent (for the benefit of the trustee for the benefit of the holders of the 2013 Notes).
Ranking of the Notes:	The Notes will be (i) general obligations of the Issuer; (ii) senior in right of payment to any existing and future obligations of the Issuer expressly subordinated in right of payment to the Notes; (iii) at least <i>pari passu</i> in right of payment with all unsecured, unsubordinated indebtedness of the Issuer (subject to any priority rights of such unsubordinated indebtedness pursuant to applicable law); (iv) guaranteed by each of the Subsidiary Guarantors and the Personal Guarantor on a senior basis, subject to limitations; (v) effectively subordinated to other secured obligations of the Issuer and the Subsidiary Guarantors (other than permitted <i>pari passu</i> secured indebtedness), to the extent of the value of the assets serving as security therefor; and (vi) effectively subordinated all existing and future obligations of the non-guarantor subsidiaries of the Issuer.

Subject to certain limitations, the Notes will be secured by the Collateral and will (i) be entitled to a first priority lien on the Collateral (subject to any permitted liens) shared on a *pari passu* basis with the holders of the 2013 Notes and any other secured party with respect to permitted *pari passu* secured indebtedness; (ii) rank effectively senior in right of payment to unsecured obligations of the Issuer with respect to the value of the Collateral pledged by the Issuer securing the Notes (subject to any priority rights of such unsecured obligations pursuant to applicable law); and (iii) rank effectively senior in right of payment to unsecured obligations of the Subsidiary Guarantor Pledgors to the extent of the Collateral charged by each Subsidiary Guarantor Pledgor securing the Notes (subject to any priority rights of such unsecured obligations pursuant to applicable law).

- Personal Guarantee: The Personal Guarantor will guarantee the due and punctual payment of the principal of, premium, if any, and interest on, and all other amounts payable under, the Notes. The Personal Guarantor is a controlling shareholder of the Listed Company, which in turn holds all of the equity interests in the Issuer.
- Subsidiary Guarantees: Each of the Subsidiary Guarantors will, jointly and severally, guarantee the due and punctual payment of the principal of, premium, if any, and interest on, and all other amounts payable under, the Notes. A Subsidiary Guarantee may be released in certain circumstances.
- Optional Redemption: At any time and from time to time on or after 15th April, 2020, the Issuer may redeem the Notes, in whole or in part, at certain redemption prices, plus accrued and unpaid interest to (but not including) the redemption date.
- At any time prior to 15th April, 2020, the Issuer may at its option redeem the Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the Notes plus the applicable premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date.
- Redemption at the Option of Holders of the Notes: The Issuer shall, at the option of any holder of the Notes, repurchase all of the Notes held by such holder at any time on or after 15th April, 2020 at 100% of the principal amount of such Notes plus accrued and unpaid interest, if any, to (but not including) the repurchase date.
- Redemption Upon a Delisting Event: Upon the occurrence of a delisting event (including the Issuer fails to obtain the listing of the Notes, or the Notes are suspended from trading on the International Stock Exchange), the Issuer shall, at the option of any holder of Notes, repurchase all of the Notes held by such holder at 101% of the principal amount of such Notes plus accrued and unpaid interest, if any, to (but not including) the repurchase date.

Repurchase of Notes Upon a Change of Control:	Upon the occurrence of any event which would trigger a change of control (including the merger, amalgamation or consolidation of the Issuer with or into another person, or the sale of all or substantially all of the assets of the Issuer to another person other than permitted persons or companies), the Issuer will make an offer to repurchase all outstanding Notes at a purchase price equal to 101% of their principal amount plus accrued and unpaid interest, if any, to (but not including) the purchase date as stated on the notice of the offer.
Redemption for Taxation Reason:	Subject to certain exceptions, the Issuer may redeem the Notes, as a whole but not in part, at a redemption price equal to 100% of the principal amount thereof, plus accrued and unpaid interest, if any, to (but not including) the date fixed by the Issuer for redemption, if the Issuer, the Personal Guarantor or a Subsidiary Guarantor would become obligated to pay certain additional amounts as a result of certain changes in specified tax laws or certain other circumstances.
Transfer Restrictions:	The Notes will not be registered under the U.S. Securities Act or under any state securities laws of the United States of America and will be subject to customary restrictions on transfer and resale.
Form, Denomination and Registration:	The Notes will be issued only in fully registered form, without coupons, in minimum denominations of US\$200,000 and integral multiples of US\$1,000 in excess thereof and will be initially represented by a global note registered in the name of a nominee of a common depository for Euroclear and Clearstream.
Listing and Trading:	Application will be made to the International Stock Exchange for the listing of and permission to deal in the Notes on the official list of the International Stock Exchange.
Governing Law:	The Notes and the Indenture will be governed by and will be construed in accordance with the laws of the State of New York.

REASONS FOR AND THE BENEFITS OF THE SUBSCRIPTION

The Group subscribed the Notes for investment purpose. The Directors consider that the Subscription provides the Group with an opportunity to balance and diversify its investment portfolio, as well as to generate a stable return to the Group. The Directors consider that the Subscription is fair and reasonable and is in the best interest of the Company and its Shareholders as a whole.

The Subscription will be funded by internal resources of the Company.

INFORMATION ON THE ISSUER AND THE LISTED COMPANY GROUP

The Issuer is a limited liability company incorporated in the British Virgin Islands and is a wholly-owned subsidiary of the Listed Company. The principal business activity of the Listed Company Group is property development and investment in the People's Republic of China.

INFORMATION ON THE COMPANY, THE GROUP AND THE SUBSCRIBER

The Company is incorporated in Hong Kong with limited liability and the shares of which are listed on the Main Board of the Stock Exchange. The principal business activity of the Company is investment holding. The Group is principally engaged in property investment, property leasing and estate management in Hong Kong.

The Subscriber, a direct wholly-owned subsidiary of the Company, was incorporated in Hong Kong with limited liability. It is principally engaged in investment holding and provision of an arrangement support services to the Group's Companies.

LISTING RULES IMPLICATIONS

As the relevant Percentage Ratio(s) in respect of the Subscription exceeds 5% but is less than 25%, the Subscription constitutes a discloseable transaction of the Company and is subject to announcement requirement but exempt from Shareholders' approval requirement under Chapter 14 of the Listing Rules.

DEFINITIONS

“2013 Notes”	the 13.50% Senior Notes due 2018 issued by the Listed Company
“Board”	the board of Directors
“Collateral”	collateral securing, or purported to be securing, directly or indirectly, the Notes or any Subsidiary Guarantee, and shall initially consist of the shares, interests, participations or other equivalent of each Subsidiary Guarantor owned by the Issuer or a Subsidiary Guarantor
“Company”	Asiasec Properties Limited, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Main Board of the Stock Exchange
“Connected person(s)”	having the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People's Republic of China

“Indenture”	the written agreement among the Issuer, the Personal Guarantor, the Subsidiary Guarantors (as guarantors) and a bank (as trustee) that specifies the terms of the Notes including the interest rate of the Notes and the maturity date
“International Stock Exchange”	The International Stock Exchange Authority Limited
“Issuer”	a limited liability company incorporated in the British Virgin Islands and is a wholly-owned subsidiary of the Listed Company
“Listed Company”	a company listed on the Main Board of the Stock Exchange
“Listed Company Group”	Listed Company and its subsidiaries
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	Main Board of the Stock Exchange (excludes the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange
“Notes”	US\$226,000,000 15% senior notes due 2021 to be issued by the Issuer
“Percentage Ratio(s)”	percentage ratio(s) as set out in Rule 14.07 of the Listing Rules to be applied for determining the classification of a transaction
“Personal Guarantee”	the guarantee provided by the Personal Guarantor in respect of the proposed issue of the Notes by the Issuer
“Personal Guarantor”	an individual who will guarantee the Notes on the issue date of the Notes, being the managing director and controlling shareholder of the Listed Company
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Kirshman Limited, a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of the Company
“Subscription”	the subscription of Notes pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 11th October, 2018 entered into by the Subscriber, the Issuer, the Personal Guarantor and the Subsidiary Guarantors

“Subsidiary Guarantees”	the guarantees provided by certain Subsidiary Guarantors in respect of the proposed issue of the Notes by the Issuer
“Subsidiary Guarantors”	certain Issuer’s existing subsidiaries that will guarantee the Notes on the issue date of the Notes
“Subsidiary Guarantor Pledgors”	certain Subsidiary Guarantors that pledge the Collateral to secure the obligations of the Issuer under the Notes and the Indenture
“US\$” or “USD”	United States dollars, the lawful currency of the United States of America
“U.S. Securities Act”	the United States Securities Act of 1933, as amended from time to time
“%”	per cent.

On behalf of the Board
Asiasec Properties Limited
Tao Tsan Sang
Executive Director

Hong Kong, 11th October, 2018

For the purpose of this announcement, translations of US\$ into Hong Kong dollars or vice versa have been calculated by using an exchange rate of US\$1.00 equal to HK\$7.84. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were, may have been or will be exchanged at such rate or any other rates or at all.

As at the date of this announcement, the Board comprises Mr. Patrick Lee Seng Wei (Chairman), Mr. Lee Shu Yin (Chief Executive), Mr. Edwin Lo King Yau and Mr. Tao Tsan Sang being the Executive Directors; and Mr. Li Chak Hung, Mr. Choi Kin Man and Ms. Lisa Yang Lai Sum being the Independent Non-Executive Directors.