THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Allied Properties (H.K.) Limited (the "**Company**"), you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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)

DISCLOSEABLE AND CONNECTED TRANSACTION DISPOSAL OF A SUBSIDIARY AND NOTICE OF EXTRAORDINARY GENERAL MEETING

Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders

PELICAN FINANCIAL
百 利 勤 金 融

Capitalised terms used on this cover shall have the same meanings as those defined in this circular, unless the context requires otherwise.

A letter from the Board is set out on pages 4 to 13 of this circular and a letter from the Independent Board Committee of the Company containing its recommendation in respect of the Disposal is set out on pages 14 to 15 of this circular. A letter of advice from the Independent Financial Adviser containing its advice and recommendation to the Independent Board Committee and the Independent Shareholders is set out on pages 16 to 32 of this circular.

A notice convening the EGM to be held at Plaza 4, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Tuesday, 10th December, 2019 at 9:30 a.m. (Hong Kong time) is set out on pages EGM-1 to EGM-2 of this circular. A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM (i.e. on or before Saturday, 7th December, 2019 at 9:30 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. Completion and return of the form of proxy will not preclude the Shareholders from attending and voting in person at the EGM or any adjournment thereof if they so wish.

20th November, 2019

CONTENTS

In this circular (other than in the notice of the EGM and the accompanying form of proxy), unless the context otherwise requires, the following expressions have the following meanings:

"AGL"	Allied Group Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange (Stock Code: 373)
"Announcement"	the announcement dated 18th October, 2019 issued by the Company relating to, amongst other things, the Disposal
"associates"	has the meaning ascribed to it under the Listing Rules
"Board"	the board of the Directors
"Business Day"	a day on which banks in Hong Kong are open for business in the ordinary course, other than public holidays, Saturdays and Sundays
"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), the vendor of the Disposal and a non wholly-owned subsidiary of AGL
"Completion"	the completion of the Disposal pursuant to the terms of the Sale and Purchase Agreement
"Completion Date"	the date on which Completion takes place
"Conditions"	the conditions precedent to completion of the Disposal as set out in the Sale and Purchase Agreement, which are required to be satisfied or waived (where applicable) on or before the Long Stop Date
"connected person"	has the meaning ascribed to it under the Listing Rules
"Consideration"	the consideration payable by the Purchaser to the Company for the Sale Shares, being HK$260,000,000
"controlling shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Director(s)"	the director(s) of the Company

"Disposal"	the disposal of the Sale Shares by the Company to the Purchaser pursuant to the Sale and Purchase Agreement
"EGM"	an extraordinary general meeting of the Company to be convened at Plaza 4, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Tuesday, 10th December, 2019 at 9:30 a.m. (Hong Kong time) or any adjournment thereof for the purpose of considering and, if thought fit, approving the Sale and Purchase Agreement and the transactions contemplated thereunder
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	Hong Kong Special Administrative Region of the People's Republic of China
"Independent Board Committee"	the independent board committee of the Company comprising Mr. Steven Samuel Zoellner, being an independent non-executive Director, established for the purpose of advising the Independent Shareholders on the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder
"Independent Financial Adviser" or "Pelican Financial"	Pelican Financial Limited, a corporation licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO, and appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder
"Independent Shareholder(s)"	the Shareholders who are not required under the Listing Rules to abstain from voting at the EGM to approve the Sale and Purchase Agreement and the transactions contemplated thereunder
"Latest Practicable Date"	13th November, 2019, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange

"Long Stop Date"	31st March, 2020 or such other date as may be agreed between the Company and the Purchaser in writing
"percentage ratio(s)"	percentage ratio(s) as set out in Rule 14.07 of the Listing Rules to be applied for determining the classification of a transaction
"Purchaser"	Allied Services Hong Kong Limited, a company incorporated in Hong Kong with limited liability, and an indirect wholly-owned subsidiary of AGL
"Sale and Purchase Agreement"	the sale and purchase agreement dated 18th October, 2019 entered into between the Company and the Purchaser in relation to the Disposal
"Sale Shares"	two shares in the Target Company, representing the entire issued share capital of the Target Company
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) of the Company
"Shareholder(s)"	the holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Company"	AP Elderly Care Limited, a company incorporated in the British Virgin Islands with limited liability, and a direct wholly-owned subsidiary of the Company as at the Latest Practicable Date and immediately prior to Completion
"Target Group"	the Target Company and its subsidiaries
"Valuation Report"	the valuation report prepared by the Valuer dated 8th November, 2019 in relation to the valuation of the Target Group as at 31st August, 2019, the summary of which is disclosed in Appendix I to this circular
"Valuer"	Norton Appraisals Holdings Limited, an independent valuer engaged by the Company to evaluate the value of the Target Group
"%"	per cent

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

20th November, 2019

To the Shareholders

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION
DISPOSAL OF A SUBSIDIARY
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING

INTRODUCTION

Reference is made to the Announcement. On 18th October, 2019, the Company (as vendor) and the Purchaser (an indirect wholly-owned subsidiary of AGL) entered into the Sale and Purchase Agreement, pursuant to which, the Purchaser has conditionally agreed to acquire and the Company has conditionally agreed to sell the Sale Shares at the Consideration of HK$260,000,000, which constitute a discloseable and connected transaction of the Company.

The purpose of this circular is to provide you with, among other things, (i) further details of the Sale and Purchase Agreement and the transactions contemplated thereunder; (ii) the recommendation of the Independent Board Committee; (iii) a letter of advice from the Independent Financial Adviser; (iv) the notice of the EGM; and (v) other information as set out in appendices to this circular as required by the Listing Rules.

THE DISPOSAL

On 18th October, 2019, the Company (as vendor) and the Purchaser (an indirect wholly-owned subsidiary of AGL) entered into the Sale and Purchase Agreement in respect of the Disposal.

The Sale and Purchase Agreement

Date

18th October, 2019

Parties

(1) The Company (as vendor)

(2) The Purchaser (an indirect wholly-owned subsidiary of AGL)

Subject matter

Pursuant to the Sale and Purchase Agreement, the Purchaser has conditionally agreed to acquire and the Company has conditionally agreed to sell the Sale Shares. The Sale Shares, representing the entire issued share capital of the Target Company, will be sold free from all encumbrances together with all rights to any dividend or other distribution declared, made or paid on or after the Completion Date.

Consideration

The Consideration for the sale and purchase of the Sale Shares shall be HK$260,000,000, and shall be payable by the Purchaser to the Company in cash upon Completion.

The Consideration was determined based on arm's length negotiations between the Company and the Purchaser on normal commercial terms with reference to the preliminary valuation of the Target Group amounting to HK$260,000,000 as at 31st August, 2019 prepared by the Valuer using the income approach.

Conditions

Completion is conditional upon the satisfaction or, where applicable, waiver by the Purchaser or the Company (as the case may be), of the following Conditions:

(i) the passing by the Independent Shareholders at the EGM of resolutions approving the Sale and Purchase Agreement and the transactions contemplated thereunder in accordance with the Listing Rules;

(ii) all other necessary governmental and regulatory approvals, consents, waivers, authorisation, registrations, filings and compliance with all the requirements under the Listing Rules and other applicable laws and regulations in connection with the transactions contemplated under the Sale and Purchase Agreement having been obtained and not revoked prior to Completion;

(iii) all necessary consents, waivers and/or authorisations from any relevant third parties (where applicable) in connection with the transactions contemplated under the Sale and Purchase Agreement having been obtained and not revoked prior to Completion;

(iv) the representations, warranties and undertakings given or made by the Company in the Sale and Purchase Agreement remaining true and accurate and not misleading in any material respect as if repeated at Completion and at all times between the date of the Sale and Purchase Agreement and the Completion Date; and

(v) the representations, warranties and undertakings given or made by the Purchaser in the Sale and Purchase Agreement remaining true and accurate and not misleading in any material respect as if repeated at Completion and at all times between the date of the Sale and Purchase Agreement and the Completion Date.

The Conditions set out in (i), (ii) and (iii) cannot be waived by the Company and the Purchaser. The Purchaser may in its absolute discretion at any time waive Condition (iv), while the Company may in its absolute discretion at any time waive Condition (v).

If any of the Conditions is not satisfied or waived by the Purchaser or the Company (as the case maybe) by the Long Stop Date, (i) the Sale and Purchase Agreement will be terminated immediately; (ii) all the rights, obligations and liabilities of the Company and the Purchaser will cease and determine save for any antecedent rights and obligations already accrued before the termination; and (iii) none of the Company and the Purchaser shall have any claim against each other, except in respect of claims arising out of any antecedent breach of the Sale and Purchase Agreement.

As at the Latest Practicable Date, none of the Conditions have been fulfilled.

Completion

Completion shall take place on the fifth Business Day after fulfillment (or waiver where applicable) of all Conditions, or such later date as may be agreed by the Company and the Purchaser in writing.

FINANCIAL INFORMATION OF THE TARGET GROUP

Set out below are summaries of certain financial information of the Target Group for the years ended 31st December, 2017 and 2018.

	For the year ended 31st December, 2018 *HK$ Million* (unaudited)	**For the year ended 31st December, 2017** *HK$ Million* (unaudited)
Revenue	329.5	274.1
Net profit before taxation	28.5	21.3
Net profit after taxation	24.9	18.8

Note:

Certain Subsidiaries and an associate of the Target Group were acquired by the Target Company under the Company's internal group restructuring in 2019 which was completed on 8th October, 2019. The financial information for the Target Group for the years ended 31st December, 2017 and 2018 represent such amount attributable to the Group for the corresponding period.

According to the financial information of the Target Group as at 30th June, 2019, the Target Group had a net asset value of approximately HK$159,600,000 which is attributable to the Group.

VALUATION

Since the income approach was adopted by the Valuer for preparing the Valuation Report in respect of the valuation of the Target Group, such valuation constitutes a profit forecast under Rule 14.61 of the Listing Rules. The details of the principal assumptions, including commercial assumptions, upon which the profit forecast is based are set out below:

– all relevant legal approvals and business certificates or licenses to operate the business in the localities in which the Target Group operates or intends to operate would be officially obtained and renewable upon expiry;

– there will be sufficient supply of technical staff in the industry in which the Target Group operates, and the Target Group will retain competent management, key personnel and technical staff to support its ongoing operations and developments;

– there will be no major change in the current taxation laws in the localities in which the Target Group operates or intends to operate and that the rates of tax payable shall remain unchanged and that all applicable laws and regulations will be complied with;

– there will be no major change in the political, legal, economic or financial conditions in the localities in which the Target Group operates or intends to operate, which would adversely affect the revenues attributable to and profitability of the Target Group; and

– interest rates and exchange rates in the localities for the operation of the Target Group will not differ materially from those presently prevailing.

A summary of the Valuation Report is set out in Appendix I to this circular. In accordance with Rule 14.62 of the Listing Rules, the Company has engaged Deloitte Touche Tohmatsu, the reporting accountants of the Company, to report to the Directors on their review of the calculation of the discounted future estimated cash flows in connection with the valuation of the Target Group prepared by the Valuer as set out in the Valuation Report dated 8th November, 2019 is based.

Pelican Financial, the Independent Financial Adviser to the Company, has considered the profit forecast included in the Valuation Report and the abovementioned report from Deloitte Touche Tohmatsu. Pelican Financial is satisfied that the profit forecast included in the Valuation Report have been made by the Directors after due and careful enquiry.

The abovementioned report from Deloitte Touche Tohmatsu and the letter from Pelican Financial regarding the profit forecast in the Valuation Report are set out in Appendix II and Appendix III to this circular, respectively, in compliance with Rule 14.62 of the Listing Rules. The Company has submitted the report from Deloitte Touche Tohmatsu and the letter from Pelican Financial to the Stock Exchange in compliance with Rule 14.62 of the Listing Rules.

REASONS FOR AND BENEFIT OF THE DISPOSAL

The Group is principally engaged in property investment and financial services. In addition, a minor part of the Group's business consists of the provision of elderly care services, cleaning services and property management services.

The Directors are of the view that the disposal of the minor part of the Group's business will better enable it to focus executive and management effort on management and development of the Group's principal business sectors and the Disposal will also enhance the Group's working capital by the disposal of non-core assets. The Disposal will not have a material effect on the core business and operations of the Group.

FINANCIAL EFFECT OF THE DISPOSAL AND USE OF PROCEEDS

It is expected that, subject to audit, the Group will recognise a gain of approximately HK$100,400,000 before transaction costs from the Disposal, which is calculated by reference to the Consideration of HK$260,000,000 and the net asset value of approximately HK$159,600,000 of the Target Group which is attributable to the Group as at 30th June, 2019.

Upon completion of the Disposal, members of the Target Group will cease to be subsidiaries of the Company and their financial statements will no longer be consolidated into the Group's financial statements.

The Company intends to use the proceeds from the Disposal in the amount of approximately HK$200,000,000 for repayment of bank loans of the Group and the remaining amount of approximately HK$60,000,000 as the general working capital of the Group.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the Disposal exceeds 5% but is below 25%, the Disposal constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

The Purchaser is an indirect wholly-owned subsidiary of AGL, the controlling shareholder of the Company which is beneficially interested in approximately 74.99% of the total number of shares in issue of the Company as at the Latest Practicable Date, and hence is a connected person of the Company. As such, the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the Disposal exceeds 5%, the Disposal is, in addition to the reporting and announcement requirements, subject to the circular and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Messrs. Alan Stephen Jones and David Craig Bartlett, being independent non-executive Directors, are also independent non-executive directors of AGL. They were not appointed as members of the Independent Board Committee and have voluntarily abstained from voting on the relevant board resolutions of the Company although they were not considered by the Board to be materially interested in the Sale and Purchase Agreement and the transactions contemplated thereunder.

Mr. Lee Seng Hui (being the chief executive and an executive Director of the Company) is also the chief executive and an executive director of AGL and also one of the trustees of Lee and Lee Trust, being a discretionary trust which, together with his personal interest, controls approximately 74.95% interest in the total number of shares in issue of AGL. AGL is directly and indirectly interested in an aggregate of approximately 74.99% of the total number of shares in issue of the Company. As such, Mr. Lee Seng Hui is deemed to be interested in the Sale and Purchase Agreement and has abstained from voting on the relevant board resolutions of the Company.

None of the Directors, except for Mr. Lee Seng Hui as disclosed above, has any material interest in the Sale and Purchase Agreement and is required to abstain from voting on the board resolutions approving the Sale and Purchase Agreement and the transactions contemplated thereunder.

INFORMATION ON THE COMPANY, THE PURCHASER AND THE TARGET GROUP

The Company

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

As at the Latest Practicable Date, the Company is beneficially owned as to approximately 74.99% by AGL.

The Purchaser

The Purchaser is incorporated in Hong Kong with limited liability, and an indirect wholly-owned subsidiary of AGL.

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

The Target Group

The Target Company is incorporated in the British Virgin Islands with limited liability, and a direct wholly-owned subsidiary of the Company. The principal business activity of the Target Company is investment holding.

The principal business activities of the Target Group are the provision of elderly care services, property management, cleaning and security guarding services in Hong Kong.

EGM

A notice convening the EGM to be held at Plaza 4, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Tuesday, 10th December, 2019 at 9:30 a.m. (Hong Kong time) is set out on pages EGM-1 to EGM-2 of this circular. An ordinary resolution will be proposed to the Independent Shareholders to consider and, if thought fit, to approve, inter alia, the Sale and Purchase Agreement and the transactions contemplated thereunder.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Accordingly, the resolution will be put to vote by way of poll at the EGM. An announcement on the result of the vote by poll will be made by the Company after the EGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM (i.e. on or before Saturday, 7th December, 2019 at 9:30 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. Completion and return of the form of proxy will not preclude the Shareholders from attending and voting in person at the EGM or any adjournment thereof if they so wish.

Voting

As at the Latest Practicable Date, AGL is interested in 5,108,911,521 Shares, representing approximately 74.99% of the total number of shares in issue of the Company. As the Purchaser is an indirect wholly-owned subsidiary of AGL, by reason of the requirements of the Listing Rules, AGL and its associates (including the Purchaser and Mr. Lee Seng Hui) will abstain from voting in the EGM. Save for AGL and its associates (including the Purchaser), no other Shareholder has a material interest in the transactions contemplated under the Sale and Purchase Agreement such that he or she or it is required to abstain from voting on the resolution approving the Sale and Purchase Agreement and the transactions contemplated thereunder.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of ascertaining Shareholders who are entitled to attend and vote at the EGM or any adjournment thereof, the register of members of the Company will be closed from Thursday, 5th December, 2019 to Tuesday, 10th December, 2019, both days inclusive, during which period no transfer of Shares will be registered. In order to qualify for the right to attend and vote at the EGM or any adjournment thereof, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 4th December, 2019.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising Mr. Steven Samuel Zoellner, being an independent non-executive Director, has been established to advise the Independent Shareholders on the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder and as to voting.

Pelican Financial has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders regarding the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder.

RECOMMENDATION

The Independent Board Committee, having considered the advice from the Independent Financial Adviser, considers that the terms of the Sale and Purchase Agreement are on normal commercial terms and fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee has recommended the Independent Shareholders to vote in favour of the resolution in respect of the Sale and Purchase Agreement to be proposed at the EGM.

The Directors (including the independent non-executive Director Mr. Steven Samuel Zoellner whose opinion and recommendation are set out in the letter from the Independent Board Committee on pages 14 to 15 of this circular, but excluding Messrs. Alan Stephen Jones, David Craig Bartlett and Lee Seng Hui who have abstained from voting on the relevant board resolutions) consider that the terms of the Sale and Purchase Agreement were entered into after arm's length negotiations and reflect normal commercial terms and that the terms of the Sale and Purchase Agreement are fair and reasonable so far as the Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole, as such, they recommend the Independent Shareholders to vote in favour of the resolution in respect of the Sale and Purchase Agreement to be proposed at the EGM.

GENERAL

Completion is subject to a number of Conditions being satisfied, including but not limited to the necessary approval of the Disposal having been obtained from the Independent Shareholders. As such, the Disposal may or may not materialise. Shareholders and potential investors of the Company should exercise caution when dealing in the Shares.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in (i) the letter from the Independent Board Committee; (ii) the letter of advice from the Independent Financial Adviser; and (iii) the appendices to this circular.

Yours faithfully,
For and on behalf of the 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)

20th November, 2019

To the Independent Shareholders

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION
DISPOSAL OF A SUBSIDIARY

I refer to the circular of Allied Properties (H.K.) Limited (the "**Company**") dated 20th November, 2019 (the "**Circular**"), of which this letter forms part. Terms defined in the Circular shall have the same meanings in this letter unless the context requires otherwise.

I have been appointed by the Board as the sole member of the Independent Board Committee to advise the Independent Shareholders on whether the terms of the Sale and Purchase Agreement (details set out in the Letter from the Board in the Circular) are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned and whether the Sale and Purchase Agreement is in the interests of the Company and the Shareholders as a whole. Pelican Financial has been appointed as the Independent Financial Adviser of the Company to advise the Independent Board Committee and the Independent Shareholders on the same.

Having considered the information set out in the Letter from the Board as well as the major factors, reasons and opinion stated in the letter of advice from the Independent Financial Adviser, I am of the view that although the transactions contemplated under the Sale and Purchase Agreement are not conducted in the ordinary and usual course of business of the Group, the terms of the Sale and Purchase Agreement are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned. I also believe that the Disposal is in the interests of the Company and the Shareholders as a whole.

Accordingly, I advise the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Sale and Purchase Agreement and the transaction contemplated thereunder.

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

The following is the full text of the letter of advice from Pelican Financial, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, in respect of the transactions contemplated under the Sale and Purchase Agreement, which has been prepared for the purpose of inclusion in this circular.

PELICAN FINANCIAL
百 利 勤 金 融

PELICAN FINANCIAL LIMITED

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

20 November 2019

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

Dear Sirs,

DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO THE DISPOSAL OF A SUBSIDIARY

INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder, details of which are set out in the letter from the Board (the "**Board Letter**") contained in the circular of the Company dated 20 November 2019 (the "**Circular**"), of which this letter forms a part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

As stated in the Announcement, on 18 October 2019, the Company (as vendor) and the Purchaser (an indirect wholly-owned subsidiary of AGL) entered into the Sale and Purchase Agreement, pursuant to which the Purchaser has conditionally agreed to acquire and the Company has conditionally agreed to sell the Sale Shares at the Consideration of HK$260.0 million.

As one of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the Disposal exceeds 5% but is below 25%, the Disposal constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

The Purchaser is an indirect wholly-owned subsidiary of AGL, the controlling shareholder of the Company which is beneficially interested in approximately 74.99% of the total number of shares in issue of the Company as at the Latest Practicable Date, and hence is a connected person of the Company. As such, the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Furthermore, as one of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the Disposal exceeds 5%, the Disposal is, in addition to the reporting and announcement requirements, subject to the circular and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Board currently comprises two executive Directors, two non-executive Directors and three independent non-executive Directors. As Mr. Alan Stephen Jones and Mr. David Craig Bartlett, two of the independent non-executive Directors of the Company, are also independent non-executive directors of AGL, they were not appointed as members of the Independent Board Committee and have voluntarily abstained from voting on the relevant board resolutions of the Company although they were not considered by the Board to be materially interested in the Sale and Purchase Agreement and the transactions contemplated thereunder. Accordingly, the Independent Board Committee, comprising Mr. Steven Samuel Zoellner, being the remaining independent non-executive Director, has been established to advise the Independent Shareholders in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder. We have been appointed by the Company as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this respect and such appointment has been approved by the Independent Board Committee.

In assessing the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder, we have performed the works as required under Note 1(d) to Rule 13.80 of the Listing Rules and paragraph 5.3 of the Corporate Finance Adviser Code of Conduct in respect of the assessment of the business valuation report (the "**Valuation Report**") prepared by Norton Appraisals Holdings Limited (the "**Valuer**"), details of which are set out in the section headed "Evaluation of the Consideration" of this letter. Since the income approach was adopted by the Valuer in respect of the valuation of the Target Group, such valuation constitutes a profit forecast under Rule 14.61 of the Listing Rules. In this regard, we are also engaged by the Company, in the capacity as its independent financial adviser, to opine on whether the profit forecast included in the Valuation Report (the "**Profit Forecast**") has been made by the Directors after due and careful enquiry under Rule 14.62(3) of the Listing Rules. As our review and assessment of the Valuation Report under Note 1(d) to Rule 13.80 of the Listing Rules and paragraph 5.3 of the Corporate Finance Adviser Code of Conduct already covers our assessment of the Profit Forecast and its compilation, upon which the Valuation of the Target Group was based, we are of the view that our engagement to review the Profit Forecast in compliance with Rule 14.62(3) of the Listing Rules would not impair our independence in this transaction. For our view on whether the Profit Forecast has been made by the Directors after due and careful enquiry, please refer to our letter contained in Appendix III to the Circular.

Pelican Financial Limited ("**Pelican**") is not connected with the Directors, chief executive or substantial Shareholders of the Company or any of their respective associates and therefore is considered suitable to give independent advice to the Independent Board Committee and the Independent Shareholders. As at the Latest Practicable Date, we were not aware of any relationships or interest between Pelican and the Company nor any other parties that could be reasonably be regarded as a hindrance to Pelican's independence as defined under Rule 13.80 of the Listing Rules to act as the independent financial adviser to the Independent Board Committee and the Shareholders in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder. In the last two years, there was no engagement between the Company 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 the Company or the Directors, chief executive or substantial Shareholders of the Company or any of their respective associates, and we are not aware of the existence of or change in any circumstances that would affect our independence. Accordingly, we consider that we are eligible to give independent advice on the Sale and Purchase Agreement and the transactions contemplated thereunder, as well as the Profit Forecast and its compilation in compliance with Rule 14.62(3) of the Listing Rules.

As for this letter, our role is to provide you with our independent opinion and recommendation as to (i) whether the Sale and Purchase Agreement and the transactions contemplated thereunder are entered into in the ordinary and usual course of business and on normal commercial terms; (ii) whether the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole; and (iii) how the Independent Shareholders should vote in respect of the relevant resolution(s) on the Sale and Purchase Agreement and the transactions contemplated thereunder at the EGM.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have performed relevant procedures and those steps which we deemed necessary in forming our opinions which include, among other things, review of relevant agreements, documents as well as information provided by the Company and verified them, 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 the Company and/or the Directors and/or the management of the Group. The documents reviewed include, but are not limited to, the Sale and Purchase Agreement, the announcement of the Company dated 18 October 2019, the annual report of the Company for the financial year ended 31 December 2018 (the "**2018 Annual Report**"), the Company's unaudited interim report for the six months ended 30 June 2019 (the "**2019 Interim Report**"), the Valuation Report prepared by the Valuer together with the included financial forecast for the Target Group prepared by the management of the Company and AGL (the "**Management**"), and the Circular. We have assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect 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 Circular, or the reasonableness of the opinions expressed by the Company, its management and/or the Directors, which have been provided to us.

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

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent verification of the information included in the Circular and provided to us by the Directors and the management of the Group nor have we conducted any form of an in-depth investigation into the business and affairs or the future prospects of the Group.

PRINCIPAL FACTORS TAKEN INTO CONSIDERATION

In formulating our opinion in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder, we have considered the following principal factors and reasons.

1. Information of the Company

The Company 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 the Company is investment holding, while the principal business segments of its major subsidiaries are: (i) financial services, which involves the provision of consumer loan finance products and term loan financing; (ii) property rental, hotel operations and management services, which involve property rental and hospitality related services; and (iii)others which involve elderly care services, development and sales of properties and property based investments.

Set out below is a summary of the financial information of the Group for the two financial years ended 31 December 2018 as extracted from the 2018 Annual Report and for the six months ended 30 June 2019 and 30 June 2018 respectively as extracted from the 2019 Interim Report.

	For the six months ended 30 June		For the financial year ended 31 December	
	2019	**2018**	**2018**	**2017**
	HK$ Million	*HK$ Million*	*HK$ Million*	*HK$ Million*
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
Revenue by segments				
(i) Financial services	2,196.6	2,072.6	4,294.1	3,817.8
(ii) Property rental, hotel operations and management services	258.6	252.4	528.7	476.5
(iii) Others	51.0	44.1	92.6	80.0
Total revenue	**2,506.2**	**2,369.1**	**4,915.4**	**4,374.3**
Profit before taxation	**2,287.5**	**2,676.4**	**3,523.7**	**5,589.5**
Profit for the period/year	**2,139.7**	**2,551.7**	**3,276.2**	**5,267.5**

According to the 2018 Annual Report, for the year ended 31 December 2018, the Group recorded an annual increase of approximately 12.4% in its total revenue, from approximately HK$4.4 billion to approximately HK$4.9 billion. Such increase was mainly due to the increased interest income generated from its financial services, the Group's major business segment which continued to account for close to 90% of the Group's total revenue and recorded a growth about 12.5% for the two years ended 31 December 2018. For the two years ended 31 December 2018, profit of the Group for the year decreased by approximately 37.8%, which was mainly due to the decreased profit contribution from its principal businesses despite their increased revenues, a lower fair value gain on the revaluation of its investment properties and lower contributions from its associates.

According to the 2019 Interim Report, for the six months ended 30 June 2019, the unaudited total revenue of the Group amounted to approximately HK$2.5 billion, representing an increase of about 5.8% compared to the same period in 2018, again mainly due to the increased interest income generated from the Group's financial services, which recorded a growth of approximately 6.0% compared to the same period in 2018. For the six months ended 30 June 2019, profit of the Group decreased by approximately 16.1% compared to the same period in 2018, mainly as a result of a lower fair value gain on the revaluation of its investment properties.

Meanwhile, the unaudited consolidated assets and liabilities of the Group as at 30 June 2019 as extracted from the 2019 Interim Report, are summarized as follows:

	As at 30 June 2019 *HK$ Million* (Unaudited)
Total assets	
Non-current assets	45,069.1
Current assets	23,243.7
Total liabilities	
Non-current liabilities	9,830.6
Current liabilities	10,297.1
Net current assets	**12,946.6**
Net assets	**48,185.1**
Equity attributable to owners of the Company	**37,606.4**

As at 30 June 2019, the unaudited total assets and total liabilities of the Group amounted to approximately HK$68.3 billion and approximately HK$20.1 billion respectively. Accordingly, the unaudited net assets of the Group were approximately HK$48.2 billion as at 30 June 2019.

2. Information of the Purchaser

The Purchaser is incorporated in Hong Kong with limited liability, and an indirect wholly-owned subsidiary of AGL.

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

3. Information of the Target Group

The Target Company is incorporated in the British Virgin Islands with limited liability, and a direct wholly-owned subsidiary of the Company. The principal business activity of the Target Company is investment holding.

The principal business activities of the Target Group are the provision of elderly care services, property management, cleaning and security guarding services in Hong Kong.

Financial information

Set out below are summaries of certain financial information of the Target Group for the years ended 31 December 2017 and 2018. Certain subsidiaries and an associate of the Target Group were acquired by the Target Group under the Company's internal group restructuring in 2019 which was completed on 8 October 2019. Therefore, the financial information provided below represents such amount attributable to the Group for the years ended 31 December 2017 and 2018.

	For the year ended 31 December 2018 *HK$ Million* (Unaudited)	**For the year ended 31 December 2017** *HK$ Million* (Unaudited)
Revenue	329.5	274.1
Net profit before taxation	28.5	21.3
Net profit after taxation	24.9	18.8

According to the financial information of Target Group as at 30 June 2019, the Target Group had a net asset value of approximately HK$159.6 million which was attributable to the Group.

4. Reasons for and benefits of the Disposal

We were given to understand from the Company that, in order to focus on the management and development of the Group's principal businesses in property investment and financial services, the Directors are of the view that disposing the minor part of the Group's business, which consists of the provision of elderly care services, cleaning services and property management services and which contributes only a relatively small amount to the Group's revenue, is commercially justifiable. In this regard, we have reviewed the financial information of the Target Group, and noted that the Target Group recorded a revenue of approximately HK$274.1 million and HK$329.5 million which was attributable to the Group for the two years ended 31 December 2017 and 2018 respectively, meaning that its revenue contribution to the Group was only about 6.3% and 6.7% for each of the two years respectively. Accordingly, we concur with the Company that the Disposal would not have a material effect on the core business and operations of the Group.

In addition, as the Company intends to use the proceeds from the Disposal in the amount of approximately HK$200 million for repayment of bank loans of the Group and the remaining amount of approximately HK$60 million as its working capital. As such, the Group's working capital will be enhanced and the Group will enjoy additional flexibility in allocating its financial resources for opportunities with growth potential.

Given that (i) the Disposal will allow the Group to focus on its principal business sectors and generate a potentially good return; (ii) the Disposal will not have a material effect on the core business and operations of the Group; and (iii) the proceeds from the Disposal will enhance the Group's working capital position, we are of the view that the Disposal is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

5. The Sale and Purchase Agreement

On 18 October 2019, the Company (as vendor) and the Purchaser (an indirect wholly-owned subsidiary of AGL) entered into the Sale and Purchase Agreement in respect of the Disposal. Pursuant to the Sale and Purchase Agreement, the Purchaser has conditionally agreed to acquire and the Company has conditionally agreed to sell the Sale Shares. The Sale Shares, representing the entire issued share capital of the Target Company, will be sold free from all encumbrances together with all rights to any dividend or other distribution declared, made or paid on or after the Completion Date.

The principal terms of the Sale and Purchase Agreement are set out in the Board Letter and Completion is conditional upon the satisfaction or, where applicable, waiver by the Purchaser or the Company (as the case may be), of the following Conditions:

(i) the passing by the Independent Shareholders at the EGM of resolutions approving the Sale and Purchase Agreement and the transactions contemplated thereunder in accordance with the Listing Rules;

(ii) all other necessary governmental and regulatory approvals, consents, waivers, authorisation, registrations, filings and compliance with all the requirements under the Listing Rules and other applicable laws and regulations in connection with the transactions contemplated under the Sale and Purchase Agreement having been obtained and not revoked prior to Completion;

(iii) all necessary consents, waivers and/or authorisations from any relevant third parties (where applicable) in connection with the transactions contemplated under the Sale and Purchase Agreement having been obtained and not revoked prior to Completion;

(iv) the representations, warranties and undertakings given or made by the Company in the Sale and Purchase Agreement remaining true and accurate and not misleading in any material respect as if repeated at Completion and at all times between the date of the Sale and Purchase Agreement and the Completion Date; and

(v) the representations, warranties and undertakings given or made by the Purchaser in the Sale and Purchase Agreement remaining true and accurate and not misleading in any material respect as if repeated at Completion and at all times between the date of the Sale and Purchase Agreement and the Completion Date.

The Conditions set out in (i), (ii) and (iii) cannot be waived by the Company and the Purchaser. The Purchaser may in its absolute discretion at any time waive Condition (iv), while the Company may in its absolute discretion at any time waive Condition (v).

If any of the Conditions is not satisfied or waived by the Purchaser or the Company (as the case maybe) by the Long Stop Date, (i) the Sale and Purchase Agreement will be terminated immediately; (ii) all the rights, obligations and liabilities of the Company and the Purchaser will cease and determine save for any antecedent rights and obligations already accrued before the termination; and (iii) none of the Company and the Purchaser shall have any claim against each other, except in respect of claims arising out of any antecedent breach of the Sale and Purchase Agreement.

As at the Latest Practicable Date, none of the Conditions have been fulfilled.

We have reviewed the Sale and Purchase Agreement and are of the view that the terms of which are customary in nature and therefore fair and reasonable.

6. Evaluation of the Consideration

The Consideration for the sale and purchase of the Sale Shares shall be HK$260.0 million and shall be payable by the Purchaser to the Company in cash upon Completion.

The Consideration was determined based on arm's length negotiations between the Company and the Purchaser on normal commercial terms with reference to the valuation of the Target Group amounting to HK$260.0 million as at 31 August 2019 prepared by the Valuer using the income-based approach.

Valuation Report

To assess the fairness and reasonableness of the Consideration, we have reviewed and considered the valuation of the Target Group in the amount of HK$260.0 million as at 31 August 2019, which was conducted by adopting the income-based approach.

We have performed the works as required under Note 1(d) to Rule 13.80 of the Listing Rules and paragraph 5.3 of the Corporate Finance Adviser Code of Conduct in respect of the Valuation Report, which included (i) assessment of the Valuer's experiences in valuing entities in the Hong Kong similar to the Target Group; (ii) obtain information on the Valuer's track record on other valuations; (iii) inquiry on the Valuer's current and prior relationship with the Group and other parties to the Sale and Purchase Agreement; (iv) review of the terms of the Valuer's engagement, in particular its scope of work, for the assessment of the valuation of the Target Group; and (v) discussion with the Valuer regarding the bases, methodology and assumptions adopted in the Valuation Report.

a) Valuer

We understand that Mr. Paul M. K. Wong, the director of the Valuer and the co-signor of the Valuation Report, is a registered professional surveyor and a member of the Hong Kong Institute of Surveyors, as well as a registered business valuer of the Hong Kong Business Valuation Forum with over 26 years of experience in the valuation of private equities. Meanwhile, we understand that the other co-signor of the Valuation Report and the associate director of the Valuer, Mr. Oliver Y. Pan, is a CFA Charterholder, a member of the Hong Kong Society of Financial Analyst as well as a certified financial risk manager with over 7 years of experience in the valuation of business, tangible and intangible assets across various sectors. In assessing the Valuer's experiences in valuing entities in the Hong Kong similar to the Target Group, we have also obtained information on the Valuer's track records on other valuations and noted that the Valuer had acted as the valuer for a wide range of public companies listed in Hong Kong for similar transactions. As such, we are of the view that the Valuer is qualified, experienced and competent in performing business valuations and providing a reliable opinion in respect of the valuation of the Target Group.

We have also enquired with the Valuer as to its independence from the Company and the parties to the Sale and Purchase Agreement and were given to understand that the Valuer is an independent third party of the Company and its connected persons. The Valuer also confirmed to us that it was not aware of any relationship or interest between itself and the Company or any other parties that would reasonably be considered to affect its independence to act as an independent valuer for the Company. The Valuer confirmed to us that apart from normal professional fees payable to it in connection with its engagement for the valuation, no arrangements exist whereby it will receive any fee or benefit from the Company and its associates.

Furthermore, we also noted from the engagement letter entered into between the Company and the Valuer that the scope of work was appropriate for the Valuer to form the opinion required to be given and there were no limitations on the scope of work which might adversely impact the degree of assurance given by the Valuer in the Valuation Report.

b) Valuation basis

We have reviewed the Valuation Report and understand that the Valuation Report was prepared based on going concern premise and conducted on a fair value basis, and in accordance with the HKIS Valuation Standard 2017 edition issued by the Hong Kong Institute of Surveyors and the International Valuation Standards 2017 edition issued by International Valuation Standards Council.

According to the Valuation Report, fair value is defined as "*the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date*". Since no unusual matters had come to our attention that led us to believe that the Valuation Report was not prepared on a reasonable basis, we believe that the valuation fairly represents the fair value of the Target Group and form a fair and reasonable basis for our further assessment on the Consideration.

c) Valuation methodology

We have discussed with the Valuer on the methodology adopted in valuing the Target Group as at 31 August 2019 and noted they had considered the three generally accepted valuation approaches, namely the market-based approach, the asset-based approach and the income-based approach. According to the Valuation Report,

1. *"The market-based approach values a business entity by comparison of the prices at which other similar business, companies or interests changed hands in arm's length transactions. The underlying theory of this approach is that one would not pay more than one would have to pay for an equally desirable alternative. By adopting this approach, the valuer will first look for valuation indication from the prices of other similar companies or equity interests in companies that were sold recently;*

2. *The asset-based approach is based on the general concept that the earning power of a business entity is derived primarily from its existing assets. The assumption of this approach is that when each of the elements of working capital, tangible and intangible assets is individually valued, their sum represents the value of a business entity and equals to the value of its invested capital (equity and long-term debt); and*

3. *The income-based approach focuses on the economic benefits generated by the income producing capability of a business entity. The underlying theory of this approach is that the value of a business entity can be measured by the present worth of the economic benefits to be received over the useful life of the business entity. Based on this valuation principle, the income-based approach estimates the future economic benefits and discounts these benefits to its present value using a discount rate appropriate for the risks associated with realizing those benefits".*

According to the Valuer, while the market-based approach is not appropriate in this valuation as there are insufficient relevant comparable transactions or listed companies to form a reliable basis for their opinion of value, the asset-based approach is also not appropriate as it ignores the economic benefits of the business. As such, the Valuer considered the income-based approach is the most appropriate valuation method in arriving at the valuation of the Target Group, as it takes into account various business characteristics, such as strength, growth prospects, operation, capital structure and risk factors of the business, and is able to deliver a specific valuation rather than an industry average valuation.

Meanwhile, as the businesses of the subsidiaries of the Target Group are quite distinguished from each other, the Valuer have further adopted the "sum-of-the-parts" valuation method, meaning that the valuation of the Target Group will be the sum of the valuations of its subsidiaries using the income-based approach.

In analyzing whether the income-based approach is fair and reasonable for the valuation of the Target Group, we have considered the following:

(i) Financial forecast

In arriving at the valuation of the Target Group, the Valuer had performed the valuation of the Target Group based on the financial forecast of such provided by the Management. In this regard, we have obtained and reviewed the calculation spreadsheet of the aforementioned financial forecast and understand that it was arrived at with reference to the (i) forecasted revenue which will mainly come from the provision of elderly care services, property management, cleaning and security guarding services; (ii) operating costs; (iii) working capital investments; and (iv) capital expenditures of the Target Group, for the period from the years ending 31 December 2019 to 31 December 2024. We noted that the Company's reporting accountants, Deloitte Touche Tohmatsu, has reviewed the said financial forecast and is of the view that it has been properly compiled in accordance with the bases and assumptions made by the Management. We have also discussed with the Valuer and understand they are of the view that the underlying bases and assumptions of the financial forecast are fair and representative. As such, we consider that the financial forecast forms a fair and reasonable basis in the Valuation Report. For details on our view on the financial forecast, please refer to the section headed "Letter from Pelican Financial" contained in Appendix III to the Circular.

(ii) Discount rate

As the adoption of the income-based approach requires an appropriate discount rate for the Target Group, we noted that the Valuer has used the weighted average cost of capital ("**WACC**") for the estimation of such. We understand from our discussion with the Valuer that, the WACC is widely adopted for the purpose of estimating the required rate of return of a company and in deriving the WACC, the Valuer has taken into account various factors including (i) the cost of equity; (ii) the cost of debt; (iii) portion of equity value to enterprise value; (iv) portion of debt value to enterprise value; and (v) the corporate tax rate in Hong Kong.

We have discussed with the Valuer regarding the aforementioned factors and noted that when estimating the cost of equity, it is a market practice for valuers to take into account the risk-free rate, the market risk premium as well as other risk premium in their valuations. According to the Valuation Report, the risk-free rate and market risk premium are determined using the estimated long-term risk-free rate and long-term premium published in Duff & Phelps Valuation Handbook,[1] which we understand has been used internationally by valuers as benchmarks for their valuations and which we consider as fair and reasonable for the Valuer to adopt such in their valuation of the Target Group.

We also noted that as part of the calculation of the cost of equity, the Valuer had identified twenty-two comparable companies which are publicly listed in Hong Kong and/or overseas and whose shares are actively traded in the market, and that the comparable companies are separated into two lists, being one list of eleven companies that are principally engaged in elderly care services and another list of eleven companies that are principally engaged in property management and/or cleaning and security guarding services. We have discussed with the Valuer regarding its selection criteria and assessed the appropriateness of the comparable companies selected. We noted from the Valuer that, since there are insufficient comparable companies listed in Hong Kong for the purpose of analysis (with only three of them on each list), the selection criteria had been expanded to include companies whose principal businesses are similar to the Target Group's but are listed on overseas stock exchanges. Although the comparable companies' principal places of business are not in Hong Kong, we have looked into their business profiles and noted that they are either engaged in elderly care services, or property management and/or cleaning and security guarding services, as the case may be, that are highly similar to the businesses of the Target Group. We also noted from our discussion with the Valuer that, in order to ensure the lists of comparable companies are reflective of the market conditions in Hong Kong, they had

[1] The Duff & Phelps Valuation Handbook provides over 300 critical data points for approximately 170 U.S. industries which can be used to benchmark, augment, and support customized analyses of industries in which a subject business, business ownership interest, security, or intangible asset resides. Industries are organized by their Standard Industrial Classification (SIC) code. For details, please refer to *https://www.duffandphelps.in/insights/publications/cost-of-capital/valuation-handbook-us-industry-cost-of-capital-2019*

measured the correlation between the returns of the stocks of those comparable companies and those of the entire market through a statistical indicator called beta, and noted that the average and median levels of their correlation indicator, or betas, are similar to those of the comparable companies that are listed in Hong Kong. Given the above, we are of the view that the selection criteria of comparable companies and the list of comparable companies is fair and reasonable.

Finally, we noted from the Valuation Report that the adopted cost of debt of 5.125% is equivalent to the bank's prime lending rate in Hong Kong, and we are of the view that such basis for the cost of deb is appropriate given that the Target Group's principal place of business is in Hong Kong.

In view of the above, we consider the calculation of WACC as well as the adoption of WACC as the discount rate are fair and reasonable.

(iii) Discounted for lack of marketability ("**DLOM**")

Marketability is defined as the ability to convert an investment into cash quickly at a known price at a minimal cost, and the DLOM is a downward valuation adjustment which is used to reflect an investment's reduced level of marketability and which has the largest monetary impact on the final determination of value. As a lack of marketability is often associated with private companies, a DLOM should be employed when valuing the Target Group. As set out in the Valuation Report, the Valuer adopted a DLOM of 15.8% to compensate for the difficulty of selling the shares of the Target Group that are not traded on a stock exchange, compared with those of the comparable companies that are traded publicly in their respective stock exchange markets. We noted that the Valuer determined the DLOM with reference to the Stout Restricted Stock Study[2], which indicates a median DLOM of 15.8% for private equity based on empirical studies. We understand that the Stout Restricted Stock Study is one of the largest fully-vetted databases on discounts for DLOM which is commonly referenced by professional valuers, and therefore we consider such DLOM being used is fair and reasonable.

Given the above and the fact that the income-based approach applied by the Valuer is one of the generally accepted methodologies adopted by professional valuers and is in compliance with the HKIS Valuation Standard 2017 edition issued by the Hong Kong Institute of Surveyors and the International Valuation Standards 2017 edition issued by International Valuation Standards Council, we consider that the methodology and basis adopted by the Valuer for determining the fair value of the Target Group is appropriate.

[2] The Stout Restricted Stock Study is a DLOM database which contains data across up to 60 data fields and which is updated and vetted quarterly to provide empirical support to quantify marketability discounts used in the business valuations. For details, please refer to https://www.bvresources.com/products/the-stout-restricted-stock-study

d) Valuation assumptions

We noted that the Valuer has made various assumptions for the valuation of the Target Group, details of which are set out the section headed "Valuation" in the Board Letter. We have discussed with the Valuer and reviewed the principal assumptions made and nothing has come to our attention which would lead us to doubt the fairness and reasonableness of the principal assumptions adopted in the Valuation Report.

e) Section conclusion

In light of the above and given (i) the Consideration was determined based on arm's length negotiations between the Company and the Purchaser; (ii) the Consideration was determined based on the Valuation Report, as well as the underlying bases, methodology and assumptions which we consider fair and reasonable as discussed above; (iii) the Consideration of HK$260.0 million is equivalent to the valuation of the Target Group of HK$260.0 million as at 31 August 2019 prepared by the Valuer; and (iv) the potential benefits as discussed in the above section headed "Reasons for and benefit of the Disposal" of this letter, we consider that the Consideration is on normal commercial terms, and is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

7. Financial effects of the Disposal

Upon Completion, members of the Target Group will cease to be subsidiaries of the Company and their financial statements will no longer be consolidated into the Group's financial statements.

The financial effects of the Disposal on the Group's earnings, working capital and net asset value are set out below. However, it should be noted that the analysis below is for illustrative purposes only and does not purport to represent how the financial position of the Group would be upon Completion.

a) Earnings

According to the 2018 Annual Report and the 2019 Interim Report, profit of the Group for the year ended 31 December 2018 and the six months ended 30 June 2019 were approximately HK$3.3 billion and HK$2.1 billion respectively, while based on financial information of the Target Group, it had an unaudited net profit after tax of approximately HK$24.9 million which was attributable to the Group for the year ended 31 December 2018. Therefore, the Disposal is expected to decrease the level of the Group's net profit upon Completion.

On the other hand, as set out in our analysis in above section headed "Reasons for and benefits of the Disposal" of this letter, the Disposal will allow the Group to focus on the management and development of its principal business sectors and hence the revenue contribution of those sectors is expected to improve upon Completion.

b) Working capital

The working capital position of the Group is expected to increase immediately upon Completion, when the Consideration of HK$260.0 million shall be settled in cash by the Purchaser to the Company.

c) Net asset value

According to the financial information of Target Group as at 30 June 2019, the Target Group had a net asset value of approximately HK$159.6 million which was attributable to the Group. As such, the Consideration of HK$260.0 million, which will immediately increase the Group's cash position upon Completion as discussed above, is expected to allow the Group to recognise a gain of HK$100.4 million in net assets before transaction costs from the Disposal upon Completion.

Based on the above analysis, we noted that while the Disposal would have a temporary negative effect on the Group's earnings, it would have a positive effect on the Group's working capital position and net asset value. Furthermore, the Group shall record an immediate gain on disposal of subsidiaries upon Completion. Therefore, having considered the reasons for and benefits of the Disposal and the fairness and reasonableness of the Consideration, we are of the view that the short-term adverse impact of the Disposal to the Group's earnings is commercially justifiable.

RECOMMENDATION

Having considered the principal factors and reasons referred to above, we are of the opinion that, despite the entering into of the Sale and Purchase Agreement are not in the ordinary and usual course of business of the Group, the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder are on normal commercial terms, and are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the resolution(s) approving the Sale and Purchase Agreement and the transactions contemplated thereunder at the EGM. We also recommend the Independent Shareholders to vote in favour of the resolution relating to the Sale and Purchase Agreement and the transactions contemplated thereunder at the EGM.

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

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

The following is a summary of the Valuation Report prepared by the Valuer, in relation to the Target Group. Unless otherwise defined, capitalized terms used herein shall have the same meanings as defined in the circular of the Company dated 20th November, 2019.

1. QUALIFICATION OF VALUER

The Valuation Report is cosigned by Mr. Paul M.K Wong and Mr. Oliver Y. Pan. Mr. Paul Wong is a Registered Professional Surveyor with over 26 years' experience in valuation of private equities. Mr. Wong is a member of the Hong Kong Institute of Surveyors and a Registered Business Valuer of the Hong Kong Business Valuation Forum. Mr. Oliver Pan is a CFA Charterholder as well as a Certified FRM with over 7 years' experience in valuation of business, tangible and intangible assets in various sectors. Mr. Pan is also a member of the Hong Kong Society of Financial Analyst.

2. VALUATION METHODOLOGY

There are three generally accepted approaches to obtain the fair value of a business entity, namely, the Market-Based Approach, the Asset-Based Approach and the Income-Based Approach. Each of these approaches is appropriate in one or more circumstances, and sometimes, two or more approaches may be used together. Whether to adopt a particular approach will be determined by the most commonly adopted in valuing business entities that is similar in nature.

Market-Based Approach

It values a business entity by comparison of the prices at which other similar business, companies or interests changed hands in arm's length transactions. The underlying theory of this approach is that one would not pay more than one would have to pay for an equally desirable alternative. By adopting this approach, the valuer will first look for valuation indication from the prices of other similar companies or equity interests in companies that were sold recently.

The right transactions employed in analyzing for indications of value need to be completed at an arm's length basis, assuming that buyers and sellers are well informed and have no special motivations or compulsions to buy or to sell.

The derived multiples (most commonly used are: price to earnings, price to revenues and price to book multiple) based on analysis of those transactions are then to be applied to the fundamental financial variables of the subject business entity and to arrive at an indicated value of it.

Asset-Based Approach

The Asset-Based Approach is based on the general concept that the earning power of a business entity is derived primarily from its existing assets. The assumption of this approach is that when each of the elements of working capital, tangible and intangible assets is individually valued, their sum represents the value of a business entity and equals to the value of its invested capital (equity and long term debt).

From a valuation perspective, the valuer will restate the values of all types of assets of a business entity from book value, i.e. historical cost minus depreciation to appropriate standards of value. After the restatement, the valuer can identify the indicated value of the business entity, or, by applying the accounting principle "assets minus liabilities", arrive at the value of the equity interests of the business entity.

Income-Based Approach

The Income-Based Approach focuses on the economic benefits generated by the income producing capability of a business entity. The underlying theory of this approach is that the value of a business entity can be measured by the present worth of the economic benefits to be received over the useful life of the business entity. Based on this valuation principle, the Income-Based Approach estimates the future economic benefits and discounts these benefits to its present value using a discount rate appropriate for the risks associated with realizing those benefits.

In the process of valuing a business subject, the Valuer has taken into consideration the business nature, specialty of its operation and the industry in which it participates. In this valuation, the Market-Based Approach is not appropriate as there are insufficient relevant comparable transactions or listed companies to form a reliable basis for our opinion of value. The Asset-Based Approach is not appropriate as it ignores the economic benefits of the business. The Income-Based Approach takes into account various business characteristics, such as strength, growth prospects, operation, capital structure and risk factors, and is able to deliver a specific valuation rather than an industry average valuation. The Valuer has therefore relied solely on the Income-Based Approach in arriving at the opinion of value.

Besides, as the businesses of the subsidiaries of the Target Group are quite distinguished from each other, the Valuer has further adopted Sum-of-the-Parts Valuation Method meaning that the valuation of the Target Group will be the sum of the valuations of its subsidiaries using the Income-Based approach.

3. MAJOR ASSUMPTIONS

The Valuer has adopted certain specific assumptions in this valuation and the major ones are as follows:

- All relevant legal approvals and business certificates or licenses to operate the business in the localities in which the Target Group operates or intends to operate would be officially obtained and renewable upon expiry.

- There will be sufficient supply of technical staff in the industry in which the Target Group operates, and the Target Group will retain competent management, key personnel and technical staff to support its ongoing operations and developments.

- There will be no major change in the current taxation laws in the localities in which the Target Group operates or intends to operate and that the rates of tax payable shall remain unchanged and that all applicable laws and regulations will be complied with.

- There will be no major change in the political, legal, economic or financial conditions in the localities in which the Target Group operates or intends to operate, which would adversely affect the revenues attributable to and profitability of the Target Group.

- Interest rates and exchange rates in the localities for the operation of the Target Group will not differ materially from those presently prevailing.

4. CALIBRATION OF VALUATION

Enterprise values of the subsidiaries of the Target Group are calculated by discounting the attributable free cash flows to the date of valuation using the weighted average costs of capital. Calculation of free cash flows starts from net profits with subsequent adjustments for depreciation, capital expenditure, working capital investments and other non-operating inflows and outflows.

In order to arrive at the equity values of the subsidiaries of the Target Group, further adjustments are made to enterprise values for the cash balance, interest-bearing debts, and the net balance of current accounts with holding company and related companies. As a result, the equity value of the Target Group is the sum of the equity values of the subsidiaries of the Target Group.

5. OPINION OF VALUE

Based on the valuation method employed, the Valuer is of the opinion that the fair value of 100% equity interests in the Target Group as at the date of valuation was in the sum of HK$260,000,000 (HONG KONG DOLLARS TWO HUNDRED AND SIXTY MILLION ONLY).

The following is the text of a report received from Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, for inclusion in this circular, in respect of the calculation of the discounted future estimated cash flows in connection with the valuation of AP Elderly Care Limited and its subsidiaries.

Deloitte. 德勤

INDEPENDENT ASSURANCE REPORT ON THE CALCULATION OF THE DISCOUNTED FUTURE ESTIMATED CASH FLOWS IN CONNECTION WITH THE VALUATION OF AP ELDERLY CARE LIMITED AND ITS SUBSIDIARIES

TO THE DIRECTORS OF ALLIED PROPERTIES (H.K.) LIMITED

We have examined the calculation of the discounted future estimated cash flows on which the valuation prepared by Norton Appraisals Holdings Limited dated 8th November, 2019, of the valuation of AP Elderly Care Limited (the "**Target Company**") and its subsidiaries (collectively referred to as the "**Target Group**") as at 31st August, 2019 (the "**Valuation**") is based. The Target Company, which is incorporated in the British Virgin Islands, is an investment holding company while its subsidiaries are engaged in the provision of elderly care services, property management, cleaning and security guarding services in Hong Kong. The Valuation based on the discounted future estimated cash flows is regarded as a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and is included in the circular dated 20th November, 2019 issued by Allied Properties (H.K.) Limited (the "**Company**") in connection with the disposal of the entire equity interest in the Target Company (the "**Circular**").

Directors' Responsibilities for the discounted future estimated cash flows forecasts

The directors of the Company are responsible for the preparation of the discounted future estimated cash flows in accordance with the bases and assumptions determined by the directors and set out in the Circular (the "**Assumptions**"). This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted future estimated cash flows forecasts for the Valuation and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Hong Kong Standard on Quality Control 1 "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion on whether the calculation of the discounted future estimated cash flows has been properly compiled, in all material respects, in accordance with the Assumptions on which the Valuation is based and to report solely to you, as a body, as required by Rule 14.62(2) of the Listing Rules, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Our engagement was conducted in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the HKICPA. This standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain reasonable assurance on whether the discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled in accordance with the Assumptions. Our work was limited primarily to making inquiries of the Company's management, considering the analyses and assumptions on which the discounted future estimated cash flows are based and checking the arithmetic accuracy of the compilation of the discounted future estimated cash flows. Our work does not constitute any valuation of the Target Group.

Because the Valuation relates to discounted future estimated cash flows, no accounting policies of the Company have been adopted in its preparation. The Assumptions include hypothetical assumptions about future events and management actions which cannot be confirmed and verified in the same way as past results and these may or may not occur. Even if the events and actions anticipated do occur, actual results are still likely to be different from the Valuation and the variation may be material. Accordingly, we have not reviewed, considered or conducted any work on the reasonableness and the validity of the Assumptions and do not express any opinion whatsoever thereon.

Opinion

Based on the foregoing, in our opinion, the discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled, in all material respects, in accordance with the Assumptions.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
20th November, 2019

The following is the text of the letter received from Pelican Financial, the independent financial adviser of the Company, in respect of the valuation of the Target Group for the purpose of inclusion in this circular.

PELICAN FINANCIAL
百 利 勤 金 融

PELICAN FINANCIAL LIMITED

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

Allied Properties (H.K.) Limited
22nd Floor, Allied Kajima Building
138 Gloucester Road, Wanchai
Hong Kong

Attention: The Board of Directors

20th November, 2019

Dear Sirs,

We refer to the valuation report dated 8th November, 2019 (the "**Valuation Report**") prepared by Norton Appraisals Holdings Limited (the "**Valuer**") in relation to the valuation of the entire issued share capital of AP Elderly Care Limited (the "**Target Company**", and together with its subsidiaries, the "**Target Group**") as at 31 August 2019 (the "**Valuation**").

We noted that the Valuation has been developed based on the discounted cash flow approach, which is regarded as profit forecast (the "**Profit Forecast**") under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and this letter is issued in compliance with the requirement under Rule 14.62(3) of the Listing Rules. The principal assumptions upon which the Valuation is based are included in the circular of Allied Properties (H.K.) Limited (the "**Company**") dated 20th November, 2019 (the "**Circular**"), of which this letter forms part.

We have reviewed the Profit Forecast, for which you as the directors of the Company (the "**Directors**") are solely responsible for, and have discussed with the management of the Company and the Valuer regarding the bases and assumptions upon which the Profit Forecast has been made to arrive at the Valuation. We have also reviewed the report issued by Deloitte Touche Tohmatsu, the reporting accountants of the Company, dated 20th November, 2019 as set out in Appendix II to the Circular containing its opinion on whether the discounted future estimated cash flow, so far as the arithmetical accuracy of the calculations are concerned, have been properly compiled in accordance with the bases and assumptions made by the Directors.

On the basis that (i) the assumptions and calculations adopted by the Valuer in respect of the Profit Forecast have been properly reviewed by the Directors; and (ii) the Directors are satisfied that no further matters should be brought to our attention, we are of the opinion that the Profit Forecast, for which you as the Directors are solely responsible, has been made after due and careful enquiry. However, as the relevant bases and assumptions are related to future events which may or may not occur, the actual financial performance of the businesses of the Target Group may or may not achieve as expected. We express no opinion as to how closely the actual cash flow will eventually correspond with the Profit Forecast.

Our work in connection with the Profit Forecast has been undertaken solely for the strict compliance under Rule 14.62(3) of the Listing Rules and for no other purpose.

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

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

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors' and chief executives' interests and short positions in the securities of the Company and its associated corporations

Save as disclosed below, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of SFO); or were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules, to be notified to the Company and the Stock Exchange:

Name of Directors	Name of companies	Number of shares interested	Approximate % of the total number of issued shares	Nature of interests
Lee Seng Hui	the Company	5,108,911,521 *(Note 1)*	74.99%	Other interests
Steven Samuel Zoellner	the Company	22,402 *(Note 3)*	0.00%	Corporate interests (interest of controlled corporation)
	Sun Hung Kai & Co. Limited ("**SHK**") *(Note 2)*	17,200 *(Note 4)*	0.00%	Corporate interests (interest of controlled corporation)

Notes:

1. The interests include the holding of: (i) an interest in 1,973,216,190 Shares held by Capscore Limited ("**Capscore**"); (ii) an interest in 45,903,120 Shares held by Citiwealth Investment Limited ("**Citiwealth**"); (iii) an interest in 2,121,437,331 Shares held by Sunhill Investments Limited ("**Sunhill**"); and (iv) an interest in 968,354,880 Shares held by AGL. Capscore, Citiwealth and Sunhill are all wholly-owned subsidiaries of AGL. AGL was therefore deemed to have an interest in the Shares in which Capscore, Citiwealth and Sunhill were interested. Mr. Lee Seng Hui 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 74.95% of the total number of issued shares of AGL (inclusive of Mr. Lee Seng Hui's personal interests) and was therefore deemed to have an interest in 5,108,911,521 Shares in which AGL was interested.

2. SHK is the indirect non wholly-owned subsidiary of the Company. Therefore, SHK is an associated corporation of the Company within the meaning of Part XV of the SFO.

3. This represents an interest in 22,402 Shares.

4. This represents an interest in 17,200 shares of SHK.

5. All interests stated above represent long positions.

(b) Substantial Shareholders' interests and short positions in the Shares and underlying Shares

Save as disclosed below, as at the Latest Practicable Date, the following persons had, or were deemed to have, interests or short positions in the Shares or underlying shares of the Company as recorded in the register kept by the Company pursuant to section 336 of the SFO which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of Shareholders	Number of shares interested	Approximately % of the total number of issued shares	Notes
AGL	5,108,911,521	74.99%	1 and 2
Lee and Lee Trust	5,108,911,521	74.99%	3 and 4
Vigor Online Offshore Limited ("**Vigor**")	414,670,972	6.09%	–
China Spirit Limited ("**China Spirit**")	414,670,972	6.09%	5 and 6
Chong Sok Un ("**Ms. Chong**")	416,170,972	6.11%	7

Notes:

1. The interests include the holding of: (i) an interest in 1,973,216,190 Shares held by Capscore; (ii) an interest in 45,903,120 Shares held by Citiwealth; (iii) an interest in 2,121,437,331 Shares held by Sunhill; and (iv) an interest in 968,354,880 Shares held by AGL. Capscore, Citiwealth and Sunhill are all wholly-owned subsidiaries of AGL. AGL was therefore deemed to have an interest in the Shares in which Capscore, Citiwealth and Sunhill were interested.

2. As at the Latest Practicable Date, Mr. Lee Seng Hui is an executive director of AGL, Mr. Arthur George Dew is a non-executive director of AGL, Mr. Mark Wong Tai Chun is the director of investment of AGL and Mr. Li Chi Kong is the general consultant of AGL, while Messrs. Alan Stephen Jones and David Craig Bartlett are independent non-executive directors of AGL, a company which had an interest in the shares and underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. This represents the same interests of AGL in 5,108,911,521 Shares.

4. Mr. Lee Seng Hui, Director, 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 74.95% of the total number of issued shares of AGL (inclusive of Mr. Lee Seng Hui's personal interests) and was therefore deemed to have an interest in 5,108,911,521 Shares in which AGL was interested.

5. This represents the same interest of Vigor in 414,670,972 Shares.

6. Vigor is a wholly-owned subsidiary of China Spirit. China Spirit was therefore deemed to have an interest in the Shares in which Vigor was interested.

7. The interests include the holding of: (i) an interest in 414,670,972 Shares held by Vigor, a wholly-owned subsidiary of China Spirit; and (ii) an interest in 1,500,000 Shares held by Bilistyle Investments Ltd ("**Bilistyle Investments**"). Ms. Chong owned the entire issued share capital of China Spirit and Bilistyle Investments respectively and was therefore deemed to have an interest in the Shares in which China Spirit and Bilistyle Investments were interested.

8. All interests stated above represent long positions.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which does not expire or is not determinable by such member of the Group within one year without payment of compensation (other than statutory compensation).

4. DIRECTORS' INTERESTS IN CONTRACTS AND ASSETS

As at the Latest Practicable Date, other than the Sale and Purchase Agreement which Mr. Lee Seng Hui is interested in, there was no contract or arrangement subsisting in which any Director was materially interested and which was significant in relation to the business of the Group.

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been, since 31st December, 2018 (being the date to which the latest published audited financial statements of the Group were made up), (i) acquired or disposed of by; or (ii) leased to; or (iii) proposed to be acquired or disposed of by; or (iv) proposed to be leased to, any member of the Group.

5. DIRECTORS' INTERESTS IN COMPETING INTERESTS

Save as disclosed below, as at the Latest Practicable Date, none of the Directors and their respective close associates (as defined in the Listing Rules) was considered to have interests in any competing businesses of the Group pursuant to the Listing Rules:

(a) Messrs. Arthur George Dew and Lee Seng Hui are directors of AGL which, through a subsidiary, is partly engaged in the business of money lending and through certain of its subsidiaries and a close associate, is partly involved in the investment and trading in securities in the resources and related industries and financial instruments;

(b) Mr. Lee Seng Hui is a director of each of Tian An China Investments Company Limited ("**TACI**"), APAC Resources Limited ("**APAC**") and a non wholly-owned subsidiary of SHK and one of the trustees of Lee and Lee Trust which is a deemed substantial shareholder of each of AGL, SHK, SHK Hong Kong Industries Limited ("**SHK HK IND**"), TACI, APAC and Dragon Mining Limited ("**Dragon Mining**") which, through their subsidiaries and/or a close associate, are partly engaged in the businesses as follows:

- AGL, through a subsidiary, is partly engaged in the business of money lending;

- SHK, through certain of its subsidiaries, is partly engaged in the businesses of money lending and property investment;

- SHK HK IND, through certain of its subsidiaries, is partly involved in the trading in securities and investment in financial instruments;

- TACI, through certain of its subsidiaries, is partly engaged in the businesses of money lending, property development and investment and property management;

- APAC, through certain of its subsidiaries, is partly engaged in the business of money lending and is partly involved in the investment and trading in listed securities in the resources and related industries; and

- Dragon Mining, through certain of its subsidiaries, is involved in the exploration for, and mining and processing gold ores and is partly involved in the investment and trading in listed securities in the resources and related industries.

(c) Messrs. Lee Seng Hui and Mark Wong Tai Chun are directors of Allied Kajima Limited which, through certain of its subsidiaries, is partly engaged in the businesses of property rental and hospitality related activities;

(d) Messrs. Arthur George Dew and Mark Wong Tai Chun are directors of SHK HK IND, a non wholly-owned subsidiary of AGL which, through certain of its subsidiaries, is partly involved in the trading in securities and investment in financial instruments;

(e) Mr. Lee Seng Hui is a director of Mount Gibson Iron Limited which, through certain of its subsidiaries, is partly involved in the investment and trading in listed securities in the resources and related industries;

(f) Mr. Arthur George Dew is a director of APAC and Mr. Mark Wong Tai Chun is an alternate director to Mr. Arthur George Dew in APAC which, through certain of its subsidiaries, is partly engaged in the business of money lending and is partly involved in the investment and trading in listed securities in the resources and related industries;

(g) Mr. Arthur George Dew is the non-executive director of each of Dragon Mining and Tanami Gold NL ("**Tanami Gold**"). Mr. Mark Wong Tai Chun is an alternate director to Mr. Arthur George Dew in each of Dragon Mining and Tanami Gold. Dragon Mining and Tanami Gold, through certain of their subsidiaries, are involved in the exploration for, and mining and processing gold ores and are partly involved in the investment and trading in listed securities in the resources and related industries; and

(h) Mr. Arthur George Dew is the non-executive director of Tian An Australia Limited ("**Tian An Australia**"). Mr. Mark Wong Tai Chun is an alternate director to Mr. Arthur George Dew in Tian An Australia. Tian An Australia, through certain of its subsidiaries, is partly engaged in property development.

Although the above-mentioned Directors have competing interests in other companies by virtue of their respective common directorship or shareholding, they will fulfil their fiduciary duties in order to ensure that they will act in the best interests of the Shareholders and the Company as a whole at all times. Hence, the Group is capable of carrying on its businesses independently of, and at arm's length from, the businesses of such companies.

6. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31st December, 2018, being the date of which the latest published audited financial statements of the Group were made up.

7. EXPERTS AND CONSENTS

The following is the qualification of each of the expert who has provided opinion or advice contained in this circular:

Name	Qualification
Pelican Financial	A licensed corporation under the SFO to conduct type 6 (advising on corporate finance) regulated activity
Norton Appraisals Holdings Limited	Independent valuer
Deloitte Touche Tohmatsu	Certified Public Accountants

The letter, report and/or opinion from each of the above expert is given as of the date of this circular for incorporation in this circular. Each of the above expert has given and has not withdrawn its written consent to the issue of this circular with the inclusion therein of its letter, report and/or opinion, as the case may be, and references to its name in the form and context in which it appears.

As at the Latest Practicable Date, each of the above expert:

(a) did not have any direct or indirect interest in any assets which have since 31st December, 2018 (being the date to which the latest published audited financial statements of the Group were made up) been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group; and

(b) did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

8. MISCELLANEOUS

The English text of this circular and accompanying form of proxy shall prevail over the Chinese text in the event of inconsistency.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of Messrs. P. C. Woo & Co., at 12th Floor, Prince's Building, 10 Chater Road, Central, Hong Kong during normal business hours on any business day from the date of this circular up to and including the date of the EGM:

(a) the Sale and Purchase Agreement;

(b) the letter from the Independent Board Committee, the text of which is set out in the section headed "Letter from the Independent Board Committee" of this circular;

(c) the letter from the Independent Financial Adviser, the text of which is set out in the section headed "Letter from the Independent Financial Adviser" of this circular;

(d) the Valuation Report;

(e) the report from Deloitte Touche Tohmatsu, the text of which is set out in Appendix II to this circular;

(f) the letter from Pelican Financial, the text of which is set out in Appendix III to this circular;

(g) the letter of consent from each of the expert referred to under the section headed "Experts and consents" in this appendix; and

(h) this circular.

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 Plaza 4, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Tuesday, 10th December, 2019 at 9:30 a.m. (Hong Kong time) for the purpose of considering and, if thought fit, passing with or without modifications, the following resolution as ordinary resolution of the Company:

ORDINARY RESOLUTION

"THAT:

(a) the entering into of the sale and purchase agreement (the "**Sale and Purchase Agreement**") dated 18th October, 2019 between the Company and Allied Services Hong Kong Limited (the "**Purchaser**") in relation to the disposal of the entire issued share capital of AP Elderly Care Limited by the Company to the Purchaser (a copy of the Sale and Purchase Agreement marked "A" has been produced to the Meeting and signed by the Chairman of the Meeting for the purpose of identification), and the transactions contemplated thereunder be hereby approved, ratified and confirmed; and

(b) any one director of the Company be and is hereby authorised to execute the Sale and Purchase Agreement and all such other documents and to do all such acts or things for and on behalf of the Company, and to make and agree such variations of a minor or non-material nature in or to the terms of the Sale and Purchase Agreement as he/she may consider appropriate or desirable relating to or in connection with the matters contemplated therein."

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

Hong Kong, 20th November, 2019

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

Notes:

1. *The resolution 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 of Hong Kong Limited ("**Listing Rules**") and the results of the poll will be published on the websites of The Stock Exchange of Hong Kong Limited and the Company in accordance with the Listing Rules.*

2. *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.*

3. *A form of proxy in respect of the Meeting is enclosed. Whether or not you intend to attend the Meeting in person, you are urged to complete and return the form of proxy in accordance with the instructions printed thereon. Completion and return of the form of proxy will not preclude you from attending 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.*

4. *To be valid, the form of proxy, together with any power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority, must be deposited at the Company's share registrar, 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 or any adjournment thereof, provided that no account is to be taken of any part of a day that is a public holiday.*

5. *Where there are joint registered holders of any 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.*

6. *For determining the entitlement to attend and vote at the Meeting, the register of members of the Company will be closed from Thursday, 5th December, 2019 to Tuesday, 10th December, 2019 (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. on Wednesday, 4th December, 2019.*