

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in Allied Properties (H.K.) Limited, you should at once hand this Scheme Document and the accompanying forms of proxy to the purchaser or transferee or to the licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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This Scheme Document appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of Allied Properties (H.K.) Limited.



ALLIED GROUP LIMITED
(聯合集團有限公司)
(Incorporated in Hong Kong with limited liability)
(Stock Code: 373)



ALLIED PROPERTIES (H.K.) LIMITED
(聯合地產(香港)有限公司)
(Incorporated in Hong Kong with limited liability)
(Stock Code: 56)

The Offeror

SUNHILL INVESTMENTS LIMITED
(陽山投資有限公司)

(Incorporated in Hong Kong with limited liability)

**(1) PROPOSED PRIVATISATION OF APL
BY THE OFFEROR
BY WAY OF A SCHEME OF ARRANGEMENT
(UNDER SECTION 673 OF THE COMPANIES ORDINANCE)
(2) PROPOSED DECLARATION OF SPECIAL DIVIDEND
AND
(3) PROPOSED WITHDRAWAL OF LISTING OF APL**

Financial Adviser to the Offeror



YU MING INVESTMENT MANAGEMENT LIMITED
禹銘投資管理有限公司

Independent Financial Adviser to APL



PELICAN FINANCIAL
百利勤金融

Unless the context otherwise requires, capitalised terms used in this Scheme Document (including this cover page) are defined in the section headed "Definitions" of this Scheme Document.

A letter from the APL Board is set out on pages 16 to 28 of this Scheme Document. A letter from the Independent APL Board Committee containing its advice to the Disinterested Scheme Shareholders in relation to the Proposal is set out on pages 29 to 30 of this Scheme Document. A letter from Pelican Financial Limited, being the Independent APL Financial Adviser, containing its advice to the Independent APL Board Committee and Disinterested Scheme Shareholders in relation to the Proposal is set out on pages 31 to 66 of this Scheme Document. The Explanatory Statement is set out on pages 67 to 93 of this Scheme Document.

The actions to be taken by the APL Shareholders are set out on pages 2 to 5 of this Scheme Document.

Notices convening the Court Meeting and the APL General Meeting to be held at Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Wednesday, 15th July, 2020 at 10:00 a.m. and 10:30 a.m. respectively (or, in the case of the APL General Meeting, as soon thereafter as the Court Meeting shall have concluded or been adjourned) are set out on pages NCM-1 to NCM-4 and NGM-1 to NGM-4 of this Scheme Document respectively. Whether or not you are able to attend the Court Meeting and/or the APL General Meeting or any adjournment thereof in person, 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 APL General Meeting, in accordance with the instructions printed thereon and to lodge them with the APL Share Registrar at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible, but in any event no later than the respective times and dates as stated under the section headed "Actions to be taken" set out on pages 2 to 5 of this Scheme Document. Completion and return of the forms of proxy for Court Meeting and/or the APL General Meeting will not preclude you from attending and voting in person at the relevant meeting or any adjournment thereof, should you so wish. In the event that you attend and vote at the relevant meeting or any adjournment thereof after having lodged your forms of proxy, the returned forms of proxy shall be deemed to have been revoked by operation of law.

PRECAUTIONARY MEASURES FOR THE COURT MEETING AND APL GENERAL MEETING

Please see page 1 of this Scheme Document for measures being taken to try to prevent and control the spread of the Novel Coronavirus (COVID-19) at the Court Meeting and APL General Meeting, including:

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

Any person who does not comply with the precautionary measures or is subject to any Hong Kong Government prescribed quarantine may be denied entry into the venue. APL also encourages the APL Shareholders to consider appointing the chairman of the Court Meeting and/or APL General Meeting as his/her/its proxy to vote on the relevant resolutions at the Court Meeting and/or APL General Meeting as an alternative to attending the Court Meeting and/or APL General Meeting in person.

This Scheme Document is issued jointly by the Offeror, AGL and APL. In case of inconsistency, the English language text of this Scheme Document and the accompanying forms of proxy shall prevail over the Chinese language text.

19th June, 2020

NOTICE TO US INVESTORS

The Proposal is being made to cancel the securities of a Hong Kong company by means of a scheme of arrangement provided for under the Companies Ordinance and is subject to Hong Kong disclosure requirements, which are different from those of the US. The financial information included in this Scheme Document (if any) has been prepared in accordance with Hong Kong Financial Reporting Standards and thus may not be comparable to the financial information of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles of the US.

A transaction effected by means of a scheme of arrangement is not subject to the tender offer rules of the US Securities Exchange Act of 1934, as amended. Accordingly, the Proposal is subject to the disclosure requirements and practices applicable in Hong Kong to schemes of arrangement, which differ from the disclosure requirements of the US tender offer rules.

This Scheme Document does not constitute an offer or invitation to purchase or subscribe for any securities of APL in the US.

The receipt of cash pursuant to the Proposal by a US holder of Scheme Shares as consideration for the cancellation of their Scheme Shares pursuant to the Scheme may be a taxable transaction for US federal income tax purposes and under applicable US state and local, as well as foreign and other tax laws. Each holder of Scheme Shares is urged to consult their independent professional adviser immediately regarding the potential tax consequences of the Proposal.

It may be difficult for US holders of Scheme Shares to enforce their rights and claims arising out of the US federal securities laws, as the Offeror, AGL and APL are located in a country other than the US and some or all of their officers and directors may be residents of a country other than the US. US holders of Scheme Shares may not be able to sue a non-US company or its officers or directors in a non-US court for violations of the US securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court's judgement.

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PRECAUTIONARY MEASURES FOR THE COURT MEETING AND APL GENERAL MEETING

In view of the ongoing Novel Coronavirus (COVID-19) epidemic and recent requirements for prevention and control of its spread, APL will implement the following preventive measures at the Court Meeting and/or APL General Meeting:

- (i) Compulsory body temperature checks will be conducted on every APL Shareholder, proxy and other attendee at the entrance of the meeting venue. Any person with a body temperature of over 37.4 degrees Celsius may be denied entry into the meeting venue and be asked to leave the meeting venue.
- (ii) APL Shareholders that (a) have travelled, and have been in close contact with any person who has travelled, outside of Hong Kong (as per guidelines issued by the Hong Kong Government at www.chp.gov.hk/en/features/102742.html) at any time in the preceding fourteen (14) days; (b) are, and have been, in close contact with any person who is, subject to any Hong Kong Government prescribed compulsory quarantine (including home quarantine); (c) are, and have been, in close contact with anyone who has, contracted COVID-19, has been tested preliminarily positive of COVID-19 or is suspected of contracting COVID-19; or (d) have any flu-like symptoms, may be denied entry into the meeting venue and be asked to leave the meeting venue.
- (iii) All APL Shareholders, proxies and other attendees are required to wear surgical face masks inside the meeting venue at all times. A safe distance between seats are also recommended.

To the extent permitted under the laws of Hong Kong, APL reserves the right to deny entry into the meeting venue or require any person to leave the meeting venue in order to ensure the safety of the attendees at the Court Meeting and/or APL General Meeting.

In the interest of all stakeholders' health and safety and to be consistent with recent COVID-19 guidelines for prevention and control, APL reminds all APL Shareholders that physical attendance in person at the Court Meeting and/or APL General Meeting is not necessary for the purpose of exercising voting rights. As an alternative to attending the Court Meeting and/or APL General Meeting in person, APL Shareholders are encouraged to consider appointing the Chairman of the Court Meeting and/or APL General Meeting as his/her/its proxy to vote on the relevant resolutions at the Court Meeting and/or APL General Meeting by submitting forms of proxy with voting instructions inserted.

The forms of proxy are enclosed with this Scheme Document. Alternatively, the forms of proxy can be downloaded from APL's website at <http://www.alliedproperties.com.hk> and the website of the Stock Exchange at <http://www.hkexnews.hk>. If you are not a registered APL Shareholder (if your APL Shares are held via banks, brokers, custodians or the HKSCC), you should consult directly with your banks or brokers or custodians (as the case may be) to assist you in the appointment of proxy.

ACTIONS TO BE TAKEN

ACTIONS TO BE TAKEN BY APL SHAREHOLDERS

For the purpose of determining the entitlements of the holders of Scheme Shares to attend and vote at the Court Meeting and the entitlements of the APL Shareholders to attend and vote at the APL General Meeting, the register of members of APL will be closed from Thursday, 9th July, 2020 to Wednesday, 15th July, 2020 (both days inclusive) and during such period, no transfer of APL Shares will be effected. In order to qualify to attend and vote at the Court Meeting and the APL General Meeting, all transfer forms accompanied by the relevant share certificates must be lodged with the APL Share Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before 4:30 p.m. on Wednesday, 8th July, 2020.

A **pink** form of proxy for use at the **Court Meeting** and a **white** form of proxy for use at the **APL General Meeting** are enclosed with this Scheme Document.

Whether or not you are able to attend the Court Meeting and/or the APL General Meeting or any adjournment thereof in person, if you are a holder of Scheme Shares, you are strongly urged to complete and sign the enclosed **pink** form of proxy in respect of the Court Meeting, and if you are an APL Shareholder, you are strongly urged to complete and sign the enclosed **white** form of proxy in respect of the APL General Meeting, in accordance with the instructions printed thereon, and to lodge them with the APL Share Registrar 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 not less than 48 hours (exclusive of any part of a day that is a public holiday) before the time appointed for holding the Court Meeting (i.e. on or before Monday, 13th July, 2020 at 10:00 a.m. (Hong Kong time)) or any adjournment thereof, and the white form of proxy for use at the APL General Meeting should be lodged not less than 48 hours (exclusive of any part of a day that is a public holiday) before the time appointed for holding the APL General Meeting (i.e. on or before Monday, 13th July, 2020 at 10:30 a.m. (Hong Kong time)) or any adjournment thereof.

The completion and return of a form of proxy for the Court Meeting and/or the APL General Meeting will not preclude you from attending and voting in person at the relevant meeting or any adjournment thereof. In the event that you attend and vote at the relevant meeting or any adjournment thereof after having lodged your form of proxy, the returned form of proxy will be deemed to have been revoked by operation of law.

APL Shareholders with their own name registered in the register of members of APL, i.e. holding physical share certificate in their own name, who wish to attend the Court Meeting and/or APL General Meeting by telephone conference are requested to register their interest and provide the following details by email at attendmeeting@aphk.com during the period from the date of this Scheme Document (i.e. Friday, 19th June, 2020) to Monday, 13th July, 2020 at 10:00 a.m. (for Court Meeting) or Monday, 13th July, 2020 at 10:30 a.m. (for APL General Meeting):

1. full name and address (as shown on the mailing label on the envelope of this Scheme Document to APL Shareholders); and
2. contact phone number (for better co-ordination).

ACTIONS TO BE TAKEN

APL Shareholders are further reminded that the deadline to submit completed forms of proxy is Monday, 13th July, 2020 at 10:00 a.m. (for Court Meeting) or Monday, 13th July, 2020 at 10:30 a.m. (for APL General Meeting). For APL Shareholders who wish to attend the Court Meeting and/or APL General Meeting by telephone conference and vote, the completed forms of proxy are subject to the same deadline and format, and shall be lodged with the APL Share Registrar at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

If you do not appoint a proxy and you do not attend and vote at the Court Meeting and/or the APL General Meeting, you will still be bound by the outcome of the Court Meeting and/or the APL General Meeting. You are therefore strongly urged to attend and vote at the Court Meeting and/or the APL General Meeting in person or by proxy.

Voting at the Court Meeting and the APL General Meeting will be taken by poll as required under the Listing Rules and the Takeovers Code.

The Offeror, AGL and APL will make an announcement in relation to the results of the Court Meeting and the APL General Meeting 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 hearing of the petition for the sanction of the Scheme by the High Court, the Effective Date and the date of withdrawal of listing of the APL Shares from the Stock Exchange in accordance with the requirements of the Takeovers Code and the Listing Rules.

ACTIONS TO BE TAKEN BY BENEFICIAL OWNERS WHOSE APL SHARES ARE HELD BY A REGISTERED OWNER OR DEPOSITED IN CCASS

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

If you are a Beneficial Owner whose APL Shares are registered in the name of a nominee, trustee, depositary or any other authorised custodian or third party, you 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 APL Shares beneficially owned by you should be voted at the Court Meeting and/or the APL General Meeting.

If you are a Beneficial Owner who wishes to attend the Court Meeting and/or the APL General Meeting personally, you should:

- (a) contact the Registered Owner directly to make the appropriate arrangements with the Registered Owner to enable you to attend and vote at the Court Meeting and/or the APL General Meeting and, for such purpose, the Registered Owner may appoint you as his/her/its proxy; or

ACTIONS TO BE TAKEN

- (b) arrange for some or all of the APL Shares registered in the name of the Registered Owner to be transferred into your own name, if you wish to vote (in person or by proxy) at the Court Meeting and/or the APL General Meeting.

The appointment of a proxy by the Registered Owner at the Court Meeting and/or the APL General Meeting shall be in accordance with all relevant provisions in the articles of association of APL.

In the case of the appointment of a proxy by the Registered Owner, the relevant forms of proxy shall be completed and signed by the Registered Owner and shall be lodged in the manner and no later than the latest time for lodging the relevant forms of proxy as more particularly set out in this Scheme Document.

The completion and return of a form of proxy for the Court Meeting and/or the APL General Meeting will not preclude the Registered Owner from attending and voting in person at the relevant meeting or any adjournment thereof. In the event that the Registered Owner attends and votes at the relevant meeting or any adjournment thereof after having lodged his/her/its forms of proxy, the returned form of proxy will be deemed to have been 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 APL General Meeting 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 APL General Meeting, such Beneficial Owner should comply with the requirements of such Registered Owner.

If you are a Beneficial Owner whose APL Shares are deposited in CCASS and registered under the name of HKSCC Nominees, you must, unless you are an Investor Participant, contact your broker, custodian, nominee or other relevant person who is, or has, in turn, deposited such APL Shares with, a CCASS participant regarding voting instructions to be given to such persons, or alternatively to arrange for some or all of such APL Shares to be withdrawn from CCASS and transferred into your own name, if you wish to vote in respect of the Scheme. The procedure for voting in respect of the Scheme by the Investor Participants and the Other CCASS Participants with respect to APL Shares registered under the name of HKSCC Nominees shall be in accordance with "An Operating Guide for Investor Participant", the "General Rules of CCASS" and the "CCASS Operational Procedures" in effect from time to time.

ACTIONS TO BE TAKEN

EXERCISE YOUR RIGHT TO VOTE

IF YOU ARE AN APL SHAREHOLDER OR A BENEFICIAL OWNER, THE OFFEROR, AGL AND APL STRONGLY ENCOURAGE YOU TO EXERCISE YOUR RIGHT TO VOTE OR GIVE INSTRUCTIONS TO THE RELEVANT REGISTERED OWNER TO VOTE IN PERSON OR BY PROXY AT THE COURT MEETING AND AT THE APL GENERAL MEETING. IF YOU KEEP ANY APL SHARES IN A SHARE LENDING PROGRAMME, THE OFFEROR, AGL AND APL URGE YOU TO RECALL ANY OUTSTANDING APL SHARES ON LOAN TO AVOID MARKET PARTICIPANTS USING BORROWED STOCK TO VOTE.

IF YOU ARE A REGISTERED OWNER HOLDING APL SHARES ON BEHALF OF BENEFICIAL OWNERS, THE OFFEROR, AGL AND APL WOULD BE GRATEFUL IF YOU WOULD INFORM THE RELEVANT BENEFICIAL OWNERS ABOUT THE IMPORTANCE OF EXERCISING THEIR RIGHT TO VOTE.

IF APPROVED, THE PROPOSAL WILL BE BINDING ON ALL OF THE SCHEME SHAREHOLDERS, IRRESPECTIVE OF WHETHER OR NOT YOU ATTENDED OR VOTED AT THE COURT MEETING OR THE APL GENERAL MEETING.

IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU ARE ENCOURAGED TO CONSULT YOUR LICENSED SECURITIES DEALER OR REGISTERED INSTITUTION IN SECURITIES, BANK MANAGER, SOLICITOR, PROFESSIONAL ACCOUNTANT OR OTHER PROFESSIONAL ADVISER.

DEFINITIONS

In this Scheme Document, the following expressions have the meanings set out below, unless the context requires otherwise:

“acting in concert”	has the meaning ascribed to it under the Takeovers Code;
“AGL”	Allied Group Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 373);
“AGL Board”	the board of AGL Directors;
“AGL Director(s)”	the director(s) of AGL;
“AGL Group”	AGL and its subsidiaries;
“AGL Share(s)”	ordinary share(s) of AGL;
“AGL Shareholder(s)”	holder(s) of AGL Share(s);
“AGL Waiver”	the deed of waiver dated 9th April, 2020 executed by AGL, Citiwealth, Capscore and the Offeror in favour of APL to irrevocably and unconditionally waive and surrender their entitlements to the Special Dividend;
“APL”	Allied Properties (H.K.) Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 56), being a non wholly-owned subsidiary of AGL;
“APL Board”	the board of APL Directors;
“APL Director(s)”	the director(s) of APL;
“APL General Meeting”	general meeting of APL to be convened and to be held at 10:30 a.m. (or immediately after the conclusion or adjournment of the Court Meeting) on Wednesday, 15th July, 2020 at Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong, or any adjournment thereof for the purpose of approving all necessary resolutions for implementation of the Proposal (including the Scheme and the Special Dividend);

DEFINITIONS

“APL Group”	APL and its subsidiaries;
“APL Share(s)”	ordinary share(s) of APL;
“APL Share Registrar”	Computershare Hong Kong Investor Services Limited;
“APL Shareholder(s)”	holder(s) of APL Share(s);
“associates”	has the meaning ascribed to it under the Listing Rules;
“Authorisations”	all necessary notifications, registrations, applications, filings, authorisations, orders, recognitions, grants, waivers and consents, licences, confirmations, clearances, permissions, no-action relief, exemption relief orders and approvals (including without limitation any which are required or desirable under or in connection with any applicable laws and regulations or any licenses, permits or contractual obligations of APL), and all appropriate waiting periods (including extensions thereof), in connection with the Proposal;
“Beneficial Owner”	any beneficial owner of the APL Shares whose APL Shares are registered in the name of a Registered Owner other than himself/herself/itself;
“Capscore”	Capscore Limited, a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of AGL;
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC;
“CCASS Participant”	a person admitted to participate in CCASS as a participant, including an Investor Participant;
“Citiwealth”	Citiwealth Investment Limited, a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of AGL;
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong);

DEFINITIONS

“Condition(s)”	the condition(s) of the Proposal (including the Scheme and the Special Dividend), as set out on pages 70 to 74 of this Scheme Document;
“Court Meeting”	a meeting of the holders of Scheme Shares to be convened at the direction of the High Court at 10:00 a.m. on Wednesday, 15th July, 2020 at Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong at which the Scheme (with or without modification) will be voted upon, or any adjournment thereof;
“Disinterested Scheme Shareholders”	holders of APL Shares other than the Offeror and the Offeror Concert Parties;
“Disinterested Shares”	has the meaning ascribed to it in section 674(3) of the Companies Ordinance;
“Effective Date”	the date on which the Scheme becomes effective in accordance with the Companies Ordinance;
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director;
“Explanatory Statement”	the explanatory statement in relation to the Scheme, the text of which is set out on pages 67 to 93 of this Scheme Document;
“Facility”	an unsecured and interest-free one-year term loan facility of up to HK\$250 million granted by Mr. Lee to the Offeror pursuant to the Facility Agreement for the exclusive purpose of partially financing the Scheme Consideration payable by the Offeror under the Proposal;
“Facility Agreement”	the facility agreement dated 9th April, 2020 entered into between Mr. Lee as lender and the Offeror as borrower in respect of the Facility;
“High Court”	the High Court of Hong Kong;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“HKSCC”	Hong Kong Securities Clearing Company Limited;

DEFINITIONS

“HKSCC Nominees”	HKSCC Nominees Limited;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent APL Board Committee”	the independent board committee of APL comprising Mr. Steven Samuel Zoellner, being an independent non-executive director of APL, formed to advise the Disinterested Scheme Shareholders on the Proposal;
“Independent APL Financial Adviser”	Pelican Financial Limited, a licensed corporation permitted to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser appointed to advise the Independent APL Board Committee and the Disinterested Scheme Shareholders on the Proposal;
“Investor Participant”	a person admitted to participate in CCASS as an investor participant;
“Joint Announcement”	the joint announcement dated 20th April, 2020 issued by APL, the Offeror and AGL in relation to the Proposal;
“JPY”	Japanese Yen, the lawful currency of Japan;
“Last Trading Date”	9th April, 2020, being the last trading day of APL Shares prior to the publication of the Joint Announcement;
“Latest Practicable Date”	16th June, 2020, being the latest practicable date prior to the printing of this Scheme Document for the purpose of ascertaining certain information contained in this Scheme Document;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Long Stop Date”	31st December, 2020, or such later date as the Offeror, AGL and APL may agree or, to the extent applicable, as the Executive may consent and/or the High Court may direct;

DEFINITIONS

“Meeting Record Date”	15th July, 2020, or such other date as shall have been announced to the APL Shareholders, being the record date for the purpose of determining the entitlement of holders of Scheme Shares to attend and vote at the Court Meeting and the entitlement of APL Shareholders to attend and vote at the APL General Meeting;
“Mr. Lee”	Mr. Lee Seng Hui, the chief executive and an executive director of each of AGL and APL;
“Offeror”	Sunhill Investments Limited, a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of AGL;
“Offeror Concert Party(ies)”	persons acting in concert with the Offeror in relation to APL, including but not limited to AGL, Citiwealth and Capscore;
“Offeror Share(s)”	ordinary share(s) of the Offeror;
“Other CCASS Participant”	a broker, custodian, nominee or other relevant person who is, or has deposited APL Shares with, a CCASS Participant;
“PRC”	People’s Republic of China and for the purpose of this Scheme Document, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan;
“Proposal”	the proposal for the privatisation of APL, comprising both the Scheme and the Special Dividend;
“Registered Owner”	any person or corporation (including without limitation a nominee, trustee, depositary or any other authorised custodian or third party) whose name is entered in the register of members of APL as a holder of the APL Shares;
“Registrar of Companies”	the Registrar of Companies appointed under the Companies Ordinance;
“Relevant Period”	the period commencing on 20th October, 2019, being the date falling six months prior to the date of the Joint Announcement and ending on the Latest Practicable Date;

DEFINITIONS

“Scheme”	a scheme of arrangement to be proposed under section 673 of the Companies Ordinance for the implementation of the Proposal;
“Scheme Consideration”	the amount of HK\$0.42 per Scheme Share payable by the Offeror in cash to the Scheme Shareholders for the cancellation of the Scheme Shares pursuant to the Scheme;
“Scheme Document”	this composite scheme document of the Offeror, AGL and APL containing, <i>inter alia</i> , details of the Proposal;
“Scheme Record Date”	the date on which the entitlements of holders of the Scheme Shares to receive the Scheme Consideration and the Special Dividend under the Proposal being determined, which is expected to be Wednesday, 26th August, 2020 (or such other date as shall be confirmed and announced upon the High Court hearing of the petition for the sanction of the Scheme);
“Scheme Share(s)”	APL Share(s), other than those held by the Offeror, AGL, Citiwealth and Capscore;
“Scheme Shareholder(s)”	registered holder(s) of the Scheme Shares as at the Scheme Record Date;
“SFC”	the Securities and Futures Commission of Hong Kong;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Special Dividend”	subject to, among others, the Scheme having become binding and effective in accordance with its terms and conditions and the approval of Disinterested Scheme Shareholders at the APL General Meeting, the proposed special dividend of HK\$1.50 per APL Share to be declared by APL payable in cash to the APL Shareholders whose names appear on the register of members of APL on the Scheme Record Date;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

DEFINITIONS

“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers;
“Total Price”	the cash amount representing the aggregate of the Scheme Consideration and the Special Dividend, being HK\$1.92;
“trading day”	a day on which the Stock Exchange is open for the business of dealings in securities;
“US” or “United States”	United States of America;
“Yu Ming”	Yu Ming Investment Management Limited, a licenced corporation permitted to carry out types 1 (dealing in securities), 4 (advising on securities), 6 (advising on corporate finance) and 9 (asset management) regulated activities under the SFO, being the financial adviser to the Offeror; and
“%”	per cent.

All references in this Scheme Document to times and dates are references to Hong Kong times and dates, except as otherwise specified.

EXPECTED TIMETABLE

The timetable set out below is indicative only and is subject to change. Any changes to the timetable will be jointly announced by the Offeror, AGL and APL. Unless otherwise specified, all times and dates refer to Hong Kong local times and dates.

Latest time for lodging transfers of APL Shares in order to qualify for entitlement to attend and vote at the Court Meeting and/or the APL General Meeting 4:30 p.m. on
Wednesday, 8th July, 2020

Register of members of APL closed for determining entitlement to attend and vote at the Court Meeting and the APL General Meeting (*Note 1*)
Thursday, 9th July, 2020 to
Wednesday, 15th July, 2020
(both days inclusive)

Latest time for lodging forms of proxy and sending request to attend by telephone conference in respect of:

- the Court Meeting (*Note 2*) 10:00 a.m. on
Monday, 13th July, 2020
- the APL General Meeting (*Note 2*) 10:30 a.m. on
Monday, 13th July, 2020

Meeting Record Date Wednesday, 15th July, 2020

Court Meeting (*Notes 2 and 3*) 10:00 a.m. on
Wednesday, 15th July, 2020

APL General Meeting (*Notes 2 and 3*) 10:30 a.m. on
Wednesday, 15th July, 2020
(or immediately after the conclusion or adjournment of the Court Meeting)

Announcement of the results of the Court Meeting and the APL General Meeting posted on the website of the Stock Exchange no later than 7:00 p.m. on
Wednesday, 15th July, 2020

Expected latest time for trading of APL Shares on the Stock Exchange 4:10 p.m. on
Friday, 14th August, 2020

EXPECTED TIMETABLE

Latest time for lodging transfers of APL Shares in order
to qualify for entitlements under the Scheme 4:30 p.m. on
Friday, 21st August, 2020

Register of members of APL closed for determining
entitlement to qualify under the Scheme (*Note 4*) . . . from Monday, 24th August, 2020
onwards

High Court hearing of the petition for the sanction of
the Scheme (*Note 5*) 10:00 a.m. on
Wednesday, 26th August, 2020

Scheme Record Date Wednesday, 26th August, 2020

Announcement of

- (1) the results of the High Court hearing for the petition
for the sanction of the Scheme;
- (2) the expected Effective Date; and
- (3) the expected date of withdrawal of listing of
the APL Shares on the Stock Exchange posted
on the website of the Stock Exchange no later than 7:00 p.m. on
Wednesday, 26th August, 2020

Announcement of

- (1) the Effective Date; and
- (2) the withdrawal of listing of the APL Shares
on the Stock Exchange posted on the website of
the Stock Exchange before 8:30 a.m. on
Friday, 28th August, 2020

Effective Date (*Note 5*) Friday, 28th August, 2020

Withdrawal of listing of the APL Shares on
the Stock Exchange becomes effective 9:00 a.m. on
Monday, 31st August, 2020

Cheques for the cash payment under the Proposal
to be despatched (*Note 6*) on or before
Tuesday, 8th September, 2020

EXPECTED TIMETABLE

Notes:

1. The register of members of APL will be closed during such period for the purpose of determining entitlements of the holders of Scheme Shares to attend and vote at the Court Meeting and of the APL Shareholders to attend and vote at the APL General Meeting. For the avoidance of doubt, this period of closure is not for determining entitlements under the Scheme.
2. The **pink** form of proxy in respect of the Court Meeting and the **white** form of proxy in respect of the APL General Meeting should be completed and signed in accordance with the instructions respectively printed thereon and should be lodged with the APL Share Registrar at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by the times and dates stated above. The **pink** form of proxy for use at the Court Meeting and the **white** form of proxy for use at the APL General Meeting must be lodged no later than the time and date stated above in order for them to be valid. The completion and return of a form of proxy for the Court Meeting and/or the APL General Meeting will not preclude a member from attending and voting in person at the relevant meeting or any adjournment thereof if he so wishes. In the event that the member attends and votes at the relevant meeting or any adjournment thereof after having lodged his/her/its form of proxy, the returned form of proxy shall be deemed to have been revoked by operation of law.

APL Shareholders with their own name registered in the register of members of APL, i.e. holding physical share certificate in their own name, who wish to attend the Court Meeting and/or APL General Meeting by telephone conference are requested to register their interest and provide the following details by email at attendmeeting@aphk.com during the period from the date of this Scheme Document (i.e. Friday, 19th June, 2020) to Monday, 13th July, 2020 at 10:00 a.m. (for Court Meeting) or Monday, 13th July, 2020 at 10:30 a.m. (for APL General Meeting):

1. full name and address (as shown on the mailing label on the envelope of this Scheme Document to APL Shareholders); and
2. contact phone number (for better co-ordination).

APL Shareholders are further reminded that the deadline to submit completed forms of proxy is Monday, 13th July, 2020 at 10:00 a.m. (for Court Meeting) or Monday, 13th July, 2020 at 10:30 a.m. (for APL General Meeting). For APL Shareholders who wish to attend the Court Meeting and/or APL General Meeting by telephone conference and vote, the completed forms of proxy are subject to the same deadline and format, and shall be lodged with the APL Share Registrar at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

3. If a tropical cyclone warning signal No.8 or above is or is expected to be hoisted or a black rainstorm warning signal is or is expected to be in force at any time after 8:00 a.m. on the date of the Court Meeting and the APL General Meeting, the Court Meeting and the APL General Meeting will be postponed. APL will post an announcement on the respective websites of the Stock Exchange and APL to notify the members of the date, time and venue of the rescheduled meetings.
4. The register of members of APL will be closed during such period for the purpose of determining the Scheme Shareholders, who are qualified for entitlements under the Scheme.
5. The High Court hearing will be held at the High Court at the High Court Building, 38 Queensway, Hong Kong. The Scheme shall become effective when an office copy of the order of the High Court sanctioning the Scheme (with or without modification) and confirming the reduction of the share capital of APL involved in the Scheme is registered by the Registrar of Companies under Part 2 of the Companies Ordinance.
6. Cheques for entitlements of Scheme Shareholders (including the Scheme Consideration and the Special Dividend) will be despatched by ordinary post in postage pre-paid envelopes addressed to Scheme Shareholders at their respective addresses as appearing in the register of members of APL as at the Scheme Record Date or, in the case of joint holders, at the address appearing in the register of members of APL as at the Scheme Record Date of the joint holder whose name then stands first in the register of members of APL in respect of the relevant joint holding as soon as possible but in any event within 7 business days (as defined in the Takeovers Code) following the Effective Date. Cheques shall be posted at the risk of the addressees and none of the Offeror, AGL, APL, Yu Ming, the Independent APL Financial Adviser and the APL Share Registrar and their respective directors, employees, officers, agents, advisers, associates and affiliates and any other persons involved in the Proposal shall be responsible for any loss or delay in transmission.

LETTER FROM THE APL BOARD



ALLIED PROPERTIES (H.K.) LIMITED

(聯合地產(香港)有限公司)

(Incorporated in Hong Kong with limited liability)

(Stock Code: 56)

Executive Directors:

Lee Seng Hui (*Chief Executive*)

Mark Wong Tai Chun

Non-Executive Directors:

Arthur George Dew (*Chairman*)

Li Chi Kong

Independent Non-Executive Directors:

Steven Samuel Zoellner

Alan Stephen Jones

David Craig Bartlett

Registered Office:

22nd Floor

Allied Kajima Building

138 Gloucester Road

Wanchai

Hong Kong

19th June, 2020

To the APL Shareholders

Dear Sir or Madam,

**(1) PROPOSED PRIVATISATION OF APL
BY THE OFFEROR
BY WAY OF A SCHEME OF ARRANGEMENT
(UNDER SECTION 673 OF THE COMPANIES ORDINANCE)
(2) PROPOSED DECLARATION OF SPECIAL DIVIDEND
AND
(3) PROPOSED WITHDRAWAL OF LISTING OF APL**

INTRODUCTION

On 20th April, 2020, the Offeror, AGL and APL jointly announced that after trading hours of the Stock Exchange on 9th April, 2020, the Offeror, a direct wholly-owned subsidiary of AGL, requested the APL Board to put forward the Proposal to the Scheme Shareholders which will involve (i) the proposed privatisation of APL by way of a scheme of arrangement under section 673 of the Companies Ordinance (i.e. the Scheme); and (ii) subject to the Scheme having become binding and effective in accordance with its terms and conditions, the payment by APL of the Special Dividend to the Scheme Shareholders whose names appear on the register of members of APL on the Scheme Record Date.

LETTER FROM THE APL BOARD

As at the Latest Practicable Date, AGL directly and indirectly held approximately 74.996% of the total number of shares in issue of APL, of which (i) approximately 31.141% was held through the Offeror (a direct wholly-owned subsidiary of AGL); (ii) approximately 29.640% was held through Citiwealth and Capscore (both being direct wholly-owned subsidiaries of AGL); and (iii) approximately 14.215% was directly held by AGL.

Upon completion of the Proposal,

- (i) all Scheme Shares held by the Scheme Shareholders on the Effective Date will be cancelled in exchange for the payment in cash to the Scheme Shareholder of (a) the Scheme Consideration of HK\$0.42 in cash for each Scheme Share to be paid by the Offeror; and (b) the Special Dividend of HK\$1.50 in cash for each APL Share to be paid by APL;
- (ii) the issued share capital of APL will, on the Effective Date, be reduced by cancelling and extinguishing the Scheme Shares. Immediately upon such reduction, the issued share capital of APL will be increased to its former amount by the issue to the Offeror, credited as fully paid, of the same number of new APL Shares as the number of Scheme Shares cancelled;
- (iii) AGL will, directly and indirectly (through the Offeror, Citiwealth and Capscore, all being direct wholly-owned subsidiaries of AGL), own 100% of the total number of shares in issue of APL; and
- (iv) APL will apply to the Stock Exchange for the withdrawal of the listing of the APL Shares on the Stock Exchange pursuant to Rule 6.15 of the Listing Rules, which is expected to take place with effect from 31st August, 2020, being one business day following the Effective Date.

The purpose of this Scheme Document is to provide you with further information regarding the Proposal and, in particular, the Scheme, and to give you notice of the Court Meeting and of the APL General Meeting (together with forms of proxy in relation thereto). Your attention is also drawn to (i) the letter from the Independent APL Board Committee set out on pages 29 to 30 of this Scheme Document; (ii) the letter from the Independent APL Financial Adviser set out on pages 31 to 66 of this Scheme Document; (iii) the Explanatory Statement set out on pages 67 to 93 of this Scheme Document; and (iv) the terms of the Scheme set out on pages S-1 to S-9 of this Scheme Document.

THE PROPOSAL

Subject to the conditions described in the section headed “Conditions of the Proposal” on pages 70 to 74 of this Scheme Document being fulfilled or waived (as applicable), the Proposal (including the Scheme and the Special Dividend) will become effective and binding on APL and all Scheme Shareholders.

LETTER FROM THE APL BOARD

The Scheme Consideration and the Special Dividend

The Proposal provides that the Scheme Shares be cancelled in exchange for the payment to the Scheme Shareholders of:

Total Price HK\$1.92 per Scheme Share

comprising (i) the Scheme Consideration of HK\$0.42 in cash for each Scheme Share to be paid by the Offeror; and (ii) the Special Dividend of HK\$1.50 in cash for each APL Share to be paid by APL (other than the Offeror, AGL, Citiwealth and Capscore who have irrevocably and unconditionally agreed to waive and surrender their entitlements to the Special Dividend pursuant to the AGL Waiver).

As at the Latest Practicable Date, APL has 6,812,201,460 APL Shares in issue. There were no outstanding options, warrants, derivatives, convertible securities or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) issued by APL.

No price increase statement

The Scheme Consideration and the Special Dividend will not be increased, and the Offeror and APL do not reserve the right to do so.

Comparisons of value

The Total Price of HK\$1.92 per Scheme Share represents:

- a premium of approximately 34.3% over the closing price of HK\$1.43 per APL Share as quoted on the Stock Exchange on the Last Trading Date;
- a premium of approximately 36.2% over the average closing price of HK\$1.41 per APL Share based on the daily closing prices as quoted on the Stock Exchange over the 5 trading days up to and including the Last Trading Date;
- a premium of approximately 39.1% over the average closing price of HK\$1.38 per APL Share based on the daily closing prices as quoted on the Stock Exchange over the 30 trading days up to and including the Last Trading Date;
- a premium of approximately 33.3% over the average closing price of HK\$1.44 per APL Share based on the daily closing prices as quoted on the Stock Exchange over the 60 trading days up to and including the Last Trading Date;
- a premium of approximately 23.1% over the average closing price of HK\$1.56 per APL Share based on the daily closing prices as quoted on the Stock Exchange over the 180 trading days up to and including the Last Trading Date;
- a discount of approximately 66.3% to the audited consolidated net asset value attributable to APL Shareholders of approximately HK\$5.70 per APL Share as at 31st December, 2019;

LETTER FROM THE APL BOARD

- a discount of approximately 65.8% to the adjusted unaudited net asset value attributable to APL Shareholders of approximately HK\$5.62 per APL Share after taking into account of the property valuation as set out in Appendix II to this Scheme Document^(note); and
- a premium of approximately 1.6% over the closing price of HK\$1.89 per APL Share as quoted on the Stock Exchange on the Latest Practicable Date.

Note: Calculated by the audited net asset value attributable to APL Shareholders of approximately HK\$38.8 billion as at 31st December, 2019 and adjusted by the updated valuation of property interests, including investment properties and owner-occupied properties, attributable to APL Shareholders of approximately HK\$20.4 million with related tax adjustment of approximately HK\$0.1 million as at 30th April, 2020 and payment of interim dividend (in lieu of a final dividend) of approximately HK\$545.0 million and then divided by 6,812,201,460 APL Shares as at the Latest Practicable Date.

The Total Price has been determined after taking into account, among others, the financial information of the APL Group and the prices at which the APL Shares were traded on the Stock Exchange over the past year.

Assuming that the Scheme becomes effective on Friday, 28th August, 2020, cheques for entitlements under the Scheme (including the Scheme Consideration and the Special Dividend) will be despatched as soon as possible but in any event within 7 business days (as defined in the Takeovers Code) following the Effective Date and accordingly, the cheques are expected to be despatched on or before Tuesday, 8th September, 2020. All such cheques will be posted at the risk of the persons entitled thereto and none of the Offeror, AGL, APL, Yu Ming, the Independent APL Financial Adviser and the APL Share Registrar and their respective directors, employees, officers, agents, advisers, associates and affiliates will be responsible for any loss or delay in transmission.

Total consideration

As at the Latest Practicable Date, APL has 6,812,201,460 APL Shares in issue. The 1,703,289,939 Scheme Shares represent approximately 25.004% of the total number of shares in issue of APL.

On the assumption that there is no other change in the shareholding structure of APL before completion of the Proposal, the total amount of cash consideration required to effect the Proposal will be HK\$3,270,316,683, of which (i) HK\$715,381,774 (representing the aggregate Scheme Consideration payable under the Scheme) will be funded by the Offeror; and (ii) HK\$2,554,934,909 (representing the entire amount of Special Dividend payable to the Scheme Shareholders) will be funded by APL.

Confirmation of financial resources

Payment of the Scheme Consideration under the Scheme by the Offeror will be funded by (i) the internal cash resources of the AGL Group; and (ii) the unsecured and interest-free Facility granted by Mr. Lee to the Offeror pursuant to the Facility Agreement.

LETTER FROM THE APL BOARD

Payment of the Special Dividend under the Scheme by APL will be funded by the internal cash resources of the APL Group.

Yu Ming, as financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror and APL to satisfy the maximum amount of Scheme Consideration and Special Dividend required to effect the Proposal.

CONDITIONS OF THE PROPOSAL

The Proposal (including the Scheme and the Special Dividend) will become effective and binding on APL and all Scheme Shareholders subject to the fulfillment or waiver (as applicable) of conditions described in the section headed “Conditions of the Proposal” in the Explanatory Statement on pages 70 to 74 of this Scheme Document.

If the Scheme is not approved or the Proposal otherwise lapses, there are restrictions under the Takeovers Code on making subsequent offers, to the effect that neither the Offeror nor any person who acted in concert with it in the course of the Proposal (nor any person who is subsequently acting in concert with any of them) 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 APL, except with the consent of the Executive. The Offeror has indicated that it has no intention to seek such consent.

If approved, the Proposal will be binding on all of the Scheme Shareholders, irrespective of whether or not they attended or voted at the Court Meeting or the APL General Meeting.

Special Dividend

Under the Proposal, APL will pay a Special Dividend of HK\$1.50 per APL Share in cash to all APL Shareholders whose names appear on the register of members of APL on the Scheme Record Date, subject to the fulfillment of conditions described in the section headed “Special Dividend” in the Explanatory Statement on pages 75 to 76 of this Scheme Document.

The Special Dividend will be paid by APL to the APL Shareholders (other than the Offeror, AGL, Citiwealth and Capscore who have irrevocably and unconditionally agreed to waive and surrender their entitlements to the Special Dividend pursuant to the AGL Waiver) in cash after the Scheme having become binding and effective in accordance with its terms and conditions and the approval of the Disinterested Scheme Shareholders at the APL General Meeting, and will be paid on the same date on which the Scheme Consideration will be paid by the Offeror to the Scheme Shareholders.

LETTER FROM THE APL BOARD

APL Shareholders and potential investors of APL should be aware that the Scheme and the Special Dividend are inter-conditional, and the payment of the Special Dividend is subject to, among others, approval of the Disinterested Scheme Shareholders at the APL General Meeting and the Scheme having become binding and effective in accordance with its terms and conditions. The Proposal is subject to the Conditions being fulfilled or waived, as applicable, and therefore the Proposal may or may not be implemented and the Scheme may or may not become effective. Accordingly, the Special Dividend may or may not materialise. APL Shareholders and potential investors of APL should therefore exercise caution when dealing in securities of APL. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

The Special Dividend of HK\$1.50 per APL Share is a special dividend to be declared and paid out of the distributable reserves of APL, which is distinctive to and not part of the Scheme Consideration that would be payable by the Offeror. If the relevant resolutions regarding the Proposal (including the Scheme and the Special Dividend) are not approved by the Disinterested Scheme Shareholders and/or the APL Shareholders (as the case may be) in the Court Meeting and/or the APL General Meeting, no Special Dividend will be paid to the APL Shareholders. In such event, the APL Board will continue to adhere to its existing dividend policy while regularly reviewing the dividend policy and make necessary amendments and/or modifications to such policy if and when necessary or appropriate.

LETTER FROM THE APL BOARD

SHAREHOLDING STRUCTURE OF APL

On the assumption that there is no other change in the shareholding structure of APL before completion of the Proposal, the table below sets out the shareholding structure of APL as at the Latest Practicable Date and immediately upon completion of the Proposal:

APL Shareholders	As at the Latest Practicable Date		Immediately upon completion of the Proposal (Note 1)	
	Number of APL Shares	Approximate %	Number of APL Shares	Approximate %
Offeror (Note 2)	2,121,437,331	31.141	3,824,727,270	56.145
Offeror Concert Parties				
AGL (Note 2)	968,354,880	14.215	968,354,880	14.215
Capscore (Note 2)	1,973,216,190	28.966	1,973,216,190	28.966
Citiwealth (Note 2)	45,903,120	0.674	45,903,120	0.674
Aggregate number of APL Shares held by the Offeror and the Offeror Concert Parties	5,108,911,521	74.996	6,812,201,460	100.000
Scheme Shareholders (Note 3)	1,703,289,939	25.004	–	–
Total number of APL Shares	6,812,201,460	100.000	6,812,201,460	100.000

Notes:

- Under the Scheme, the issued share capital of APL will, on the Effective Date, be reduced by cancelling and extinguishing the Scheme Shares. On the assumption that there is no change in the shareholding structure of APL before completion of the Proposal, forthwith upon such reduction, the issued share capital of APL will be increased to its former amount prior to the cancellation of the Scheme Shares by the issue to the Offeror, credited as fully paid, of the same number of new APL Shares as the number of the Scheme Shares cancelled. The reserve created in the APL's books of account as a result of the capital reduction will be applied in paying up in full the new APL Shares so issued to the Offeror.
- Each of Capscore and Citiwealth is a direct wholly-owned subsidiary of AGL and a fellow subsidiary of the Offeror. The APL Shares in which AGL, Capscore and Citiwealth are interested (i) will not form part of the Scheme Shares; (ii) will not be voted at the Court Meeting; (iii) will not be entitled to the Special Dividend; and (iv) will not be cancelled upon the Scheme becoming effective.
- Mr. Steven Samuel Zoellner, being an independent non-executive director of APL and holder of 22,402 APL Shares (representing approximately 0.001% of the Scheme Shares) as at the Latest Practicable Date, is also a Scheme Shareholder under the Scheme.
- All percentages in the above table are approximations.

LETTER FROM THE APL BOARD

As at the Latest Practicable Date:

- (i) the issued share capital of APL comprises 6,812,201,460 APL Shares;
- (ii) there were no outstanding options, warrants, derivatives, convertible securities or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) issued by APL other than the 6,812,201,460 APL Shares;
- (iii) the Scheme Shares comprised a total of 1,703,289,939 APL Shares held or beneficially owned by the Scheme Shareholders, representing approximately 25.004% of the total number of shares in issue of APL;
- (iv) the Offeror directly holds 2,121,437,331 APL Shares, representing approximately 31.141% of the total number of shares in issue of APL;
- (v) the Offeror Concert Parties own, control or have direction over an aggregate of 2,987,474,190 APL Shares, representing approximately 43.855% of the total number of shares in issue of APL;
- (vi) save as disclosed in paragraphs (iv) and (v) above, the Offeror and the Offeror Concert Parties do not legally and beneficially own, control or have direction over any other APL Shares; and
- (vii) there are no convertible securities, warrants or options in respect of APL Shares held, controlled or directed by the Offeror or Offeror Concert Parties.

For the avoidance of doubt, all the Scheme Shares will be cancelled upon the Scheme becoming effective.

All APL Shareholders will be entitled to vote on the special resolution to be proposed at the APL General Meeting to approve and give effect to the Scheme, including the approval of the reduction of the issued share capital of APL by cancelling and extinguishing the Scheme Shares and the issue to the Offeror of such number of new APL Shares (credited as fully paid) as is equal to the number of the Scheme Shares cancelled, which is set out in section headed "Conditions of the Proposal" in the Explanatory Statement on pages 70 to 74 of this Scheme Document. The Offeror and the Offeror Concert Parties have indicated that, if the Scheme is approved at the Court Meeting, the Offeror and the Offeror Concert Parties will vote in favour of such special resolution to be proposed at the APL General Meeting. Only the Disinterested Scheme Shareholders whose names appear in the register of members of APL as at the Meeting Record Date will be entitled to vote on the ordinary resolution to approve the declaration and payment of the Special Dividend at the APL General Meeting.

Upon the Scheme becoming effective, AGL will hold 100% of the total number of shares in issue of APL, of which (i) approximately 56.145% will be held indirectly through the Offeror (a direct wholly-owned subsidiary of AGL); (ii) approximately 29.640% will be held indirectly through Citiwealth and Capscore (both being direct wholly-owned subsidiaries of AGL); and (iii) approximately 14.215% will be held directly by AGL.

LETTER FROM THE APL BOARD

REASONS FOR AND BENEFITS OF THE PROPOSAL

You are urged to read carefully the section headed “Reasons for and Benefits of the Proposal” in the Explanatory Statement on pages 80 to 82 of this Scheme Document.

THE OFFEROR’S INTENTIONS IN RELATION TO THE APL GROUP

You are urged to read carefully the section headed “Intention of the Offeror with Regard to the APL Group” in the Explanatory Statement on page 82 of this Scheme Document.

The APL Board has noted the intentions of the Offeror in respect of APL Group and the employees of the APL Group, as disclosed in the Explanatory Statement on page 82 of this Scheme Document.

INFORMATION ON THE OFFEROR AND AGL

The Offeror is incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of AGL. The principal business activity of the Offeror is investment holding.

AGL is incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange. As at the Latest Practicable Date, the AGL Board comprises Mr. Lee, Mr. Edwin Lo King Yau and Mr. Mak Pak Hung being the executive directors, Mr. Arthur George Dew and Ms. Lee Su Hwei being the non-executive directors, and Mr. David Craig Bartlett, Mr. Alan Stephen Jones and Ms. Lisa Yang Lai Sum being the independent non-executive directors.

The principal business activity of AGL is investment holding. The principal business activities of its major subsidiaries are property investment and development, hospitality related activities, provision of elderly care services, property management, cleaning and security guarding services in Hong Kong, the provision of finance and investments in listed and unlisted securities.

As at the Latest Practicable Date, AGL is beneficially owned as to approximately 74.950% by Lee and Lee Trust (inclusive of Mr. Lee’s personal interests), being a discretionary trust.

INFORMATION ON APL

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

The principal business activity of APL is investment holding. The principal business activities of its major subsidiaries are property investment and development, hospitality related activities, the provision of finance and investments in listed and unlisted securities.

As at the Latest Practicable Date, APL is beneficially owned as to approximately 74.996% by AGL.

LETTER FROM THE APL BOARD

OVERSEAS APL SHAREHOLDERS

If you are an overseas holder of Scheme Shares, your attention is drawn to the section headed "Overseas APL Shareholders" in the Explanatory Statement on pages 86 to 87 of this Scheme Document.

WITHDRAWAL OF LISTING OF APL SHARES

Upon the Scheme becoming effective, all Scheme Shares will be cancelled (with the equivalent number of new APL Shares being issued as fully paid to the Offeror) and the share certificates for the Scheme Shares will thereafter cease to have effect as documents or evidence of title. APL will apply to the Stock Exchange for the withdrawal of the listing of the APL Shares on the Stock Exchange immediately following the Effective Date pursuant to Rule 6.15 of the Listing Rules.

Dealings in the APL Shares on the Stock Exchange are expected to cease after 4:10 p.m. on Friday, 14th August, 2020, and the listing of the APL Shares on the Stock Exchange is expected to be withdrawn at 9:00 a.m. on Monday, 31st August, 2020. The Disinterested Scheme Shareholders will be notified by way of an announcement of the exact dates of the last day for dealing in the APL Shares and the day on which the Scheme and the withdrawal of the listing of the APL Shares on the Stock Exchange will become effective.

IF THE SCHEME IS NOT APPROVED OR THE PROPOSAL LAPSES

Subject to the requirements of the Takeovers Code, the Proposal will lapse if any of the Conditions has not been fulfilled or waived, as applicable, on or before the Long Stop Date. If the Scheme is not approved or the Proposal otherwise lapses, the listing of the APL Shares on the Stock Exchange will not be withdrawn.

If the Scheme is not approved or the Proposal otherwise lapses, there are restrictions under the Takeovers Code on making subsequent offers, to the effect that neither the Offeror nor any person who acted in concert with it in the course of the Proposal (nor any person who is subsequently acting in concert with any of them) 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 APL, except with the consent of the Executive. The Offeror has indicated that it has no intention to seek such consent.

COURT MEETING AND APL GENERAL MEETING

The High Court has directed that the Court Meeting be convened for the purpose of considering and, if thought fit, approving the Scheme (with or without modification).

Immediately following the conclusion of the Court Meeting, the APL General Meeting will be held for the purpose of considering and, if thought fit, passing (i) the special resolution to approve and give effect to the Scheme; and (ii) the ordinary resolution to approve the declaration and payment of the Special Dividend. All APL Shareholders will be entitled to vote on the special resolution to be proposed at the APL

LETTER FROM THE APL BOARD

General Meeting to approve and give effect to the Scheme, including the approval of the reduction of the issued share capital of APL by cancelling and extinguishing the Scheme Shares and the issue to the Offeror of such number of new APL Shares (credited as fully paid) as is equal to the number of the Scheme Shares cancelled. All APL Shareholders whose names appear in the register of members of APL as at the Meeting Record Date will be entitled to attend and vote in respect of the special resolution to approve and give effect to the Scheme at the APL General Meeting. The Offeror and the Offeror Concert Parties have indicated that, if the Scheme is approved at the Court Meeting, the Offeror and the Offeror Concert Parties will vote in favour of such special resolution to be proposed at the APL General Meeting. Only the Disinterested Scheme Shareholders whose names appear in the register of members of APL as at the Meeting Record Date will be entitled to vote on the ordinary resolution to approve the declaration and payment of the Special Dividend at the APL General Meeting.

For the purpose of exercising your right to vote at the Court Meeting and the APL General Meeting, you are requested to read carefully the section headed “Court Meeting and APL General Meeting” in the Explanatory Statement on pages 88 to 89 of this Scheme Document, the section headed “Actions to be taken” on pages 2 to 5 of this Scheme Document, and the notices of the Court Meeting and the APL General Meeting on pages NCM-1 to NCM-4 and pages NGM-1 to NGM-4 respectively of this Scheme Document.

ACTIONS TO BE TAKEN

The actions which you are required to take in relation to the Proposal are set out under the section headed “Actions to be taken” on pages 2 to 5 and the section headed “Actions to be taken” in the Explanatory Statement on pages 89 to 92 of this Scheme Document.

In accordance with Rules 2.1 and 2.8 of the Takeovers Code, a board which receives an offer must, in the interests of shareholders, establish an independent committee of the board to make a recommendation as to whether the offer is, or is not, fair and reasonable and as to acceptance or voting, and the members of the independent board committee should comprise all non-executive directors who have no direct or indirect interest in the offer.

The APL Board currently has two non-executive directors and three independent non-executive directors. Mr. Arthur George Dew, the chairman and a non-executive director of APL, is also the chairman and a non-executive director of AGL. Mr. Li Chi Kong, a non-executive director of APL, is also a general consultant of AGL. Mr. Alan Stephen Jones and Mr. David Craig Bartlett, independent non-executive directors of APL, are also independent non-executive directors of AGL. In order to avoid any perceived conflict of interests, Mr. Arthur George Dew, Mr. Li Chi Kong, Mr. Alan Stephen Jones and Mr. David Craig Bartlett had not joined the Independent APL Board Committee.

LETTER FROM THE APL BOARD

The Independent APL Board Committee comprising Mr. Steven Samuel Zoellner only has been formed to advise the Disinterested Scheme Shareholders on the Proposal (including the Scheme and the Special Dividend). Pelican Financial Limited has been appointed to advise the Independent APL Board Committee and the Disinterested Scheme Shareholders on the Proposal (including the Scheme and the Special Dividend), and such appointment has been approved by the Independent APL Board Committee pursuant to Rule 2.1 of the Takeovers Code.

RECOMMENDATION

The Independent APL Financial Adviser has advised the Independent APL Board Committee that it considers the terms of the Proposal (including the Scheme and the Special Dividend) are fair and reasonable so far as the Disinterested Scheme Shareholders are concerned, and accordingly, recommends the Independent APL Board Committee to advise the Disinterested Scheme Shareholders to vote in favour of the relevant resolution(s) to be proposed at the Court Meeting and the APL General Meeting to approve and implement the Proposal (including the Scheme and the Special Dividend).

The Independent APL Board Committee, having considered the terms of the Proposal (including the Scheme and the Special Dividend), and having taken into account the advice of the Independent APL Financial Adviser, considers that the terms of the Proposal (including the Scheme and the Special Dividend) are fair and reasonable so far as the Disinterested Scheme Shareholders are concerned and recommends the Disinterested Scheme Shareholders to vote in favour of the relevant resolution(s) to be proposed at the Court Meeting and the APL General Meeting to approve and implement the Proposal (including the Scheme and the Special Dividend).

Your attention is drawn to the recommendation of the Independent APL Financial Adviser to the Independent APL Board Committee and Disinterested Scheme Shareholders, in respect of the Proposal as set out in the "Letter from the Independent APL Financial Adviser" on pages 31 to 66 of this Scheme Document. Your attention is also drawn to the recommendation of the Independent APL Board Committee in respect of the Proposal as set out in the "Letter from the Independent APL Board Committee" on pages 29 to 30 of this Scheme Document.

REGISTRATION AND PAYMENT

Your attention is drawn to the sections entitled "Withdrawal of listing of APL Shares" and "Registration and Payment" in the Explanatory Statement set out on pages 84 to 85 and pages 85 to 86 respectively, of this Scheme Document.

LETTER FROM THE APL BOARD

TAXATION, EFFECTS AND LIABILITIES

It is emphasised that none of the Offeror, AGL, APL, Yu Ming, the Independent APL Financial Adviser and the APL Share Registrar and their respective directors, employees, officers, agents, advisers, associates and affiliates and any other persons involved in the Proposal accept responsibility for any taxation or other effects on, or liabilities of, any person or persons as a result of their approval or rejection, or the implementation, of the Proposal. Accordingly, you are urged to read the section entitled "Taxation and Independent Advice" in the Explanatory Statement set out on page 88 of this Scheme Document and if you are in any doubt as to any aspect of this Scheme Document or as to the action to be taken, you should consult an appropriately qualified professional adviser.

Pursuant to Rule 2.3 of the Takeovers Code, if the Scheme is not approved and the Proposal is either not recommended by the Independent APL Board Committee or not recommended as fair and reasonable by the Independent APL Financial Adviser, all costs and expenses incurred by APL and the Offeror in connection with the Proposal shall be borne by the Offeror. Given that the Proposal is recommended by the Independent APL Board Committee and is recommended as fair and reasonable by the Independent APL Financial Adviser, APL and the Offeror have agreed that all costs, charges and expenses of the advisers and counsel appointed by APL, including the Independent APL Financial Adviser, will be borne by APL, whereas all costs, charges and expenses of the advisers and counsels appointed by the Offeror will be borne by the Offeror, and other costs, charges and expenses of the Scheme and the Proposal will be shared between APL and the Offeror equally.

FURTHER INFORMATION

You are urged to read carefully the letters from the Independent APL Board Committee and from the Independent APL Financial Adviser, as set out on pages 29 to 30, and pages 31 to 66 respectively of this Scheme Document, the Explanatory Statement as set out on pages 67 to 93 of this Scheme Document, the appendices to this Scheme Document, the terms of the Scheme as set out on pages S-1 to S-9 of this Scheme Document, the notice of the Court Meeting as set out on pages NCM-1 to NCM-4 of this Scheme Document and the notice of the APL General Meeting as set out on pages NGM-1 to NGM-4 of this Scheme Document. In addition, a **pink** form of proxy for the Court Meeting and a **white** form of proxy for the APL General Meeting are enclosed with this Scheme Document.

Yours faithfully,
For and on behalf of the APL Board
Allied Properties (H.K.) Limited
Mark Wong Tai Chun
Executive Director



ALLIED PROPERTIES (H.K.) LIMITED

(聯合地產(香港)有限公司)

(Incorporated in Hong Kong with limited liability)

(Stock Code: 56)

19th June, 2020

To the Disinterested Scheme Shareholders

Dear Sir or Madam,

**(1) PROPOSED PRIVATISATION OF APL
BY THE OFFEROR
BY WAY OF A SCHEME OF ARRANGEMENT
(UNDER SECTION 673 OF THE COMPANIES ORDINANCE)
(2) PROPOSED DECLARATION OF SPECIAL DIVIDEND
AND
(3) PROPOSED WITHDRAWAL OF LISTING OF APL**

I refer to the composite scheme document dated 19th June, 2020 jointly issued by the Offeror, AGL and APL in relation to the Proposal (the “**Scheme Document**”), of which this letter forms part. Terms defined in the Scheme Document shall have the same meanings in this letter unless the context otherwise requires.

I have been appointed by the APL Board as the Independent APL Board Committee to make a recommendation to the Disinterested Scheme Shareholders in respect of the Proposal, details of which are set out in the “Letter from the APL Board” and the “Explanatory Statement” of this Scheme Document.

Pelican Financial Limited, the Independent APL Financial Adviser, has been appointed with my approval, to advise me in connection with the Proposal. The details of its advice and the principal factors taken into consideration in arriving at its recommendations are set out in the “Letter from the Independent APL Financial Adviser” of this Scheme Document.

In the “Letter from the Independent APL Financial Adviser” of this Scheme Document, the Independent APL Financial Adviser states that it considers the terms of the Proposal (including the Scheme and the Special Dividend) are fair and reasonable so far as the Disinterested Scheme Shareholders are concerned, and recommends the Independent APL Board Committee to advise the Disinterested Scheme Shareholders to vote in favour of the relevant resolution(s) to be proposed at the Court Meeting and the APL General Meeting to approve and implement the Proposal (including the Scheme and the Special Dividend).

LETTER FROM THE INDEPENDENT APL BOARD COMMITTEE

The Independent APL Board Committee, having considered the terms of the Proposal (including the Scheme and the Special Dividend), and having taken into account the advice of the Independent APL Financial Adviser, and in particular the factors, reasons and recommendations set out in its letter, considers that the terms of the Proposal (including the Scheme and the Special Dividend) are fair and reasonable so far as the Disinterested Scheme Shareholders are concerned. Accordingly, the Independent APL Board Committee recommends the Disinterested Scheme Shareholders to vote in favour of the relevant resolution(s) to be proposed at the Court Meeting and the APL General Meeting to approve and implement the Proposal (including the Scheme and the Special Dividend).

The Independent APL Board Committee draws the attention of the Disinterested Scheme Shareholders to (i) the “Letter from the APL Board”; (ii) the “Letter from the Independent APL Financial Adviser”, which sets out the factors and reasons taken into account in arriving at its recommendation to the Independent APL Board Committee and Disinterested Scheme Shareholders; and (iii) the “Explanatory Statement”, set out in this Scheme Document.

Yours faithfully,
For and on behalf of
The Independent APL Board Committee
Allied Properties (H.K.) Limited
Steven Samuel Zoellner
Independent Non-Executive Director



PELICAN FINANCIAL LIMITED

15/F, East Exchange Tower, 38-40 Leighton Road, Causeway Bay, Hong Kong

19 June 2020

*To the Independent APL Board Committee and the Disinterested Scheme Shareholders of
Allied Properties (H.K.) Limited*

Dear Sirs,

**(1) PROPOSED PRIVATISATION OF APL
BY THE OFFEROR
BY WAY OF A SCHEME OF ARRANGEMENT
(UNDER SECTION 673 OF THE COMPANIES ORDINANCE)
(2) PROPOSED DECLARATION OF SPECIAL DIVIDEND
AND
(3) PROPOSED WITHDRAWAL OF LISTING OF APL**

INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent APL Board Committee and the Disinterested Scheme Shareholders in respect of the Proposal, details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the document to APL Shareholders dated 19 June 2020 (the “**Scheme Document**”), of which this letter forms a part. Terms used in this letter shall have the same meanings as those defined in the Scheme Document unless the context requires otherwise.

Reference is made to the Joint Announcement, in relation to among other things, the Proposal. After trading hours of the Stock Exchange on 9 April 2020, the Offeror, a direct wholly-owned subsidiary of AGL, requested the APL Board to put forward the Proposal to the Scheme Shareholders which will involve (i) the proposed privatisation of APL by way of a scheme of arrangement under section 673 of the Companies Ordinance (i.e. the Scheme); and (ii) subject to the Scheme having become binding and effective in accordance with its terms and conditions, the payment by APL of the Special Dividend to the Scheme Shareholders whose names appear on the register of members of APL on the Scheme Record Date.

LETTER FROM THE INDEPENDENT APL FINANCIAL ADVISER

Upon completion of the Proposal,

- (i) all Scheme Shares held by the Scheme Shareholders on the Effective Date will be cancelled in exchange for the payment in cash to the Scheme Shareholder of (a) the Scheme Consideration of HK\$0.42 in cash for each Scheme Share to be paid by the Offeror; and (b) the Special Dividend of HK\$1.50 in cash for each APL Share to be paid by APL;
- (ii) the issued share capital of APL will, on the Effective Date, be reduced by cancelling and extinguishing the Scheme Shares. Immediately upon such reduction, the issued share capital of APL will be increased to its former amount by the issue to the Offeror, credited as fully paid, of the same number of new APL Shares as the number of Scheme Shares cancelled;
- (iii) AGL will, directly and indirectly (through the Offeror, Citiwealth and Capscore, all being direct wholly-owned subsidiaries of AGL), own 100% of the total number of shares in issue of APL; and
- (iv) APL will apply to the Stock Exchange for the withdrawal of the listing of the APL Shares on the Stock Exchange pursuant to Rule 6.15 of the Listing Rules, which is expected to take place with effect from 31 August 2020, being one business day following the Effective Date.

As at the Latest Practicable Date, AGL directly and indirectly held approximately 75.00% of the total number of shares in issue of APL, of which (i) approximately 31.14% was held through the Offeror (a direct wholly-owned subsidiary of AGL); (ii) approximately 29.64% was held through Citiwealth and Capscore (both being direct wholly-owned subsidiaries of AGL); and (iii) approximately 14.22% was directly held by AGL.

The APL Board currently consists of two executive directors, two non-executive directors and three independent non-executive directors. The Independent APL Board Committee, comprising Mr. Steven Samuel Zoellner, being an independent non-executive director of APL, has been established to advise the Disinterested Scheme Shareholders as to whether the terms of the Proposal (including the Scheme and the Special Dividend) are fair and reasonable so far as the Disinterested Scheme Shareholders are concerned, and to make a recommendation to the Disinterested Scheme Shareholders as to whether to vote in favour of or against the relevant resolution(s) to be proposed at the Court Meeting and the APL General Meeting, respectively. Mr. Arthur George Dew, the chairman and a non-executive director of APL, does not form part of the Independent APL Board Committee due to him being the chairman and a non-executive director of AGL. Mr. Li Chi Kong, a non-executive director of APL, does not form part of the Independent APL Board Committee due to him being a general consultant of AGL. Mr. Alan Stephen Jones and Mr. David Craig Bartlett, the independent non-executive directors of APL, also do not form part of the Independent APL Board Committee due to them being the independent non-executive directors of AGL. The Independent APL Board Committee has approved our appointment as the Independent APL Financial Adviser to advise the Independent APL Board Committee and Disinterested Scheme Shareholders on these matters.

LETTER FROM THE INDEPENDENT APL FINANCIAL ADVISER

Pelican Financial Limited (“**Pelican**”) is not connected with the APL Directors, chief executive or substantial shareholders of APL, the Offeror, or AGL or any of their respective associates, any company controlled by any of them, or any party acting, or presumed to be acting, in concert with any of them, and therefore is considered suitable to give independent advice to the Independent APL Board Committee and the Disinterested Scheme Shareholders. As at the Latest Practicable Date, we were not aware of any relationships or interest between Pelican and APL nor any other parties that could be reasonably be regarded as a hindrance to Pelican’s independence to act as the independent financial adviser to the Independent APL Board Committee and the Disinterested Scheme Shareholders in respect of the Proposal (including the Scheme and the Special Dividend). In the last two years, except for acting as the independent financial adviser to APL in respect of a discloseable and connected transaction as disclosed in APL’s circular dated 20 November 2019, there was no other engagement between APL and us. Apart from normal professional fees payable to us in connection with this appointment of us as independent financial adviser, no arrangement exists whereby Pelican will receive any fees or benefits from APL or the APL Directors, chief executive or substantial shareholders of APL or any of their respective associates, and we are not aware of the existence of or change in any circumstances that would affect our independence. Accordingly, we consider that we are eligible to give independent advice on the Proposal (including the Scheme and the Special Dividend).

Our role is to provide you with our independent opinion and recommendation as to (i) whether the terms of the Proposal (including the Scheme and the Special Dividend) are fair and reasonable so far as the Disinterested Scheme Shareholders are concerned; and (ii) whether the Disinterested Scheme Shareholders should vote in favour of or against the relevant resolution(s) to be proposed at the Court Meeting and the APL General Meeting, respectively.

BASIS OF OUR OPINION

In formulating our opinion to the Independent APL Board Committee, we have performed relevant procedures and those steps which we deemed necessary in forming our opinions. Our procedures include, among other things, review of relevant agreements, documents as well as information contained or referred to in the Scheme Document and/or provided by the management of the APL Group and validation of such information, to an extent, to the relevant public information, statistics and market data, the relevant industry guidelines and rules and regulations as well as information, facts and representations provided, and the opinions expressed, by APL, the APL Directors and/or the management of the APL Group. The documents reviewed include, but are not limited to, the annual report of APL for the financial year ended 31 December 2019 (the “**2019 Annual Report**”), the Joint Announcement and the Scheme Document. We have assumed that all information and representations that have been provided by the management of the APL Group, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the APL Directors in the Scheme Document were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Scheme Document, or the reasonableness of the opinions expressed by APL, its management and/or the APL Directors, which have been provided to us.

LETTER FROM THE INDEPENDENT APL FINANCIAL ADVISER

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

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

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

We, as the Independent APL Financial Adviser, take no responsibility for the contents of any part of the Scheme Document, save and except for this letter of advice. We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent verification of the information included in the Scheme Document and provided to us by the APL Directors and the management of the APL Group, nor have we conducted any form of in-depth investigation into the business and affairs or the future prospects of APL and the Offeror or their respective shareholders, subsidiaries or associates (if applicable). APL will notify APL Shareholders of any material changes during the offer period (as defined under the Takeovers Code) as soon as possible in accordance with Rule 9.1 of the Takeovers Code. Disinterested Scheme Shareholders will also be notified of any material changes to such information provided and our opinion as soon as practicable throughout the offer period (as defined under the Takeovers Code).

PRINCIPAL FACTORS TAKEN INTO CONSIDERATION

In arriving at our opinion and recommendation with regard to the Proposal (including the Scheme and the Special Dividend), we have taken into account the principal factors and reasons set out below:

1. Background of the Proposal

After trading hours of the Stock Exchange on 9 April 2020, the Offeror, a direct wholly-owned subsidiary of AGL, requested the APL Board to put forward the Proposal to the Scheme Shareholders which will involve (i) the proposed privatisation of APL by way of a scheme of arrangement under section 673 of the Companies Ordinance (i.e. the Scheme); and (ii) subject to the Scheme having become binding and effective in accordance with its terms and conditions, the payment by APL of the Special Dividend to the Scheme Shareholders whose names appear on the register of members of APL on the Scheme Record Date.

2. Principal terms of the Proposal

a. The Scheme Consideration and the Special Dividend

Under the Scheme, if the Proposal is approved and implemented, the Scheme Shares will be cancelled and, in consideration therefor, each Scheme Shareholder will be entitled to receive a payment of HK\$1.92 in cash for each Scheme Share cancelled, comprising (i) the Scheme Consideration of HK\$0.42 in cash for each Scheme Share to be paid by the Offeror; and (ii) the Special Dividend of HK\$1.50 in cash for each APL Share to be paid by APL (other than the Offeror, AGL, Citiwealth and Capscore who have irrevocably and unconditionally agreed to waive and surrender their entitlements to the Special Dividend pursuant to the AGL Waiver).

As at the Latest Practicable Date, APL has 6,812,201,460 APL Shares in issue. The 1,703,289,939 Scheme Shares represents approximately 25.00% of the total number of shares in issue of APL. There were no outstanding options, warrants, derivatives, convertible securities or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) issued by APL.

On the assumption that there is no other change in the shareholding structure of APL before completion of the Proposal, the total amount of cash consideration required to effect the Proposal will be HK\$3,270,316,683, of which (i) HK\$715,381,774 (representing the aggregate Scheme Consideration payable under the Scheme) will be funded by the Offeror with the internal cash resources of the AGL Group and the unsecured and interest-free Facility granted by Mr. Lee to the Offeror pursuant to the Facility Agreement; and (ii) HK\$2,554,934,909 (representing the entire amount of Special Dividend payable to the Scheme Shareholders) will be funded by APL with the internal cash resources of the APL Group.

b. Conditions of the Proposal

The Proposal is subject to the satisfaction or waiver, as applicable, of the conditions described in the sections headed “Conditions of the Proposal” and “Special Dividend” in the Explanatory Statement on pages 70 to 76 of the Scheme Document. All Conditions will have to be fulfilled or waived, as applicable, on or before the Long Stop Date, failing which the Proposal will lapse. If the Proposal is withdrawn, not approved or lapses, the listing of the APL Shares on the Stock Exchange will not be withdrawn.

On the other hand, if approved, the Proposal will be binding on all of the Scheme Shareholders, irrespective of whether or not they attended or voted at the Court Meeting or the APL General Meeting.

As at the Latest Practicable Date, none of the Conditions had been fulfilled or waived.

For details on the terms of the Proposal, please refer to the section headed “The Proposal” in the Board Letter and the Explanatory Statement contained in the Scheme Document.

3. Reasons for and benefits of the Proposal

As set out in the section headed “Reasons for and benefits of the Proposal” in the Board Letter contained in the Scheme Document, the reasons for and the benefits of the Proposal are as follows:

a. For Disinterested Scheme Shareholders

The Proposal gives Disinterested Scheme Shareholders an opportunity to receive the Total Price (comprising both the Scheme Consideration and the Special Dividend) for their Scheme Shares at a premium over the current market price. The Total Price is 48.8% higher than the lowest closing price of APL Shares and 1.1% higher than the highest closing price of APL Shares in the past two years up to and including the date of the Joint Announcement. The Proposal would also allow Disinterested Scheme Shareholders to switch investment of their holding in APL Shares into securities of other companies with better prospects or higher share trading volume, which they might not be able to do so currently because of the thin trading volume of the APL Shares. In addition, the COVID-19 virus outbreak in 2020 is having a significant adverse impact on global economy, and the APL Group expects to see further headwinds affecting its business activities. Accordingly, for some Disinterested Scheme Shareholders, given the current status of the economy and the uncertainty on the timing of a recovery, they may find the Proposal particularly timely.

b. For APL

APL Shares have been trading at a steep discount. It is trading (i) at a discount ranging from 66.7% to 77.4% in the past two years up to and including the date of the Joint Announcement to its consolidated net asset value (“NAV”) (calculated by the lowest and the highest closing price of APL Shares over the audited consolidated net asset value attributable to APL Shareholders (“NAV Per APL Share”) of approximately HK\$5.7 per APL Share as at 31 December 2019); and (ii) at a discount ranging from 66.2% to 77.0% in the past two years up to and including the date of the Joint Announcement to its adjusted unaudited net asset value (calculated by the lowest and the highest closing price of APL Shares over the adjusted unaudited net asset value attributable to APL Shareholders of approximately HK\$5.62 per APL Share after taking into account the property valuation as set out in Appendix II to the Scheme Document (“Adjusted NAV Per APL Share”))¹. While there can be many reasons that have led to the APL Shares trading at steep discounts to the NAV Per APL Share and the Adjusted NAV Per APL Share, one of those reasons being that the market is in general bearish on the performance of APL and the APL Share.

APL has not been able to raise equity capital without the risk of diluting the interests of APL Shareholders, and the listing is losing its very purpose while the cost of maintaining its listing, including regulatory compliance, disclosure and publication of financial statements keep escalating. It is believed by the APL Board that if the Proposal is welcome by the Disinterested Scheme Shareholders, APL would be able to focus its management time and financial resources to areas other than a listing that serves little useful purpose.

¹ Calculated by the audited NAV attributable to APL Shareholders of approximately HK\$38.8 billion as at 31 December 2019 and adjusted by the updated valuation of property interests as set out in Appendix II to the Scheme Document, including investment properties and owner-occupied properties, attributable to APL Shareholders of approximately HK\$20.4 million with related tax adjustment of approximately HK\$0.1 million as at 30 April 2020 and payment of interim dividend (in lieu of a final dividend) of approximately HK\$545.0 million and then divided by 6,812,201,460 APL Shares as at the Latest Practicable Date.

c. Our view

Having considered that (i) the Proposal provides the Disinterested Scheme Shareholders with an attractive opportunity to realise their investments in APL in cash at a premium over the current market price, which normally would not be available through the market, especially given the relatively low level of liquidity of the APL Shares in the past one year as discussed in the below section of this letter; (ii) the Proposal allows Disinterested Scheme Shareholders to switch investment of their holding in APL Shares into securities of other companies with better prospects or higher share trading volume; and (iii) the APL Shares have been trading at a steep discount to its consolidated NAV attributable to APL Shareholders in the past two years, implying that the Disinterested Scheme Shareholders might not be able to profit from their investments soon despite that the APL Shares have been undervalued, we are of the view that the Proposal is fair and reasonable so far as the Disinterested Scheme Shareholders as concerned.

4. Background information of the APL Group

APL is incorporated in Hong Kong with limited liability, the APL Shares of which are listed on the Main Board of the Stock Exchange. The principal business activity of APL is investment holding. The APL Group is principally engaged in (i) financial services, which comprise (a) investment and finance involving investment and the provision of mortgage loan and term loan financing, and (b) consumer finance involving the provision of consumer, small-medium enterprise and other financing; and (ii) property and related businesses, which involve the provision of property sales, property rental, hotel operation services managed by third parties and the provision of management services.

As at the Latest Practicable Date, APL is beneficially owned as to approximately 75.00% by AGL.

a. Financial performance

Set out below is a summary of the financial results of the APL Group for the two years ended 31 December 2018 and 2019 as extracted from the 2019 Annual Report.

Table 1: Summarised financial performance of the APL Group

	For the financial year ended	
	31 December	
	2019	2018
	<i>HK\$ million</i>	<i>HK\$ million</i>
	<i>(audited)</i>	<i>(audited and restated)</i>
<i>Revenue by segment</i>		
(i) Investment and finance	958.4	872.0
(ii) Consumer finance	3,504.7	3,422.1
(iii) Property and related businesses	272.8	291.1
Total revenue	4,735.9	4,585.2
Profit for the year	4,104.8	3,276.2
Profit attributable to APL Shareholders	2,880.3	2,343.4

According to the 2019 Annual Report, the APL Group recorded a total revenue of approximately HK\$4,735.9 million for the year ended 31 December 2019, representing an increase of approximately 3.29% or approximately HK\$150.7 million compared with approximately HK\$4,585.2 million for the year ended 31 December 2018, which was mainly due to higher interest income from consumer finance and loan finance businesses of the APL Group. For the year ended 31 December 2019, the APL Group's profit for the year increased from approximately HK\$3,276.2 million to approximately HK\$4,104.8 million, representing an increase of approximately 25.29%, mainly as a result of (i) higher contributions from associates, Tian An China Investments Company Limited, which is engaged in property investment and development and property management businesses in the PRC, and APAC Resources Limited, which is engaged in commodity trading, resources investment and principal investment and financial services business; (ii) increased profit contribution from the investment management business of Sun Hung Kai & Co. Limited; (iii) a gain of approximately HK\$82.7 million on disposal of the property management and elderly care services businesses; and (iv) a lower fair value gain on revaluation of the investment properties. For the same reasons, the profit attributable to the owners of APL increased from approximately HK\$2,343.4 million in 2018 to approximately HK\$2,880.3 million in 2019, representing an increase of approximately 22.91%.

b. Financial position

The audited consolidated assets and liabilities of the APL Group as at 31 December 2018 and 2019 as extracted from the 2019 Annual Report are summarised as follows:

Table 2: Summarised financial position of the APL Group

	As at 31 December	
	2019	2018
	<i>HK\$ million</i>	<i>HK\$ million</i>
	<i>(audited)</i>	<i>(audited)</i>
Total assets	69,989.3	67,782.9
Non-current assets	45,574.6	43,673.7
Current assets	24,414.7	24,109.2
Total liabilities	20,299.7	19,902.1
Non-current liabilities	10,848.8	9,225.4
Current liabilities	9,450.9	10,676.7
Net assets	49,689.6	47,880.8
Equity attributable to APL		
Shareholders	38,804.1	36,737.7

As at 31 December 2019, the APL Group's total assets amounted to approximately HK\$69,989.3 million, which mainly included (i) interests in associates of approximately HK\$13,737.6 million; (ii) investment properties of approximately HK\$10,500.7 million; (iii) financial assets at fair value through profit or loss of approximately HK\$11,981.3 million; (iv) loans and advances to consumer finance customers of approximately HK\$10,413.5 million; and (v) cash and cash equivalents of approximately HK\$6,128.2 million. The APL Group had total liabilities of approximately HK\$20,299.7 million as at 31 December 2019, which mainly consisted of (i) notes/paper payable due after one year of approximately HK\$7,886.3 million; (ii) bank and other borrowings due within one year of approximately HK\$6,695.2 million; and (iii) bank and other borrowings due after one year of approximately HK\$2,632.2 million.

As a result of (i) the decrease in the APL Group's net borrowings from approximately HK\$11,802.5 million as at 31 December 2018 to approximately HK\$11,552.5 million as at 31 December 2019; and (ii) the increase in the equity attributable to owners of APL from approximately HK\$36,737.7 million as at 31 December 2018 to approximately HK\$38,804.1 million as at 31 December 2019, the APL Group's gearing ratio of net borrowings to equity attributable to owners of APL decreased from approximately 32.1% as at 31 December 2018 to approximately 29.8% as at 31 December 2019.

The consolidated NAV attributable to APL Shareholders amounted to approximately HK\$38,804.1 million as at 31 December 2019, with the NAV Per APL Share being approximately HK\$5.7 and the Adjusted NAV Per APL Share being approximately HK\$5.62. As discussed in the previous section of this letter, APL Shares have been trading at a steep discount to the NAV Per APL Share and the Adjusted NAV Per APL Share, ranging from 66.7% to 77.4% and 66.2% to 77.0% respectively in the past two years up to and including the date of the Joint Announcement (calculated by the lowest and the highest closing price of APL Shares over the NAV Per APL Share and the Adjusted NAV Per APL Share respectively).

For details of the financial information of the APL Group, please refer to Appendix I to the Scheme Document.

c. Industry overview and prospects of the APL Group's business

According to the 2019 Annual Report, for the two financial years ended 31 December 2019, each of the investment and finance and consumer finance segments continued to contribute more than one-third of the APL Group's total segment result, while the contribution from the property and related businesses segment decreased from approximately 24.10% for the year ended 31 December 2018 to approximately 8.37% for the year ended 31 December 2019, which we understand was mainly due to the lower net gain on the changes in values of properties in 2019. In terms of asset contribution, as stated in the 2019 Annual Report, the investment and finance segment contributed close to 50% of the APL Group's segment assets for the two financial years ended 31 December 2019, while the consumer finance and property and related businesses segments contributed approximately 30% and 20% respectively. From our discussion with the APL Directors, we understand that the results/profits generated from the consumer finance segment was primarily attributable to United Asia Finance Limited ("UAF", an indirect non wholly-owned subsidiary of the APL Group), while the results/profits generated from the investment and finance segment was mainly attributable to Sun Hung Kai & Co. Limited ("SHK", a direct non wholly-owned subsidiary of the APL Group). According to the 2019 annual report of SHK, the SHK's investing business division provided a pre-tax contribution of approximately HK\$1,292.7 million to the APL Group's earnings for the year ended 31 December 2019, while its specialty finance and mortgage loan business divisions reported a pre-tax contribution of approximately HK\$186.2 million for the same year. Given that the results/profits as well as assets contributed by the investment and finance segment of APL Group mainly came from SHK's investment portfolio and loan portfolio of specialty finance and mortgage loan and that the contribution made by the SHK's specialty finance and mortgage loan business was relatively low compared with that made by APL Group's consumer finance and property and related businesses segments, in understanding the principal industry the APL Group operates in, we have focused on analysing the consumer finance industry and property related business industry in Hong Kong and the PRC, being the principal markets of the APL Group.

Consumer finance industry in Hong Kong

Upon our independent research, we have reviewed the latest Half-Yearly Monetary and Financial Stability Report published by the Hong Kong Monetary Authority on 30 March 2020², the newly-released TransUnion Q4 2019 Industry Insights Report in March 2020³ and the latest data released by the Hong Kong Licensed Money Lenders Association in January 2020⁴, and we noted the below factors which might put a downward pressure on the consumer finance industry or adversely affect money lenders in Hong Kong.

- (i) Loans to households constitute lending to professional and private individuals, excluding lending for other business purposes. The half-yearly growth in household debt decelerated moderately to approximately 5.6% in the second half of 2019 from approximately 6.7% in the first half. Within household debts, growth in personal loans slowed notably;
- (ii) Meanwhile, should Hong Kong's economic conditions deteriorate further along with the notable rise in future unemployment rates, the household debt servicing ability could be significantly weakened as a result of the decline in household income. The annualised credit card charge-off ratio edged up to 1.57% in the second half of 2019 and the delinquency ratio slightly increased to 0.25% at the end of 2019;
- (iii) The impending recession in Hong Kong is having an impact on the consumer lending market. The economic downturn had already pushed the unemployment rate to 3.4% (seasonally adjusted for the period from November 2019 to January 2020). Economic recession will continue to slow down the growth of Hong Kong's consumer lending market;
- (iv) The unsecured personal loan is a product with a shrinking market size. Outstanding balances of unsecured personal loans dropped below HK\$100 billion in fourth quarter of 2019, representing a year-on-year decline of approximately 3.1%. The total number of accounts dropped by approximately 2.4% as compared with it in the correspondence period in the last year, with less than 600,000 accounts;

² Please refer to this for more details. https://www.hkma.gov.hk/media/eng/publication-and-research/quarterly-bulletin/qb202003/E_Half-yearly_202003.pdf

³ Please refer to this for more details. <https://www.transunion.hk/resources/transunion-hk/doc/campaign/IIR/INT-APAC-20-567240-Q42019-IIR/TU-IIR-Q4-2019-Report.pdf>

⁴ The number in 2009 is from https://www.consumer.org.hk/sites/consumer/files/moneylender/Report_Final.pdf; and the number in 2019 is from https://www.lmla.com.hk/statistical_highlights.aspx

- (v) The unsecured personal loan is a relatively risky product, with approximately 77% of the origination volumes coming from near prime or below prime consumers. The increasing delinquency rates of unsecured personal loans in 2019 was a clear warning signal to the lenders. In the face of strong economic headwinds, it is expected that lenders may experience deteriorations in their portfolio performances;
- (vi) The number of licensed money lenders in Hong Kong surged from 779 in 2009 to 2,324 at the end of 2019, representing an increase of approximately 198.3%, which is equivalent to an annualised growth rate of approximately 11.6%. This indicates that under the circumstance of uncertain prospects in the consumer finance industry in Hong Kong, competition is getting increasingly intense.

In summary, affected by the factors above and coupled with the global macroeconomic downturn caused by the protracted US-China trade war and COVID-19, the household debt servicing ability could be significantly weakened as a result of the decline in household income. In addition, the delinquency rates of unsecured personal loans may further increase and hence put the lenders' portfolio performances at risk. Coupled with the fact that competition is getting increasingly fierce, the business prospect of the consumer finance industry in Hong Kong remains uncertain.

Consumer finance industry in the PRC

On the other hand, according to the 2019 China Consumer Finance Development Report released by the National Institution for Finance & Development in September 2019, it was expected that the consumer finance industry in the PRC will still experience high-speed growth for more than five years, and it was expected that consumer finance will account for more than 25% of the total loan size. However, the regulatory environment is also expected to become increasingly strict, making the operation of the entire consumer finance industry become more and more standardized.

Since 2017, despite the increasing support for the consumer finance industry in the PRC, the regulation of the industry has also become more stringent. Below are some policies regulating the consumer finance industry that have been put forward by the Chinese government since 2017.⁵

- (i) In August 2018, the China Banking Regulatory Commission issued the “Notice of the General Office of the China Banking Regulatory Commission on Further Improving Loan Work and Improving the Quality and Efficiency of Serving the Real Economy” (《中國銀保監會辦公廳關於進一步做好信貸工作提升服務實體經濟質效的通知》), pointing out that it will actively develop consumer finance and increase consumption’s role in boosting the economy;⁶
- (ii) In September 2018, the Central Committee of the Communist Party of China and the State Council issued “Several Opinions on Improving and Promoting the System of Consumption and Further Stimulating the Consumption Potential of Residents” (《關於完善促進消費體制機制進一步激發居民消費潛力的若干意見》), proposing to further enhance the role of finance in supporting consumption, encouraging innovation in consumer finance, and regulating the development of consumer loan;⁷ and
- (iii) On 27 August 2019, the State Council issued the “Opinions on Accelerating the Development of Circulation and Promoting Commercial Consumption” (《關於加快發展流通促進商業消費的意見》), encouraging innovative consumer loan products and services by financial institutions and promoting the professional development of consumer finance organizations.⁸

In sum, while the prospect of the consumer finance industry in the PRC remains positive, the increasingly tightened regulations are expected to put pressures on the operation of the lenders. Coupled with the macroeconomic downturn discussed earlier, the Chinese consumer finance industry is also expected to experience distress as does the Hong Kong consumer finance industry.

⁵ For details, please refer to <http://www.nifd.cn/Uploads/SeriesReport/667ce548-6606-4055-a395-370c30845f29.pdf>

⁶ For details, please refer to http://www.fdi.gov.cn/1800000121_23_74456_0_7.html

⁷ For details, please refer to http://www.gov.cn/zhengce/2018-09/20/content_5324109.htm

⁸ For details, please refer to http://www.gov.cn/zhengce/content/2019-08/27/content_5424989.htm

Property industry in the PRC and Hong Kong

Affected by the COVID-19 virus outbreak, the real estate development has yet to be resumed, real estate sales have declined significantly, and housing companies are facing severe sales and payment pressure in the PRC. According to the latest data released by the National Bureau of Statistics of China, in the first quarter of 2020, the national real estate development investment was approximately RMB2,196.3 billion, representing a year-on-year decrease of approximately 7.7%. Among them, the residential investment was approximately RMB1,601.5 billion, representing a year-on-year decrease of approximately 7.2%. In the first quarter of 2020, the national sales of commercial houses totaled approximately RMB2,036.5 billion, representing a year-on-year decrease of approximately 24.7%.⁹ According to the preliminary accounting results of gross domestic product (“GDP”) in the first quarter of 2020, the GDP of the real estate industry in the PRC was approximately RMB1,526.8 billion, representing a decrease of approximately 6.1% as compared with it in the corresponding period of last year.¹⁰

While in Hong Kong, according to the latest report of Property Market Monitor released by Jones Lang LaSalle, Inc. in April 2020,¹¹ in the office market in Hong Kong, the overall market rents had declined at the sharpest pace in March 2020 representing a month-on-month decrease of approximately 3.3%. Meanwhile, the vacancy rate of offices reached 7%, the highest level since 2009. The offices market continued to be quiet as investor remained cautious amid the uncertain economic outlook.

In the residential market in Hong Kong, monthly home sales had increased by approximately 8% on a month-on-month basis in March 2020, largely owing to a pickup in secondary sales as homeowners were more willing to accept bids at small discounts to market levels. The drop in mass residential capital values narrowed to 0.5% on a month-on-month basis in March 2020, after declining by approximately 1.5% in the previous month.

⁹ The data is from http://www.stats.gov.cn/tjsj/zxfb/202004/t20200417_1739330.html

¹⁰ The data is from http://www.stats.gov.cn/tjsj/zxfb/202004/t20200417_1739602.html

¹¹ For details, please refer to <https://www.jll.com/hk/en/trends-and-insights/research/hong-kong-property-market-monitor-april-2020>

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In the retail market in Hong Kong, hampered by travel restrictions and quarantine orders, monthly total arrivals hit a historic low level to approximately 199,000 in February 2020, plunging approximately 96.4% as compared with it in the corresponding period of the last year. Total retail sales saw its steepest monthly drop on record, representing a year-on-year decrease of approximately 44.0% in February 2020. As retail sales plunged and resulted in retail store closures, high street retail rents recorded a sharp quarter-on-quarter drop of approximately 18.3% in the first quarter of 2020.

Given the above data, we are of the view that the prospects of the property markets in the PRC and Hong Kong remain uncertain and may further deteriorate.

Business outlook of the APL Group

According to the business outlook as set out in the review of operations of the 2019 Annual Report, the consumer finance business was immediately impacted as a result of the transmission and geographical spread COVID-19 after the year ended 31 December 2019. Branches of UAF in the PRC were temporarily closed in accordance with quarantine measures and business was disrupted. As at the Latest Practicable Date, the PRC has started to resume business but the total impact on the APL Group's business is not yet known. UAF believes that the initiatives to move more of the business online and reduce the physical branches and total staff mitigated some of the impact and may position the business for a quicker recovery through the remainder of 2020. For the Hong Kong business of UAF, UAF remains cautious as the economy had been affected by social unrest in the second half of 2019 even before the COVID-19 outbreak. The impact on the APL Group's business from travel bans and social distancing orders would likely produce increased unemployment which in turn would affect the credit quality of consumer finance loans. There are initial indications that loan delinquencies are starting to rise, and loan origination has slowed.

Additionally, according to the business outlook as set out in the review of operations of the 2019 Annual Report, as a result of the protracted trade dispute between the United States of America and China and the social unrest in Hong Kong during the second half of 2019, the local economy faced a down-turn and the property market was affected adversely. Cross border travel restrictions, significant disruption to China's manufacturing capability and global supply chain, and a decline in worldwide tourism and consumer consumption resulted in a significant pressure to the global economy as well as local economy. It is difficult to estimate how long before the COVID-19 spread can be contained by various countries. The APL Group believes that it will take some time for the global economy and local economy to recover and the full impact is not yet known. Under the current situation, the APL Board expects the APL Group's core recurring income will be affected in 2020.

Given the above, we concur that the protracted US-China trade war, the social unrest in Hong Kong and the COVID-19 outbreak and spread have caused and would likely continue to put downward pressure on the global and local economies, as well as on the APL Group's business .

5. Information on the Offeror and AGL

The Offeror is incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of AGL. The principal business activity of the Offeror is investment holding.

AGL is incorporated in Hong Kong with limited liability, the AGL Shares of which are listed on the Main Board of the Stock Exchange. The principal business activity of AGL is investment holding. The principal business activities of its major subsidiaries are property investment and development, hospitality related activities, provision of elderly care services, property management, cleaning and security guarding services in Hong Kong, the provision of finance and investments in listed and unlisted securities.

As at the Latest Practicable Date, AGL is beneficially owned as to approximately 74.95% by Lee and Lee Trust (inclusive of Mr. Lee's personal interests), being a discretionary trust.

6. Intention of the Offeror in relation to the APL Group

According to the Board Letter, it is the intention of the Offeror for the APL Group to maintain its existing business upon the privatisation of APL. The Offeror has no plan to introduce any material changes to the business and/or assets of the APL Group, to redeploy its fixed assets or to discontinue the employment of employees of the APL Group as a result of the Proposal.

As at the Latest Practicable Date, AGL has no intention (i) to alter the listing status of the listed companies in which APL is interested; or (ii) to seek a separate listing of APL and/or its assets following the implementation of the Proposal.

7. Evaluation of the Total Price

As stated in the Board Letter, the Total Price has been determined after taking into account, among others, the financial information of the APL Group and the prices at which the APL Shares were traded on the Stock Exchange over the past year. In considering the fairness and reasonableness of the Total Price, we have taken into account the following factors:

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a. Comparison of value

The Total Price of HK\$1.92 per Scheme Share represents:

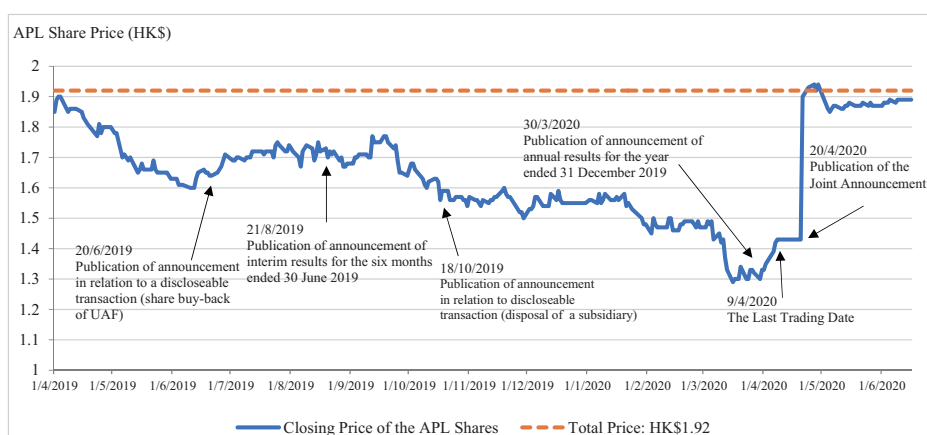
- (i) a premium of approximately 34.3% over the closing price of HK\$1.43 per APL Share as quoted on the Stock Exchange on the Last Trading Date;
- (ii) a premium of approximately 36.2% over the average closing price of HK\$1.41 per APL Share based on the daily closing prices as quoted on the Stock Exchange over the 5 trading days up to and including the Last Trading Date;
- (iii) a premium of approximately 39.1% over the average closing price of HK\$1.38 per APL Share based on the daily closing prices as quoted on the Stock Exchange over the 30 trading days up to and including the Last Trading Date;
- (iv) a premium of approximately 33.3% over the average closing price of HK\$1.44 per APL Share based on the daily closing prices as quoted on the Stock Exchange over the 60 trading days up to and including the Last Trading Date;
- (v) a premium of approximately 23.1% over the average closing price of HK\$1.56 per APL Share based on the daily closing prices as quoted on the Stock Exchange over the 180 trading days up to and including the Last Trading Date;
- (vi) a discount of approximately 66.3% to the NAV Per APL Share of approximately HK\$5.70;
- (vii) a discount of approximately 65.8% to the Adjusted NAV Per APL Share of approximately HK\$5.62; and
- (viii) a premium of approximately 1.6% over the closing price of HK\$1.89 per APL Share as quoted on the Stock Exchange on the Latest Practicable Date.

As illustrated above, the Total Price represents a significant premium over the recent closing prices of the APL Shares on the Stock Exchange but a discount to the NAV Per APL Share and a discount to the Adjusted NAV Per APL Share.

b. Historical Share price analysis

In analysing the Total Price, we have reviewed the daily closing prices of the APL Shares as quoted on the Stock Exchange during the period from 1 April 2019 up to and including the Latest Practicable Date (the “**Review Period**”). We consider such sampling period of approximately one year prior to the Latest Practicable Date adequate as it represents a reasonable period to provide a general overview of the recent price performance of the APL Shares. The following chart sets out the daily closing prices of the APL Shares on the Stock Exchange during the Review Period:

Chart 1: Historical daily closing prices of the APL Shares during the Review Period



Source: the website of the Stock Exchange

As shown by the above table, the closing prices of the APL Shares ranged from HK\$1.29 to HK\$1.94, at an average of approximately HK\$1.65 during the Review Period. The Total Price of HK\$1.92 is therefore above the average and approximates the highest closing prices of the APL Shares during the Review Period.

We also note that during the period from 1 April 2019 up to and including the date of the Joint Announcement on 20 April 2020 (the “**Pre-Proposal Period**”), the APL Shares prices had been on downward trend. After APL published an announcement in relation to the buy-back of shares by UAF on 20 June 2019, which would increase the shareholding of a subsidiary of APL in UAF from approximately 58.2% to approximately 62.7%, the APL Share prices gradually increased and reached its high point at HK\$1.75 on 25 July and 15 August 2019 respectively, which we consider as a market response to a favourable information because the consumer finance segment of UAF had contributed a considerable amount of revenue and profit to APL. However, after APL published its interim results announcement for the six months ended 30 June 2019 on 21 August 2019, which showed that the APL Group recorded a decrease in the profit for the period by approximately 16.1%

compared with that for the previous corresponding period, the APL Share prices fluctuated but later dropped to its low point at HK\$1.56 on 17 October 2019. The APL Share prices slowed down its decreasing trend after the publication of the announcement in relation to the disposal of a subsidiary, which was principally engaged in the provision of elderly care services, property management, cleaning and security guarding services in Hong Kong, on 18 October 2019, but continued to drop to its lowest point at HK\$1.29 on 16 March 2020 due to an overall bearish market toward the end of the Pre-Proposal Period. After APL published its annual results announcement for the year ended 31 December 2019 on 30 March 2020, which showed that the APL Group recorded a profit for the year of approximately HK\$4,104.8 million, being an increase of approximately HK\$828.6 million, from approximately HK\$3,276.2 million for the previous year, the APL Share prices rebounded to HK\$1.43 on 8 and 9 April 2020 respectively, which was the Last Trading Date before the release of the Joint Announcement.

Trading of the APL Shares was halted at the request of APL from 14 April 2020 to 20 April 2020 pending the release of the Joint Announcement. The APL Shares closed at HK\$1.90 on 21 April 2020 (being the first trading day after the release of the Joint Announcement), representing an increase of approximately 32.9% from the last closing price before the trading halt and a discount of approximately 1.0% to the Total Price. After the release of the Joint Announcement and up to the Latest Practicable Date, the closing price of the APL Shares ranged between HK\$1.85 and HK\$1.94, with an average closing price of HK\$1.88 per Share. As at the Latest Practicable Date, the closing price of the APL Share was HK\$1.89, which is at a discount to the Total Price of HK\$1.92 by approximately 1.6%.

c. Historical discounts of the APL Share prices to the NAV Per APL Share and the Adjusted NAV Per APL Share

The Total Price of HK\$1.92 per APL Share represents a discount of approximately 66.3% to the NAV Per APL Share of approximately HK\$5.7 as at 31 December 2019 and a discount of approximately 65.8% to the Adjusted NAV Per APL Share of approximately HK\$5.62. In assessing the fairness and reasonableness of the Total Price, we have also reviewed, as set out in the table below, the monthly average APL Share closing prices and the corresponding discounts of the monthly average closing prices of the APL Share to the NAV Per APL Share and the Adjusted NAV Per APL Share respectively, from 1 January 2020, being the first day subsequent to the latest audited financial year ended 31 December 2019, to the Last Trading Date.

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Table 3: Historical discounts of the APL Share prices to the NAV Per APL Share and Adjusted NAV Per APL Share

Period	Monthly average closing price of the APL Shares	Total Price of HK\$1.92 per APL Share	
		Discount of the monthly average closing price of the APL Shares to the NAV Per APL Share of HK\$5.7	Discount of the monthly average closing price of the APL Shares to the Adjusted NAV Per APL Share of HK\$5.62
2020			
January	HK\$1.55	72.8%	72.4%
February	HK\$1.48	74.0%	73.7%
March	HK\$1.37	76.0%	75.6%
From 1 April 2020 up to and including the Last Trading Date	HK\$1.39	75.6%	75.3%

Source: the website of the Stock Exchange

As set out in the table above, during the period from 1 January 2020 to the Last Trading Date, the monthly average closing prices of the APL Shares had been trading at discounts to the NAV Per APL Share in the range of between approximately 72.8% and approximately 76.0%. The discount of approximately 66.3% represented by the Total Price of HK\$1.92 per APL Share to the NAV Per APL Share of approximately HK\$5.7 as at 31 December 2019, is therefore less than the historical discounts of the APL Shares as discussed above. During the same period, the monthly average closing prices of the APL Shares had been trading at discounts to the Adjusted NAV Per APL Share in the range of between approximately 72.4% and approximately 75.6%. The discount of approximately 65.8% represented by the Total Price of HK\$1.92 per APL Share to the Adjusted NAV Per APL Share of approximately HK\$5.62, is therefore less than the historical discounts of the APL Shares as discussed above.

d. Liquidity of the APL Shares

In addition to the above analysis, we have also reviewed the trading liquidity of the APL Shares during the Review Period. The table below sets out the trading volume of the APL Shares on the Stock Exchange during the Review Period.

Table 4: Historical monthly trading volume of the APL Shares during the Review Period

Months/Periods	Number of trading days	Average daily trading volume (Note 1)	% of average daily trading volume to total issued APL Shares held by the Scheme Shareholders (Note 2)	% of average daily trading volume to total issued APL Shares (Note 3)
2019				
April	19	2,175,593	0.128%	0.032%
May	21	202,587	0.012%	0.003%
June	19	303,104	0.018%	0.004%
July	22	800,757	0.047%	0.012%
August	22	499,371	0.029%	0.007%
September	21	311,927	0.018%	0.005%
October	21	146,454	0.009%	0.002%
November	21	360,377	0.021%	0.005%
December	20	148,774	0.009%	0.002%
2020				
January	20	183,550	0.011%	0.003%
February	20	80,674	0.005%	0.001%
March	22	303,537	0.018%	0.004%
1 April to the Last Trading Date	7	530,857	0.031%	0.008%
21 April to 30 April	7	6,511,661	0.382%	0.096%
May	20	1,660,303	0.097%	0.024%
1 June to the Latest Practicable Date	12	980,489	0.058%	0.014%
Minimum			0.005%	0.001%
Average			0.056%	0.014%
Maximum			0.382%	0.096%

Source: the website of the Stock Exchange

Notes:

1. Average daily trading volume is calculated by dividing the total trading volume of the APL Shares for the month/period by the number of trading days during the month/period.
2. The calculation is based on the average daily trading volume of the APL Shares divided by the total number of APL Shares held by the Scheme Shareholders as at the Latest Practicable Date based on information set out in the section headed "Shareholding structure of APL" in the Board Letter.
3. The calculation is based on the average daily trading volumes of the APL Shares divided by the total issued shares of APL at the end of each month/period, as applicable.

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As set out in the above table, during the Review Period, the average daily trading volume of the APL Shares fluctuated between approximately 0.001% and 0.096%, at an average of approximately 0.014% of the total number of issued APL Shares as at the respective month or period, and between approximately 0.005% and 0.382%, at an average of approximately 0.056% of the total number of issued APL Shares held by the Scheme Shareholders, which we consider as relatively low.

Upon our review, we also noted that the spike in the trading volume of the APL Shares in late April 2020 mainly occurred after the publication of the Joint Announcement on 20 April 2020, which we consider was a result of the market's expectation of the Proposal.

As stated in above section headed "Background information of the APL Group" in this letter, the revenue of the APL Group mainly consisted revenue from the consumer finance segment and the investment and finance segment for the year ended 31 December 2019. In further understanding the trading liquidity of the APL Shares during the Pre-Proposal Period, we have compared the liquidity of the APL Shares against those of the APL Group's peer companies in both industries of investment and finance and consumer finance. In this regard, we have conducted a search of Hong Kong companies listed on the Main Board of the Stock Exchange which (i) are principally engaged in similar businesses as the APL Group in consumer finance, money lending, mortgage loan and/or investment businesses, with such businesses contributing mainly to their total revenue/results for the latest audited financial year and conducting in Hong Kong or the PRC; (ii) have a market capitalisation of more than HK\$1 billion in view that the market capitalisation of APL was approximately HK\$12.9 billion as at the Latest Practicable Date, and that from our research, we noted that most companies that meet the criterion in (i) usually have a market capitalisation of less than HK\$1 billion or between HK\$1 billion and HK\$5 billion; and (iii) are not a company in the APL Group.

We have identified the below 12 comparable listed companies which met the aforementioned criteria (the "**Comparable Companies**") and we consider them to be fair and exhaustive. Among the Comparable Companies, six of them were mainly engaged in businesses related to consumer finance, money lending and/or mortgage loan (the "**Consumer Finance Comparable Companies**") and the remaining six Comparable Companies were mainly engaged in investment businesses (the "**Investment Comparable Companies**"). Nevertheless, it should be noted that the operations and prospects of the Comparable Companies are not the same as the APL Group and we have not conducted any investigation into the businesses, operations and prospects of the Comparable Companies, and hence the Comparable Companies are only for cross-checking purposes. Set out below is the information of the Comparable Companies.

Table 5: Information of the Comparable Companies

Stock Code	Company name	Principal businesses
Consumer Finance Comparable Companies		
3848	Wealthy Way Group Limited (“ WW Group ”)	Mainly engaged in the provision of financial leasing, factoring and advisory services in the PRC.
1290	China Huirong Financial Holdings Limited (“ CHF Holdings ”)	Principally engaged in the provision of financing services mainly including the provision of secured loans, credit loans and internet-based loan matching platform.
2003	VCREDIT Holdings Limited (“ VCREDIT ”)	A China-based provider of online consumer financial services.
335	Upbest Group Limited (“ Upbest Group ”)	The group is principally engaged in investment holding. Its subsidiaries are principally engaged in the provision of a wide range of financial services including securities broking, futures broking, securities margin financing, money lending, corporate finance advisory, assets management, precious metal trading and also property investment.
900	AEON Credit Service (Asia) Company Limited (“ AEON Credit ”)	Principally engaged in the provision of financial services.

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Stock Code	Company name	Principal businesses
6878	Differ Group Holding Company Limited (“ Differ Group ”)	Principally engaged in the provision of guarantee services, express loan services, financial services, finance lease services and asset management services.
Investment Comparable Companies		
622	Oshidori International Holdings Limited (“ OI Holdings ”)	Principally engaged in securities trading and investments.
612	China Ding Yi Feng Holdings Limited (“ China DYF ”)	Principally engaged in investment businesses.
1140	OP Financial Limited (“ OP Financial ”)	Principally engaged in the investment in listed and unlisted enterprises.
1051	G-Resources Group Limited (“ G-Resources ”)	Mainly engaged in the investment business.
133	China Merchants China Direct Investments Limited (“ CMCD Investments ”)	Principally engaged in financial investment.
165	China Everbright Limited (“ China Everbright ”)	Principally engaged in investment activities and the provision of financial services.

Source: the website of the Stock Exchange

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The following table illustrates (i) the average percentages of the average daily trading volume to total issued shares held by the public as at the date of the Joint Announcement; and (ii) the average percentages of the average daily trading volume to total issued shares as at the date of the Joint Announcement, of APL and the Comparable Companies during the Pre-Proposal Period:

Table 6: Average trading volume of APL Shares and shares of the Comparable Companies during the Pre-Proposal Period

	Average % of average daily trading volume to total issued shares held by the public <i>(Note 1)</i>	Average % of average daily trading volume to total issued shares
China DYF	1.305%	0.957%
VCREDIT	1.300%	0.109%
China Everbright	0.611%	0.264%
Differ Group	0.459%	0.160%
WW Group	0.328%	0.112%
OI Holdings	0.171%	0.121%
OP Financial	0.151%	0.040%
AEON Credit	0.137%	0.027%
CMCD		
Investments	0.132%	0.072%
CHF Holdings	0.101%	0.050%
G-Resources	0.077%	0.055%
Upbest Group	0.015%	0.004%
APL	0.027%	0.007%

Source: the website of the Stock Exchange

Note:

1. Shares held by the public shareholders are based on information as disclosed in the latest published relevant disclosures or financial results of the Comparable Companies, and the total number of APL Shares held by the Scheme Shareholders as at the Latest Practicable Date as disclosed in the section headed "Shareholding structure of APL" in the Board Letter.

As illustrated above, the liquidity of the APL Shares is the second lowest among those of the Comparable Companies. As such, we are of the view that the APL Shares have a relatively low liquidity in general, and hence the Disinterested Scheme Shareholders may likely encounter difficulties in liquidating their APL Shares in the open market without exerting downward pressure on the APL Shares prices. Therefore, we consider that the Proposal provides an exit alternative for the Disinterested Scheme Shareholders who would like to realise their investments in the APL Shares.

e. Share valuation analysis

We have further considered the price-to-earnings ratio (“**P/E Ratio**”) and price-to-book ratio (“**P/B Ratio**”), which are the two most commonly adopted valuation benchmarks in comparing the valuation of a company’s shares, of the Comparable Companies for comparison purposes. According to the 2019 Annual Report, approximately 16.4% of the APL Group’s total assets were physical properties (including investment properties of approximately HK\$10,500.7 million and property, plant and equipment of approximately HK\$1,007.1 million) as at 31 December 2019, accordingly, we are of the view that the P/B Ratio would provide an indicative assessment of the Total Price. Meanwhile, since the APL Group has been profit-making in the last financial years, we consider that the P/E Ratio is also appropriate in assessing the value of the APL Group.

In assessing the P/E Ratio and P/B Ratio of the APL Group under the Proposal, we have taken into consideration the implied market capitalisation or total value of the APL Group under the Proposal of approximately HK\$13,079.4 million (the “**Implied Market Capitalisation**”), which is derived from multiplying the Total Price of HK\$1.92 by the total number of issued APL Shares of 6,812,201,460 as at the Latest Practicable Date. In determining the implied P/E Ratio under the Proposal (the “**Implied P/E Ratio**”), we have divided the Implied Market Capitalisation by the audited profit attributable to APL Shareholders of approximately HK\$2,880.3 million for the year ended 31 December 2019 and have obtained the Implied P/E Ratio of approximately 4.54 times. In determining the implied P/B Ratio under the Proposal (the “**Implied P/B Ratio**”), we have divided the Implied Market Capitalisation by the audited total equity attributable to APL Shareholders of approximately HK\$38,804.1 million as at 31 December 2019 and have obtained the Implied P/B Ratio of approximately 0.34 times.

The following table sets out (i) the P/E Ratio and P/B Ratio of the Comparable Companies based on their closing share prices as at the Latest Practicable Date and their latest published financial information; and (ii) the Implied P/E Ratio and the Implied P/B Ratio of the APL Group based on the Total Price and the 2019 Annual Report. Our analysis on the P/E Ratio and P/B Ratio below serves merely as an additional reference for Disinterested Scheme Shareholders when considering the Proposal and is for illustrative purpose only.

Table 7: Analysis of the APL Group's and Comparable Companies' P/E Ratios and P/B Ratios

Company	Market capitalisation <i>(Note 1)</i> <i>(HK\$ million)</i>	P/E Ratio <i>(Note 2)</i> <i>(times)</i>	P/B Ratio <i>(Note 3)</i> <i>(times)</i>
WW Group <i>(Note 4)</i>	1,028.0	25.96	1.53
CHF Holdings <i>(Note 4)</i>	1,044.3	18.97	0.53
VCREDIT <i>(Note 4)</i>	1,981.8	28.02	0.59
Upbest Group	2,387.3	9.38	0.91
AEON Credit	2,303.2	6.22	0.70
Differ Group <i>(Note 4)</i>	2,863.5	7.82	1.65
OI Holdings	5,579.3	Not applicable <i>(Note 5)</i>	0.90
China DYF	5,082.1	Not applicable <i>(Note 5)</i>	57.80
OP Financial	2,378.8	9.27	0.41
G-Resources <i>(Note 6)</i>	1,082.0	3.20	0.09
CMCD Investments <i>(Note 6)</i>	1,377.1	1.75	0.27
China Everbright	18,874.8	8.44	0.45
Maximum <i>(Note 7)</i>	18,874.8	28.02	1.65
Minimum <i>(Note 7)</i>	1,028.0	1.75	0.09
Median <i>(Note 7)</i>	2,303.2	8.85	0.59
Average <i>(Note 7)</i>	3,718.2	11.90	0.73
The APL Group (implied under the Proposal) <i>(Note 8)</i>	13,079.4	4.54	0.34

Source: the website of the Stock Exchange

Notes:

1. The market capitalisations of the Comparable Companies are derived from the total number of shares (as disclosed in the latest monthly return or relevant disclosures) multiplied by the closing share price quoted on the Stock Exchange as at the Latest Practicable Date.
2. The P/E Ratio is derived from dividing the respective market capitalisation by the respective consolidated profit for the year attributable to owners of the company as extracted from the latest published financial statements.
3. The P/B Ratio is derived from dividing the respective market capitalisation by the respective consolidated equity attributable to the owners of the company as extracted from the latest published financial statements.
4. An exchange rate of RMB1:HK\$1.0918 was adopted as the companies' reporting currencies were RMB.
5. The P/E Ratios of the companies are not applicable since they were loss-making in their latest financial year.

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6. An exchange rate of US\$1:HK\$7.751 was adopted as the companies' reporting currencies were US\$.
7. China DYF is excluded in our determination of the maximum, minimum, median and average figures of the Comparable Companies, as we are of the view that it is an outlier.
8. The Implied Market Capitalisation under the Proposal is derived from multiplying the Total Price of HK\$1.92 by the total number of issued APL Shares of 6,812,201,460 as at the Latest Practicable Date. The Implied P/E Ratio is derived by dividing the Implied Market Capitalisation by the audited profit attributable to owners of APL for the year ended 31 December 2019. The Implied P/B Ratio is derived by dividing the Implied Market Capitalisation by the audited total equity attributable to APL Shareholders as at 31 December 2019.

As shown in the table above, the P/B Ratio of China DYF is exceptional high compared with those of the other Comparable Companies, we have looked into the details of China DYF and noted that the SFC has commenced proceedings against the company for market manipulation,¹² we are therefore of the view that the share price of China DYF is not representative for the value of the company, especially given that the company had a loss attributable to its shareholders of approximately HK\$250.8 million for the year ended 31 December 2019. Accordingly, we consider China DYF is an outlier and in order to avoid skewing our figures, we have excluded it when determining the maximum, minimum, median and average figures of the Comparable Companies. After excluding the outlier, the P/E Ratios of the Comparable Companies ranged from approximately 1.75 times to 28.02 times, with a median and an average of approximately 8.85 times and 11.90 times, respectively. The Implied P/E Ratio of approximately 4.54 times is therefore within the range of the P/E Ratios of the Comparable Companies but is on the lower end of the range.

Also as shown in the above table, the P/B Ratios of the Comparable Companies after excluding the outlier ranged from approximately 0.09 times to 1.65 times, with a median and an average of approximately 0.59 times and 0.73 times, respectively. The Implied P/B Ratio of approximately 0.34 times is therefore within the range of the P/B Ratios of the Comparable Companies and on the lower end thereof.

Although the Implied P/E Ratio and the Implied P/B Ratio are both close to the lower end of the ranges of those of the Comparable Companies, which may suggest that the shares of the Comparable Companies are overvalued or that the APL Shares are undervalued under the Proposal, such analysis is presented mainly for cross-checking purpose and do not serve as a principal factor in determining the fairness and reasonableness of the Total Price, especially given that unlike APL, the Comparable Companies are either engaged in consumer finance or investment businesses but not both. In

¹² Please refer to <https://www.sfc.hk/edistributionWeb/gateway/EN/news-and-announcements/news/doc?refNo=20PR8>

particular, the Disinterested Scheme Shareholders should note that, the average P/E Ratio and P/B Ratio of the APL Group during the Review Period are approximately 3.89 times and 0.29 times respectively (calculated by dividing the average daily market capitalisation during the Review Period by the consolidated profit attributable to APL Shareholders of approximately HK\$2,880.3 million for the year ended 31 December 2019 and the consolidated NAV attributable to APL Shareholders of approximately HK\$38,804.1 million as at 31 December 2019, respectively), hence representing a discount of approximately 14.32% and 14.71% to the Implied P/E Ratio and the Implied P/B Ratio respectively.

Given that the Implied P/E Ratio and Implied P/B Ratio are within the ranges of those of the Comparable Companies, and are above the average P/E Ratio and average P/B Ratio of the APL Group during the Review Period, we consider that the Total Price is fair and reasonable so far as the Disinterested Scheme Shareholders are concerned, when compared to the historical valuation multiples of APL and the valuation multiples of the Comparable Companies.

f. Successful privatisation precedents

We have also compared the Proposal to privatisation proposals of other companies listed on the Main Board of the Stock Exchange announced since 1 January 2018 and up to the Latest Practicable Date, excluding privatisation proposals which were not or yet to be approved (or, where applicable, the required acceptance level were not or yet to be achieved) or without a cash cancellation consideration/offer price (the “**Privatisation Precedents**”). The Privatisation Precedents set out below represent an exhaustive list of privatisation proposals we identified from the website of the Stock Exchange satisfying the above selection criteria. The table below illustrates the premiums or discounts represented by the cancellation consideration/offer price over or to the respective last trading date and the respective last 5 days, 30 days, 60 days and 180 trading days (up to and including the last trading dates) average share prices and the latest NAV per share or adjusted NAV per share in respect of such privatisation proposals respectively. The Privatisation Precedents set out below provide a comparison between the cancellation consideration/offer price and the then prevailing market prices and NAV per share of successful privatisation proposals. Although the business nature, financial performance and position and scale of each company vary, and some aspects of pricing may be industry-specific, the below analysis, in our view, demonstrates the pricing of recent privatisations of Main Board listed companies in the Hong Kong stock market as a whole under recent market sentiments towards privatisations, a factor we consider relevant in assessing the range of reasonable cancellation prices/offer prices required for successful privatisations in the market. As such, we consider the Privatisation Precedents an appropriate basis in assessing the fairness and reasonableness of the Total Price.

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Table 8: Privatisation Precedents since 1 January 2018

Date of initial announcement	Company	Premium/ (discount) over/(to) adjusted NAV per share	Premium/ (discount) over/(to) NAV per share (Note 1)	on the last trading date	Premium of the cancellation consideration/offer price over the closing price or average closing price per share			
					for the last 5 trading days up to and including the last trading date	for the last 30 trading days up to and including the last trading date	for the last 60 trading days up to and including the last trading date	for the last 180 trading days up to and including the last trading date
12 Dec 2019	Joyce Boutique Group Limited (stock code: 647)	NA	19.9%	91.8%	91.3%	82.2%	62.7%	32.2%
28 Nov 2019	China Agri-Industries Holdings Limited (stock code: 606)	(25.3)%	(33.9)%	34.1%	35.6%	53.2%	64.7%	70.0%
1 Nov 2019	Springland International Holdings Limited (stock code: 1700)	(38.8)%	(18.1)%	63.1%	67.9%	56.8%	55.4%	48.6%
20 Oct 2019	Dah Chong Hong Holdings Limited (stock code: 1828)	NA	(28.2)%	37.6%	37.6%	54.8%	56.1%	41.2%
3 Oct 2019	Huaneng Renewables Corporation Limited (stock code: 958)	NA	(4.6)%	18.7%	18.4%	30.0%	40.3%	41.8%
12 Aug 2019	TPV Technology Limited (stock code: 903)	NA	(23.9)%	41.4%	46.8%	54.5%	75.0%	138.8%
27 Jun 2019	Asia Satellite Telecommunications Holdings Limited (stock code: 1135)	NA	(24.8)%	23.4%	31.5%	44.4%	50.4%	71.0%
18 Jun 2019	C.P. Lotus Corporation (stock code: 121)	NA	10.0%	10.0%	11.3%	29.4%	30.3%	21.9%
14 Jun 2019	China Automation Group Limited (stock code: 569)	16.9%	16.0%	24.0%	27.3%	47.8%	47.5%	42.5%

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Date of initial announcement	Company	Premium/ (discount) over/(to) adjusted NAV per share	Premium/ (discount) over/(to) NAV per share (Note 1)	on the last trading date	Premium of the cancellation consideration/offer price over the closing price or average closing price per share			
					for the last 5 trading days up to and including the last trading date	for the last 30 trading days up to and including the last trading date	for the last 60 trading days up to and including the last trading date	for the last 180 trading days up to and including the last trading date
4 Apr 2019	China Hengshi Foundation Company Limited (stock code: 1197)	NA	42.1%	10.6%	15.6%	17.4%	19.1%	27.6%
28 Mar 2019	China Power Clean Energy Development Company Limited (stock code: 735)	NA	(35.1)%	41.9%	54.9%	78.1%	94.0%	88.8%
5 Dec 2018	Hopewell Holdings Limited (stock code: 54)	(43.0)%	(35.6)%	46.7%	48.8%	55.5%	54.1%	45.1%
30 Oct 2018	Advanced Semiconductor Manufacturing Corporation Limited (stock code: 3355)	NA	89.9%	66.7%	85.6%	99.3%	93.4%	85.2%
27 Sep 2018	Sinotrans Shipping Limited (stock code: 368)	NA	(25.2)%	50.0%	55.2%	42.9%	37.8%	28.0%
10 Jun 2018	Hong Kong Aircraft Engineering Company Limited (stock code: 44)	42.30%	99.3%	63.6%	63.7%	62.9%	60.7%	50.4%
7 Jun 2018	Portico International Holdings Limited (stock code: 589)	NA	(9.9)%	50.2%	51.6%	49.2%	45.2%	49.9%
	Maximum	42.3%	99.3%	91.8%	91.3%	99.3%	94.0%	138.8%
	Minimum	(43.0)%	(35.6)%	10.0%	11.3%	17.4%	19.1%	21.9%
	Median	(25.3)%	(14.0)%	41.6%	47.8%	53.8%	54.7%	46.8%
	Average	(9.6)%	2.4%	42.1%	46.4%	53.6%	55.4%	55.2%
20 Apr 2020	APL	(65.8)% (Note 2)	(66.3)% (Note 3)	34.3%	36.2%	39.1%	33.3%	23.1%

Source: the website of the Stock Exchange

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Notes:

1. It represents the premium/(discount) of the cancellation consideration/offer price over or to the NAV per share quoted from the respective privatisation documents without taking into account any adjustments arising from, amongst others, revaluation of properties set out therein.
2. Calculated based on the Adjusted NAV Per APL Share of HK\$5.62.
3. Calculated based on the NAV Per APL Share of HK\$5.7.

Disinterested Scheme Shareholders should note that as these Privatisation Precedents are all in industries and businesses that are fundamentally different from APL, they may not offer meaningful comparison. In addition, Disinterested Scheme Shareholders should note that as the level of premium of the cancellation consideration/offer price of the Privatisation Precedents may be affected by the then market condition, this comparison analysis is for information only and is not a principal factor to assess whether the terms of the Proposal are fair and reasonable.

(i) Premiums over the prevailing share prices

As set out in the table above, the cancellation consideration/offer prices of all the Privatisation Precedents are at a premium over their respective last trading date share price, 5, 30, 60 and 180 trading day average share prices, ranging from approximately 10.0% to 91.8%, 11.3% to 91.3%, 17.4% to 99.3%, 19.1% to 94.0%, and 21.9% to 138.8%, with average premiums of approximately 41.2%, 46.4%, 53.6%, 55.4%, and 55.2%, respectively.

In comparison, the Total Price represents a premium of approximately 34.3%, 36.2%, 39.1%, 33.3% and 23.1% over the closing APL Share price on the Last Trading Date, 5, 30, 60 and 180 trading day average APL Share prices, respectively, and are therefore within the range of the corresponding premium represented by the Privatisation Precedents. Despite the premiums presented by the Total Price over the closing APL Share prices are lower than the averages and medians of the Privatisations Precedents, given that (i) the Total Price had been above the APL Share prices during the entire Pre-Proposal Period; (ii) the trading liquidity of APL Shares is low compared with that of the Comparable Companies and disposal of a large number of APL Shares by Disinterested Scheme Shareholders in the open market will likely be difficult and have adverse impact on the price of APL Shares; and (iii) the Implied P/E Ratio and the Implied P/B Ratio represent a premium of approximately 16.71% and 17.24% over the average P/E Ratio and P/B Ratio of the APL Group during the Review Period of approximately 3.89 times and 0.29 times respectively, we consider the premiums represented by the Total Price are in line with market practice and are fair and reasonable so far as the Disinterested Scheme Shareholders are concerned.

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(ii) *Premium/discount over/to the NAV per share*

As shown in the above table, the cancellation considerations/offer prices of the Privatisation Precedents represent a wide range of difference compared to their respective NAV per share and adjusted NAV per share, ranging from a discount of approximately 35.6% to a premium of approximately 99.3%, with an average premium of approximately 2.4%, and a discount of approximately 43.0% to a premium of approximately 42.3%, with an average discount of approximately 9.6%, respectively. On the other hand, out of the total 16 Privatisation Precedents, the cancellation considerations/offer prices of 10 of them represent a discount ranging from approximately 4.6% to 35.6% to the respective NAV per share, which is lower than the 66.3% discount as represented by the Total Price.

Despite that the discounts represented by the Total Price to NAV Per APL Share and the the Adjusted NAV Per APL Share are out of the range of those of the Privatisation Precedents, as set out in the sub-section headed "Historical discounts of the APL Share prices to the NAV Per APL Share and to the Adjusted NAV Per APL Share" under the section headed "Evaluation of the Total Price" of this letter, the discount represented by the Total Price is less than the discounts represented by the historical APL Share prices to the NAV Per APL Share and the Adjusted NAV Per APL Share . Accordingly, we consider the discount represented by the Total Price is fair and reasonable so far as the Disinterested Scheme Shareholders are concerned.

RECOMMENDATION

Based on our analysis above, although (i) the APL Group had been profit-making for the year ended 31 December 2019; (ii) the Total Price of HK\$1.92 per APL Share represents discounts to the NAV Per APL Share and Adjusted NAV Per APL Share of approximately 66.3% and 65.8% respectively; and (iii) such discounts are higher than the discounts represented by the cancellation considerations/offer prices of the Privatisation Precedents to their respective NAV per share ; (iv) the premiums presented by the Total Price over the closing APL Share prices are lower than the averages and medians of those of the Privatisation Precedents; and (v) the Implied P/B Ratio and Implied P/E Ratio are on the lower end of the ranges of those of the Comparable Companies, having considered the following that:

- (i) as a result of the protracted US-China trade war and the social unrest in Hong Kong during the second half of 2019, as well as the recent COVID-19 outbreak and spread, the local and global economies have been severely and adversely impacted. Under the current situation, it is difficult to predict with certainty whether an economy turnaround will happen in near future and hence the APL Board expects the APL Group's core recurring income will be negatively affected in 2020;

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- (ii) the Proposal represents an opportunity for Disinterested Scheme Shareholders to realise their investment at a premium over the recent market price since they may encounter difficulties in liquidating their APL Shares in the open market, especially when the trading of the APL Shares had not been active prior to the publication of the Joint Announcement and had a relatively low trading liquidity compared with that of the Comparable Companies;
- (iii) the Total Price represents a premium over the closing price of the APL Shares on the Last Trading Date and over the average closing prices of the APL Shares for the last 5, 30, 60 and 180 consecutive trading days up to and including the Last Trading Date, and is above the average closing prices of the APL Shares and approximates the highest closing price of the APL Shares of HK\$1.94 for the Review Period;
- (iv) the discounts of approximately 66.3% and 65.8% represented by the Total Price of HK\$1.92 per APL Share to the NAV Per APL Share and the Adjusted NAV Per APL Share respectively, are less than the discounts represented by the historical APL Share prices to the NAV Per APL Share which range from approximately 72.8% to 76.0% and to the Adjusted NAV Per APL Share which range from approximately 72.4% to 75.6%;
- (v) the Implied P/E Ratio and Implied P/B Ratio are within the ranges of those of the Comparable Companies, and are above the average P/E Ratio and average P/B Ratio of the APL Group during the Review Period; and
- (vi) the premiums represented by the Total Price are within the range of the corresponding premiums represented by the Privatisations Precedents over the Last Trading Date, 5, 30, 60 and 180 trading day average share prices, which suggests the basis of the Total Price is in line with market practice,

we are of the opinion that the terms of the Proposal (including the Scheme and the Special Dividend) are fair and reasonable as far as the Disinterested Scheme Shareholders are concerned. Accordingly, we recommend the Independent APL Board Committee to advise the Disinterested Scheme Shareholders to vote in favour of the relevant resolution(s) to be proposed at the Court Meeting and the APL General Meeting to approve and implement the Proposal (including the Scheme and the Special Dividend). Nonetheless, we would like to remind the Disinterested Scheme Shareholders who would like to realise part or all of their investments in the APL Shares to closely monitor the market price and liquidity of the APL Shares before the Effective Date and may, instead of accepting the Proposal, consider selling their APL Shares in the open market should such sale proceeds, net of all transaction costs, exceed the amount receivable under the Proposal.

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As each individual Disinterested Scheme Shareholder would have different investment objectives and/or circumstances, we advise the Independent APL Board Committee to also recommend the Disinterested Scheme Shareholders who may require advice in relation to any aspect of the Scheme Document, or as to the action to be taken, to consult a licensed securities dealer, bank manager, solicitor, professional accountant, tax adviser or other professional adviser.

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

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

EXPLANATORY STATEMENT

This Explanatory Statement constitutes the statement required under section 671 of the Companies Ordinance.

INTRODUCTION

After trading hours of the Stock Exchange on 9th April, 2020, the Offeror, a direct wholly-owned subsidiary of AGL, requested the APL Board to put forward the Proposal to the Scheme Shareholders which will involve (i) the proposed privatisation of APL by way of a scheme of arrangement under section 673 of the Companies Ordinance (i.e. the Scheme); and (ii) subject to the Scheme having become binding and effective in accordance with its terms and conditions, the payment by APL of the Special Dividend to the Scheme Shareholders whose names appear on the register of members of APL on the Scheme Record Date.

As at the Latest Practicable Date, the Offeror and the Offeror Concert Parties beneficially owned, controlled or had direction over 5,108,911,521 APL Shares, representing approximately 74.996% of the total number of shares in issue of APL.

The purpose of this Explanatory Statement is to explain the terms and effects of the Proposal and, specifically, to provide the holders of Scheme Shares with additional information in relation to the Scheme.

THE PROPOSAL

The Proposal will be implemented by way of a scheme of arrangement under section 673 of the Companies Ordinance.

Subject to the Conditions being fulfilled or waived, as applicable, the proposed privatisation of APL will be implemented by way of the Scheme between APL and the Scheme Shareholders.

If the Proposal is approved and implemented:

- (i) all Scheme Shares held by the Scheme Shareholders on the Effective Date will be cancelled in exchange for the payment in cash to the Scheme Shareholder of (a) the Scheme Consideration of HK\$0.42 in cash for each Scheme Share to be paid by the Offeror; and (b) the Special Dividend of HK\$1.50 in cash for each APL Share to be paid by APL;
- (ii) the issued share capital of APL will, on the Effective Date, be reduced by cancelling and extinguishing the Scheme Shares. Immediately upon such reduction, the issued share capital of APL will be increased to its former amount by the issue to the Offeror, credited as fully paid, of the same number of new APL Shares as the number of Scheme Shares cancelled;

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- (iii) AGL will, directly and indirectly (through the Offeror, Citiwealth and Capscore, all being direct wholly-owned subsidiaries of AGL), own 100% of the total number of shares in issue of APL; and
- (iv) APL will apply to the Stock Exchange for the withdrawal of the listing of the APL Shares on the Stock Exchange immediately following the Effective Date pursuant to Rule 6.15 of the Listing Rules.

The Proposal, which involves a reduction of the share capital of APL by the cancellation of the Scheme Shares and the issue of new APL Shares (the number of which is equal to the number of Scheme Shares cancelled and extinguished) to the Offeror, is structured in a way so that upon the Scheme becoming effective, the Offeror will directly hold approximately 56.145% of the total number of shares in issue of APL and the Offeror Concert Parties will directly or indirectly hold approximately 43.855% of the total number of shares in issue of APL.

THE SCHEME

The Scheme involves a reduction of the share capital of APL by the cancellation of the Scheme Shares. Upon such reduction, the share capital of APL will be increased to its former amount by the issue to the Offeror, credited as fully paid, such number of new APL Shares as is equal to the number of Scheme Shares cancelled. The credit arising in APL's books of account as a result of the capital reduction will be applied in paying up in full the new APL Shares so allotted and issued, credited as fully paid, to the Offeror. The Proposal provides that the Scheme Shares be cancelled in exchange for the payment to the Scheme Shareholders of:

Total Price HK\$1.92 per Scheme Share

comprising (i) the Scheme Consideration of HK\$0.42 in cash for each Scheme Share to be paid by the Offeror; and (ii) the Special Dividend of HK\$1.50 in cash for each APL Share to be paid by APL (other than the Offeror, AGL, Citiwealth and Capscore who have irrevocably and unconditionally agreed to waive and surrender their entitlements to the Special Dividend pursuant to the AGL Waiver).

The entitlements of the Scheme Shareholders to receive both the Scheme Consideration and the Special Dividend under the Proposal will be determined on the Scheme Record Date.

The Scheme Consideration and the Special Dividend will not be increased, and the Offeror and APL do not reserve the right to do so.

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Comparisons of value

The Total Price of HK\$1.92 per Scheme Share represents:

- (i) a premium of approximately 34.3% over the closing price of HK\$1.43 per APL Share as quoted on the Stock Exchange on the Last Trading Date;
- (ii) a premium of approximately 36.2% over the average closing price of HK\$1.41 per APL Share based on the daily closing prices as quoted on the Stock Exchange over the 5 trading days up to and including the Last Trading Date;
- (iii) a premium of approximately 39.1% over the average closing price of HK\$1.38 per APL Share based on the daily closing prices as quoted on the Stock Exchange over the 30 trading days up to and including the Last Trading Date;
- (iv) a premium of approximately 33.3% over the average closing price of HK\$1.44 per APL Share based on the daily closing prices as quoted on the Stock Exchange over the 60 trading days up to and including the Last Trading Date;
- (v) a premium of approximately 23.1% over the average closing price of HK\$1.56 per APL Share based on the daily closing prices as quoted on the Stock Exchange over the 180 trading days up to and including the Last Trading Date;
- (vi) a discount of approximately 66.3% to the audited consolidated net asset value attributable to APL Shareholders of approximately HK\$5.70 per APL Share as at 31st December, 2019;
- (vii) a discount of approximately 65.8% to the adjusted unaudited net asset value attributable to APL Shareholders of approximately HK\$5.62 per APL Share after taking into account of the property valuation as set out in Appendix II to this Scheme Document^(note); and
- (viii) a premium of approximately 1.6% over the closing price of HK\$1.89 per APL Share as quoted on the Stock Exchange on the Latest Practicable Date.

Note: Calculated by the audited net asset value attributable to APL Shareholders of approximately HK\$38.8 billion as at 31st December, 2019 and adjusted by the updated valuation of property interests, including investment properties and owner-occupied properties, attributable to APL Shareholders of approximately HK\$20.4 million with related tax adjustment of approximately HK\$0.1 million as at 30th April, 2020 and payment of interim dividend (in lieu of a final dividend) of approximately HK\$545.0 million and then divided by 6,812,201,460 APL Shares as at the Latest Practicable Date.

The Total Price has been determined after taking into account, among others, the financial information of the APL Group and the prices at which the APL Shares were traded on the Stock Exchange over the past year.

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Highest and lowest prices

During the Relevant Period, the highest closing price of the APL Shares as quoted on the Stock Exchange was HK\$1.94 on 27th April, 2020 and 29th April, 2020, and the lowest closing price of the APL Shares as quoted on the Stock Exchange was HK\$1.29 on 16th March, 2020.

TOTAL CONSIDERATION AND FINANCIAL RESOURCES

As at the Latest Practicable Date, APL has 6,812,201,460 APL Shares in issue. The 1,703,289,939 Scheme Shares represent approximately 25.004% of the total number of shares in issue of APL.

On the assumption that there is no other change in the shareholding structure of APL before completion of the Proposal, the total amount of cash consideration required to effect the Proposal will be HK\$3,270,316,683, of which (i) HK\$715,381,774 (representing the aggregate Scheme Consideration payable under the Scheme) will be funded by the Offeror; and (ii) HK\$2,554,934,909 (representing the entire amount of Special Dividend payable to the Scheme Shareholders) will be funded by APL.

Payment of the Scheme Consideration under the Scheme by the Offeror will be funded by (i) the internal cash resources of the AGL Group; and (ii) the unsecured and interest-free Facility granted by Mr. Lee to the Offeror pursuant to the Facility Agreement.

Payment of the Special Dividend under the Scheme by APL will be funded by the internal cash resources of the APL Group.

Yu Ming, as financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror and APL to satisfy the maximum amount of Scheme Consideration and Special Dividend required to effect the Proposal.

CONDITIONS OF THE PROPOSAL

The Proposal (including the Scheme and the Special Dividend) will become effective and binding on APL and all Scheme Shareholders subject to the fulfillment or waiver (as applicable) of the following conditions and the conditions set out in the section headed "Special Dividend" in this Explanatory Statement:

- (i) the approval of the Scheme at the Court Meeting (by way of poll) by holders of the Scheme Shares representing at least 75% of the voting rights of such holders present and voting, in person or by proxy, at the Court Meeting, and the votes cast (by way of poll) against the Scheme at the Court Meeting not exceeding 10% of the total voting rights attached to all Disinterested Shares, provided that:
 - (a) the Scheme is approved (by way of poll) by at least 75% of the votes attaching to the Scheme Shares held by the Disinterested Scheme Shareholders that are cast either in person or by proxy at the Court Meeting; and

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- (b) the number of votes cast (by way of poll) against the resolution to approve the Scheme at the Court Meeting is not more than 10% of the votes attaching to all the Scheme Shares held by the Disinterested Scheme Shareholders;
- (ii) the passing of a special resolution by a majority of at least 75% of the votes cast by APL Shareholders present and voting, in person or by proxy, at APL General Meeting (and otherwise in accordance with the procedural requirements of section 564 of the Companies Ordinance) to approve and give effect to the Scheme, including the approval of the reduction of the issued share capital of APL by cancelling and extinguishing the Scheme Shares and the issue to the Offeror of such number of new APL Shares (credited as fully paid) as is equal to the number of the Scheme Shares cancelled;
- (iii) the sanction of the Scheme (with or without modifications) and the confirmation of the reduction of the issued share capital of APL involved in the Scheme by the High Court and the registration of a copy of the order of the High Court by the Registrar of Companies under Part 2 of the Companies Ordinance;
- (iv) the compliance with the procedural requirements of sections 230 and 231 and sections 673 and 674 of the Companies Ordinance in relation to the reduction of the issued share capital of APL and the Scheme respectively;
- (v) passing of an ordinary resolution by the Disinterested Scheme Shareholders at the APL General Meeting approving the declaration and payment of the Special Dividend;
- (vi) all Authorisations (if any) in connection with the Proposal or its implementation in accordance with its terms having been obtained (or, as the case may be, completed) and remaining in full force and effect without modification;
- (vii) 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 (enacted, made or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order), in each case, which would make the Proposal or its implementation in accordance with its terms void, unenforceable, illegal or impracticable (or which would impose any material conditions or obligations with respect to the Proposal or its implementation in accordance with its terms);
- (viii) all necessary legal or regulatory obligations in all relevant jurisdictions having been complied with and no legal or regulatory requirement having been imposed which is not expressly provided for, or is in addition to the requirements expressly provided for, in the relevant laws or regulations in connection with the Proposal or its implementation in accordance with its terms;

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(ix) the implementation of the Proposal not resulting in, and no event or circumstance having occurred or arisen which would or might be expected to result in:

- (a) any indebtedness (actual or contingent) of any member of the APL Group being or becoming repayable (or capable of being declared repayable) immediately or prior to its stated maturity or repayment date;
- (b) any agreement, arrangement, licence, permit or instrument to which any member of the APL Group is a party or by or to which any such member or any of its assets may be bound, entitled or subject (or any of the rights, liabilities, obligations or interests of any member of the APL Group thereunder) being terminated or adversely modified (or any material obligation or liability on the part of any member of the APL Group arising in relation thereto); or
- (c) the creation or enforcement of any security interest over the whole or any part of the business, property or assets of any member of the APL Group or any such security (whenever arising) becoming enforceable,

in each case, which is material in the context of the APL Group as a whole or in the context of the Proposal or its implementation in accordance with its terms; and

(x) since the date of the Joint Announcement:

- (a) there having been no adverse change in the business, assets, financial or trading, positions, profits or prospects of any member of the APL Group which is material in the context of the APL Group taken as a whole or in the context of the Proposal; and
- (b) there not having been instituted, threatened in writing or remaining outstanding any litigation, arbitration, other proceedings or other dispute resolution process to which any such member is a party (whether as plaintiff, defendant or otherwise) and no investigation by any government, 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, instituted or remaining outstanding, in each case, which is material in the context of the APL Group taken as a whole or in the context of the Proposal or its implementation in accordance with its terms.

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The Offeror reserves the right to waive all or any of the above Conditions, either in whole or in respect of any particular matter, except for Conditions (i) to (v). APL does not have the right to waive any of the Conditions.

All of the above Conditions will have to be fulfilled or waived, as applicable, on or before the Long Stop Date, failing which the Proposal will lapse. If the Proposal is withdrawn, not approved or lapses, the listing of the APL Shares on the Stock Exchange will not be withdrawn. Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror may only invoke any or all of the above Conditions as a basis for not proceeding with the Proposal if the circumstances which give rise to a right to invoke any such condition are of material significance to the Offeror in the context of the Proposal.

With reference to the condition in paragraph (vi), as at the Latest Practicable Date, the Offeror is not aware of any requirement for such Authorisations other than those set out in the Conditions in paragraphs (i) to (v). With reference to the condition in paragraph (vii), as at the Latest Practicable Date, the Offeror is not aware of any such action, proceeding, suit, investigation, statute, regulation, demand or order. With reference to the condition in paragraph (viii), as at the Latest Practicable Date, the Offeror is not aware of any such non-compliance or regulatory requirement other than those set out in the Conditions in paragraphs (i) to (v). With reference to the condition in paragraph (ix), as at the Latest Practicable Date, the Offeror is not aware of any such event or circumstance.

The Scheme is subject to the requirement under section 674(2) of the Companies Ordinance that members representing at least 75% of the voting rights of the members present and voting (in person or by proxy) at the Court Meeting agree to the Scheme, and the requirement under Rule 2.10 of the Takeovers Code that the Scheme must be approved by at least 75% of the votes attaching to the disinterested shares (as defined in Note 6 to Rule 2 of the Takeovers Code) that are cast (in person or by proxy) at the meeting of the holders of the disinterested shares. Accordingly:

- (i) for the purpose of the Companies Ordinance, the 75% approval threshold will be determined by reference to the voting rights of the holders of the Scheme Shares, who attend and vote (in person or by proxy) at the Court Meeting. As the Offeror and the Offeror Concert Parties are not holders of the Scheme Shares at the Court Meeting, the voting rights in respect of the relevant APL Shares held by the Offeror and the Offeror Concert Parties will not be taken into account in determining whether the 75% approval requirement under the Companies Ordinance has been satisfied; and
- (ii) for the purpose of the Takeovers Code, the 75% approval threshold will be determined by reference to the votes attaching to all the Scheme Shares held by the Disinterested Scheme Shareholders which are cast (in person or by proxy) at the Court Meeting.

Therefore, in order to satisfy the requirements under both the Companies Ordinance and the Takeovers Code, the 75% approval threshold will be determined by reference to the APL Shares held by the APL Shareholders (other than APL Shares held or beneficially owned by the Offeror and the Offeror Concert Parties) who attend and vote at the Court Meeting.

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The Scheme is also subject to the requirement under section 674(2) of the Companies Ordinance that the votes cast against the Scheme at the Court Meeting shall not exceed 10% of the voting rights attached to all disinterested shares (as defined in section 674(3) of the Companies Ordinance), and the requirement under Rule 2.10 of the Takeovers Code that the number of votes cast against the resolution to approve the Scheme at the meeting of the holders of disinterested shares (as defined in Note 6 to Rule 2 of the Takeovers Code) shall not be more than 10% of the votes attaching to all disinterested shares. Accordingly:

- (i) for the purpose of the Companies Ordinance, all Scheme Shares (i.e. all the APL Shares in issue, other than any held or beneficially owned by the Offeror and the Offeror Concert Parties and their respective associates (as defined in Division 2 of Part 13 of the Companies Ordinance)) will be regarded as Disinterested Shares; and
- (ii) for the purpose of the Takeovers Code, all Scheme Shares other than any held or beneficially owned by the Offeror and the Offeror Concert Parties will be regarded as disinterested shares.

If approved, the Proposal will be binding on all of the Scheme Shareholders, irrespective of whether or not they attended or voted at the Court Meeting or the APL General Meeting.

As at the Latest Practicable Date, none of the above Conditions had been fulfilled or waived.

As at the Latest Practicable Date, there was no agreement or arrangement to which the Offeror is a party which relates to circumstances in which it may or may not invoke or seek to invoke a Condition.

Assuming that the above Conditions are satisfied or validly waived (as applicable) on or before the Long Stop Date, it is currently expected that the Scheme will become binding and effective on the Effective Date, which is expected to be Friday, 28th August, 2020, and the listing of APL Shares on the Stock Exchange is expected to be withdrawn at 9:00 a.m. on Monday, 31st August, 2020, being one business day following the Effective Date, pursuant to Rule 6.15(2) of the Listing Rules.

An announcement will be made by APL, AGL and the Offeror in relation to the results of the Court Meeting and the APL General Meeting 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 hearing of the petition for the sanction of the Scheme by the High Court, the Effective Date and the date of withdrawal of listing of APL Shares from the Stock Exchange in accordance with the requirements of the Takeovers Code and the Listing Rules.

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SPECIAL DIVIDEND

Under the Proposal, subject to the following conditions (neither of which can be waived), APL will pay a Special Dividend of HK\$1.50 per APL Share in cash to all APL Shareholders whose names appear on the register of members of APL on the Scheme Record Date:

- (i) passing of an ordinary resolution by the Disinterested Scheme Shareholders at the APL General Meeting approving the declaration and payment of the Special Dividend; and
- (ii) the Scheme having become binding and effective in accordance with its terms and conditions.

As at the Latest Practicable Date, none of the above Conditions had been satisfied.

By way of the AGL Waiver, the Offeror, AGL, Citiwealth and Capscore have irrevocably and unconditionally agreed to waive and surrender their entitlements to the Special Dividend (the “**Excluded Entitlements**”) and accordingly no Special Dividend will be paid or payable to the Offeror, AGL, Citiwealth and Capscore. The Excluded Entitlements will be retained by APL, and APL will be wholly-owned by AGL directly and indirectly (through the Offeror, Citiwealth and Capscore, all being direct wholly-owned subsidiaries of AGL) upon the completion of the Proposal.

The Special Dividend will be paid by APL to the APL Shareholders (other than the Offeror, AGL, Citiwealth and Capscore who have irrevocably and unconditionally agreed to waive and surrender their entitlements to the Special Dividend pursuant to the AGL Waiver) in cash after the Scheme having become binding and effective in accordance with its terms and conditions and the approval of the Disinterested Scheme Shareholders at the APL General Meeting, and will be paid on the same date on which the Scheme Consideration will be paid by the Offeror to the Scheme Shareholders.

APL Shareholders and potential investors of APL should be aware that the Scheme and the Special Dividend are inter-conditional, and the payment of the Special Dividend is subject to, among others, approval of the Disinterested Scheme Shareholders at the APL General Meeting and the Scheme having become binding and effective in accordance with its terms and conditions. The Proposal is subject to the Conditions being fulfilled or waived, as applicable, and therefore the Proposal may or may not be implemented and the Scheme may or may not become effective. Accordingly, the Special Dividend may or may not materialise. APL Shareholders and potential investors of APL should therefore exercise caution when dealing in securities of APL. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

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The APL Board has adopted a dividend policy with effect from 30th November, 2018 aiming at providing reasonable and sustainable returns to its shareholders whilst maintaining a position of financial stability which allows APL to take advantage of any investment and expansion opportunities that may arise from time to time. The APL Board may declare or propose dividends on an annual basis and/or may declare interim dividends or special dividends. The table below sets forth the dividend history of APL in recent years:

For the year ended 31st December,	Interim dividend per APL Share	Final dividend per APL Share
2015	HK6 cents	Nil
2016	HK8 cents	Nil
2017	HK8 cents	Nil
2018	HK8 cents	Nil
2019	HK8 cents	Nil

The Special Dividend of HK\$1.50 per APL Share is a special dividend to be declared and paid out of the distributable reserves of APL, which is distinctive to and not part of the Scheme Consideration that would be payable by the Offeror. If the relevant resolutions regarding the Proposal (including the Scheme and the Special Dividend) are not approved by the Disinterested Scheme Shareholders and/or the APL Shareholders (as the case may be) in the Court Meeting and/or the APL General Meeting, no Special Dividend will be paid to the APL Shareholders. In such event, the APL Board will continue to adhere to its existing dividend policy while regularly reviewing the dividend policy and make necessary amendments and/or modifications to such policy if and when necessary or appropriate.

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SHAREHOLDING STRUCTURE OF APL AND EFFECT OF THE PROPOSAL AND THE SCHEME

The table below sets out the shareholding structure of APL as at the Latest Practicable Date and immediately upon the Scheme becoming effective (assuming there is no other change in the shareholding structure of APL before completion of the Proposal).

APL Shareholders	As at the Latest Practicable Date		Immediately upon completion of the Proposal (Note 1)	
	Number of APL Shares	Approximate %	Number of APL Shares	Approximate %
Offeror (Note 2)	2,121,437,331	31.141	3,824,727,270	56.145
Offeror Concert Parties				
AGL (Note 2)	968,354,880	14.215	968,354,880	14.215
Capscore (Note 2)	1,973,216,190	28.966	1,973,216,190	28.966
Citiwealth (Note 2)	45,903,120	0.674	45,903,120	0.674
Aggregate number of APL Shares held by the Offeror and the Offeror Concert Parties	5,108,911,521	74.996	6,812,201,460	100.000
Scheme Shareholders (Note 3)	1,703,289,939	25.004	–	–
Total number of APL Shares	6,812,201,460	100.000	6,812,201,460	100.000

Notes:

- Under the Scheme, the issued share capital of APL will, on the Effective Date, be reduced by cancelling and extinguishing the Scheme Shares. On the assumption that there is no change in the shareholding structure of APL before completion of the Proposal, forthwith upon such reduction, the issued share capital of APL will be increased to its former amount prior to the cancellation of the Scheme Shares by the issue to the Offeror, credited as fully paid, of the same number of new APL Shares as the number of the Scheme Shares cancelled. The reserve created in the APL's books of account as a result of the capital reduction will be applied in paying up in full the new APL Shares so issued to the Offeror.
- Each of Capscore and Citiwealth is a direct wholly-owned subsidiary of AGL and a fellow subsidiary of the Offeror. The APL Shares in which AGL, the Offeror, Capscore and Citiwealth are interested (i) will not form part of the Scheme Shares; (ii) will not be voted at the Court Meeting; (iii) will not be entitled to the Special Dividend; and (iv) will not be cancelled upon the Scheme becoming effective.
- Mr. Steven Samuel Zoellner, being an independent non-executive director of APL and holder of 22,402 APL Shares (representing approximately 0.001% of the Scheme Shares) as at the Latest Practicable Date, is also a Scheme Shareholder under the Scheme.
- All percentages in the above table are approximations.

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As at the Latest Practicable Date:

- (i) the issued share capital of APL comprises 6,812,201,460 APL Shares;
- (ii) there were no outstanding options, warrants, derivatives, convertible securities or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) issued by APL other than the 6,812,201,460 APL Shares;
- (iii) the Scheme Shares comprised a total of 1,703,289,939 APL Shares held or beneficially owned by the Scheme Shareholders, representing approximately 25.004% of the total number of shares in issue of APL;
- (iv) the Offeror directly holds 2,121,437,331 APL Shares, representing approximately 31.141% of the total number of shares in issue of APL;
- (v) the Offeror Concert Parties own, control or have direction over an aggregate of 2,987,474,190 APL Shares, representing approximately 43.855% of the total number of shares in issue of APL;
- (vi) save as disclosed in paragraphs (iv) and (v) above, the Offeror and the Offeror Concert Parties do not legally and beneficially own, control or have direction over any other APL Shares; and
- (vii) there are no convertible securities, warrants or options in respect of APL Shares held, controlled or directed by the Offeror or Offeror Concert Parties.

For the avoidance of doubt, all the Scheme Shares will be cancelled upon the Scheme becoming effective.

All APL Shareholders will be entitled to vote on the special resolution to be proposed at the APL General Meeting to approve and give effect to the Scheme, including the approval of the reduction of the issued share capital of APL by cancelling and extinguishing the Scheme Shares and the issue to the Offeror of such number of new APL Shares (credited as fully paid) as is equal to the number of the Scheme Shares cancelled, which is set out in the condition in paragraph (ii) in the section above headed "Conditions of the Proposal". The Offeror and the Offeror Concert Parties have indicated that, if the Scheme is approved at the Court Meeting, the Offeror and the Offeror Concert Parties will vote in favour of such special resolution to be proposed at the APL General Meeting. Only the Disinterested Scheme Shareholders whose names appear in the register of members of APL as at the Meeting Record Date will be entitled to vote on the ordinary resolution to approve the declaration and payment of the Special Dividend at the APL General Meeting.

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SCHEME OF ARRANGEMENT UNDER SECTION 673 OF THE COMPANIES ORDINANCE AND THE COURT MEETING

Under section 670 of the Companies Ordinance, where an arrangement is proposed to be entered into by a company with the members, or any class of the members, of the company, the High Court may, on an application made by the company, any of the members or any member of that class, order a meeting of those members or of that class of members, as the case may be, to be summoned in any manner that the High Court directs.

Under section 673 of the Companies Ordinance, if the members or the class of members with whom the arrangement is proposed to be entered into agree or agrees to the arrangement, the High Court may, on application by the company, any of the members or any member of that class, as the case may be, sanction the arrangement. An arrangement sanctioned by the High Court as aforesaid is binding on the members or the class of members with whom the arrangement is proposed to be entered into.

The Scheme is a takeover offer under section 674 of the Companies Ordinance. Under section 674 of the Companies Ordinance, where the arrangement involves a takeover offer, the members or the class of members agree or agrees to the arrangement if, at a meeting summoned as directed by the High Court as aforesaid, members representing at least 75% of the voting rights of the members or the class of members, as the case may be, present and voting, in person or by proxy, agree to the arrangement and the votes cast against the arrangement at the meeting do not exceed 10% of the total voting rights attached to all Disinterested Shares (as defined in section 674(3) of the Companies Ordinance) in the company or of the class in the company, as the case may be.

BINDING EFFECT OF THE SCHEME

Notwithstanding the fact that there may be a dissenting minority, if the Scheme is approved at the Court Meeting in accordance with the requirements of section 673 of the Companies Ordinance and Rule 2.10 of the Takeovers Code and is sanctioned by the High Court and the other Conditions are either fulfilled or (to the extent permitted) waived, then the Scheme will become binding on APL and all the Scheme Shareholders.

If the Scheme becomes effective:

- (i) all the Scheme Shares will be cancelled whereupon the share capital of APL shall be reduced and all share certificates for those Scheme Shares cancelled shall cease to have effect as evidence of title;
- (ii) the share capital of APL will then be increased to its former amount by the creation of such number of new APL Shares as is equal to the number of Scheme Shares cancelled;
- (iii) the credit rising in APL's books of account as a result of the said reduction of capital will be applied in paying up in full the new APL Shares created and such new APL Shares will be so allotted and issued, credited as fully paid, to the Offeror; and

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- (iv) the Scheme Shareholders will receive the Total Price of HK\$1.92 in cash comprising (a) the Scheme Consideration of HK\$0.42 to be paid by the Offeror; and (b) the Special Dividend of HK\$1.50 to be paid by APL, for each Scheme Share held by Scheme Shareholders on the Scheme Record Date.

Pursuant to Rule 2.3 of the Takeovers Code, if the Scheme is not approved and the Proposal is either not recommended by the Independent APL Board Committee or not recommended as fair and reasonable by the Independent APL Financial Adviser, all costs and expenses incurred by APL and the Offeror in connection with the Proposal shall be borne by the Offeror. Given that the Proposal is recommended by the Independent APL Board Committee and is recommended as fair and reasonable by the Independent APL Financial Adviser, APL and the Offeror have agreed that all costs, charges and expenses of the advisers and counsel appointed by APL, including the Independent APL Financial Adviser, will be borne by APL, whereas all costs, charges and expenses of the advisers and counsels appointed by the Offeror will be borne by the Offeror, and other costs, charges and expenses of the Scheme and the Proposal will be shared between APL and the Offeror equally.

REASONS FOR AND BENEFITS OF THE PROPOSAL

For the Disinterested Scheme Shareholder

The Proposal gives Disinterested Scheme Shareholders an opportunity to receive the Total Price for their Scheme Shares at a premium over the current market price. The Total Price is 48.8% higher than the lowest closing price of APL Shares and 1.1% higher than the highest closing price of APL Shares in the past two years up to and including the date of the Joint Announcement. Disinterested Scheme Shareholders who prefer to switch investment of their holding in APL Shares into securities of other companies with better prospects or higher share trading volume might not be able to do so because of the thin trading volume of the APL Shares. For some Disinterested Scheme Shareholders, given the current state of the economy and the uncertainty on the timing of a recovery, they may find the Proposal particularly timely.

For the avoidance of doubt, APL would not be in the position to pay the Special Dividend to the Scheme Shareholders if not for the AGL Waiver. The reason is that without the AGL Waiver, in addition to the payment of the Special Dividend to the Scheme Shareholders holding approximately 25.004% of the total number of APL Shares in issue, APL would also have to pay the Special Dividend of approximately HK\$7.66 billion in cash to the Offeror, AGL, Citiwealth and Capscore (which in aggregate hold approximately 74.996% of the total number of APL Shares in issue as at the Latest Practicable Date), thereby demanding approximately in four times the cash outflow of the Special Dividend with total amount of approximately HK\$10.22 billion from APL compared to the Special Dividend payable of approximately HK\$2.55 billion under the Proposal, whereas APL Group only has approximately HK\$6.13 billion cash and cash equivalents as at 31st December, 2019.

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For APL

APL Shares have been trading at a steep discount. It is trading (i) at a discount ranging from 66.7% to 77.4% in the past two years up to and including the date of the Joint Announcement to its consolidated net asset value (calculated by the lowest and the highest closing price of APL Shares over the audited consolidated net asset value attributable to APL Shareholders of approximately HK\$5.7 per APL Share as at 31st December, 2019); and (ii) at a discount ranging from 66.2% to 77.0% in the past two years up to and including the date of the Joint Announcement to its adjusted unaudited net asset value (calculated by the lowest and the highest closing price of APL Shares over the adjusted unaudited net asset value attributable to APL Shareholders of approximately HK\$5.62 per APL Share after taking into account of the property valuation as set out in Appendix II to this Scheme Document).

APL has not been able to raise equity capital lest diluting the interests of APL Shareholders, and the listing is losing its very purpose while the cost of maintaining its listing, including regulatory compliance, disclosure and publication of financial statements keep escalating.

The APL Board (excluding the APL Directors who abstained from voting in the APL Board, namely Mr. Lee (the chief executive and an executive director of each of AGL and APL), Mr. Arthur George Dew, Mr. Alan Stephen Jones and Mr. David Craig Bartlett and the member of the Independent APL Board Committee, namely Mr. Steven Samuel Zoellner, whose views are set out in the section headed "Letter from the Independent APL Board Committee" to this Scheme Document) believes that if the Proposal is welcome by the Disinterested Scheme Shareholders, APL would be able to focus its management time and financial resources to areas other than a listing that serves little useful purpose.

The Independent APL Financial Adviser has advised the Independent APL Board Committee that it considers the terms of the Proposal (including the Scheme and the Special Dividend) are fair and reasonable so far as the Disinterested Scheme Shareholders are concerned, and accordingly, recommends the Independent APL Board Committee to advise the Disinterested Scheme Shareholders to vote in favour of the relevant resolution(s) to be proposed at the Court Meeting and the APL General Meeting to approve and implement the Proposal (including the Scheme and the Special Dividend).

The Independent APL Board Committee, having considered the terms of the Proposal (including the Scheme and the Special Dividend), and having taken into account the advice of the Independent APL Financial Adviser, considers that the terms of the Proposal (including the Scheme and the Special Dividend) are fair and reasonable so far as the Disinterested Scheme Shareholders are concerned and recommends the Disinterested Scheme Shareholders to vote in favour of the relevant resolution(s) to be proposed at the Court Meeting and the APL General Meeting to approve and implement the Proposal (including the Scheme and the Special Dividend).

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For AGL and AGL Shareholders

The Total Price comprising the Scheme Consideration payable by the AGL Group and the Special Dividend forgone by the AGL Group, is at a significant premium over the recent trading price of APL Shares. There is a dilemma in every privatisation such as the Proposal. It may first seem unfair to the AGL Group. However, no transaction can be consummated unless it benefits parties on both sides. The AGL Group, though effectively paying a high price for the Scheme Shares in the Proposal, AGL would upon completion of the Proposal acquire a further approximately 25.004% interest in APL at a discount to the consolidated net asset value of APL.

The full consolidation of the shareholding in APL following the completion of the Proposal will enable AGL to maximise the operational and financial control over APL and to allow an overall more efficient and cost-effective organisational structure for AGL. AGL will be able to enjoy the flexibility to manage APL's business and to integrate certain APL's current operations into AGL in the absence of the listing status of APL. Given the increasing administrative and compliance costs for maintaining APL's listing status, the AGL Board considers that the implementation of the Proposal will facilitate AGL to focus its management time and financial resources to the core businesses of APL, and also AGL.

In view of the above, the AGL Directors (excluding the AGL Directors who abstained from voting in the AGL Board, namely Mr. Lee, Mr. Arthur George Dew, Ms. Lee Su Hwei, Mr. Alan Stephen Jones and Mr. David Craig Bartlett) are of the view that the terms of the Proposal are on normal commercial terms and the Proposal is fair and reasonable, and in the interests of AGL and the AGL Shareholders taken as a whole.

INTENTION OF THE OFFEROR WITH REGARD TO THE APL GROUP

It is the intention of the Offeror for the APL Group to maintain its existing business upon the privatisation of APL. The Offeror has no plan to introduce any material changes to the business and/or assets of the APL Group, to redeploy its fixed assets or to discontinue the employment of employees of the APL Group as a result of the Proposal.

As at the Latest Practicable Date, AGL has no intention (i) to alter the listing status of the listed companies in which APL is interested; or (ii) to seek a separate listing of APL and/or its assets following the implementation of the Proposal.

IF THE SCHEME IS NOT APPROVED OR THE PROPOSAL LAPSES

Subject to the requirements of the Takeovers Code, the Proposal will lapse if any of the Conditions has not been fulfilled or waived, as applicable, on or before the Long Stop Date. If the Scheme is not approved or the Proposal otherwise lapses, the listing of APL Shares on the Stock Exchange will not be withdrawn.

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If the Scheme is not approved or the Proposal otherwise lapses, there are restrictions under the Takeovers Code on making subsequent offers, to the effect that neither the Offeror nor any person who acted in concert with it in the course of the Proposal (nor any person who is subsequently acting in concert with any of them) 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 APL, except with the consent of the Executive. The Offeror has indicated that it has no intention to seek such consent.

INFORMATION ON THE OFFEROR

The Offeror is incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of AGL. The principal business activity of the Offeror is investment holding.

None of the directors of the Offeror is materially interested in the Scheme and the Proposal or is required to abstain from voting on the board resolution of the Offeror approving the Scheme and the Proposal under the relevant requirements of the articles of association of the Offeror.

INFORMATION ON AGL

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

The principal business activity of AGL is investment holding. The principal business activities of its major subsidiaries are property investment and development, hospitality related activities, provision of elderly care services, property management, cleaning and security guarding services in Hong Kong, the provision of finance and investments in listed and unlisted securities.

As at the Latest Practicable Date, AGL is beneficially owned as to approximately 74.950% by Lee and Lee Trust (inclusive of Mr. Lee's personal interests), being a discretionary trust.

Interests of the AGL Directors

Notwithstanding the common directorships of Mr. Lee, Mr. Arthur George Dew, Mr. Alan Stephen Jones and Mr. David Craig Bartlett in both AGL and APL, none of the AGL Directors is considered by the AGL Board to be materially interested in the Scheme and the Proposal, or is required to abstain from voting on the board resolution of the AGL approving the Scheme and the Proposal under the relevant requirements of the articles of association of AGL. They have nevertheless voluntarily abstained from voting at the relevant meetings of the AGL Board.

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INFORMATION ON APL

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

The principal business activity of APL is investment holding. The principal business activities of its major subsidiaries are property investment and development, hospitality related activities, the provision of finance and investments in listed and unlisted securities.

As at the Latest Practicable Date, APL is beneficially owned as to approximately 74.996% by AGL.

Your attention is drawn to Appendix I headed “Financial Information of APL Group”, Appendix II headed “Property Valuation Report” and Appendix III headed “General Information” to this Scheme Document.

Interests of the APL Directors

Mr. Steven Samuel Zoellner, being an independent non-executive director of APL, held 22,402 APL Shares (representing approximately 0.001% of the Scheme Shares) as at the Latest Practicable Date and is also a Scheme Shareholder and will be entitled to vote at the Court Meeting and the APL General Meeting.

Notwithstanding his holding of APL Shares disclosed above, Mr. Steven Samuel Zoellner is considered by the APL Board to be interested in the Scheme and the Proposal in the same manner as the other Scheme Shareholders and is therefore not required to abstain from voting on the board resolution of the APL approving the Proposal under the relevant requirements of the articles of association of APL.

Save as disclosed above, notwithstanding the common directorships of Mr. Lee, Mr. Arthur George Dew, Mr. Alan Stephen Jones and Mr. David Craig Bartlett in both AGL and APL, none of the APL Directors is considered by the APL Board to be materially interested in the Scheme and the Proposal, or is required to abstain from voting on the board resolution of the APL approving the Proposal under the relevant requirements of the articles of association of APL. They have nevertheless voluntarily abstained from voting at the relevant meetings of the APL Board.

WITHDRAWAL OF LISTING OF APL SHARES

Upon the Scheme becoming effective, all Scheme Shares will be cancelled (with the equivalent number of new APL Shares being issued as fully paid to the Offeror) and the share certificates for the Scheme Shares will thereafter cease to have effect as documents or evidence of title. APL will make an application for the listing of the APL Shares to be withdrawn from the Stock Exchange in accordance with Rule 6.15(2) of the Listing Rules, with effect from 9:00 a.m. on Monday, 31st August, 2020.

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The Disinterested Scheme Shareholders will be notified by way of an announcement of the exact dates of the last day for dealing in the APL Shares and the day on which the Scheme and the withdrawal of the listing of the APL Shares on the Stock Exchange will become effective.

REGISTRATION AND PAYMENT

Assuming that the Scheme Record Date falls on Wednesday, 26th August, 2020, it is proposed that the register of members of APL will be closed from Monday, 24th August, 2020 (or such other date as APL Shareholders may be notified by an announcement) onwards in order to determine entitlements under the Scheme. In order to qualify for entitlements under the Scheme, holder of Scheme Shares should ensure that the transfers of APL Shares to them are lodged with the APL Share Registrar, namely Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration in their names or in the names of their nominees no later than 4:30 p.m. (Hong Kong time) on Friday, 21st August, 2020.

Upon the Scheme becoming effective, the Total Price (comprising both the Scheme Consideration and the Special Dividend) will be paid to the Scheme Shareholders whose names appear in the register of members of APL on the Scheme Record Date as soon as possible but in any event within seven (7) business days (as defined in the Takeovers Code) following the Effective Date. On the basis that the Scheme becomes effective on Friday, 28th August, 2020, the cheques for the payment of the Total Price are expected to be despatched on or before Tuesday, 8th September, 2020.

Cheques for the payment of the Total Price will be sent by ordinary 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 APL in respect of the joint holding. All such cheques will be posted at the risk of the persons entitled thereto and none of the Offeror, APL, AGL, Yu Ming, the Independent APL Financial Adviser and the APL Share Registrar and their respective directors, employees, officers, agents, advisers, associates and affiliates and any other persons involved in the Proposal shall be responsible for any loss or delay in the despatch of the same.

On or after the day being six calendar months after the posting of the cheques in relation to the Scheme Consideration and the Special Dividend, the Offeror and APL shall have the respective right to cancel or countermand payment of any such cheque relating to the Scheme Consideration and/or the Special Dividend (as the case may be) which has not been cashed or has been returned and shall place all monies represented thereby in the respective deposit account of the Offeror and/or APL (as the case may be) maintained in their respective own name with licensed bank(s) in Hong Kong.

The Offeror and APL shall hold such monies until the expiry of six years from the 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 and APL that they are respectively entitled thereto and the cheques of which they are payees have not been

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cash. Any payments made by the Offeror and APL shall not include any interest accrued on the sums to which the respective persons are entitled pursuant to the Scheme. The Offeror and APL shall exercise their absolute discretion in determining whether or not they are satisfied that any person is so entitled, and a certificate of the Offeror and APL 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 Effective Date, the Offeror and APL shall be released from any further obligation to make any payments under the Scheme and the Offeror and APL shall be absolutely entitled to the balance (if any) of the sums then standing to the credit of the deposit accounts in their respective name, including accrued interest subject to, if applicable, any deduction of interest, tax or any withholding tax or any other deduction required by law and expenses incurred.

Assuming that the Scheme becomes effective, the register of members of APL will be updated accordingly to reflect the cancellation of all the Scheme Shares and all existing certificates for the Scheme Shares will cease to have effect as documents or evidence of title as from the Effective Date, which is expected to be on Friday, 28th August, 2020.

Settlement of the Total Price to which any Scheme Shareholder is entitled will be implemented in full in accordance with the terms of the Proposal 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 Scheme Shareholder.

OVERSEAS APL SHAREHOLDERS

This Scheme Document has been prepared for the purposes of complying with the laws of Hong Kong, the Takeovers Code and the Listing Rules and the information disclosed may not be the same as that which would have been disclosed if this Scheme Document had been prepared in accordance with the laws of jurisdictions outside Hong Kong.

This Scheme Document does not constitute an offer to buy or sell APL Shares or the solicitation of an offer to buy or subscribe for the APL Shares in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction.

The making and implementation of the Proposal to holder of Scheme Shares who are not resident in Hong Kong may be affected by the applicable laws of the relevant jurisdictions in which such holder of Scheme Shares are located. Any holder of Scheme Shares who are not resident in Hong Kong should inform themselves about and observe any applicable legal, tax and regulatory requirements in their own jurisdictions. The Offeror, AGL and APL 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 the Offeror, AGL and APL which is intended to permit a public offering or

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the distribution of this Scheme Document in any jurisdiction (other than Hong Kong) where action for that purpose is required. Accordingly, it is prohibited 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 its content; or (iii) use information contained therein 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 holder of Scheme Shares wishing to take any action in relation to the Proposal to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents, filings and/or registrations which may be required, the compliance with the necessary formalities and the payment of any issue, transfer or other taxes or expenses due from such shareholder in such jurisdiction. The Offeror, AGL and APL expressly decline any liability for breach of any of these restrictions by any persons.

As at the Latest Practicable Date, there were 93 APL Shareholders (representing approximately 1.73% of the total number of the APL Shareholders) whose addresses as shown in the register of members of APL ("**registered addresses**") were outside Hong Kong and those APL Shareholders together held 281,311 APL Shares (representing approximately 0.004% of the total number of shares in issue of APL). Those 93 APL Shareholders included: 11 APL Shareholders whose registered address were in Australia, 22 APL Shareholders whose registered address were in Canada, 5 APL Shareholders whose registered address were in the PRC, 1 APL Shareholder whose registered address was in India, 18 APL Shareholders whose registered address were in Macau, 3 APL Shareholders whose registered address were in Malaysia, 2 APL Shareholders whose registered address were in New Zealand, 10 APL Shareholders whose registered address were in Singapore, 1 APL Shareholder whose registered address was in Thailand, 1 APL Shareholder whose registered address was in Taiwan, 4 APL Shareholders whose registered address were in the United Kingdom and 15 APL Shareholders whose registered address were in the US.

The directors of the Offeror, the AGL Directors and the APL Directors had been advised by the local counsel in the aforementioned jurisdictions 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 APL Shareholders. The Scheme will apply to and this Scheme Document will be despatched to those overseas APL Shareholders.

Any acceptance by the holder of Scheme Shares will be deemed to constitute a representation and warranty from such persons to the Offeror, AGL and APL and their respective advisers, including Yu Ming, and the Independent APL Financial Adviser, that those laws and regulatory requirements have been complied with. If you are in doubt as to your position, you should consult your professional advisers. For the avoidance of doubt, neither HKSCC or HKSCC Nominees will give, or be subject to, the above warranty and representation.

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TAXATION AND INDEPENDENT ADVICE

As the cancellation of the Scheme Shares upon the Scheme becoming effective does not involve the sale and purchase of any Hong Kong stock, no stamp duty will be payable pursuant to the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong) in this respect.

The holder of Scheme Shares, whether in Hong Kong or in other jurisdictions, are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Proposal and, in particular, whether the receipt of the Scheme Consideration and/or the Special Dividend will make them liable to taxation in Hong Kong or in other jurisdictions.

It is emphasised that none of the Offeror, AGL, APL, Yu Ming, the Independent APL Financial Adviser and the APL Share Registrar and their respective directors, employees, officers, agents, advisers, associates and affiliates or any other persons involved in the Proposal accepts responsibility (other than in respect of themselves, if applicable) for any taxation effects on, or liabilities of, any other persons as a result of their approval or rejection, or the implementation, of the Proposal.

COURT MEETING AND APL GENERAL MEETING

The High Court has directed that the Court Meeting be convened for the purpose of considering and, if thought fit, approving the Scheme (with or without modification).

As at the Latest Practicable Date, the Offeror and the Offeror Concert Parties beneficially owned, controlled or had direction over 5,108,911,521 APL Shares, representing approximately 74.996% of the total number of shares in issue of APL. These 5,108,911,521 APL Shares in which the Offeror and the Offeror Concert Parties are interested will not form part of the Scheme Shares and, as such, will not be voted at the Court Meeting.

As at the Latest Practicable Date, Mr. Steven Samuel Zoellner (an independent non-executive director of APL) was holding 22,402 APL Shares (representing approximately 0.001% of the total number of shares in issue of APL). Mr. Steven Samuel Zoellner is also a Scheme Shareholder and will be entitled to vote at the Court Meeting.

Mr. Lee is one of the trustees of Lee and Lee Trust, being a discretionary trust which controlled approximately 74.950% of the total number of issued shares of AGL (inclusive of Mr. Lee's personal interests) and was therefore deemed under the SFO to have an interest in 5,108,911,521 APL Shares (representing approximately 74.996% of the total number of issued shares of APL) in which AGL was interested as at the Latest Practicable Date.

Save as disclosed above, none of the APL Directors was interested in any APL Shares as at the Latest Practicable Date.

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Immediately following the conclusion of the Court Meeting, the APL General Meeting will be held for the purpose of considering and, if thought fit, passing (i) the special resolution to approve and give effect to the Scheme; and (ii) the ordinary resolution to approve the declaration and payment of the Special Dividend.

All APL Shareholders will be entitled to vote on the special resolution to be proposed at the APL General Meeting to approve and give effect to the Scheme, including the approval of the reduction of the issued share capital of APL by cancelling and extinguishing the Scheme Shares and the issue to the Offeror of such number of new APL Shares (credited as fully paid) as is equal to the number of the Scheme Shares cancelled. All APL Shareholders whose names appear in the register of members of APL as at the Meeting Record Date will be entitled to attend and vote in respect of the special resolution to approve and give effect to the Scheme at the APL General Meeting. The Offeror and the Offeror Concert Parties have indicated that, if the Scheme is approved at the Court Meeting, the Offeror and the Offeror Concert Parties will vote in favour of such special resolution to be proposed at the APL General Meeting. Only the Disinterested Scheme Shareholders whose names appear in the register of members of APL as at the Meeting Record Date will be entitled to vote on the ordinary resolution to approve the declaration and payment of the Special Dividend at the APL General Meeting.

As at the Latest Practicable Date, the 5,108,911,521 APL Shares in which the Offeror and the Offeror Concert Parties are interested will not form part of the Scheme Shares and, as such, will not be voted on the ordinary resolution to approve the declaration and payment of the Special Dividend at the APL General Meeting.

Notice of the Court Meeting is set out on pages NCM-1 to NCM-4 of this Scheme Document. The Court Meeting will be held at 10:00 a.m. on Wednesday, 15th July, 2020 at the time and place specified in the notice.

Notice of the APL General Meeting is set out on pages NGM-1 to NGM-4 of this Scheme Document. The APL General Meeting will be held at the same place and on the same date at 10:30 a.m. or, if later, immediately after the conclusion or adjournment of the Court Meeting.

ACTIONS TO BE TAKEN

Actions to be taken by APL Shareholders

For the purpose of determining the entitlements of the holders of Scheme Shares to attend and vote at the Court Meeting and the entitlements of the APL Shareholders to attend and vote at the APL General Meeting, the register of members of APL will be closed from Thursday, 9th July, 2020 to Wednesday, 15th July, 2020 (both days inclusive) and during such period, no transfer of APL Shares will be effected. In order to qualify to attend and vote at the Court Meeting and the APL General Meeting, all transfer forms accompanied by the relevant share certificates must be lodged with the APL Share Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before 4:30 p.m. on Wednesday, 8th July, 2020.

A **pink** form of proxy for use at the **Court Meeting** and a **white** form of proxy for use at the **APL General Meeting** are enclosed with this Scheme Document.

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Whether or not you are able to attend the Court Meeting and/or the APL General Meeting or any adjournment thereof in person, if you are a holder of Scheme Shares, you are strongly urged to complete and sign the enclosed **pink** form of proxy in respect of the Court Meeting, and if you are an APL Shareholder, you are strongly urged to complete and sign the enclosed **white** form of proxy in respect of the APL General Meeting, in accordance with the instructions printed thereon, and to lodge them with the APL Share Registrar 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 not less than 48 hours (exclusive of any part of a day that is a public holiday) before the time appointed for holding the Court Meeting (i.e. on or before Monday, 13th July, 2020 at 10:00 a.m. (Hong Kong time)) or any adjournment thereof, and the **white** form of proxy for use at the APL General Meeting should be lodged not less than 48 hours (exclusive of any part of a day that is a public holiday) before the time appointed for holding the APL General Meeting (i.e. on or before Monday, 13th July, 2020 at 10:30 a.m. (Hong Kong time)) or any adjournment thereof. The completion and return of a form of proxy for the Court Meeting and/or the APL General Meeting will not preclude you from attending and voting in person at the relevant meeting or any adjournment thereof. In the event that you attend and vote at the relevant meeting or any adjournment thereof after having lodged your form of proxy, the returned form of proxy will be deemed to have been revoked by operation of law.

APL Shareholders with their own name registered in the register of members of APL, i.e. holding physical share certificate in their own name, who wish to attend the Court Meeting and/or APL General Meeting by telephone conference are requested to register their interest and provide the following details by email at attendmeeting@aphk.com during the period from the date of this Scheme Document (i.e. Friday, 19th June, 2020) to Monday, 13th July, 2020 at 10:00 a.m. (for Court Meeting) or Monday, 13th July, 2020 at 10:30 a.m. (for APL General Meeting):

1. full name and address (as shown on the mailing label on the envelope of this Scheme Document to APL Shareholders); and
2. contact phone number (for better co-ordination).

APL Shareholders are further reminded that the deadline to submit completed forms of proxy is Monday, 13th July, 2020 at 10:00 a.m. (for Court Meeting) or Monday, 13th July, 2020 at 10:30 a.m. (for APL General Meeting). For APL Shareholders who wish to attend the Court Meeting and/or APL General Meeting by telephone conference and vote, the completed forms of proxy are subject to the same deadline and format, and shall be lodged with the APL Share Registrar at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

If you do not appoint a proxy and you do not attend and vote at the Court Meeting and/or the APL General Meeting, you will still be bound by the outcome of the Court Meeting and/or the APL General Meeting. You are therefore strongly urged to attend and vote at the Court Meeting and/or the APL General Meeting in person or by proxy.

Voting at the Court Meeting and the APL General Meeting will be taken by poll as required under the Listing Rules and the Takeovers Code.

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APL, AGL and the Offeror will make an announcement in relation to the results of the Court Meeting and the APL General Meeting 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 hearing of the petition for the sanction of the Scheme by the High Court, the Effective Date and the date of withdrawal of listing of APL Shares from the Stock Exchange in accordance with the requirements of the Takeovers Code and the Listing Rules.

Actions to be taken by Beneficial Owners whose APL Shares are held by a Registered Owner or deposited in CCASS

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

If you are a Beneficial Owner whose APL Shares are registered in the name of a nominee, trustee, depositary or any other authorised custodian or third party, you 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 APL Shares beneficially owned by you should be voted at the Court Meeting and/or the APL General Meeting.

If you are a Beneficial Owner who wishes to attend the Court Meeting and/or the APL General Meeting personally, you should:

- (i) contact the Registered Owner directly to make the appropriate arrangements with the Registered Owner to enable you to attend and vote at the Court Meeting and/or the APL General Meeting and, for such purpose, the Registered Owner may appoint you as his/her/its proxy; or
- (ii) arrange for some or all of the APL Shares registered in the name of the Registered Owner to be transferred into your own name, if you wish to vote (in person or by proxy) at the Court Meeting and/or the APL General Meeting.

The appointment of a proxy by the Registered Owner at the Court Meeting and/or the APL General Meeting shall be in accordance with all relevant provisions in the articles of association of APL.

In the case of the appointment of a proxy by the Registered Owner, the relevant forms of proxy shall be completed and signed by the Registered Owner and shall be lodged in the manner and no later than the latest time for lodging the relevant forms of proxy as more particularly set out in this Scheme Document.

The completion and return of a form of proxy for the Court Meeting and/or the APL General Meeting will not preclude the Registered Owner from attending and voting in person at the relevant meeting or any adjournment thereof. In the event that the Registered Owner attends and votes at the relevant meeting or any adjournment thereof after having lodged his/her/its forms of proxy, the returned form of proxy will be deemed to have been revoked by operation of law.

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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 APL General Meeting 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 APL General Meeting, such Beneficial Owner should comply with the requirements of such Registered Owner.

If you are a Beneficial Owner whose APL Shares are deposited in CCASS and registered under the name of HKSCC Nominees, you must, unless you are an Investor Participant, contact your broker, custodian, nominee or other relevant person who is, or has, in turn, deposited such APL Shares with, a CCASS participant regarding voting instructions to be given to such persons, or alternatively to arrange for some or all of such APL Shares to be withdrawn from CCASS and transferred into your own name, if you wish to vote in respect of the Scheme. The procedure for voting in respect of the Scheme by the Investor Participants and the Other CCASS Participants with respect to APL Shares registered under the name of HKSCC Nominees shall be in accordance with “An Operating Guide for Investor Participant”, the “General Rules of CCASS” and the “CCASS Operational Procedures” in effect from time to time.

EXERCISE YOUR RIGHT TO VOTE

IF YOU ARE AN APL SHAREHOLDER OR A BENEFICIAL OWNER, THE OFFEROR, AGL AND APL STRONGLY ENCOURAGE YOU TO EXERCISE YOUR RIGHT TO VOTE OR GIVE INSTRUCTIONS TO THE RELEVANT REGISTERED OWNER TO VOTE IN PERSON OR BY PROXY AT THE COURT MEETING AND AT THE APL GENERAL MEETING. IF YOU KEEP ANY APL SHARES IN A SHARE LENDING PROGRAMME, THE OFFEROR, AGL AND APL URGE YOU TO RECALL ANY OUTSTANDING APL SHARES ON LOAN TO AVOID MARKET PARTICIPANTS USING BORROWED STOCK TO VOTE.

IF YOU ARE A REGISTERED OWNER HOLDING APL SHARES ON BEHALF OF BENEFICIAL OWNERS, THE OFFEROR, AGL AND APL WOULD BE GRATEFUL IF YOU WOULD INFORM THE RELEVANT BENEFICIAL OWNERS ABOUT THE IMPORTANCE OF EXERCISING THEIR RIGHT TO VOTE.

IF APPROVED, THE PROPOSAL WILL BE BINDING ON ALL OF THE SCHEME SHAREHOLDERS, IRRESPECTIVE OF WHETHER OR NOT YOU ATTENDED OR VOTED AT THE COURT MEETING OR THE APL GENERAL MEETING.

IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU ARE ENCOURAGED TO CONSULT YOUR LICENSED SECURITIES DEALER OR REGISTERED INSTITUTION IN SECURITIES, BANK MANAGER, SOLICITOR, PROFESSIONAL ACCOUNTANT OR OTHER PROFESSIONAL ADVISER.

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FURTHER INFORMATION

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

APL Shareholders and holder of Scheme Shares should rely only on the information contained in this Scheme Document. None of APL, the Offeror, AGL, Yu Ming, the Independent APL Financial Adviser and the APL 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.

LANGUAGE

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

1. FINANCIAL SUMMARY

Set out below is a summary of the audited consolidated financial information of the APL Group for each of the three years ended 31st December, 2017, 2018 and 2019 are extracted from the annual reports of APL.

Summary Consolidated Statement of Profit or Loss and Other Comprehensive Income

	For the year ended 31st December,		
	2017 HK\$ Million (Audited)	2018 HK\$ Million (Audited)	2019 HK\$ Million (Audited)
Revenue from continuing operations	4,374.3	4,585.2	4,735.9
Profit before taxation from continuing operations	5,589.5	3,492.3	4,229.0
Taxation from continuing operations	(322.0)	(243.9)	(235.2)
Profit for the year from continuing operations	5,267.5	3,248.4	3,993.8
Profit for the year from discontinued operations	–	27.8	111.0
Profit for the year	5,267.5	3,276.2	4,104.8
Profit for the year attributable to owners of APL	3,991.1	2,343.4	2,880.3
Profit for the year attributable to non-controlling interests	1,276.4	932.8	1,224.5
Other comprehensive income (expenses) for the year, net of tax	876.7	(746.6)	(415.9)
Total comprehensive income for the year	6,144.2	2,529.6	3,688.9
Total comprehensive income attributable to owners of APL	4,559.3	1,862.8	2,536.5
Total comprehensive income attributable to non-controlling interests	1,584.9	666.8	1,152.4
	6,144.2	2,529.6	3,688.9
Basic earnings per APL Share from continuing and discontinued operations (HK cents)	58.59	34.40	42.28
Diluted earnings per APL Share from continuing and discontinued operations (HK cents)	58.58	34.39	42.25
Total dividends declared/paid per APL Share (HK cents)	8	8	8

The APL Group's financial statements as at and for each of the three years ended 31 December 2017, 2018 and 2019 have been audited by APL's auditor, Deloitte Touche Tohmatsu, with unqualified and unmodified opinions issued. The APL Group had no items which were exceptional because of size, nature or incidence for the respective financial years and financial period.

The auditors' reports issued by the auditors of APL Group, Deloitte Touche Tohmatsu, in respect of the audited consolidated financial statements of the APL Group for each of the three years ended 31st December, 2017, 2018 and 2019 did not contain any modified opinion, emphasis of matter or material uncertainty related to going concern.

2. CONSOLIDATED FINANCIAL STATEMENTS

APL 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 the audited consolidated financial statements of the APL Group for the years ended 31st December, 2017 (the "**2017 Financial Statements**"), 31st December, 2018 (the "**2018 Financial Statements**") and 31st December, 2019 (the "**2019 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 2017 Financial Statements are set out on pages 114 to 289 of the 2017 annual report of APL Group (the "**2017 Annual Report**"), which was published on 20th April, 2018. The 2017 Annual Report is posted on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and APL (<http://www.alliedproperties.com.hk>), and is accessible via the following hyperlinks:

<https://doc.irasia.com/listco/hk/alliedproperties/annual/ar192883-ew00056ar.pdf>

<https://www1.hkexnews.hk/listedco/listconews/sehk/2018/0420/ltn20180420757.pdf>

The 2018 Financial Statements are set out on pages 123 to 337 of the 2018 annual report of APL Group (the "**2018 Annual Report**"), which was published on 17th April, 2019. The 2018 Annual Report is posted on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and APL (<http://www.alliedproperties.com.hk>), and is accessible via the following hyperlinks:

<https://doc.irasia.com/listco/hk/alliedproperties/annual/ar210201-ew00056.pdf>

<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0417/ltn20190417768.pdf>

The 2019 Financial Statements are set out on pages 147 to 369 of the 2019 annual report of APL Group (the "**2019 Annual Report**"), which was published on 27th April, 2020. The 2019 Annual Report is posted on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and APL (<http://www.alliedproperties.com.hk>), and is accessible via the following hyperlinks:

<https://doc.irasia.com/listco/hk/alliedproperties/annual/ar228731-ew00056.pdf>

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0427/2020042701082.pdf>

The 2017 Financial Statements, 2018 Financial Statements and the 2019 Financial Statements (but not any other part of the 2017 Annual Report, 2018 Annual Report and 2019 Annual Report in which they respectively appear) are incorporated by reference into this Scheme Document and form part of this Scheme Document.

3. INDEBTEDNESS STATEMENT

As at the close of business on 30th April, 2020, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this Scheme Document, APL Group had outstanding borrowings of approximately HK\$20,419.2 million, comprising of: (i) secured and guaranteed bank loans of approximately HK\$3,555.2 million; (ii) unsecured and guaranteed bank loans of approximately HK\$1,693.9 million; (iii) unsecured and unguaranteed bank loans of approximately HK\$6,936.6 million; (iv) unsecured and unguaranteed other borrowings of approximately HK\$62.1 million; (v) unsecured and unguaranteed loan from an associate of approximately HK\$5.7 million; (vi) unsecured and unguaranteed loan from a joint venture of approximately HK\$40.0 million; (vii) unsecured and guaranteed notes of approximately HK\$8,043.4 million and (viii) unsecured and guaranteed commercial paper of approximately HK\$82.3 million. APL Group's secured borrowings were secured by charges over the following assets of the APL Group including investment properties, hotel property, bank deposits and bank balances together with certain securities in respect of a listed subsidiary held by the APL Group.

APL Group recognised right-of-use assets and corresponding lease liabilities in respect of all leases unless they qualify for low value or short-term lease. The lease liabilities represent obligation to make lease payment for right of using underlying assets. As at 30th April, 2020, APL Group had lease liabilities of approximately HK\$110.3 million of which (i) approximately HK\$102.0 million were secured by rental deposits and unguaranteed and (ii) approximately HK\$8.3 million were unsecured and unguaranteed.

APL Group had contingent liabilities relating to guarantees to a joint venture in the amount of approximately HK\$103.4 million and an independent third party of approximately HK\$430.3 million respectively.

Foreign currency amounts have been translated into Hong Kong dollars at the rates of exchange prevailing at the close of business on 30th April, 2020.

Save as aforesaid and apart from intra-group liabilities and normal trade payables in the normal course of business, at the close of business on 30th April, 2020, APL Group did not have any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

4. MATERIAL CHANGE

The APL Directors confirm that save as disclosed below, there has been no material change in the financial or trading position or outlook of the APL Group since 31st December, 2019, being the date to which the latest audited consolidated financial statements of the APL Group were made up, up to and including the Latest Practicable Date:

As stated in the 2019 Annual Report, the outbreak of coronavirus disease (COVID-19) in 2020 has put significant pressure on the global and local economy as well as on APL Group's principal businesses. Although recently Hong Kong reported single-digit or zero COVID-19 cases daily, the APL Board considers it difficult to estimate how long it may take for COVID-19 to be contained globally, and the time needed thereafter for global and local economic recovery. The APL Board expects that under the current situation, the APL Group's core recurring income will likely be affected in 2020, but the scale of such is not yet known. Notwithstanding that several United Asia Finance Limited (an indirect non wholly-owned subsidiary of APL) ("UAF") branches in the PRC were closed in accordance with quarantine measures and their business was disrupted during such period, after these branches reopened, the business and loan books of UAF have been slightly impacted. On the other hand, for UAF's business in Hong Kong, the travel bans, social distancing orders and mandatory business closures may likely produce increased unemployment and in turn affect the credit quality of consumer finance loans, which may lead to rising delinquencies and slower loan origination, and hence pressure on the APL Group's consumer finance business.

The APL Group's investment and finance business, which is mainly carried out by Sun Hung Kai & Co. Limited (an indirect non wholly-owned subsidiary of APL) ("SHK"), has also felt the impact of the falling market. SHK has been managing its investment portfolio with prudence under these challenging market conditions and will continue to evaluate market conditions and seek to capture opportunities prudently.

In terms of its property and related businesses, the APL Board expects that the increased vacancy rates of residential, commercial and retail sectors of the local property market and the decreased rental rates in Hong Kong as a result of the outbreak of COVID-19 may put short-term pressure on the local property business of the APL Group in 2020. Meanwhile, although the PRC property market is expected to be weak in the short term, the APL Board considers that when the spread of COVID-19 slows down, the property market in the PRC should stabilise and hence may offset the unfavourable impact of COVID-19 on the APL Group's property business in the PRC in the first quarter of 2020.

The following is the text of a letter, summary of valuations and valuation report prepared for the purpose of incorporation in this Scheme Document received from Norton Appraisals Holdings Limited, an independent property valuer, in connection with its opinion of value of the property interests of the Group as at 30th April, 2020.



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

19th June, 2020

The Directors
Allied Properties (H.K.) Limited
22/F., Allied Kajima Building
138 Gloucester Road
Wanchai
Hong Kong

Dear Sirs,

In accordance with the instructions from Allied Properties (H.K.) Limited (hereinafter referred to as the “**Company**”) and its subsidiaries (hereinafter together referred to as the “**Group**”) for us to value the properties held by the Group located in the Hong Kong Special Administrative Region (hereinafter referred to as “**Hong Kong**”), the People’s Republic of China (hereinafter referred to as the “**PRC**”) and overseas (as more particularly described in the attached summary of values) (hereinafter referred to as the “**Properties**”), we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for providing you with our opinion of values of the Properties as at 30th April, 2020 (hereinafter referred to as the “**Date of Valuation**”) for public documentation purpose.

Our valuations are our opinion of values of the Properties on the basis of “Market Value” which we would define as intended to mean “the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion”.

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

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

In the course of our valuations, we have relied on the advice given by the Group and its legal adviser on PRC laws, 廣東瀛尊律師事務所 (Guang Dong Ying Zun Law Firm) (the “**PRC Legal Adviser**”) for the titles to each of the Properties in the PRC.

In valuing the property interests in Groups I, IV and VI (except property no. 30) which are held for investment in Hong Kong, the PRC and Overseas, we have adopted the Investment Approach by capitalising the net income derived from the existing leases at appropriate capitalisation rates. Unit rentals refer to lettings of relevant comparable rental evidence of properties of similar use type subject to appropriate adjustments. The capitalisation rates adopted in our valuations are based on our analyses of the yields of properties of similar use type after due adjustments including but not limited to location, accessibility, age, quality, size, time, configuration and other relevant factors. The capitalisation rates adopted in our valuations are based on our analyses of the market yields for similar property type after due adjustments. Such capitalisation rates are estimated by reference to the yields generally expected by the market for comparable properties of similar use type. The capitalisation rates adopted are reasonable and in line with the market norm having regard to the analysed yields implied in comparable transactions of the relevant use type. We have also cross-checked our valuations by making reference to comparable sales evidence as available in the relevant market.

In valuing the property interests under Group II which is held under owner-operated in Hong Kong, Groups III and V which are held for owner-occupied in Hong Kong and the PRC and property no. 30 of Group VI which is currently a vacant land, we have adopted the Direct Comparison Approach by making reference to comparable transactions as available in the relevant markets.

We have relied to a considerable extent on the information provided by the Group and have accepted advice on such matters as planning approvals, statutory notices, easements, tenures, completion dates of buildings, particulars of occupancy, tenancy summaries, site and floor areas and all other relevant matter in the identification of the Properties and relevant information from our consultant, Whitney & Associates, for property no. 30 located in USA.

We have inspected the exterior and wherever possible, the interior of the properties. The site inspections of the properties in Hong Kong and the PRC were carried out in January 2020 by Paul Wong (MHKIS, RPS (G.P.), MCIREA), Oliver Pan (CFA, FRM) and Keith Wong (holder of Bachelor degree in Accounting and Finance) of our Hong Kong Office. The site inspections of the properties in the UK and USA were carried by Paul Wong in December 2019 and Stephen L. Small of Whitney & Associates (holder of Bachelor of Science Agricultural Development and Associate’s Degree in Real Estate) in April 2020 respectively. We have confirmed with the Company that there is no material change to the Properties between the dates of our inspection and the Date of Valuation.

We have not carried out detailed measurement to verify the correctness of the areas in respect of the Properties but have assumed that the areas shown on the title documents handed to us are correct. All documents and contracts have been used as reference only

and all dimensions, measurements and areas are approximations. In the course of our inspections, we did not notice serious defects. However, no structural survey has been made and we are therefore unable to report whether the Properties are free of rot, infestation or any other structural defects. No tests have been carried out on any of the services.

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

As advised by the Group, the potential tax liabilities which will arise on direct disposal of the property interests held by Group at the amounts valued by us mainly comprise the followings:

Hong Kong properties

- Profits tax at 16.5% on gain
- Stamp duty at progressive rates ranging from 1.5% to 8.5% on the transaction amount

PRC properties

- Value added tax (“VAT”) at 5% on the transaction amount
- Land appreciation tax rates ranging from 30% to 60% on the net appreciation amount
- Corporate income tax rates ranging from 15% to 25% on gain
- Stamp duty at 0.05% on the transaction amount
- Other surcharge at approximately 12% VAT payable

US property

- Federal and State Corporate income tax rate at approximately 21% on gain

UK property

- Corporation tax rate at 19% on gain

In respect of the properties (Groups I – VI) held by the Group, the likelihood of the relevant potential tax liabilities being crystallised is remote as the Group has no plans for sale of such properties.

We confirm that the valuations are undertaken in accordance with the requirements set out in Rule 11 of the Code on Takeovers and Mergers published by the Securities and Futures Commission, Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited published by The Stock Exchange of Hong Kong Limited, and the HKIS Valuation Standards 2017 Edition issued by The Hong Kong Institute of Surveyors.

Unless otherwise stated, all sums stated in our valuations are in Hong Kong dollars. The exchange rates adopted in our valuations are approximately RMB1 = HKD1.0997, US\$1 = HKD7.751, GBP1 = HKD9.693 which were approximately the prevailing exchange rates as at the Date of Valuation.

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

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

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

Note: Mr. Paul M. K. Wong is a Registered Professional Surveyor who has more than 29 years' experience in valuation of properties in Hong Kong, Macau & the PRC and 15 years' experience in valuation of properties in overseas.

SUMMARY OF VALUES

Property	Market value in existing state as at 30th April, 2020 HK\$	Interest attributable to the Group (%)	Market value in existing state attributable to the Group as at 30th April, 2020 HK\$	
Group I – Property interests held for investment by the Group in Hong Kong				
1	Apartments 1 on 1st to 10th Floors, Apartments 2 on 1st to 6th Floors of Block A and 34 Car Parking Spaces on the Podium Upper Level of Park Place, No. 7 Tai Tam Reservoir Road, Island South, Hong Kong	1,192,000,000	100	1,192,000,000
2	The Remaining Portion of Lot No. 285 in Demarcation District 446, (also known as Allied Cargo Centre), Nos. 150-164 Texaco Road, Tsuen Wan, New Territories	1,348,000,000	100	1,348,000,000
3	House No. 2 and Garden, Terrace and Swimming Pool and Other Area, No. 60 Plantation Road, The Peak, Hong Kong	506,000,000	100	506,000,000
4	House No. 2, Palm Drive, The Redhill Peninsula, Site D, No. 18 Pak Pat Shan Road, Tai Tam, Hong Kong	81,400,000	100	81,400,000
5	79 Car Parking Spaces on Carpark Levels 1 and 2, The Redhill Peninsula, Phase IV, No. 18 Pak Pat Shan Road, Tai Tam, Hong Kong	60,800,000	100	60,800,000
6	House No. 168, Cedar Drive (also known as House T17), The Redhill Peninsula-Site B, No. 18 Pak Pat Shan Road, Tai Tam, Hong Kong	84,000,000	100	84,000,000
7	China Online Centre, No. 333 Lockhart Road, Wanchai, Hong Kong	2,908,000,000	100	2,908,000,000
8	49 residential units and 12 duplex units together with 69 car parking spaces of St. George Apartments, No. 81 Waterloo Road, Ho Man Tin, Kowloon	1,699,000,000	100	1,699,000,000

Property	Market value in existing state as at 30th April, 2020 HK\$	Interest attributable to the Group (%)	Market value in existing state attributable to the Group as at 30th April, 2020 HK\$
9 Shops 1 to 5 on Ground Floor, Flat A on 15th, 17th and 25th Floors, Flats A, B and C on 21st, 22nd, 26th and 27th Floors, Flat C on 23rd and 25th Floors, Orchid Court, No. 38 Tung On Street, Yau Ma Tei, Kowloon	102,000,000	100	102,000,000
10 The whole of 22nd Floor, No. 9 Queen's Road Central, Hong Kong	508,000,000	100	508,000,000
11 Suite 3306 on 33rd Floor, J Residence, No. 60 Johnston Road, Wan Chai, Hong Kong	9,000,000	100	9,000,000
12 7 Staff Quarters at levels 7, 8 and 9 in the podium of Tregunter, No. 14 Tregunter Path, Hong Kong	31,800,000	100	31,800,000
13 The whole of 4th Floor of Tower II including Portion of the Roof of Podium, Admiralty Centre, No. 18 Harcourt Road, Admiralty, Hong Kong	178,000,000	62.45	111,161,000
14 The whole of 8th Floor of Tower II, Admiralty Centre, No. 18 Harcourt Road, Admiralty, Hong Kong	328,000,000	62.45	204,836,000
15 The whole of 11th Floor of Tower II, Admiralty Centre, No. 18 Harcourt Road, Admiralty, Hong Kong	346,000,000	62.45	216,077,000
16 Office Nos. 2201, 2201A and 2202 on 22nd Floor of Tower I, Admiralty Centre, No. 18 Harcourt Road, Admiralty, Hong Kong	378,000,000	62.45	236,061,000
Sub-total:	9,760,000,000		9,298,135,000

Property	Market value in existing state as at 30th April, 2020 HK\$	Interest attributable to the Group (%)	Market value in existing state attributable to the Group as at 30th April, 2020 HK\$
Group II – Property interest held under owner-operated by the Group in Hong Kong			
17 Ibis Hong Kong North Point, No. 138 Java Road, North Point, Hong Kong	455,000,000	100	455,000,000
Sub-total:	455,000,000		455,000,000
Group III – Property interest held for owner-occupied by the Group in Hong Kong			
18 Penthouse (Triplex) No. C and Car Parking Space Nos. 11, 12 and 13 on Level 3 of Tower 3, Tregunter, No. 14 Tregunter Path, Mid-Levels, Hong Kong	248,000,000	100	248,000,000
Sub-total:	248,000,000		248,000,000
Group IV – Property interests held for investment by the Group in the PRC			
19 8 units in Block 2 (Chongqing Tian An Cyber Park), No. 101 Cuibai Road, Chunhuilu Street, Dadukou District, Chongqing, the PRC	27,500,000	39.18	10,774,500
20 10 units in Block 2-2 of Phase II of Tian An Cyberpark, north-east of the junction between Liukou Road and Lifeng Road, Zhangjiawo Town, Xiqing District, Tianjin, the PRC	15,200,000	39.18	5,955,360
Sub-total:	42,700,000		16,729,860

Property	Market value in existing state as at 30th April, 2020 HK\$	Interest attributable to the Group (%)	Market value in existing state attributable to the Group as at 30th April, 2020 HK\$	
Group V – Property interests held for owner-occupied by the Group in the PRC				
21	8 units in Phase II of Tian An Innovation Science and Technology Plaza, Shenzhen Tian An Cyber Park, Futian District, Shenzhen, Guangdong Province, the PRC	125,800,000	39.18	49,288,440
22	6 units in Tower B, the Shuncheng Office, Shuncheng Street, Wuhua District, Kunming, Yunnan Province, the PRC	27,900,000	39.18	10,931,220
23	2 units in Block 6, No. 160 Zhengyang Road, Chengyang District, Qingdao, Shandong Province, the PRC	23,900,000	39.18	9,364,020
24	15 units of No. 99 Wuyi Road, Yuzhong District, Chongqing, the PRC	33,700,000	39.18	13,203,660
25	12 units in Block 1 of No. 25 Fuqing Road Er Duan, Chenghua District, Chengdu, Sichuan Province, the PRC	23,300,000	39.18	9,128,940
26	2 units in Block 1 of Yao Peng Ming Zhu, Yunling Road, Creative Industrial Park, Dali City, Yunnan Province, the PRC	6,000,000	39.18	2,350,800
27	15 units in Tower B, Optics Valley International Plaza, No. 889, Luoyu Road, East Lake High-Tech Development Zone, Wuhan, Hubei Province, the PRC	19,500,000	39.18	7,640,100
28	8 units of No. 43, Beizhan Yi Road, Shenhe District, Shenyang, Laoning Province, the PRC	29,100,000	39.18	11,401,380
29	10 units in Tower 1, Huaqiang Plaza, No. 157 Shanda Road, Lixia District, Jinan, Shandong Province, the PRC	29,000,000	39.18	11,362,200
	Sub-total:	318,200,000		124,670,760

Property	Market value in existing state as at 30th April, 2020 HK\$	Interest attributable to the Group (%)	Market value in existing state attributable to the Group as at 30th April, 2020 HK\$
Group VI – Property interests held for investment by the Group in Overseas			
30 A 3,428.650-acre vacant tract of land located as in the Abstract 37, H. Jackson Survey, Tracts 1C-1, 1C-2, 4A, 5B, 5½, 6, 7, 10, 10A, 10B, 17C, 18, 18A, 19, 22, 40, 41, 41D and A-383, W. Wilson Survey, Tracts 1A, 1B, 1C and 1N, Harris County, Texas, USA	272,400,000	100	272,400,000
31 Cannongate House, 62-64 Cannon Street, London, EC4N 6AE, the United Kingdom	197,700,000	100	197,700,000
Sub-total:	470,100,000		470,100,000
Grand Total:	11,294,000,000		10,612,635,620

VALUATION REPORT

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

Property	Description and Tenure	Particulars of Occupancy	Market value in Existing state as at 30th April, 2020
1	<p>Apartments 1 on 1st to 10th Floors, Apartments 2 on 1st to 6th Floors of Block A and 34 Car Parking Spaces on the Podium Upper Level of Park Place, No. 7 Tai Tam Reservoir Road, Island South, Hong Kong</p> <p>Certain parts or shares of and in Rural Building Lot No. 1055 (the "Lot")</p> <p>The property falls within a traditional luxury residential area in Hong Kong Island.</p> <p>The Lot is held under Conditions of Sale No. 11536 for a term of 75 years from 28th August, 1981 renewable for a further term of 75 years.</p> <p>The government rent payable for the Lot is HK\$1,000 per annum.</p>	<p>Except for 1 apartment having a gross floor area of 2,338 sq.ft. is vacant, the remaining apartment portion with 17 car parking spaces are leased to various tenants with the latest residential tenancy expiring on 19th April, 2022 yielding a total monthly rental of HK\$1,602,300.</p> <p>14 car parking spaces are subject to various tenancies at a total monthly rental of HK\$50,500 whilst the remaining car parking spaces are vacant.</p>	<p>HK\$1,192,000,000</p> <p>(100% interest attributable to the Group : HK\$1,192,000,000)</p>

Notes:

- (i) The registered owner of the property is Sierra Joy Limited, a wholly-owned subsidiary of the Company, vide Memorial Nos. UB2887556 and UB3519234 dated 10th September, 1985 and 30th September, 1987 respectively.
- (ii) 34 Car Parking Spaces comprises Nos. 1-10, 11, 13, 15-17, 20, 34, 35, 39, 40, 42, 54-57, 61, 75, 80-85 and 113 on the Podium Upper Level of the Development.
- (iii) The property is subject to the following encumbrances:
 - (a) Legal Charge in favour of Fubon Bank (Hong Kong) Limited to secure all moneys in respect of general banking facilities vide Memorial No. 11111602510466 dated 28th October, 2011.
 - (b) Assignment of rent in favour of Fubon Bank (Hong Kong) Limited vide Memorial No. 1111160251047 dated 28th October, 2011.
- (iv) In valuing the property, we have assumed unit rents from about HK\$45 to HK\$47 per sq.ft. per month and have assumed capitalisation rate of 1.8% per annum.

Property	Description and Tenure	Particulars of Occupancy	Market value in Existing state as at 30th April, 2020	
2	<p>The Remaining Portion of Lot No. 285 in Demarcation District 446, (also known as Allied Cargo Centre), Nos. 150-164 Texaco Road, Tsuen Wan, New Territories</p> <p>The Remaining Portion of Lot No. 285 in Demarcation District 446 (the "Lot")</p>	<p>Allied Cargo Centre is a 26-storey godown building together with 9 container parking spaces, 14 lorry parking spaces and 24 private car/ van parking spaces on the Ground Floor and 1st Floor respectively, the property was completed in about 1991 with ceiling height of 16 feet and floor loading capacity of 300 lbs. per sq.ft.</p> <p>The total gross floor area of the property is approximately 501,530 sq.ft. (46,593.27 sq.m.) plus flat roofs of approximately 15,590 sq.ft. (1,448.35 sq.m.).</p> <p>The property falls within a traditional industrial area in Tsuen Wan District.</p> <p>Lot No. 285 is held under New Grant No. 3906 for a term of 99 years less the last three days from 1st July, 1898, which is statutorily extended to 30th June, 2047.</p> <p>The annual government rent is 3% of the rateable value from time to time of the Lot.</p>	<p>The property is let under various tenancies and licences yielding a total monthly income of HK\$4,369,230. The majority of the tenancies are for 3 years with the latest expiry date on 30th September, 2022.</p>	<p>HK\$1,348,000,000</p> <p>(100% interest attributable to the Group : HK\$1,348,000,000)</p>

Notes:

- (i) The registered owner of the property is San Pack Properties Limited, a wholly-owned subsidiary of the Company, vide Memorial No. TW571699 dated 1st March, 1989.
- (ii) The property is subject to a Legal Charge in favour of Wing Hang Bank Limited (renamed as OCBC Wing Hang Bank Limited) vide Memorial No. TW1450289 dated 11th January, 2002.
- (iii) In valuing the property, we have assumed unit rents from about HK\$3 to HK\$9 per sq.ft. per month and have assumed capitalisation rate of 4.25% per annum.

Property	Description and Tenure	Particulars of Occupancy	Market value in Existing state as at 30th April, 2020
3 House No. 2 and Garden, Terrace and Swimming Pool and Other Area, No. 60 Plantation Road, The Peak, Hong Kong	The property comprises a 5-storey detached house completed in 1993.	The property is currently vacant.	HK\$506,000,000
½th equal and undivided share of and in Rural Building Lot No. 139	The gross floor area of the property is approximately 6,882 sq.ft. (639.36 sq.m.) with carport, garden/ terrace and roofs of approximately 2,967 sq.ft. (275.64 sq.m.), 5,064 sq.ft. (470.46 sq.m.) and 787 sq.ft. (73.11 sq.m.) respectively. Rural Building Lot No. 139 is held under a Government Lease for a term of 75 years from 21st August, 1916 renewed for a further term of 75 years. The property falls within a traditional luxury residential area in Hong Kong Island. The government rent payable for Rural Building Lot No. 139 is HK\$120,600 per annum.		(100% interest attributable to the Group : HK\$506,000,000)

Notes:

- (i) The registered owner of the subject property is Hillcrest Development Limited, a wholly-owned subsidiary of the Company, vide Memorial No. UB4345735 dated 2nd February, 1990.
- (ii) The property is subject to the following encumbrances:
 - (a) Mortgage in favour of Public Bank (Hong Kong) Limited for all moneys dated 29th August, 2018; and
 - (b) Rental Assignment in favour of Public Bank (Hong Kong) Limited dated 29th August, 2018.
- (iii) In valuing the property, we have assumed unit rent of about HK\$74 per sq.ft. per month and have assumed capitalisation rate of 1.2% per annum.

Property	Description and Tenure	Particulars of Occupancy	Market value in Existing state as at 30th April, 2020
4 House No. 2, Palm Drive, The Redhill Peninsula Site D, No. 18 Pak Pat Shan Road, Tai Tam, Hong Kong	The property is a 3-storey semi-detached house within the development known as "The Redhill Peninsula" which was completed in 1990.	The property is subject to a tenancy for a term of 2 years expiring on 31st August, 2020 at a monthly rent of HK\$148,000.	HK\$81,400,000 (100% interest attributable to the Group : HK\$81,400,000)
60/9,100th equal and undivided shares of and in Section A of Rural Building Lot No. 1050	<p>The gross floor area of the property is approximately 3,082 sq.ft. (286.33 sq.m.) with yard, carport and roof of approximately 2,192 sq.ft. (203.64 sq.m.), 805 sq.ft. (74.79 sq.m.) and 207 sq.ft. (19.23 sq.m.) respectively.</p> <p>The property falls within a traditional luxury residential area in Hong Kong Island.</p> <p>Rural Building Lot No. 1050 is held under Conditions of Sale No. 11461 for a term of 75 years from 2nd January, 1981 renewable for a further term of 75 years.</p> <p>The government rent payable for Rural Building Lot No. 1050 is HK\$1,000 per annum.</p>		

Notes:

- (i) The registered owner of the property is Mightyton Limited, a wholly-owned subsidiary of the Company, vide Memorial No. 05080401760011 dated 16th July, 2005.
- (ii) The property is subject to the following encumbrances:
 - (a) Legal Charge in favour of Fubon Bank (Hong Kong) Limited for all moneys vide Memorial No. 05080401760036 dated 20th July, 2005; and
 - (b) Assignment of Rent in favour of Fubon Bank (Hong Kong) Limited vide Memorial No. 05080401760046 dated 20th July, 2005.
- (iii) In valuing the property, we have assumed unit rent of HK\$44 per sq.ft. per month and have assumed capitalisation rate of 2.0% per annum.

Property	Description and Tenure	Particulars of Occupancy	Market value in Existing state as at 30th April, 2020
5	79 Car Parking Spaces on Carpark Levels 1 and 2, The Redhill Peninsula, Phase IV, No. 18 Pak Pat Shan Road, Tai Tam, Hong Kong	The property comprises a total of 79 car parking spaces in a 2-storey car parking podium of Phase IV of a development known as "The Redhill Peninsula", which includes ten 5 to 18-storey residential buildings completed in 1992.	HK\$60,800,000
	Certain parts or shares of and in the Remaining Portion of Rural Building Lot No. 1050	The property falls within a traditional luxury residential area in Hong Kong Island. Rural Building Lot No. 1050 is held under Conditions of Sale No. 11461 for a term of 75 years from 2nd January, 1981 renewable for a further term of 75 years. The government rent payable for Rural Building Lot No. 1050 is HK\$1,000 per annum.	(100% interest attributable to the Group : HK\$60,800,000)

Notes:

- (i) The registered owner of the property is Mightyton Limited, a wholly-owned subsidiary of the Company, vide Memorial No. UB4089710 dated 22nd May, 1989.
- (ii) The property comprises Car Parking Spaces Nos. 20, 21, 24 to 33, 41 to 47, 173 to 205, 239 to 247 and 271 to 276 on Carpark Level 1 and 45 to 48, 160, 162, 229, 230, 232, 234, 239 and 242 on Carpark Level 2 of the development.
- (iii) In valuing the property, we have assumed monthly rent of HK\$2,400/each space and have assumed capitalisation rate of 3.75% per annum.

Property	Description and Tenure	Particulars of Occupancy	Market value in Existing state as at 30th April, 2020
6 House No. 168, Cedar Drive (also known as House T17), The Redhill Peninsula-Site B, No. 18 Pak Pat Shan Road, Tai Tam, Hong Kong	The property comprises a 3-storey semi-detached house within the development known as "The Redhill Peninsula" which was completed in 1990.	The property is subject to a tenancy for a term of 2 years plus one month expiring on 9th July, 2020 at a monthly rental of HK\$110,000.	HK\$84,000,000 (100% interest attributable to the Group : HK\$84,000,000)
60/3,580th equal and undivided shares of and in Section C of Rural Building Lot No. 1050	<p>The gross floor area of the property is approximately 3,339 sq.ft. (310.20 sq.m.) with garden, yard, carport and flat roof of approximately 1,395 sq.ft. (129.60 sq.m.), 1,357 sq.ft. (126.07 sq.m.), 277 sq.ft. (25.73 sq.m.) and 1,476 sq.ft. (137.13 sq.m.) respectively.</p> <p>The property falls within a traditional luxury residential area in Hong Kong Island.</p> <p>Rural Building Lot No. 1050 is held under Conditions of Sale No. 11461 for a lease term of 75 years from 2nd January, 1981 renewable for a further term of 75 years.</p> <p>The government rent payable for Rural Building Lot No. 1050 is HK\$1,000 per annum.</p>		

Notes:

- (i) The registered owner of the property is Kalix Investment Limited, a wholly-owned subsidiary of the Company, vide Memorial No. UB7235892 dated 6th August, 1997.
- (ii) The property is subject to the following encumbrances:
 - (a) Legal Charge to secure general banking facilities in favour of International Bank of Asia Limited (renamed as Fubon Bank (Hong Kong) Limited) for all moneys vide Memorial No. UB8841112 dated 6th December, 2002; and
 - (b) Assignment of Rent in favour of International Bank of Asia Limited (renamed as Fubon Bank (Hong Kong) Limited) vide Memorial No. UB8841113 dated 6th December, 2002.
- (iii) In valuing the property, we have assumed unit rent of HK\$42 per sq.ft. per month and have assumed capitalisation rate of 2.0% per annum.

Property	Description and Tenure	Particulars of Occupancy	Market value in Existing state as at 30th April, 2020
7	China Online Centre, No. 333 Lockhart Road, Wanchai, Hong Kong	China Online Centre is a 47-storey (4/F, 13/F, 14/F, 24/F, 34/F and 44/F omitted) composite commercial/ office building with 60 car parking spaces completed in about 2000.	HK\$2,908,000,000
	Section A of Sub-section 1 of Section A, the Remaining Portion of Section B of Sub-section 1 of Section A, Section C of Sub-section 1 of Section A, the Remaining Portion of Sub-section 1 of Section A and the Remaining Portion of Sub-section 2 of Section A of Marine Lot No. 439;	The total gross floor area of the property is approximately 168,783 sq.ft. (15,680.32 sq.m.) (excluding Gross Floor Area of car parking spaces).	(100% interest attributable to the Group : HK\$2,908,000,000)
	Sub-section 1 of Section A, Sub-section 2 of Section A, Sub-section 4 of Section A, Section A of Sub-section 1 of Section B, the Remaining Portion of Sub-section 1 of Section B, the Remaining Portion of Section B, the Remaining Portion of Sub-section 1 of Section J and the Remaining Portion of Sub-section 3 of Section A of Marine Lot No. 440 (the "Lots")	The locality of the property is characterized by a mixture of commercial and residential developments of various ages. The Lots are held under two Government Leases for common terms of 99 years both commencing from 1st July, 1927 renewable for a further term of 99 years. The government rent payable for the Lots is HK\$112.59 per annum.	

Notes:

- (i) The registered owner of the property is Jaffe Development Limited, a wholly-owned subsidiary of the Company, vide Memorial Nos. UB6328459 and UB6328460 both dated 30th May, 1995.
- (ii) The property is subject to a Legal Charge in favour of OCBC Wing Hang Bank Limited vide Memorial No. 15030602080041 dated 11th February, 2015.
- (iii) In valuing the property, we have assumed unit rents from about HK\$35 to HK\$43 per sq.ft. per month and have assumed capitalisation rates from 2.75% to 3.00% per annum.

Property	Description and Tenure	Particulars of Occupancy	Market value in Existing state as at 30th April, 2020
8	49 residential units and 12 duplex units together with 69 car parking spaces of St. George Apartments, No. 81 Waterloo Road, Ho Man Tin, Kowloon	The property comprises a total of 61 residential units and 69 car parking spaces on various levels in a 25-storey residential building erected upon a 8-storey podium consisting of carparking, club house and refuge floors. The building was completed in 2002.	HK\$1,699,000,000
Certain parts or shares of and in the Remaining Portion of Section H of Kowloon Inland Lot No. 2657 (the "Lot")	The total gross floor area of the property (exclusive of car parking spaces) is approximately 110,731 sq.ft. (10,287.16 sq.m.). The property falls within a traditional residential area in Kowloon. The Lot is held under Conditions of Sale No. 3121 for a term of 75 years commencing on 16th November, 1931 renewable for a further term of 75 years. The government rent payable for the Lot is HK\$950,130 per annum.	Except for 8 residential units having a gross floor area of 20,046 sq.ft. are vacant, the remaining residential portion of the property with 55 car parking spaces are subject to various tenancies/ licences yielding a total monthly rental of HK\$2,480,800 with the latest expiring on 6th August, 2022. 5 car parking spaces are subject to various monthly tenancies yielding a total monthly rental of HK\$15,000 whilst the remaining car parking spaces are vacant.	(100% interest attributable to the Group : HK\$1,699,000,000)

Notes:

- (i) The registered owner of the subject property is AP Diamond Limited, a wholly-owned subsidiary of the Company, vide Memorial No. UB7285549 dated 12th September, 1997.
- (ii) The property comprises residential Units A on 9th to 12th, 15th to 22nd, 25th to 27th Floors, Units B on 9th to 12th, 15th to 20th, 22nd to 23rd and 27th Floors, Units C on 15th, 18th, 20th to 23rd and 25th to 27th Floors, Units D on 12th, 15th to 23rd, 26th and 27th Floors and Duplex Units A, B, C and D on 28th Floor and Duplex Units A, B, C and D on 30th Floor and 32nd Floor of the Building.
- (iii) The property comprises Car Parking Space Nos. P2-P4, P6-P19 and P21 on Level 1; Nos. P1-P23 and P25-P27 on Level 2; Nos. P1, P11-P16, P21-P23, P25 and P27 on Level 3 and Nos. P1-P3 and P5-P14 on Level 4 of the Building.
- (iv) The property is subject to the following encumbrances:
 - (a) Mortgage to Secure General Banking Facilities in favour of Bank of China (Hong Kong) Limited to whatever extent vide Memorial No. UB8700783 dated 29th May, 2002; and
 - (b) Assignment of Rentals in favour of Bank of China (Hong Kong) Limited vide Memorial No. 19100402470106 dated 17th September, 2019.
- (v) In valuing the property, we have assumed unit rents from about HK\$27 to HK\$31 per sq.ft. per month and have assumed capitalisation rate of 2.5% per annum.

Property	Description and Tenure	Particulars of Occupancy	Market value in Existing state as at 30th April, 2020
9 Shops 1 to 5 on Ground Floor, Flat A on 15th, 17th and 25th Floors, Flats A, B and C on 21st, 22nd, 26th and 27th Floors, Flat C on 23rd and 25th Floors, Orchid Court, No. 38 Tung On Street, Yau Ma Tei, Kowloon	Orchid Court is a 25-storey composite building with shops on the Ground Floor, podium garden on 1st Floor and 3 domestic units on each of 2nd to 27th Floors (excluding 4th, 14th and 24th Floors) completed in 1997. The property comprises 5 shops (shops 1-5) on ground floor and 17 residential units within the development having a total gross floor area of approximately 10,222 sq.ft. (949.65 sq.m.).	Except unit nos. 22C and 26B, having a total gross floor area of 933 sq.ft, are vacant, the remaining portion of the property is subject to various tenancies with the latest tenancy expiring on 31st December, 2021 yielding a total monthly rental of HK\$254,900.	HK\$102,000,000 (100% interest attributable to the Group : HK\$102,000,000)
Certain parts or shares of and in the Remaining Portions of Sub-sections 1 and 3 of Section E of Kowloon Marine Lot No. 84, the Remaining Portions of Sub-sections 1 and 2 of Section G of Kowloon Marine Lot No. 84 and the Remaining Portion of Section E of Kowloon Marine Lot No. 84 (the "Lots")	The locality of the property is characterized by a mixture of commercial and residential developments of various ages. The Lots are held under a Government Lease for a term of 75 years from 18th September, 1899 renewed for a further term of 75 years. The government rent payable for the Lots is HK\$178,706 per annum.		

Notes:

- (i) The registered owner of the property is Alaston Development Limited, a wholly-owned subsidiary of the Company, vide Memorial No. UB6965159 dated 21st April, 1994.
- (ii) In valuing the property, we have assumed unit rents from about HK\$23 to HK\$35 per sq.ft. per month and have assumed capitalisation rates from 3.25% to 3.50% per annum.

Property	Description and Tenure	Particulars of Occupancy	Market value in Existing state as at 30th April, 2020
10 The whole of 22nd Floor, No. 9 Queen's Road Central, Hong Kong	"No. 9 Queen's Road Central" is a 34-storey grade A commercial building plus a level of basement completed in 1991.	The property is subject to 4 separate tenancies for terms of 2 to 3 years with the latest expiring on 20th February, 2022 yielding a total monthly rental of HK\$1,130,154.	HK\$508,000,000
Certain parts or shares of and in the Remaining Portion of Section A of Marine Lot No. 102, Section C of Marine Lot No. 103, the Remaining Portion of Inland Lot No. 514 and Section A, Section B, the Remaining Portion of Section C and the Remaining Portion of Marine Lot No. 101 (the "Lots")	The property comprises the whole of 22nd Floor of the building with a total gross floor area of the property is approximately 13,741 sq.ft. (1,276.57 sq.m.). The property falls within the Central Business District in Hong Kong Island. Marine Lot Nos. 101, 102 and 103 are held under three Government Leases for common terms of 999 years both from 16th November, 1855. Inland Lot No. 514 is held under a Government Lease for a term of 999 years from 21st January, 1857. The government rent payable for the Lots is HK\$97.47.		(100% interest attributable to the Group : HK\$508,000,000)

Notes:

- (i) The registered owner of the subject property is Gilmore Limited, a wholly-owned subsidiary of the Company, vide Memorial No. UB8351631 dated 15th March, 2001.
- (ii) The property is subject to the following encumbrances:
 - (a) Mortgage in favour of Taipei Fubon Commercial Bank Co., Ltd., Hong Kong Branch vide Memorial No. 19071002470193 dated 26th June, 2019; and
 - (b) Assignment of Rental and Sales Proceeds in favour of Taipei Fubon Commercial Bank Co., Ltd., Hong Kong Branch vide Memorial No. 19071002470200 dated 26th June, 2019.
- (iii) In valuing the property, we have assumed unit rent of HK\$77 per sq.ft. per month and have assumed capitalisation rate of 2.5% per annum.

Property	Description and Tenure	Particulars of Occupancy	Market value in Existing state as at 30th April, 2020
11 Suite 3306 on 33rd Floor, J Residence, No. 60 Johnston Road, Wan Chai, Hong Kong	The property comprises a residential unit of a 30-storey residential building built over commercial accommodation completed in about 2007.	The property is subject to a tenancy for a term of 2 year expiring on 4th February, 2022 at a monthly rent of HK\$23,000.	HK\$9,000,000
39/23,005th equal and undivided shares of and in Inland Lot No. 8997 (the "Lot")	<p>The gross floor area of the property is approximately 49.70 sq.m. (535 sq.ft.).</p> <p>The locality of the property is characterized by a mixture of commercial and residential developments of various ages.</p> <p>The Lot is held under Conditions of Exchange No. UB12663 for a term of 50 years from 13th July, 2004.</p> <p>The annual government rent is 3% of the rateable value from time to time of the Lot.</p>		(100% interest attributable to the Group : HK\$9,000,000)

Notes:

- (i) The registered owner of the property is Mainford Investment Limited, a wholly-owned subsidiary of the Company, vide Memorial No. 08052800240125 dated 19th May, 2008.
- (ii) In valuing the property, we have assumed unit rent of HK\$42 per sq.ft. per month and have assumed capitalisation rate of 3.0% per annum.

Property	Description and Tenure	Particulars of Occupancy	Market value in Existing state as at 30th April, 2020
12 7 Staff Quarters at levels 7, 8 and 9 in the podium of Tregunter, No. 14 Tregunter Path, Hong Kong	Tregunter (the "Development") comprises 3 residential buildings erected over a common podium and car parking podium completed in 1981 (Tower 1 and Tower 2) and 1993 (Tower 3). A residents' club house and various recreational facilities are provided with in the Development.	2 units of the property are currently subject to a monthly licence at a total monthly licence fee of HK\$10,000 whilst the remaining units are vacant.	HK\$31,800,000 (100% interest attributable to the Group : HK\$31,800,000)
7/12,659th equal and undivided share of and in Inland Lot No. 1929, Inland Lot No. 1627 and the Extension thereto, the Remaining Portion of Inland Lot No. 8306 and the Remaining Portion of Inland Lot No. 1626	The property comprises 7 Staff Quarters at levels 7, 8 and 9 in the podium of the Development with a total saleable area approximately of 4,079.71 sq.ft. (379.01 sq.m.). Details of the area breakdown are listed as follows:		
	Approximately Saleable Area (sq.ft.)		
	1 Staff Quarter at level 7	433.12	
	2 Staff Quarters at level 8	1,292.31	
	4 Staff Quarters at level 9	<u>2,354.28</u>	
		<u>4,079.71</u>	
	The property falls within a traditional luxury residential area in Hong Kong Island.		
	Inland Lot No. 1929 is held under a Government Lease for a term of 75 years from 2nd September, 1912 renewed for a further term of 75 years.		

Property	Description and Tenure	Particulars of Occupancy	Market value in Existing state as at 30th April, 2020
	Inland Lot Nos. 1626 and 1627 and the Extension Thereto are held under two Government Leases for common terms of 75 years from 4th February, 1901 renewed for a further term of 75 years.		
	Inland Lot No. 8306 is held under a Government Lease for a term of 999 years from 31st May, 1898.		
	The total government rent payable for Inland Lot No. 1929, Inland Lot Nos. 1626 and 1627 and the Extension Thereto and Inland Lot No. 8306 is HK\$741,254 per annum.		

Notes:

- (i) The registered owner of the property is Front Sail Limited, a wholly-owned subsidiary of the Company, vide Memorial No. UB5342853 dated 16th June, 1992.
- (ii) Pursuant to the Occupation Permit No. H71/81 issued by Building Authority on 10th June, 1981, the property is permitted for domestic use.
- (iii) The property is subject to a Deed of Mutual Covenant vide Memorial No. UB2265643 dated 13th October, 1981.
- (iv) In valuing the property, we have assumed unit rents from about HK\$15 to HK\$17 per sq.ft. per month and have assumed capitalisation rate of 2.5% per annum.

Property	Description and Tenure	Particulars of Occupancy	Market value in Existing state as at 30th April, 2020
13 The whole of 4th Floor of Tower II including Portion of the Roof of Podium, Admiralty Centre, No. 18 Harcourt Road, Admiralty, Hong Kong 337/227,600th equal and undivided shares of and in Inland Lot No. 8423 (the "Lot")	Admiralty Centre comprises two office towers erected over a 4-storey commercial podium which was completed in 1980. The property comprises the entire office space on the 4th floor and portion of the roof of Podium of Tower II within the development. The property has a saleable area of approximately 5,208 sq.ft. (483.84 sq.m.) and a flat roof area of approximately 13,910 sq.ft. (1,292.28 sq.m.). The property falls within the traditional Central Business District in Hong Kong Island. Inland Lot No. 8423 is held under Conditions of Grant No. 11226 for a term of 75 years from 18th August, 1978 renewable for a further term of 75 years. The government rent payable for the Lot is HK\$1,000 per annum.	The property is subject to a tenancy for a term of 2 years expiring on 15th June, 2022 at a monthly rent of HK\$311,100.	HK\$178,000,000 (62.45% interest attributable to the Group : HK\$111,161,000)

Notes:

- (i) The registered owner of the property is Texgulf Limited, a 62.45% interest-owned subsidiary of the Company, vide Memorial No. UB2059320 dated 24th March, 1981.
- (ii) In valuing the property, we have assumed unit rent of HK\$50 per sq.ft. per month and have assumed capitalisation rate of 2.1% per annum.

Property	Description and Tenure	Particulars of Occupancy	Market value in Existing state as at 30th April, 2020
14 The whole of 8th Floor of Tower II, Admiralty Centre, No. 18 Harcourt Road, Admiralty, Hong Kong	Admiralty Centre comprises two office towers erected over a 4-storey commercial podium which was completed in 1980.	The property is subject to a tenancy for a term of 3 years expiring on 16th March, 2021 at a monthly rental of HK\$586,000.	HK\$328,000,000 (62.45% interest attributable to the Group : HK\$204,836,000)
1,235/227,600th shares of and in Inland Lot No. 8423 (the "Lot")	<p>The property comprises the entire office space on 8th floor of Tower II within the development. The property has a saleable floor area of approximately 8,880 sq.ft. (824.97 sq.m.).</p> <p>The property falls within the traditional Central Business District in Hong Kong Island.</p> <p>Inland Lot No. 8423 is held under Conditions of Grant No. 11226 for a term of 75 years from 18th August, 1978 renewable for a further term of 75 years.</p> <p>The government rent payable for the Lot is HK\$1,000 per annum.</p>		

Notes:

- (i) The registered owner of the property is Admiralty Eight Limited, a 62.45% interest-owned subsidiary of the Company, vide Memorial No. 16062901030039 dated 1st June, 2016.
- (ii) The property is subject to Mortgage in favour of Public Bank (Hong Kong) Limited for all monies vide Memorial No. 16090901370095 dated 31st August, 2016.
- (iii) The property is subject to Assignment of Rental in favour of Public Bank (Hong Kong) Limited vide Memorial No. 16090901370100 dated 31st August, 2016.
- (iv) In valuing the property, we have assumed unit rent of HK\$54 per sq.ft. per month and have assumed capitalisation rate of 2.1% per annum.

Property	Description and Tenure	Particulars of Occupancy	Market value in Existing state as at 30th April, 2020
15 The whole of 11th Floor of Tower II, Admiralty Centre, No. 18 Harcourt Road, Admiralty, Hong Kong	Admiralty Centre comprises two office towers erected over a 4-storey commercial podium which was completed in 1980.	The property is subject to a tenancy for a term of 3 years expiring on 30th June, 2021 at a monthly rental of HK\$611,000.	HK\$346,000,000 (62.45% interest attributable to the Group : HK\$216,077,000)
1,246/227,600th shares of and in Inland Lot No. 8423 (the "Lot")	<p>The property comprises the entire office space on 11th floor of Tower II within the development. The property has a saleable floor area of approximately 8,880 sq.ft. (824.97 sq.m.).</p> <p>The property falls within the traditional Central Business District in Hong Kong Island.</p> <p>Inland Lot No. 8423 is held under Conditions of Grant No. 11226 for a term of 75 years from 18th August, 1978 renewable for a further term of 75 years.</p> <p>The government rent payable for the Lot is HK\$1,000 per annum.</p>		

Notes:

- (i) The registered owner of the property is Admiralty Eleven Limited, a 62.45% interest-owned subsidiary of the Company, vide Memorial No. 16062901030060 dated 1st June, 2016.
- (ii) The property is subject to a mortgage in favour of Public Bank (Hong Kong) Limited for all money vide Memorial No. 16090901370116 dated 31st August, 2016.
- (iii) The property is subject to Assignment of Rental in favour of Public Bank (Hong Kong) Limited vide Memorial No. 16090901370124 dated 31st August, 2016.
- (iv) In valuing the property, we have assumed unit rent of HK\$57 per sq.ft. per month and have assumed capitalisation rate of 2.1% per annum.

Property	Description and Tenure	Particulars of Occupancy	Market value in Existing state as at 30th April, 2020										
16 Office Nos. 2201, 2201A and 2202 on 22nd Floor of Tower I, Admiralty Centre, No. 18 Harcourt Road, Admiralty, Hong Kong	Admiralty Centre comprises two office towers erected over a 4-storey commercial podium which was completed in 1980.	The property is subject to a tenancy for a term of 3 years expiring on 31st March, 2022 at a monthly rental of HK\$646,800.	HK\$378,000,000 (62.45% interest attributable to the Group : HK\$236,061,000)										
1,390/227,600th shares of and in Inland Lot No. 8423 (the "Lot")	The property comprises three office units on 22nd floor of Tower I within the development. The property has a total saleable area of approximately 9,002 sq.ft. (836.32 sq.m.) and the breakdown is listed as follows:												
	<table border="1"> <thead> <tr> <th>Unit</th> <th>Saleable Area (sq.ft.)</th> </tr> </thead> <tbody> <tr> <td>2201</td> <td>3,038</td> </tr> <tr> <td>2201A</td> <td>1,487</td> </tr> <tr> <td>2202</td> <td>4,477</td> </tr> <tr> <td>Total:</td> <td><u>9,002</u></td> </tr> </tbody> </table>	Unit	Saleable Area (sq.ft.)	2201	3,038	2201A	1,487	2202	4,477	Total:	<u>9,002</u>		
Unit	Saleable Area (sq.ft.)												
2201	3,038												
2201A	1,487												
2202	4,477												
Total:	<u>9,002</u>												
	The property falls within the traditional Central Business District in Hong Kong Island.												
	Inland Lot No. 8423 is held under Conditions of Grant No. 11226 for a term of 75 years from 18th August, 1978 renewable for a further term of 75 years.												
	The government rent payable for the Lot is HK\$1,000 per annum.												

Notes:

- (i) The registered owner of the property is Yee Li Ko Investment Limited, a 62.45% interest-owned subsidiary of the Company, vide Memorial Nos. UB8203614 dated 5th September, 2000, UB8723486 dated 10th June, 2002 and UB5770117 dated 28th July, 1993 respectively.
- (ii) The property is subject to Legal Charge to secure general banking facilities (part of) in favour of Wing Hang Bank Limited (renamed as OCBC Wing Hang Bank Limited) vide Memorial No. 07082400990029 dated 25th July, 2007.
- (iii) The property is subject to Assignment of Rental in favour of OCBC Wing Hang Bank Limited vide Memorial No. 16091501790040 dated 2nd September, 2016.
- (iv) In valuing the property, we have assumed unit rent of HK\$64 per sq.ft. per month and have assumed capitalisation rate of 2.1% per annum.

Group II – Property interest held under owner-operated by the Group in Hong Kong

Property	Description and Tenure	Particulars of Occupancy	Market value in Existing state as at 30th April, 2020
17	Ibis Hong Kong North Point, No. 138 Java Road, North Point, Hong Kong	“Ibis Hong Kong North Point” is a 29-storey hotel development accommodating a total of 275 guestrooms completed in 2 phases in 2000 and 2004 respectively.	HK\$455,000,000
	The Remaining Portion of Section I of Inland Lot No. 3540, the Remaining Portion of Sub-Section 3 of Section I of Inland Lot No. 3540, the Remaining Portion of Section H of Inland Lot No. 3540, the Remaining Portion of Sub-Section 4 of Section H of Inland Lot No. 3540 and the Remaining Portion of Sub-Section 5 of Section H of Inland Lot No. 3540	The total gross floor area of the property is approximately 73,462 sq.ft. (6,824.79 sq.m.). The total floor area of the back of the house facilities is approximately 2,539 sq.ft. (235.88 sq.m.). The locality of the property characterized by a mixture of commercial and residential developments of various ages. Inland Lot No. 3540 is held under a Government Lease for a term of 75 years from 12th June, 1933 renewed for a further term of 75 years. The government rent payable for Inland Lot No. 3540 is HK\$61,932 per annum.	(100% interest attributable to the Group : HK\$455,000,000)

Notes:

- (i) The registered owner of the subject property is Ontone Limited, a wholly-owned subsidiary of the Company.
- (ii) Pursuant to the Hotel Management Agreement for a term of 15 years commencing on 1st January, 2019 dated 31st December, 2018 entered between Ontone Limited and AAPC Hotel Management Limited (the “Operator”), the Operator is entitled to receive a incentive fee equal to 4.4% of the Adjusted Gross Operating Profit which is the Gross Operating Profit for a Fiscal Year minus Reserve for FF&E, Rent & Rates and Insurance – General, of the hotel.
- (iii)
 - (a) Mortgage in favour of Bank of China (Hong Kong) Limited dated 28th January, 2019; and
 - (b) Assignment of Rental and Sales Proceeds in favour of Bank of China (Hong Kong) Limited dated 28th January, 2019.
- (iv) In the course of our valuation, we have made reference to various relevant comparable properties which have characteristics comparable to the property. The unit rates of these comparable properties range from about HK\$8,400 to HK\$18,000/sq.ft.. The unit rate adopted is consistent with the relevant comparables after due adjustments have been made to reflect the differences between the property and the comparables including location, size, quality, floor differences and other relevant characteristics etc.

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

Property	Description and Tenure	Particulars of Occupancy	Market value in Existing state as at 30th April, 2020
18 Penthouse (Triplex) No. C and Car Parking Space Nos. 11, 12 and 13 on Level 3 of Tower 3, Tregunter, No. 14 Tregunter Path, Mid-Levels, Hong Kong	Tower 3, Tregunter (the “Development”) is a 56-storey residential building erected over a common podium and car parking podium completed in about 1993. A residents’ club house and various recreational facilities are provided within the Development.	The property is subject to a tenancy for a term of 2 years expiring on 14th February, 2022 at a monthly rental of HK\$326,000.	HK\$248,000,000 (100% interest attributable to the Group : HK\$248,000,000)
Certain parts or shares of and in Inland Lot No. 1929, Inland Lot No. 1627 and the Extension thereto, the Remaining Portion of Inland Lot No. 8306 and the Remaining Portion of Inland Lot No. 1626	<p>The property comprises a triplex apartment unit together with 3 car parking spaces with a total gross floor area of approximately 8,018 sq.ft. (744.90 sq.m.) plus a flat roof of approximately 1,178 sq.ft. (109.44 sq.m.).</p> <p>The property falls within a traditional luxury residential area in Hong Kong Island.</p> <p>Inland Lot No. 1929 is held under a Government Lease for a term of 75 years from 2nd September, 1912 renewed for a further term of 75 years.</p> <p>Inland Lot Nos. 1626 and 1627 and the Extension Thereto are held under two Government Leases for common terms of 75 years from 4th February, 1901 renewed for a further term of 75 years.</p> <p>Inland Lot No. 8306 is held under a Government Lease for a term of 999 years from 31st May, 1898.</p> <p>The total government rent payable for Inland Lot No. 1929, Inland Lot Nos. 1626 and 1627 and the Extension Thereto and Inland Lot No. 8306 is HK\$741,254 per annum.</p>		

Notes:

- (i) The registered owner of the property is Best Melody Development Limited, a wholly-owned subsidiary of the Company, vide Memorial No. UB8561783 dated 3rd December, 2001.
- (ii) In the course of our valuation, we have made reference to various relevant comparable properties which have characteristics comparable to the property. The unit rates of these comparable properties range from about HK\$20,000 to HK\$29,000/sq.ft.. The unit rate adopted is consistent with the relevant comparables after due adjustments have been made to reflect the differences between the property and the comparables including location, size, quality, floor differences and other relevant characteristics etc.

Group IV – Property interests held for investment by the Group in the PRC

	Property	Description and Tenure	Particulars of Occupancy	Market value in Existing state as at 30th April, 2020
19	8 units in Block 2 (Chongqing Tian An Cyber Park), No. 101 Cuibai Road, Chunhuilu Street, Dadukou District, Chongqing, the PRC	<p>Chongqing Tian An Cyber Park (the “Development”) comprises, having a total site area of approximately 357,768 sq.m., a comprehensive residential/ industrial/ ancillary office composite development with a total gross floor area of approximately 894,881.91 sq.m..</p> <p>The property comprises 8 industrial units (Units 19-1 to 19-4, and 20-1 to 20-4) in Block 2 of the Development with a total gross floor area of 2,977.54 sq.m. completed in about 2012.</p> <p>The property is located in Dadukou District and the surrounding area comprises industrial and commercial developments.</p> <p>The land use rights of the property have been granted for a term expiring on 28th February, 2061 for industrial use.</p>	Unit 19-4 of the property, having a gross floor area of 374.89 sq.m., is currently subject to a tenancy expiring on 30th November, 2022 at a monthly rental of RMB11,246.70 whilst the remaining portion is vacant.	HK\$27,500,000 (39.18% interest attributable to the Group : HK\$10,774,500)

Notes:

- (i) Pursuant to eight Certificates for Real Estate Ownership Nos. 102 Fang Di Zheng 2014 Nos.07350, 07351, 07354, 07357, 07358, 07340, 07344 and 07348 dated 25th June, 2014, the titles of the property with a total gross floor area of 2,977.54 sq.m., have been granted to 亞聯財信息諮詢(深圳)有限公司 (UA Financial Consultancy (Shenzhen) Limited, a wholly foreign-owned enterprise, (referred to as “UAFSZ”), a subsidiary of the Company which was effectively owned as to 62.74% by Sun Hung Kai & Co. Limited which in turn was effectively owned as to 62.45% by the Company as at 30th April, 2020, for industrial use and expiring on 28th February, 2061.
- (ii) Pursuant to the Business Licence No. 440301503286244 dated 19th February, 2014, UAFSZ has been established commencing from 9th March, 2007.
- (iii) The opinion of the Group’s legal adviser on PRC law, Guangdong Ying Zun Law Firm, states that:
- According to the Certificates of Real Estate Ownership, UAFSZ has the land use rights of the subject property, with total gross floor area of 2,977.54 sq.m., for a term expiring on 28th February, 2061 for industrial use.
 - UAFSZ is in possession of a proper legal title to the property and is freely transferable by way of transfer, mortgage or letting.
 - The property is free from mortgage and other encumbrances.
 - The existing tenancy is valid and legally binding.
- (iv) In valuing the property, we have assumed unit rent of RMB35 per sq.m. per month and have assumed capitalisation rate of 5.0% per annum.

Property	Description and Tenure	Particulars of Occupancy	Market value in Existing state as at 30th April, 2020
20	10 units in Block 2-2 of Phase II of Tian An Cyberpark, north-east of the junction between Liukou Road and Lifeng Road, Zhangjiawo Town, Xiqing District, Tianjin, the PRC	<p>Tianjin Tian An Cyberpark (the "Development") comprises, having a total site area of approximately 217,407.5 sq.m., a comprehensive industrial composite development.</p> <p>The property comprises 10 units (Units 1001 to 1010) in Block 2-2 of the Development with a total gross floor area of 2,040.48 sq.m..</p> <p>The property is located in Xiqing District and the surrounding area comprises industrial and commercial developments.</p> <p>The land use rights of the property have been granted for a term expiring on 27th December, 2060 for industrial use.</p>	<p>Units 1005-1010 of the property, having a total gross floor area of 1,204.34 sq.m, are subject to two tenancies both expiring on 31st August, 2025 yielding a total current monthly rent of RMB6,022 whilst the remaining portion is vacant.</p> <p>HK\$15,200,000 (39.18% interest attributable to the Group : HK\$5,955,360)</p>

Notes:

- (i) Pursuant to ten Certificates for Real Estate Ownership No. Fang Di Zheng Jin Nos. 111021508263, 111021508264, 111021508170, 111021508348, 111021508265, 111021508266, 111021508267, 111021508236, 111021508268 and Jin (2016) Xi Qing Qu Real Estate Title No. 1022386, the titles of the property with a total gross floor area of 2,040.48 sq.m., have been granted to 亞聯財信息諮詢(深圳)有限公司 (UA Financial Consultancy (Shenzhen) Limited, a wholly foreign-owned enterprise, (referred to as "UAFSZ")), a subsidiary of the Company which was effectively owned as to 62.74% by Sun Hung Kai & Co. Limited which in turn was effectively owned as to 62.45% by the Company as at 30th April, 2020, for non-residential use.
- (ii) Pursuant to the Business Licence No. 440301503286244 dated 19th February, 2014, UAFSZ has been established commencing from 9th March, 2007.
- (iii) The opinion of the Group's legal adviser on PRC law, Guangdong Ying Zun Law Firm, states that:
- According to the Certificates of Real Estate Ownership, UAFSZ has the land use rights of the subject property, with total gross floor area of 2,040.48 sq.m., for a term expiring on 27th December, 2060 for industrial use.
 - UAFSZ is in possession of a proper legal title to the property and is freely transferable by way of transfer, mortgage or letting.
 - The property is free from mortgage and other encumbrances.
 - The existing tenancies are valid and legally binding.
- (iv) In valuing the property, we have assumed unit rent of RMB28 per sq.m. per month and have assumed capitalisation rate of 4.75% per annum.

Group V – Property interests held for owner-occupied by the Group in the PRC

Property	Description and Tenure	Particulars of Occupancy	Market value in Existing state as at 30th April, 2020
21	8 units in Phase II of Tian An Innovation Science and Technology Plaza, Shenzhen Tian An Cyber Park, Futian District, Shenzhen, Guangdong Province, the PRC	Tian An Innovation Science and Technology Plaza (the “Development”) comprises, having a site area of 273,527 sq.m., various industrial/office buildings, cyber-technology buildings, residential premises, apartments, multi-function clubhouse and technical service centre. The property comprises 4 industrial units on 20/F (Units 2001 to 2003, and 2005) in Eastern Block and 4 industrial units on 20/F (Units 2001 to 2003, and 2005) in Western Block of Phase II of the Development with a total gross floor area of approximately 3,812.66 sq.m. and completed in 2005. The property is located in Futian District and the surrounding area comprises industrial and commercial developments. The land use rights of the property have been granted for a term of 50 years from 10th September, 2002 to 9th September, 2052 for industrial use.	The property is currently owner-occupied by the Group. HK\$125,800,000 (39.18% interest attributable to the Group : HK\$49,288,440)

Notes:

- (i) Pursuant to eight Certificates for Real Estate Ownership No. 【Shen Fang Di Nos. 3000510323, 3000510324, 3000514858, 3000514859, 3000514860, 3000514861, 3000514862 and 3000514863】 dated 8th April, 2008, the title of the property with a total gross floor area of 3,812.66 sq.m., is vested in 亞聯財信息諮詢(深圳)有限公司 (UA Financial Consultancy (Shenzhen) Limited, a wholly foreign-owned enterprise, (referred to as “UAFSZ”), a subsidiary of the Company which was effectively owned as to 62.74% by Sun Hung Kai & Co. Limited which in turn was effectively owned as to 62.45% by the Company as at 30th April, 2020, for industrial use.
- (ii) Pursuant to the Business Licence No. 440301503286244 dated 19th February, 2014, UAFSZ has been established commencing from 9th March, 2007.
- (iii) The opinion of the Group’s legal adviser on PRC law, Guangdong Ying Zun Law Firm, states that:
 - (a) According to the Certificates of Real Estate Ownership, UAFSZ has the land use rights of the subject property, with total gross floor area of 3,812.66 sq.m., for a term of 50 years commencing from 10th September, 2002 for industrial use.
 - (b) UAFSZ is in possession of a proper legal title to the property and is freely transferable by way of transfer, mortgage or letting.
 - (c) The property is free from mortgage and other encumbrances.
- (iv) In the course of our valuation, we have made reference to various relevant comparable properties which have characteristics comparable to the property. The unit rates of these comparable properties range from about RMB28,000 to RMB32,000/sq.m.. The unit rate adopted is consistent with the relevant comparables after due adjustments have been made to reflect the differences between the property and the comparables including location, size, quality, floor differences and other relevant characteristics etc.

	Property	Description and Tenure	Particulars of Occupancy	Market value in Existing state as at 30th April, 2020
22	6 units in Tower B , the Shuncheng Office, Shuncheng Street, Wuhua District, Kunming, Yunnan Province, the PRC	<p>Tower B of the Shuncheng Office (the "Development") comprises a 26-storey office building on top of a 3-level basement.</p> <p>The property comprises 6 office units (Units 1001 to 1006) on 10th Floor of the Development with a total gross floor area of approximately 1,237.47 sq.m..</p> <p>The property is located in Wuhan District and the surrounding area comprises industrial and commercial developments.</p> <p>The land use rights of the property have been granted for a term expiring on 31st August, 2046, for commercial/service use.</p>	The property is currently owner-occupied by the Group.	<p>HK\$27,900,000</p> <p>(39.18% interest attributable to the Group : HK\$10,931,220)</p>

Notes:

- (i) Pursuant to six Certificates for Building Ownership Nos. 【Kun Fang Quan Zheng (Kunming City) Nos. 2013103409, 2013103474, 2013103475, 2013103476, 2013103568 and 2013103569】 dated 4th December, 2013, the titles of the property with a total gross floor area of 1,237.47 sq.m. have been granted to 亞聯財信息諮詢(深圳)有限公司 (UA Financial Consultancy (Shenzhen) Limited, a wholly foreign-owned enterprise, (referred to as "UAFSZ")), a subsidiary of the Company which was effectively owned as to 62.74% by Sun Hung Kai & Co. Limited which in turn was effectively owned as to 62.45% by the Company as at 30th April, 2020, for office use.
- (ii) Pursuant to six Certificates for Stated-owned Land Use Rights Nos. Kun Wu Ge Guo Yong (2014) Nos. 000010692 to 000010697 dated 5th March, 2014, the land use rights of the property having a total site area of 119.41 sq.m. are vested in UAFSZ for commercial service use, expiring on 31st August, 2046.
- (iii) Pursuant to the Business Licence No. 440301503286244 dated 19th February, 2014, UAFSZ has been established commencing from 9th March, 2007.
- (iv) The opinion of the Group's legal adviser on PRC law, Guangdong Ying Zun Law Firm, states that:
 - (a) According to the Certificates for Building Ownership and State-owned Land Use Rights, UAFSZ has the land use rights of the subject property, with total gross floor area of 1,237.47 sq.m., for a term expiring on 31st August, 2046 for commercial/service uses.
 - (b) UAFSZ is in possession of a proper legal title to the property and is freely transferable by way of transfer, mortgage or letting.
 - (c) The property is free from mortgage and other encumbrances.
- (v) In the course of our valuation, we have made reference to various relevant comparable properties which have characteristics comparable to the property. The unit rates of these comparable properties range from about RMB18,000 to RMB28,000/sq.m.. The unit rate adopted is consistent with the relevant comparables after due adjustments have been made to reflect the differences between the property and the comparables including location, size, quality, floor differences and other relevant characteristics etc.

Property	Description and Tenure	Particulars of Occupancy	Market value in Existing state as at 30th April, 2020
23	2 units in Block 6, No. 160 Zhengyang Road, Chengyang District, Qingdao, Shandong Province, the PRC	The property comprises 2 commercial units (Units 301 and 401) in Block 6 of No. 160 Zhengyang Road with a total gross floor area of 1,317.37 sq.m. and completed in 2012 and 2014. The property is located in Chenyang District and the surrounding area comprises industrial and commercial developments. The land use rights of the property have been granted for a term expiring on 11th May, 2046 for servicing/commercial use.	HK\$23,900,000 (39.18% interest attributable to the Group : HK\$9,364,020)

Notes:

- (i) Pursuant to a Certificate for Real Estate Ownership No. Qing Fang Di Quan Shi No.201465131 dated 5th June, 2014, the title for unit 401 of the property with a gross floor area of 608.43 sq.m. have been granted to 亞聯財信息諮詢(深圳)有限公司 (UA Financial Consultancy (Shenzhen) Limited, a wholly foreign-owned enterprise, (referred to as "UAFSZ")), a subsidiary of the Company which was effectively owned as to 62.74% by Sun Hung Kai & Co. Limited which in turn was effectively owned as to 62.45% by the Company as at 30th April, 2020, for commercial use and expiring on 11th May, 2046.
- (ii) Pursuant to a Certificate for Real Estate Ownership No. Lu (2019) Qingdao City Chengyang District Real Estate Title No. 0002970 dated 30th January, 2019, the title for unit 301 of the property, having a gross floor area of 708.94 sq.m., have been granted to 青島亞聯財小額貸款有限公司 (United Asia Finance (Qingdao) Limited (referred to as "UAFQ")), a 39.18% interest-owned subsidiary of the Company, for 商服/商業 (servicing/commercial) uses with the land use rights upto 11th May, 2046.
- (iii) Pursuant to the Business Licence No. 440301503286244 dated 19th February, 2014, UAFSZ has been established commencing from 9th March, 2007.
- (iv) Pursuant to the Business Licence No. 91370214086454176B dated 4th December 2015, UAFQ has been established on 23rd December 2013 and the operation paid is from 23rd December 2013 to 23rd December 2033.
- (v) The opinion of the Group's legal adviser on PRC law, Guangdong Ying Zun Law Firm, states that:
- According to the Certificates of Real Estate Ownership, 亞聯財信息諮詢(深圳)有限公司 has the land use rights of the subject property, with total gross floor area of 1,317.37 sq.m., for a term expiring on 11th May, 2046 for commercial use.
 - UAFSZ and UAFQ are in possession of the proper legal title to the property and are freely transferable by way of transfer, mortgage or letting.
 - The property is free from mortgage and other encumbrances.
- (vi) In the course of our valuation, we have made reference to various relevant comparable properties which have characteristics comparable to the property. The unit rates of these comparable properties range from about RMB13,000 to RMB14,000/sq.m.. The unit rate adopted is consistent with the relevant comparables after due adjustments have been made to reflect the differences between the property and the comparables including location, size, quality, floor differences and other relevant characteristics etc.

Property	Description and Tenure	Particulars of Occupancy	Market value in Existing state as at 30th April, 2020
24	15 units of No. 99 Wuyi Road, Yuzhong District, Chongqing, the PRC	SFC Sincere Centre (the "Development") comprises, having a total site area of approximately 14,455.4 sq.m., a comprehensive office/commercial composite development. The property comprises 15 office units (Units 2101 to 2115) of the Development with a total gross floor area of 1,798.32 sq.m.. The property is located in Yuzhong District and the surrounding area mainly comprises commercial developments. The land use rights of the property have been granted for a term expiring on 8th April, 2050 for commercial/service use.	HK\$33,700,000 (39.18% interest attributable to the Group : HK\$13,203,660)

Notes:

- (i) Pursuant to fifteen Certificates for Real Estate Ownership dated 6th August, 2015 and 7th August, 2015, the titles of the property with a total gross floor area of 1,798.32 sq.m., have been granted to 亞聯財信息諮詢(深圳)有限公司 (UA Financial Consultancy (Shenzhen) Limited, a wholly foreign-owned enterprise, (referred to as "UAFSZ")), a subsidiary of the Company which was effectively owned as to 62.74% by Sun Hung Kai & Co. Limited which in turn was effectively owned as to 62.45% by the Company as at 30th April, 2020, for office use with a common land use rights term expiring on 8th April, 2050.
- (ii) Pursuant to the Business Licence No. 440301503286244 dated 19th February, 2014, UAFSZ has been established commencing from 9th March, 2007.
- (iii) The opinion of the Group's legal adviser on PRC law, Guangdong Ying Zun Law Firm, states that:
 - (a) According to the Certificates of Real Estate Ownership, UAFSZ has the land use rights of the subject property, with total gross floor area of 1,798.32 sq.m., for a term expiring on 8th April, 2050 for commercial/ service uses.
 - (b) UAFSZ is in possession of a proper legal title to the property and is freely transferable by way of transfer, mortgage or letting.
 - (c) The property is free from mortgage and other encumbrances.
- (iv) In the course of our valuation, we have made reference to various relevant comparable properties which have characteristics comparable to the property. The unit rates of these comparable properties range from about RMB12,000 to RMB17,000/sq.m.. The unit rate adopted is consistent with the relevant comparables after due adjustments have been made to reflect the differences between the property and the comparables including location, size, quality, floor differences and other relevant characteristics etc.

Property	Description and Tenure	Particulars of Occupancy	Market value in Existing state as at 30th April, 2020
25 12 units in Block 1 of No. 25 Fuqing Road Er Duan, Chenghua District, Chengdu, Sichuan Province, the PRC	<p>Sincere Centre (the “Development”) comprises a comprehensive office development.</p> <p>The property comprises 12 office units (Units 301-312) in Block 1 of the Development with a total gross floor area of 1,929.22 sq.m..</p> <p>The property is located in Chenghua District and the surrounding area mainly comprises commercial developments.</p> <p>The land use rights of the property have been granted for a term expiring on 16th June, 2051 for office use.</p>	The property is currently owner-occupied by the Group.	<p>HK\$23,300,000</p> <p>(39.18% interest attributable to the Group : HK\$9,128,940)</p>

Notes:

- (i) Pursuant to twelve Certificates for Real Estate Ownership dated 10th April, 2017, the titles of the property with a total gross floor area of 1,929.22 sq.m., have been granted to 亞聯財信息諮詢(深圳)有限公司 (UA Financial Consultancy (Shenzhen) Limited, a wholly foreign-owned enterprise, (referred to as “UAFSZ”), a subsidiary of the Company which was effectively owned as to 62.74% by Sun Hung Kai & Co. Limited which in turn was effectively owned as to 62.45% by the Company as at 30th April, 2020, for office use with a common land use term expiring on 16th June, 2051.
- (ii) Pursuant to the Business Licence No. 440301503286244 dated 19th February, 2014, UAFSZ has been established commencing from 9th March, 2007.
- (iii) The opinion of the Group’s legal adviser on PRC law, Guangdong Ying Zun Law Firm, states that:
 - (a) According to the Certificates of Real Estate Ownership, UAFSZ has the land use rights of the subject property, with total gross floor area of 1,929.22 sq.m., for a term expiring on 16th June, 2051 for office use.
 - (b) UAFSZ is in possession of a proper legal title to the property and is freely transferable by way of transfer, mortgage or letting.
 - (c) The property is free from mortgage and other encumbrances.
- (iv) In the course of our valuation, we have made reference to various relevant comparable properties which have characteristics comparable to the property. The unit rates of these comparable properties range from about RMB10,000 to RMB12,000/sq.m.. The unit rate adopted is consistent with the relevant comparables after due adjustments have been made to reflect the differences between the property and the comparables including location, size, quality, floor differences and other relevant characteristics etc.

Property	Description and Tenure	Particulars of Occupancy	Market value in Existing state as at 30th April, 2020
26	2 units in Block 1 of Yao Peng Ming Zhu, Yunling Road, Creative Industrial Park, Dali City, Yunnan Province, the PRC	Yao Peng Ming Zhu (the "Development") comprises a comprehensive residential/office/commercial composite development with total gross floor area of approximately 129,116 sq.m.. The property comprises 2 office units (Units 801 and 807) in Block 1 of the Development with a total gross floor area of 736.25 sq.m.. The property is located in Creative Industrial Park and the surrounding area mainly comprises industrial developments. The land use rights of the property have been granted for a term commencing from 23rd August, 2012 to 1st August, 2046 for commercial use.	The property is currently owner-occupied by the Group. HK\$6,000,000 (39.18% interest attributable to the Group : HK\$2,350,800)

Notes:

- (i) Pursuant to two Certificates for Real Estate Ownership 【Da Li Fang Quan Zheng Kai Fa Qu No. D20153966 and D20153967】 dated 16th September, 2015, the title of the property with a total gross floor area of 736.25 sq.m., is vested in 亞聯財信息諮詢(深圳)有限公司 (UA Financial Consultancy (Shenzhen) Limited, a wholly foreign-owned enterprise, (referred to as "UAFSZ")), a subsidiary of the Company which was effectively owned as to 62.74% by Sun Hung Kai & Co. Limited which in turn was effectively owned as to 62.45% by the Company as at 30th April, 2020, for office and service uses.
- (ii) Pursuant to the Business Licence No. 440301503286244 dated 19th February, 2014, UAFSZ has been established commencing from 9th March, 2007.
- (iii) The opinion of the Group's legal adviser on PRC law, Guangdong Ying Zun Law Firm, states that:
 - (a) According to the Certificates of Real Estate Ownership, UAFSZ has the land use rights of the subject property, with total gross floor area of 736.25 sq.m., for a term expiring on 1st August, 2046 for commercial use.
 - (b) UAFSZ is in possession of a proper legal title to the property and is freely transferable by way of transfer, mortgage or letting.
 - (c) The property is free from mortgage and other encumbrances.
- (iv) In the course of our valuation, we have made reference to various relevant comparable properties which have characteristics comparable to the property. The unit rates of these comparable properties range from about RMB8,000 to RMB10,000/sq.m.. The unit rate adopted is consistent with the relevant comparables after due adjustments have been made to reflect the differences between the property and the comparables including location, size, quality, floor differences and other relevant characteristics etc.

Property	Description and Tenure	Particulars of Occupancy	Market value in Existing state as at 30th April, 2020
27	15 units in Tower B, Optics Valley International Plaza, No. 889, Luoyu Road, East Lake High-Tech Development Zone, Wuhan, Hubei Province, the PRC	Optics Valley International Plaza (the "Development") comprises 2 high-rise office buildings completed in about 2012. The property comprises 15 office units (Units 1101-1115) on 11/F in Tower B of the Development with a total gross floor area of 1,535.29 sq.m.. The property is located in East Lake High-Tech Development Zone and the surrounding area mainly comprises industrial developments. The land use rights of the property have granted for a term upto 21st November, 2043 for office use.	HK\$19,500,000 (39.18% interest attributable to the Group : HK\$7,640,100)

Notes:

- (i) Pursuant to 15 Certificates for Building Ownership all dated 20th April, 2012, the titles of the property, having a total gross floor area of 1,535.29 sq.m., is vested in 武漢亞聯財小額貸款有限公司 (United Asia Finance (Wuhan) Limited, a wholly foreign-owned enterprise, (referred to as "UAFW")), a subsidiary of the Company which was effectively owned as to 62.74% by Sun Hung Kai & Co. Limited which in turn was effectively owned as to 62.45% by the Company as at 30th April, 2020, for office use.
- (ii) Pursuant to 15 Certificates for State-owned Land Use Rights all dated 23rd April, 2012, the land use rights of the property have been granted to UAFW for other use with a land use term expiring on 21st November, 2043.
- (iii) Pursuant to the Business Licence No. 91420000585490905H dated 28th January, 2016, UAFW has been established on 22nd December, 2011 and the operation period is from 22nd December, 2011 to 21st December, 2031.
- (iv) The opinion of the Group's legal adviser on PRC law, Guangdong Ying Zun Law Firm, states that:
 - (a) According to the Certificates of Real Estate Ownership and Certificates for State-owned Land Use Rights, UAFW has the land use rights of the subject property, with total gross floor area of 1,535.29 sq.m., for a term expiring on 21st November, 2043 for office use.
 - (b) UAFW is in possession of a proper legal title to the property and is freely transferable by way of transfer, mortgage or letting.
 - (c) The property is free from mortgage and other encumbrances.
- (v) In the course of our valuation, we have made reference to various relevant comparable properties which have characteristics comparable to the property. The unit rates of these comparable properties range from about RMB11,000 to RMB12,000/sq.m.. The unit rate adopted is consistent with the relevant comparables after due adjustments have been made to reflect the differences between the property and the comparables including location, size, quality, floor differences and other relevant characteristics etc.

Property	Description and Tenure	Particulars of Occupancy	Market value in Existing state as at 30th April, 2020
28	8 units of No. 43, Beizhan Yi Road, Shenhe District, Shenyang, Laoning Province, the PRC	Global Financial Center (the "Development") comprises a 37-storey office building with 4-level basement completed in about 2014. The property comprises 8 office units (Units 901-908) on 9th Floor of the Development with a total gross floor area of 2,038.44 sq.m.. The property is located in Shenhe District and the surrounding area mainly comprises industrial developments. The land use rights of the Development have been granted for a term expiring on 25th August, 2044 for commercial use.	HK\$29,100,000 (39.18% interest attributable to the Group : HK\$11,401,380)

Notes:

- (i) Pursuant to 8 Building Ownership Certificates, the titles of the property with a total gross floor area of 2,038.44 sq.m. are vested in 沈陽金融商貿開發區亞聯財小額貸款有限公司 (United Asia Finance (Shenhe District Shenyang Limited), a wholly foreign-owned enterprise, (referred to as "UAFSDS")), a subsidiary of the Company which was effectively owned as to 62.74% by Sun Hung Kai & Co. Limited which in turn was effectively owned as to 62.45% by the Company as at 30th April, 2020, for office use.
- (ii) Pursuant to the Business Licence No. 91210100696511879J dated 8th April, 2020, UAFSDS has been established on 23rd November, 2009 and the operation period is from 23rd November, 2009 to 22nd November, 2029.
- (iii) The opinion of the Group's legal adviser on PRC law, Guangdong Ying Zun Law Firm, states that:
- (a) According to the Building Ownership Certificates and sale and purchase agreement for the property dated 8th April, 2014, UAFSDS has the land use rights of the subject property, with total gross floor area of 2,038.44 sq.m., for a term expiring on 25th August, 2044 for commercial use.
 - (b) UAFSDS is in possession of a proper legal title to the property and is freely transferable by way of transfer, mortgage or letting.
 - (c) The property is free from mortgage and other encumbrances.
- (iv) In the course of our valuation, we have made reference to various relevant comparable properties which have characteristics comparable to the property. The unit rates of these comparable properties range from about RMB11,000 to RMB13,000/sq.m.. The unit rate adopted is consistent with the relevant comparables after due adjustments have been made to reflect the differences between the property and the comparables including location, size, quality, floor differences and other relevant characteristics etc.

Property	Description and Tenure	Particulars of Occupancy	Market value in Existing state as at 30th April, 2020
29	10 units in Tower 1, Huaqiang Plaza, No. 157, Shanda Road, Lixia District, Jinan, Shandong Province, the PRC	Huaqiang Plaza (the "Development") comprises 5 office buildings erected on a commercial podium and is completed in about 2012. The property comprises 10 office units (Units 1801-1810) on 18th Floor in Tower 1 of the Development with a total gross floor area of 1,958.38 sq.m.. The property is located in Lixia District and the surrounding area comprises industrial and commercial developments. The land use rights of the property have been granted for a term of 50 years from 25th January, 2010 to 24th January, 2050 for commercial/ financing uses.	The property is currently owner-occupied by the Group. HK\$29,000,000 (39.18% interest attributable to the Group : HK\$11,362,200)

Notes:

- (i) Pursuant to 10 Certificates for Real Estates Ownership dated 20th August, 2018, the titles of the property are vested in 濟南亞聯財小額貸款有限公司(United Asia Finance (Jinan) Limited, a wholly foreign-owned enterprise, (referred to as "UAFJ")), a subsidiary of the Company which was effectively owned as to 62.74% by Sun Hung Kai & Co. Limited which in turn was effectively owned as to 62.45% by the Company as at 30th April, 2020, for office uses.
- (ii) Pursuant to the Business Licence No. 91370100096667815 dated 6th January, 2020, UAFJ has been established on 2nd April, 2014 and the operation period is from 2nd April, 2014 to 1st April, 2034.
- (iii) The opinion of the Group's legal adviser on PRC law, Guangdong Ying Zun Law Firm, states that:
 - (a) According to the Certificates of Real Estate Ownership, UAFJ has the land use rights of the subject property, with total gross floor area of 1,958.38 sq.m., for a term of 50 years commencing from 25th January, 2010 for commercial/ financing uses.
 - (b) UAFJ is in possession of a proper legal title to the property and is freely transferable by way of transfer, mortgage or letting.
 - (c) The property is free from mortgage and other encumbrances.
- (iv) In the course of our valuation, we have made reference to various relevant comparable properties which have characteristics comparable to the property. The unit rates of these comparable properties range from about RMB12,000 to RMB14,000/sq.m.. The unit rate adopted is consistent with the relevant comparables after due adjustments have been made to reflect the differences between the property and the comparables including location, size, quality, floor differences and other relevant characteristics etc.

Group VI – Property interests held for investment by the Group in Overseas

Property	Description and Tenure	Particulars of Occupancy	Market value in Existing state as at 30th April, 2020
30	<p>A 3,428.650-acre vacant tract of land located as in the Abstract 37, H. Jackson Survey, Tracts 1C-1, 1C-2, 4A, 5B, 5½, 6, 7, 10, 10A, 10B, 17C, 18, 18A, 19, 22, 40, 41, 41D and A-383, W. Wilson Survey, Tracts 1A, 1B, 1C and 1N, Harris County, Texas, USA</p> <p>The property comprises a 3,428.650 Acre (149,351,994 sq.ft.) irregular-shaped vacant tract of land.</p> <p>The property is located along the west line of FM2100, approximately 5.00 miles south of FM1960 and the east shoreline of Lake Houston and is designated for residential development.</p> <p>The property is held under Fee Simple Estate.</p>	The property is wooded and currently vacant.	<p>HK\$272,400,000</p> <p>(100% interest attributable to the Group : HK\$272,400,000)</p>

Notes:

- (i) The registered owner of the property is Lakewood Development Corporation, a wholly-owned subsidiary of the Company.
- (ii) According to the information provided and the site inspection, there are typical utility easements located throughout the site. There does not appear to be any other adverse easements which would negatively affect the development of the site.
- (iii) The subject property is located within the City of Houston and Harris County, which currently does not regulate development through the use of zoning ordinances. However, all county and city regulations and restrictions are strictly enforced.
- (iv) Portions of the subject property are located within the City of Houston, which currently does not regulate development through zoning ordinances. Portions of the subject property are located within Harris County, which currently does not regulate development through zoning ordinances. Therefore, as long as all county and city requirements are met, the legally permissible uses would include several possible uses including a commercial or residential development. In addition, there are no known environmental regulations, historic district controls, or burdensome building codes which would adversely affect the use of the subject sites. Therefore, a residential development use would be legally permissible on the site.
- (v) In the course of our valuation, we have made reference to various relevant comparable properties which have characteristics comparable to the property. The unit rates of these comparable properties range from about USD6,204 to USD18,410/acre. The unit rate adopted is consistent with the relevant comparables after due adjustments have been made to reflect the differences between the property and the comparables including location, size, quality, floor differences and other relevant characteristics etc.

Property	Description and Tenure	Particulars of Occupancy	Market value in Existing state as at 30th April, 2020
31 Cannongate House, 62-64 Cannon Street, London, EC4N 6AE, the United Kingdom	Cannongate House comprises of two period style buildings that were connected and rebuilt behind a retained façade in the 1980 and occupies a peninsular site with an area of 0.096 acre (4,181.76 sq.ft.) on the southern side of Cannon Street with additional frontages to College Hill and Cloak Lane.	G/F, 1/F and 5/F of the property are subject to separate leases yielding a total annual rental of GBP770,902 with the latest expiring on 17th May, 2028 whilst the remaining portion is currently vacant.	HK\$197,700,000 (100% interest attributable to the Group : HK\$197,700,000)

The property is located in the southern section of the City core and is a short distance to Cannon Street Station. There is a preference area among accountancy practices, law firms and financial service companies.

Breakdown of floor area of the property is set out as follows:

Floor	Use	Floor Area (sq.ft.)
6/F	Office	2,100
5/F	Office	2,690
4/F	Office	3,034
3/F	Office	3,225
2/F	Office	3,215
1/F	Office	3,277
G/F	Medical	1,156
Unit A on G/F	Retail	288
Unit B on G/F	Retail	250
Unit B on L/G	Storage	841
Unit C on G/F	Retail	438
Unit C on L/G	Storage	911
Total:		<u>21,425</u>

The property is held on a freehold title.

Notes:

- (i) The registered owner of the property is Gilbrook Holdings Limited, a wholly-owned subsidiary of the Company.
- (ii) By reference to the Proposals Map of the UDP on the City of London Corporation website we note that the property is not Listed. However, the Laurence Pountney Hill Conservation Area adjoins the property to the south and it lies within the St. Paul's Height Consultation Area. These policies alone will limit any external alteration works not in-keeping with the local setting, and any increase in height where the strategic views of St. Paul's Cathedral are impaired.
- (iii) The property is also affected by the Scheduled Ancient Monuments and the Monument Views Setting policy. These again will impose various restrictions on the property if it were to be redeveloped.
- (iv) The property is also within the safeguarded consultation zone for London City Airport and also falls within the Protected Vistas, namely Greenwich Park (Landmark Lateral Assessment Area) and Primrose Hill (Background Assessment Area). Additionally, Cannon Street is designated as a Local Distributor Road, and it falls within the Congestion Charging Zone.
- (v) We understand that the present lawful use of the property is as offices on the first to sixth floors, falling within Use Class B1, and as retail and medical on the ground floor, falling within Use Classes A1 and D1 respectively.
- (vi) In valuing the property we have assumed that the building is used in accordance with its present lawful uses and that the building complies with current planning laws and building regulations and that it is not subject to any adverse proposals or possible enforcement action.
- (vii) In valuing the property, we have assumed unit rents from about £48 to £215 per sq.ft. per annum and have assumed capitalisation rates from 4.75% to 5.50% per annum.

1. RESPONSIBILITY STATEMENT

This Scheme Document includes particulars given in compliance with the Takeovers Code for the purpose of providing information with regard to the Proposal, the Offeror, AGL and APL.

The issue of this Scheme Document 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 Scheme Document (other than any information relating to the APL Group and AGL) 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 respective directors of APL and AGL) 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 statements in this Scheme Document misleading.

The issue of this Scheme Document has been approved by the AGL Directors, who jointly and severally accept full responsibility for the accuracy of the information contained in this Scheme Document (other than any information relating to the APL 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 APL 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 statements in this Scheme Document misleading.

The issue of this Scheme Document has been approved by the APL Directors, who jointly and severally accept full responsibility for the accuracy of the information contained in this Scheme Document (other than any information relating to the Offeror and AGL) 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 respective directors of the Offeror and AGL) 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 statements in this Scheme Document misleading.

2. SHARE CAPITAL OF APL

As at the Latest Practicable Date:

- (a) the issued and paid-up capital of APL comprised 6,812,201,460 APL Shares;
- (b) all of the APL Shares currently in issue rank *pari passu* in all respects including as to capital, dividends and voting;
- (c) no new APL Shares had been issued by APL since 31st December, 2019 (being the end of the last financial year of APL); and
- (d) there were no outstanding options, warrants or conversion rights affecting the APL Shares.

3. MARKET PRICES

- (a) The table below shows the closing market prices of the APL Shares as quoted on the Stock Exchange (i) on the Latest Practicable Date; (ii) on the Last Trading Date; and (iii) at the end of each month during the Relevant Period:

Date	Closing price per APL Share HK\$
Latest Practicable Date	1.89
Last Trading Date	1.43
<i>At the end of each calendar month during the Relevant Period:</i>	
29th May, 2020	1.87
29th April, 2020	1.94
31st March, 2020	1.33
28th February, 2020	1.47
31st January, 2020	1.48
31st December, 2019	1.55
29th November, 2019	1.50
31st October, 2019	1.54

- (b) During the Relevant Period, the highest closing price of the APL Shares as quoted on the Stock Exchange was HK\$1.94 on 27th April, 2020 and 29th April, 2020, and the lowest closing price of the APL Shares as quoted on the Stock Exchange was HK\$1.29 on 16th March, 2020.
- (c) The Total Price of HK\$1.92 per Scheme Share represents a premium of approximately 34.3% over the closing price of HK\$1.43 per APL Share as quoted on the Stock Exchange on the Last Trading Date.

4. DISCLOSURE OF INTERESTS IN APL SHARES

As at the Latest Practicable Date:

- (a) save as disclosed below, none of the APL Directors were interested within the meaning of Part XV of the SFO in any APL Shares or any convertible securities, warrants, options or derivatives in respect of any APL Shares:

Name of Directors	Capacity/ Nature of interest	Number of APL Shares	Approximate percentage interest in APL
Mr. Lee Seng Hui	Other interests	5,108,911,521 (Note 1)	74.996%
Mr. Steven Samuel Zoellner	Corporate interests (interest of controlled corporation)	22,402	Less than 0.001%

Notes:

- The interests include the holding of: (i) an interest in 1,973,216,190 APL Shares held by Capscore; (ii) an interest in 45,903,120 APL Shares held by Citiwealth; (iii) an interest in 2,121,437,331 APL Shares held by the Offeror; and (iv) an interest in 968,354,880 APL Shares held by AGL. Capscore, Citiwealth and the Offeror are all wholly-owned subsidiaries of AGL. AGL was therefore deemed to have an interest in the APL Shares in which Capscore, Citiwealth and the Offeror were interested. Mr. Lee together with Ms. Lee Su Hwei and Mr. Lee Seng Huang are the trustees of Lee and Lee Trust, being a discretionary trust. The Lee and Lee Trust controlled approximately 74.950% of the total number of issued shares of AGL (inclusive of Mr. Lee's personal interests) and was therefore deemed to have an interest in 5,108,911,521 APL Shares in which AGL was interested.
 - All interests stated above represent long positions.
- (b) no subsidiary of APL, no pension fund of APL or of a subsidiary of APL and no person who is presumed to be acting in concert with APL by virtue of class (5) of the definition of "acting in concert" under the Takeovers Code or who is an associate of APL 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 APL Shares or any convertible securities, warrants, options or derivatives in respect of any APL Shares;
- (c) there was no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code which existed between APL, or any person who is presumed to be acting in concert with APL by virtue of classes (1), (2), (3) or (5) of the definition of "acting in concert" under the Takeovers Code or who is an associate of APL by virtue of classes (2), (3) and (4) of the definition of "associate" under the Takeovers Code, and any other person;

- (d) no fund manager (other than exempt fund managers) connected with APL managed any APL Shares or any convertible securities, warrants, options or derivatives in respect of any APL Shares on a discretionary basis;
- (e) neither APL nor any APL Directors had borrowed or lent any APL Shares or any convertible securities, warrants, options or derivatives in respect of any APL Shares;
- (f) AGL directly and indirectly held approximately 74.996% of the total number of shares in issue of APL, of which (i) approximately 31.141% was held through the Offeror (a direct wholly-owned subsidiary of AGL); (ii) approximately 29.640% was held through Citiwealth and Capscore (both being direct wholly-owned subsidiaries of AGL); and (iii) approximately 14.215% was directly held by AGL;
- (g) save as disclosed above, the Offeror and the Offeror Concert Parties did not own or control any APL Shares or any convertible securities, warrants, options or derivatives in respect of any APL Shares;
- (h) none of the directors of the Offeror were interested within the meaning of Part XV of the SFO in any APL Shares or any convertible securities, warrants, options or derivatives in respect of any APL Shares;
- (i) neither the Offeror nor any of the Offeror Concert Parties had received any irrevocable commitment to vote for or against the Proposal;
- (j) no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code existed between any person and the Offeror or any of the Offeror Concert Parties; and
- (k) none of the Offeror or the Offeror Concert Parties had borrowed or lent any APL Shares or any convertible securities, warrants, options or derivatives in respect of APL Shares.

5. DEALINGS IN APL SHARES

During the Relevant Period, no APL Director had dealt for value in any APL Shares or any convertible securities, warrants, options or derivatives in respect of APL Shares.

During the period commencing on 20th April, 2020 (being the date of the Joint Announcement) and ending on the Latest Practicable Date, no subsidiary of APL, no pension fund of APL or of a subsidiary of APL and no person who is presumed to be acting in concert with APL by virtue of class (5) of the definition of “acting in concert” under the Takeovers Code or who is an associate of APL 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 APL Shares or any convertible securities, warrants, options or derivatives in respect of any APL Shares.

During the period commencing on 20th April, 2020 (being the date of the Joint Announcement) and ending on the Latest Practicable Date, no person who had an arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with APL, or any person who is presumed to be acting in concert with APL 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 APL by virtue of classes (2), (3) and (4) of the definition of “associate” under the Takeovers Code had dealt for value in any APL Shares or any convertible securities, warrants, options or derivatives in respect of any APL Shares.

During the period commencing on 20th April, 2020 (being the date of the Joint Announcement) and ending on the Latest Practicable Date, no fund manager (other than exempt fund managers) connected with APL who managed any APL Shares or any convertible securities, warrants, options or derivatives in respect of any APL Shares on a discretionary basis had dealt for value in any APL Shares or any convertible securities, warrants, options or derivatives in respect of any APL Shares.

During the Relevant Period, none of the Offeror, the directors of the Offeror or the Offeror Concert Parties had dealt for value in any APL Shares or any convertible securities, warrants, options or derivatives in respect of any APL Shares.

During the Relevant Period, no person who had an arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Offeror or any of the Offeror Concert Parties had dealt for value in any APL Shares or any convertible securities, warrants, options or derivatives in respect of any APL Shares.

6. DISCLOSURE OF INTERESTS IN THE OFFEROR SHARES AND AGL SHARES

As at the Latest Practicable Date, APL did not own any Offeror Shares or any convertible securities, warrants, options or derivatives in respect of any Offeror Shares.

As at the Latest Practicable Date, the Offeror is a direct wholly-owned subsidiary of AGL, which in turn is beneficially owned as to approximately 74.950% by Lee and Lee Trust (inclusive of Mr. Lee's personal interests). Mr. Lee is one of the trustees of Lee and Lee Trust, and was therefore deemed to have an interest in the AGL Shares in which Lee and Lee Trust was interested.

As at the Latest Practicable Date, save as disclosed above, none of the APL Directors were interested within the meaning of Part XV of the SFO in any Offeror Shares or AGL Shares or any convertible securities, warrants, options or derivatives in respect of any Offeror Shares or AGL Shares.

7. DEALINGS IN THE OFFEROR SHARES AND AGL SHARES

During the Relevant Period, neither APL nor any APL Directors had dealt for value in any Offeror Shares or AGL Shares or any convertible securities, warrants, options or derivatives in respect of any Offeror Shares or AGL Shares.

8. ARRANGEMENTS IN CONNECTION WITH THE PROPOSAL

As at the Latest Practicable Date:

- (a) there was no agreement, arrangement or understanding between the Offeror and any other person in relation to the transfer, charge or pledge of the APL Shares to be acquired pursuant to the Proposal and the Offeror had no intention to transfer, charge or pledge any APL Shares acquired pursuant to the Proposal to any other person;
- (b) there was no agreement, arrangement or understanding (including any compensation arrangement) existing between the Offeror or any of the Offeror Concert Parties and any APL Director, recent APL Director, APL Shareholders or recent APL Shareholders having any connection with or being dependent upon the Proposal;
- (c) there was no agreement or arrangement to which the Offeror is a party which relates to circumstances in which it may or may not invoke or seek to invoke a Condition to the Proposal;
- (d) other than the Scheme Consideration payable for each Scheme Share cancelled under the Scheme, the Offeror or 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;

- (e) there was no understanding, arrangement or agreement which constituted special deal (as defined under Rule 25 of the Takeovers Code) between the Offeror and the Offeror Concert Parties on one hand and the Scheme Shareholders and persons acting in concert with them on the other hand; and
- (f) there was no understanding, arrangement or agreement which constituted special deal (as defined under Rule 25 of the Takeover Code) between (i) any APL Shareholder on one hand; and (ii) APL, its subsidiaries or associated companies on the other hand.

9. ARRANGEMENTS AFFECTING APL DIRECTORS

As at the Latest Practicable Date:

- (a) no benefit (other than statutory compensation required under appropriate laws) would be given to any APL Director as compensation for loss of office or otherwise in connection with the Proposal;
- (b) there were no agreements or arrangements between any APL Director and any other person which are conditional on or dependent upon the outcome of the Proposal or otherwise connected with the Proposal; and
- (c) save for the Facility Agreement, there were no material contracts entered into by the Offeror in which any APL Director has a material personal interest.

10. DIRECTORS' SERVICE CONTRACTS

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

11. LITIGATION

As at the Latest Practicable Date, neither APL nor any of its subsidiaries was engaged in any litigation or arbitration or claim of material importance and no litigation or claim of material importance was known to the APL Directors to be pending or threatened by or against APL or any of its subsidiaries.

12. MATERIAL CONTRACTS

Save and except the transactions disclosed below, there were no material contracts entered into by APL or any of its subsidiaries after the date which was two years before 20th April, 2020 (being the date of the Joint Announcement) 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 APL or any of its subsidiaries:

- (a) the deed of undertaking dated 4th May, 2018 executed by Asia Financial Services Company Limited (“**Asia Financial Services**”) in favour of Sun Hung Kai & Co. Limited (“**SHK**”, an indirect non wholly-owned subsidiary of APL), pursuant to which Asia Financial Services irrevocably undertaken to SHK to, if so required by SHK, execute a share buy-back contract (the “**Buy-back Contract**”) with Asia Financial Services as vendor and SHK as purchaser relating to an off-market share buy-back by SHK of 145,000,000 shares (“**Buy-back Share(s)**”) in SHK held by Asia Financial Services at the buy-back price of HK\$4.75 for each Buy-back Share, particulars of which were set out in the announcement of SHK dated 4th May, 2018, circular of SHK dated 25th June, 2018 and joint announcements of APL and AGL dated 4th May, 2018 and 25th June, 2018 respectively;
- (b) the Buy-back Contract dated 20th July, 2018 entered into between Asia Financial Services as vendor and SHK as purchaser in respect of the off-market share buy-back by SHK of 145,000,000 Buy-back Shares held by Asia Financial Services at the buy-back price of HK\$4.75 for each Buy-back Share, particulars of which were set out in the announcements of SHK and joint announcements of APL and AGL dated 24th July, 2018 and 17th September, 2018 respectively;
- (c) the conditional sale and purchase agreement dated 20th June, 2019 entered into between ORIX Asia Capital Limited (“**ORIX**”) as the vendor and United Asia Finance Limited (“**UAF**”, an indirect non wholly-owned subsidiary of APL) as the purchaser, pursuant to which ORIX conditionally agreed to sell and UAF conditionally agreed to buy back 12,500,000 issued and fully-paid ordinary shares in the capital of UAF (representing approximately 7.27% of the then entire issued shares of UAF) for a consideration of JPY10 billion which shall be paid out of the distributable profits of UAF, particulars of which were set out in the joint announcements of APL, SHK and AGL dated 20th and 27th June, 2019; and
- (d) the sale and purchase agreement dated 18th October, 2019 entered into between APL as vendor and Allied Services Hong Kong Limited (“**Allied Services**”, an indirect wholly-owned subsidiary of AGL) as purchaser, pursuant to which APL has conditionally agreed to sell and Allied Services has conditionally agreed to acquire two shares in AP Elderly Care Limited (representing the entire issued share capital of AP Elderly Care Limited) at the consideration of HK\$260.0 million, particulars of which were set out in the announcements of APL dated 18th October, 2019, 8th November, 2019, 10th December, 2019 and 17th December, 2019, and the circular of APL dated 20th November, 2019.

13. EXPERTS AND CONSENTS

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

Name	Qualification
Yu Ming	a licensed corporation permitted to carry out types 1 (dealing in securities), 4 (advising on securities), 6 (advising on corporate finance) and 9 (asset management) regulated activities under the SFO
Pelican Financial Limited	a licensed corporation permitted to carry out type 6 (advising on corporate finance) regulated activity under the SFO
Norton Appraisals Holdings Limited	an independent professional property valuer

Each of the experts mentioned above has given and has not withdrawn its written consent to the issue of this Scheme Document with the inclusion therein of the opinions, reports and/or letters and/or the references to its name and/or opinions, reports and/or letters in the form and context in which they respectively appear.

14. MISCELLANEOUS

- (a) The registered office of the Offeror is at 22nd Floor, Allied Kajima Building, 138 Gloucester Road, Wanchai, Hong Kong.
- (b) The registered office of AGL is at 22nd Floor, Allied Kajima Building, 138 Gloucester Road, Wanchai, Hong Kong.
- (c) The registered office of APL is at 22nd Floor, Allied Kajima Building, 138 Gloucester Road, Wanchai, Hong Kong.
- (d) The registered office of Yu Ming is at 1801, 18th Floor, Allied Kajima Building, 138 Gloucester Road, Wanchai, Hong Kong.
- (e) The registered office of Pelican Financial Limited is at 15/F, East Exchange Tower, 38-40 Leighton Road, Causeway Bay, Hong Kong.
- (f) The Company Secretary of APL and AGL is Ms. Lau Tung Ni, a fellow member of The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators) and The Hong Kong Institute of Chartered Secretaries.

15. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection from the date of this Scheme Document until the Effective Date or the date on which the Scheme lapses or is withdrawn, whichever is earlier (i) during normal business hours from 9:00 a.m. to 5:30 p.m. (except Saturdays, Sundays and public holidays in Hong Kong) at the registered office of APL at 22nd Floor, Allied Kajima Building, 138 Gloucester Road, Wanchai, Hong Kong; (ii) on the website of APL (www.alliedproperties.com.hk); and (iii) on the website of the SFC (www.sfc.hk):

- (a) the articles of association of APL;
- (b) the articles of association of the Offeror;
- (c) the articles of association of AGL;
- (d) the annual reports of APL for the years ended 31st December, 2017, 31st December, 2018 and 31st December, 2019;
- (e) the letter from the APL Board, the text of which is set out on pages 16 to 28 of this Scheme Document;
- (f) the letter from the Independent APL Board Committee, the text of which is set out in on pages 29 to 30 of this Scheme Document;
- (g) the letter from the Independent APL Financial Adviser, the text of which is set out on pages 31 to 66 of this Scheme Document;
- (h) the letter, summary of property valuations and property valuation report from Norton Appraisals Holdings Limited, the text of which is set out in Appendix II to this Scheme Document;
- (i) the written consents referred to in the section headed “Experts and Consents” in Appendix III to this Scheme Document;
- (j) the material contracts referred to in the section headed “Material Contracts” in Appendix III to this Scheme Document; and
- (k) this Scheme Document.

SCHEME OF ARRANGEMENT

HCMP No. 657/2020

IN THE HIGH COURT OF THE
HONG KONG SPECIAL ADMINISTRATIVE REGION
COURT OF FIRST INSTANCE
MISCELLANEOUS PROCEEDINGS NO. 657 OF 2020

IN THE MATTER OF

ALLIED PROPERTIES (H.K.) LIMITED
聯合地產(香港)有限公司

AND

IN THE MATTER OF
THE COMPANIES ORDINANCE,
CHAPTER 622 OF THE LAWS OF
THE HONG KONG SPECIAL ADMINISTRATIVE REGION

SCHEME OF ARRANGEMENT
Under Section 673 of the Companies Ordinance,
Chapter 622 of the Laws of the Hong Kong Special Administrative Region

PRELIMINARY

- (A) In this Scheme, unless inconsistent with the subject or context, the following expressions shall bear 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;
“AGL”	Allied Group Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 373);
“AGL Waiver”	the deed of waiver dated 9th April, 2020 executed by AGL, Citiwealth, Capscore and the Offeror in favour of the Company to irrevocably and unconditionally waive and surrender their entitlements to the Special Dividend;

SCHEME OF ARRANGEMENT

“Capscore”	Capscore Limited, a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of AGL;
“Citiwealth”	Citiwealth Investment Limited, a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of AGL;
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong);
“Company”	Allied Properties (H.K.) Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 56), being a non wholly-owned subsidiary of AGL;
“Condition(s)”	the condition(s) of the Proposal (including the Scheme and the Special Dividend), as set out in the section headed “Conditions of the Proposal” and the section headed “Special Dividend” in the Explanatory Statement of the Scheme Document;
“Court Meeting”	a meeting of the holders of Scheme Shares to be convened at the direction of the High Court at 10:00 a.m. on Wednesday, 15th July, 2020 at Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong at which the Scheme (with or without modification) will be voted upon, or any adjournment thereof;
“Disinterested Scheme Shareholder(s)”	holder(s) of the Shares other than the Offeror and the Offeror Concert Parties;
“Effective Date”	the date on which the Scheme becomes effective pursuant to paragraph 5 of this Scheme;
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director;
“Explanatory Statement”	the explanatory statement in relation to the Scheme, the text of which is set out on pages 67 to 93 of the Scheme Document;

SCHEME OF ARRANGEMENT

“General Meeting”	general meeting of the Company to be convened and to be held immediately following the Court Meeting to consider, and if think fit, approve all necessary resolutions for implementation of the Proposal (including the Scheme and the Special Dividend);
“High Court”	the Court of First Instance of the High Court of Hong Kong;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Board Committee”	the independent board committee of the Company comprising Mr. Steven Samuel Zoellner, being an independent non-executive director of the Company, formed to advise the Disinterested Scheme Shareholders on the Proposal;
“Independent Financial Adviser”	Pelican Financial Limited, a licensed corporation permitted to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser appointed to advise the Independent Board Committee and the Disinterested Scheme Shareholders on the Proposal;
“Latest Practicable Date”	16th June, 2020, being the latest practicable date prior to the printing of the Scheme Document for the purpose of ascertaining certain information contained in the Scheme Document;
“Long Stop Date”	31st December, 2020, or such later date as the Offeror, AGL and the Company may agree or, to the extent applicable, as the Executive may consent and/or the High Court may direct;
“Offeror”	Sunhill Investments Limited, a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of AGL;
“Offeror Concert Parties”	persons acting in concert with the Offeror in relation to the Company, including but not limited to AGL, Citiwealth and Capscore;

SCHEME OF ARRANGEMENT

“Proposal”	the proposal for the privatisation of the Company, comprising both the Scheme and the Special Dividend;
“Register”	the register of members of the Company;
“Registrar of Companies”	the Registrar of Companies appointed under the Companies Ordinance;
“Scheme”	this scheme of arrangement under section 673 of the Companies Ordinance in its present form, with or subject to any modification thereof or addition thereto or any condition as may be approved or imposed by the High Court;
“Scheme Consideration”	the amount of HK\$0.42 per Scheme Share payable by the Offeror in cash to the Scheme Shareholders for the cancellation of the Scheme Shares pursuant to the Scheme;
“Scheme Document”	the composite scheme document dated 19th June, 2020 issued jointly by the Offeror, AGL and the Company to the Shareholders containing details of the Proposal;
“Scheme Record Date”	the date on which the entitlements of holders of the Scheme Shares to receive the Scheme Consideration and the Special Dividend under the Proposal being determined, which is expected to be Wednesday, 26th August, 2020 (or such other date as shall be confirmed and announced upon the High Court hearing of the petition for the sanction of the Scheme);
“Scheme Share(s)”	Share(s) other than those held by the Offeror, AGL, Citiwealth and Capscore;
“Scheme Shareholder(s)”	the registered holder(s) of the Scheme Shares as at the Scheme Record Date;
“SFC”	the Securities and Futures Commission of Hong Kong;

SCHEME OF ARRANGEMENT

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	the ordinary share(s) in the share capital of the Company;
“Share Registrar”	Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, being the share registrar of the Company;
“Shareholder(s)”	the registered holder(s) of the Shares;
“Special Dividend”	subject to, among others, the Scheme having become binding and effective in accordance with its terms and conditions and the approval of Disinterested Scheme Shareholders at the General Meeting, the proposed special dividend of HK\$1.50 per Share to be declared by the Company payable in cash to the Shareholders whose names appear on the Register on the Scheme Record Date;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers;
“Total Price”	the cash amount representing the aggregate of the Scheme Consideration and the Special Dividend, being HK\$1.92;
“Yu Ming”	Yu Ming Investment Management Limited, a licenced corporation permitted to carry out types 1 (dealing in securities), 4 (advising on securities), 6 (advising on corporate finance) and 9 (asset management) regulated activities under the SFO, being the financial adviser to the Offeror; and
“%”	per cent.

SCHEME OF ARRANGEMENT

- (B) As at the Latest Practicable Date, the issued share capital of the Company comprised 6,812,201,460 Shares.
- (C) As at the Latest Practicable Date, the Offeror and the Offeror Concert Parties beneficially owned, controlled or had direction over 5,108,911,521 Shares, representing approximately 74.996% of the total number of shares in issue of the Company, and such Shares are held as follows:

Name of Shareholders	Number of Shares
The Offeror	2,121,437,331
AGL	968,354,880
Capscore	1,973,216,190
Citiwealth	45,903,120

- (D) Each of the Offeror, AGL, Capscore and Citiwealth is a company incorporated in Hong Kong with limited liability and principally engaged in investment holding. As at the Latest Practicable Date, each of the Offeror, Capscore and Citiwealth is a direct wholly-owned subsidiary of AGL.
- (E) The primary purpose of this Scheme is to privatise the Company by cancelling and extinguishing all the Scheme Shares held by the Scheme Shareholders on the Effective Date in exchange for the payment to each Scheme Shareholder the Total Price in cash for each Scheme Share.
- (F) Immediately after the cancellation and extinguishment of the Scheme Shares, the share capital of the Company will be increased to its former amount by the issue to the Offeror, credited as fully paid, of such number of Shares as is equal to the number of Scheme Shares cancelled and extinguished.
- (G) The 5,108,911,521 Shares in which the Offeror and the Offeror Concert Parties are interested will not form part of the Scheme Shares and, as such, will not be voted at the Court Meeting. Shares held by the Offeror and the Offeror Concert Parties will not be cancelled under the Scheme and will continue to be held by them upon the Scheme becoming effective.
- (H) Upon the Scheme becoming effective, the Offeror and the Offeror Concert Parties will be interested in the entire issued share capital of the Company.
- (I) The Offeror has agreed to undertake to the High Court to be bound thereby 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 done by it for the purpose of giving effect to this Scheme.

SCHEME OF ARRANGEMENT

THE SCHEME

PART I

CANCELLATION AND EXTINGUISHMENT OF THE SCHEME SHARES

1. On the Effective Date,
 - (a) the share capital of the Company be reduced by cancelling and extinguishing the Scheme Shares;
 - (b) subject to and forthwith upon such reduction of share capital taking effect, the share capital of the Company be increased to its former amount by the issue to the Offeror, credited as fully paid, of the same number of new shares in the capital of the Company as is equal to the number of Scheme Shares cancelled and extinguished; and
 - (c) the Company shall apply the entire amount of the credit arising in its books of account as a result of its reduction of share capital in paying up the new Shares to be allotted and issued, credited as fully paid, to the Offeror.

PART II

CONSIDERATION FOR CANCELLATION AND EXTINGUISHMENT OF THE SCHEME SHARES

2. In consideration for the cancellation and extinguishment of the Scheme Shares, the Scheme Shareholder shall receive the Total Price of HK\$1.92 for each Scheme Share held, comprising (i) the Scheme Consideration of HK\$0.42 in cash for each Scheme Share to be paid by the Offeror; and (ii) the Special Dividend of HK\$1.50 in cash for each Share to be paid by the Company (other than the Offeror, AGL, Citiwealth and Capscore who have irrevocably and unconditionally agreed to waive and surrender their entitlements to the Special Dividend pursuant to the AGL Waiver).

PART III

GENERAL APPLICATION

3.
 - (a) As soon as possible but in any event within seven (7) business days (as defined in the Takeovers Code) following the Effective Date, the Offeror and the Company shall post or cause to be posted to the Scheme Shareholders cheques in respect of the sums payable to such Scheme Shareholders pursuant to paragraph 2 of this Scheme.
 - (b) All such cheques shall be sent by ordinary post in postage pre-paid envelopes addressed to such Scheme Shareholders at their respective registered addresses as appearing in the Register as at the Scheme Record Date, or in the case of the joint holders, at the address appearing in the Register as at the Scheme Record Date of the joint holder whose name then stands first in the Register in respect of the relevant joint holding.

SCHEME OF ARRANGEMENT

- (c) All cheques shall be made payable to the order of the person or persons to whom, in accordance with the provisions of paragraph 3(b) of this Scheme, the envelope containing the same is addressed and the encashment of any such cheque shall be good discharge to the Offeror and the Company for the moneys represented thereby.
- (d) All cheques shall be posted at the risk of the addressees and none of the Offeror, AGL, the Company, Yu Ming, the Independent Financial Adviser and the Share Registrar and their respective directors, employees, officers, agents, advisers, associates and affiliates and any other persons involved in the Proposal shall be responsible for any loss or delay in the despatch of the same.
- (e) On or after the day being six calendar months after the posting of the cheques pursuant to paragraph 3(b) of this Scheme, the Offeror and the Company shall have the respective right to cancel or countermand payment of any such cheque relating to the Scheme Consideration and/or the Special Dividend (as the case may be) which has not been cashed or has been returned and shall place all monies represented thereby in the respective deposit account of the Offeror and/or the Company (as the case may be) maintained in their respective own name with licensed bank(s) in Hong Kong. The Offeror and the Company shall hold such monies until the expiry of six years from the Effective Date and shall, prior to such date, make payments therefrom of the sums payable pursuant to paragraph 2 of this Scheme to persons who satisfy the Offeror and the Company that they are respectively entitled thereto and the cheques referred to in paragraph 3(b) of this Scheme of which they are payees have not been cashed. Any payments made by the Offeror and the Company hereunder shall not include any interest accrued on the sums to which the respective persons are entitled pursuant to paragraph 2 of this Scheme. The Offeror and the Company shall exercise their absolute discretion in determining whether or not they are satisfied that any person is so entitled, and a certificate of the Offeror and the Company 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.
- (f) On the expiry of six years from the Effective Date, the Offeror and the Company shall be released from any further obligation to make any payments under this Scheme and the Offeror and the Company shall be absolutely entitled to keep the balance (if any) of the sums then standing to the credit of the deposit accounts referred to in paragraph 3(e) of this Scheme, including accrued interest subject to, if applicable, any deduction of interest, tax or any withholding tax or any other deduction required by law and expenses incurred.
- (g) Paragraph 3(f) above shall take effect subject to any prohibition or condition imposed by law.

SCHEME OF ARRANGEMENT

4. As from and including the Effective Date:
 - (a) all certificates for the Scheme Shares shall cease to have effect as documents of evidence of title for such Scheme Shares and every holder thereof shall be bound, at the request of the Company, to deliver up such certificates to the Company or to any person appointed by the Company to receive the same for cancellation;
 - (b) all instruments of transfer validly subsisting as at the Scheme Record Date in respect of the transfer of any number of the Scheme Shares shall cease to be valid for all purposes as instruments of transfer; and
 - (c) all mandates or other instructions to the Company in force as at the Scheme Record Date in relation to any of the Scheme Shares shall cease to be valid as effective mandates or instructions.
5. Subject to the Conditions having been fulfilled or waived, as applicable, under the section headed “Conditions of the Proposal” and the section headed “Special Dividend” in the Explanatory Statement, this Scheme shall become effective as soon as an office copy of the order of the High Court sanctioning this Scheme (with or without modification) and confirming the reduction of the share capital of the Company provided for by this Scheme together with a minute and a return that comply with subsections (2) and (3) of section 230 of the Companies Ordinance shall have been delivered and registered by the Registrar of Companies in Hong Kong.
6. Unless this Scheme shall have become effective on or before the Long Stop Date, this Scheme shall lapse.
7. The Company and the Offeror may jointly consent for and on behalf of all parties concerned to any modification of or addition to this Scheme or to any condition which the High Court may see fit to approve or impose.
8. Pursuant to Rule 2.3 of the Takeovers Code, if the Scheme is not approved and the Proposal is either not recommended by the Independent Board Committee or not recommended as fair and reasonable by the Independent Financial Adviser, all costs and expenses incurred by the Company and the Offeror in connection with the Proposal shall be borne by the Offeror. Given that the Proposal is recommended by the Independent Board Committee and is recommended as fair and reasonable by the Independent Financial Adviser, the Company and the Offeror have agreed that all costs, charges and expenses of the advisers and counsel appointed by the Company, including the Independent Financial Adviser, will be borne by the Company, whereas all cost, charges and expenses of the advisers and counsel appointed by the Offeror will be borne by the Offeror, and other costs, charges and expenses of the Scheme and the Proposal will be shared between the Company and the Offeror equally.

19th June, 2020

NOTICE OF COURT MEETING

HCMP No. 657/2020

IN THE HIGH COURT OF THE
HONG KONG SPECIAL ADMINISTRATIVE REGION
COURT OF FIRST INSTANCE
MISCELLANEOUS PROCEEDINGS NO. 657 OF 2020

IN THE MATTER OF

ALLIED PROPERTIES (H.K.) LIMITED
聯合地產(香港)有限公司

AND

IN THE MATTER OF
THE COMPANIES ORDINANCE,
CHAPTER 622 OF THE LAWS OF
THE HONG KONG SPECIAL ADMINISTRATIVE REGION

SCHEME OF ARRANGEMENT

Under Section 673 of the Companies Ordinance,
Chapter 622 of the Laws of the Hong Kong Special Administrative Region

NOTICE OF COURT MEETING

NOTICE IS HEREBY GIVEN that, by an order (the “**Order**”) dated 15th June, 2020 made in the above matters, the High Court of the Hong Kong Special Administrative Region (the “**High Court**”) has directed that a meeting of the holders of Scheme Shares (as defined in the Scheme referred to below) be convened for the purpose of considering and, if thought fit, approving (with or without modification) a scheme of arrangement (the “**Scheme**”) proposed to be made between Sunhill Investments Limited, Allied Properties (H.K.) Limited 聯合地產(香港)有限公司 (the “**Company**”) and the Scheme Shareholders (as defined in the Scheme) (the “**Meeting**”), and that the Meeting will be held at Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Wednesday, 15th July, 2020 at 10:00 a.m..

NOTICE OF COURT MEETING

A copy of the Scheme and a copy of the explanatory statement (the “**Explanatory Statement**”) explaining the effect of the Scheme required to be furnished pursuant to section 671 of the Companies Ordinance, are incorporated in the composite scheme document dated 19th June, 2020 (the “**Scheme Document**”) and sent to the shareholders of the Company, of which this notice forms part. A copy of the Scheme Document can also be obtained by any person entitled to attend the Meeting between the hour of 10:00 a.m. and 4:00 p.m. on any weekday (other than a Saturday, a Sunday or a public holiday in Hong Kong) prior to the day appointed for the said meeting at (a) the Company at 22nd Floor, Allied Kajima Building, 138 Gloucester Road, Wanchai, Hong Kong and (b) at the office of the Company’s legal adviser at 12th Floor, Prince’s Building, 10 Chater Road, Central, Hong Kong. The Scheme Document is also available at www.alliedproperties.com.hk.

In compliance with the Hong Kong Code on Takeovers and Mergers (the “**Takeovers Code**”), shares of the Company held by the Offeror and parties acting in concert (as defined in the Takeovers Code) with it may not be voted at the Meeting. Only shares of the Company held by holders of Scheme Shares (other than the Offeror and parties acting in concert (as defined in the Takeovers Code) with it) (i.e. the Scheme Shareholders) are eligible for voting thereat.

Scheme Shareholders may vote in person at the 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 Meeting is enclosed with the Scheme Document.

Scheme Shareholders with their own name registered in the register of members of the Company, i.e. holding physical share certificate in their own name, who wish to attend the Meeting by telephone conference are requested to register their interest and provide the following details by email at attendmeeting@aphk.com during the period from the date of the Scheme Document (i.e. Friday, 19th June, 2020) to Monday, 13th July, 2020 at 10:00 a.m.:

1. full name and address (as shown on the mailing label on the envelope of the Scheme Document to the shareholders of the Company); and
2. contact phone number (for better co-ordination).

Scheme Shareholders are further reminded that the deadline to submit completed pink form of proxy is Monday, 13th July, 2020 at 10:00 a.m.. For the Scheme Shareholders who wish to attend the Meeting by telephone conference and vote, the completed pink form of proxy are subject to the same deadline and format, and shall be lodged with the Company’s share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong.

NOTICE OF COURT MEETING

It is requested that the form appointing proxy together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy thereof (in the case of a corporation either under its common seal or under the hand of an attorney or a duly authorised officer on its behalf and to the satisfaction of the directors of the Company), be deposited at the Company's 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 but in any event not less than 48 hours before the time appointed for holding the Meeting (i.e. on or before Monday, 13th July, 2020 at 10:00 a.m. (Hong Kong time)) or any adjournment thereof, provided that no account is to be taken of any part of a day that is a public holiday. Form of proxy sent electronically will not be accepted.

Completion and return of the form of proxy will not preclude a Scheme Shareholder from attending and voting in person at the Meeting or any adjournment thereof. In the event that a Scheme Shareholder attends and votes at the Meeting or any adjournment thereof after having lodged his/her/its form of proxy, his/her/its form of proxy shall be deemed to be revoked by operation of law.

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

For the purpose of determining the entitlement to attend and vote at the Meeting, the register of members of the Company will be closed from Thursday, 9th July, 2020 to Wednesday, 15th July, 2020, both days inclusive, and during such period, no transfer of shares of the Company will be effected. In order to qualify to attend and vote at the Meeting, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar as stated above no later than 4:30 p.m. (Hong Kong time) on Wednesday, 8th July, 2020.

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

By the same Order, the High Court has appointed Mr. Mark Wong Tai Chun or, failing him, Mr. Li Chi Kong, all being directors of the Company, to act as Chairman of the Meeting and has directed the Chairman of the Meeting to report the result of it to the High Court.

NOTICE OF COURT MEETING

If approved at the Meeting, the Scheme will be subject to the subsequent sanction of the High Court as set out in the Explanatory Statement contained in the Scheme Document.

Dated this 19th day of June, 2020.

P.C. WOO & CO.

Solicitors

12th Floor, Prince's Building

10 Chater Road, Central

Hong Kong

Solicitors to

ALLIED PROPERTIES (H.K.) LIMITED

As at the date of this notice, the board of directors of the Company comprises Messrs. Lee Seng Hui (Chief Executive) and Mark Wong Tai Chun being the Executive Directors; Messrs. Arthur George Dew (Chairman) and Li Chi Kong being the Non-Executive Directors; and Messrs. Steven Samuel Zoellner, Alan Stephen Jones and David Craig Bartlett being the Independent Non-Executive Directors.

Please also refer to the published version of this notice in the South China Morning Post on 19th June, 2020.

NOTICE OF APL GENERAL MEETING



ALLIED PROPERTIES (H.K.) LIMITED

(聯合地產(香港)有限公司)

(Incorporated in Hong Kong with limited liability)

(Stock Code: 56)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**Meeting**”) of Allied Properties (H.K.) Limited (the “**Company**”) will be held at Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Wednesday, 15th July, 2020 at 10:30 a.m. (Hong Kong time) (or if later immediately after the conclusion or adjournment of the meeting of the holders of Scheme Shares (as defined in the Scheme referred to below) convened at the direction of the High Court of the Hong Kong Special Administrative Region for the same place and day (the “**Court Meeting**”)) for the purpose of considering and, if thought fit, passing with or without modification, the special resolution and the ordinary resolution set out below:

SPECIAL RESOLUTION

1. “**THAT:**
 - (a) the proposed scheme of arrangement dated 19th June, 2020 under section 673 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the “**Scheme**”) between Sunhill Investments Limited, the Company and the Scheme Shareholders (as defined in the Scheme) in the form of the print contained in the composite scheme document dated 19th June, 2020 (the “**Scheme Document**”) which has been produced to this Meeting, a print of which has for the purposes of identification been signed by the Chairman of this Meeting and marked “A”, with any modification of or addition to it, or any condition, as may be approved or imposed by the High Court (as defined in the Scheme), be and is hereby approved;
 - (b) for the purpose of giving effect to the Scheme, on the Effective Date (as defined in the Scheme):
 - (i) the share capital of the Company be reduced by cancelling and extinguishing the Scheme Shares (as defined in the Scheme);
 - (ii) subject to and forthwith upon such reduction of share capital taking effect, the share capital of the Company be increased to its former amount by the issue to Sunhill Investments Limited (the “**Offeror**”), credited as fully paid, of the same number of new shares in the capital of the Company as is equal to the number of Scheme Shares (as defined in the Scheme) cancelled and extinguished; and

NOTICE OF APL GENERAL MEETING

- (iii) the Company shall apply the entire amount of the credit arising in its books of account as a result of its reduction of share capital in paying up the new shares of the Company to be allotted and issued, credited as fully paid, to the Offeror, and the directors of the Company be and are hereby unconditionally authorised to allot and issue the same accordingly;
- (c) the listing of the shares of the Company on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) be withdrawn, subject to the Scheme taking effect; and
- (d) any one of the directors of the Company be and is hereby unconditionally authorised to do all acts and things and/or sign such documents as considered to be necessary, appropriate, desirable or expedient for or in connection with the implementation of the Scheme, including (without limitation) (i) the making of an application to the Stock Exchange for the withdrawal of the listing of the shares of the Company on the Stock Exchange, subject to the Scheme taking effect; (ii) the reduction of the share capital of the Company; (iii) the allotment and issue of the shares of the Company 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 High Court (as defined in the Scheme) may see fit to impose and to do all other acts and things and/or sign such documents considered to be necessary for or desirable in connection with the implementation of the Scheme and in relation to the proposed privatisation of the Company by the Offeror by way of the Scheme as a whole.”

ORDINARY RESOLUTION

- 2. “**THAT** conditional upon the special resolution (1) above being passed:
 - (a) subject to the Scheme being approved and becoming binding and effective in accordance with its terms and conditions, the special dividend of HK\$1.50 per share in the Company (the “**Special Dividend**”) be and is hereby declared and approved to be paid to the shareholders of the Company (other than to the Offeror, Allied Group Limited, Capscore Limited and Citiwealth Investment Limited who have irrevocably and unconditionally agreed to waive and surrender their entitlements to the Special Dividend pursuant to the AGL Waiver (as defined in the Scheme)) on the terms as contained in the Scheme Document; and

NOTICE OF APL GENERAL MEETING

- (b) any one of the directors of the Company be and is hereby authorised to do all such acts and things and to take such steps as considered to be necessary, appropriate, desirable or expedient to give effect to or in connection with the payment of the Special Dividend.”

By Order of the Board
Allied Properties (H.K.) Limited
Lau Tung Ni
Company Secretary

Hong Kong, 19th June, 2020

Registered Office:

22nd Floor
Allied Kajima Building
138 Gloucester Road
Wanchai
Hong Kong

Notes:

1. Unless otherwise defined in this notice or the context otherwise requires, terms defined in the Scheme Document shall have the same meanings when used in this notice.
2. The resolutions set out in this notice of the Meeting will be taken by poll pursuant to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) and the Hong Kong Code on Takeovers and Mergers and the results of the poll will be published on the websites of the Stock Exchange and the Company in accordance with the Listing Rules.
3. A member of the Company entitled to attend and vote at the Meeting will be entitled to appoint one or more proxies to attend and, on a poll, vote in his or her stead. A proxy need not be a member of the Company.
4. Whether or not you intend to attend the Meeting in person, you are urged to complete and return the **white** form of proxy in respect of the Meeting in accordance with the instructions printed thereon. Completion and return of the form of proxy will not preclude you from attending the Meeting and voting in person if you so wish. In the event that you attend the Meeting after having lodged the form of proxy, it will be deemed to have been revoked.
5. To be valid, the form of proxy, together with any power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority, must be deposited at the Company’s share registrar, 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 fixed for holding the Meeting (i.e. on or before Monday, 13th July, 2020 at 10:30 a.m. (Hong Kong time)) or any adjournment thereof, provided that no account is to be taken of any part of a day that is a public holiday.
6. Where there are joint registered holders of any shares of the Company, any one of such persons may vote at the Meeting, either personally or by proxy, in respect of such shares of the Company as if he/she were solely entitled thereto, but if more than one of such joint registered holders be present at the Meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such shares of the Company shall alone be entitled to vote in respect thereof.

NOTICE OF APL GENERAL MEETING

7. Shareholders of the Company with their own name registered in the register of members of the Company, i.e. holding physical share certificate in their own name, who wish to attend the Meeting by telephone conference are requested to register their interest and provide the following details by email at attendmeeting@aphk.com during the period from the date of the Scheme Document (i.e. Friday, 19th June, 2020) to Monday, 13th July, 2020 at 10:30 a.m.:
1. full name and address (as shown on the mailing label on the envelope of the Scheme Document to the shareholders of the Company); and
 2. contact phone number (for better co-ordination).

Shareholders of the Company are further reminded that the deadline to submit completed white form of proxy is Monday, 13th July, 2020 at 10:30 a.m.. For the shareholders of the Company who wish to attend the Meeting by telephone conference and vote, the completed white form of proxy are subject to the same deadline and format, and shall be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

8. For determining the entitlement to attend and vote at the Meeting, the register of members of the Company will be closed from Thursday, 9th July, 2020 to Wednesday, 15th July, 2020 (both days inclusive), during which period no transfer of share of the Company will be registered. In order for a shareholder of the Company to be eligible to attend and vote at the Meeting, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited of Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. (Hong Kong time) on Wednesday, 8th July, 2020.
9. In order to facilitate the prevention and control of the spread of the Novel Coronavirus (COVID-19) epidemic and to safeguard the health and safety of the shareholders of the Company, the Company encourages its shareholders to consider appointing the chairman of the Meeting as his/her/its proxy to vote on the relevant resolutions at the Meeting as an alternative to attending the Meeting in person.

As at the date of this notice, the board of directors of the Company comprises Messrs. Lee Seng Hui (Chief Executive) and Mark Wong Tai Chun being the Executive Directors; Messrs. Arthur George Dew (Chairman) and Li Chi Kong being the Non-Executive Directors; and Messrs. Steven Samuel Zoellner, Alan Stephen Jones and David Craig Bartlett being the Independent Non-Executive Directors.