

12 May 2023

Aseana Properties Limited
("Aseana" or the "Company")

Posting of 2022 Annual Report, Notice of Annual General Meeting and Notice of a General Meeting with a discontinuation resolution

Aseana Properties Limited (LSE: ASPL), a property developer in Malaysia, listed on the Main Market of the London Stock Exchange, announces that its 2022 Annual Report, Notice of Annual General Meeting and a Notice of a General Meeting with a discontinuation resolution have been posted to shareholders.

The General Meeting and Annual General Meeting will be held on Tuesday, 30 May 2023 at 4.00 p.m. and 4.30 p.m. respectively at 1st Floor, Osprey House, Old Street, St. Helier, Jersey, JE2 3RG, Channel Islands.

The 2022 Annual Report, Notice of Annual General Meeting and Notice of a General Meeting can be obtained on the Company's website at <http://www.aseanaproperties.com/> and have been submitted to the National Storage Mechanism to be made available for public inspection at <https://data.fca.org.uk/#/nsm/nationalstoragemechanism>.

For further information:

Grant Thornton UK LLP

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Set out below is a reproduction of the Chairman's letter to Shareholders which is contained within the Notice of a General Meeting:

Letter from the Chairman

ASEANA PROPERTIES LIMITED

*(Incorporated in Jersey under the Companies (Jersey) Law 1991 (as amended)
with registered number 94592)*

Directors:

Nicholas John Paris (Chairman)
Thomas
Holland
Monica Lai Voon Huey
Hock Chye Tan
Helen Siu Ming Wong

Registered office:

1st Floor Osprey House, Old Street
St. Helier
Jersey
JE2 3RG
Channel Islands

12 May 2023

Dear Shareholder

RECOMMENDED PROPOSALS REGARDING THE FUTURE OF THE COMPANY

1 Introduction and background to the Proposals

When the Company was launched in 2007 the Board considered it desirable that Shareholders should have an opportunity to review the future of the Company at appropriate intervals. Accordingly, at shareholder meetings held in

opportunity to review the future of the Company at appropriate intervals. Accordingly, at shareholder meetings held in 2015, 2018, 2019 and 2021, in accordance with the Company's articles of association then in force, the Board put forward resolutions to Shareholders to determine if the Company should continue in existence.

Most recently, at the general meeting held on 28 May 2021, Shareholders again voted for the Company to continue in existence, continuing to operate in accordance with the divestment investment policy adopted by the Company at the 2015 AGM to enable the controlled, orderly and timely realisation of the Company's assets, with the objective of achieving a balance between periodically returning cash to Shareholders and maximising the realisation value of the Company's investments (the "**Divestment Investment Policy**"). At that meeting, Shareholders also voted to approve certain amendments to the Articles requiring a further resolution for Shareholders to determine whether the Company should continue to be proposed at a general meeting of the Company to be held in May 2023 (the "**2023 Discontinuation Resolution**").

The notice of general meeting appended to this circular convenes that general meeting and this letter seeks to provide you with some further updates and information in relation to the Company to help inform your decision on how to vote on the Resolutions which are to be proposed at the General Meeting.

2 Company update

Divestment Investment Policy

The Company adopted the Divestment Investment Policy in June 2015. In 2022, the Company exited its investment in City International Hospital and International Healthcare Park located in Vietnam. There remain five assets still to be sold, namely The RuMa Hotel and the unsold RuMa residences in Kuala Lumpur, the hotel and the shopping mall in Sandakan and one plot of undeveloped beachfront land in Kota Kinabalu. The Net Asset Value of the Company as at 31 December 2022 was US\$67.8 million.

The disposal of the remaining assets in the portfolio has been slower than anticipated since the last discontinuation vote in 2021, mainly attributed to the global pandemic and the resulting lockdowns and Movement Control Orders in effect for most of 2020, 2021 and finally lifted in April 2022. Since the lifting of the Covid restrictions, the recovery in Malaysia from Covid related restrictions has been slower than expected.

To date, net sale proceeds from disposals have largely been used to pay down project debts across the portfolio, to fund the Company's working capital requirements and to finance the construction of The RuMa Hotel and Residences, which was the Company's final asset to have been developed and, although the hotel was technically opened in 2018, handover of all the hotel units to the hotel operator did not occur until late 2019. As a result of the previous asset disposals, approximately US\$10 million was also returned to Shareholders via a share buyback conducted in January 2017.

The Board is aware that Shareholders are eager for a more expeditious disposal programme and it is this which prompted the restructuring of the Board and the Company's management arrangements in 2019 and 2020. With these new arrangements in place, a new sales strategy was adopted and the Board has prioritised the divestment of the Company's assets as soon as possible to ensure that further capital can be returned to Shareholders.

Since internalising the management and disposal process for the remaining assets, the Board has revised all of the sale due diligence processes and marketing documentation for each of the Company's remaining assets, the result being that there is now extensive information available in virtual data rooms for qualified buyers interested in the assets in the portfolio. The Board has identified those assets which it deems to be of highest priority to sell, on the basis of those properties being more readily saleable and that the proceeds of those sales would be sufficient to settle the Company's most significant debt facilities. The early settlement of those debt facilities would then enable the Company to use the disposal proceeds of further asset sales thereafter to return cash to Shareholders.

The new sales strategy for the Company's assets commenced externally in mid-September 2019. Since then numerous prospective investors have been approached and non-disclosure agreements have been signed with interested buyers in respect of three of the Company's principal assets and active sale discussions continue on them. As a result, the Company's two assets in Vietnam were sold in March 2022.

The Board is working to complete the next asset sales during 2023 and will be pragmatic in its approach. However, there can be no guarantee that these sales will successfully conclude within this timeframe. As a result, the Board is not currently able to provide Shareholders with any indication as to when further capital distributions can be expected from the Company, but re-iterates that this is the Board's key objective.

The Board is keen to ensure that valuations of the Company's assets are reflective of the current market environment and a review of the value of all of the assets within the portfolio was undertaken as part of the preparation of the 2022 Accounts. The portfolio revaluation was being conducted using a number of external valuers (each a specialist in the relevant market of the relevant asset).

Debt facilities

The Group currently has, in aggregate, approximately US\$32.9 million of outstanding bank loans from two different banking arrangements which financed The RuMa Hotel and the two properties in Sandakan. Each loan provides the relevant bank with security over certain of the Group's assets and the Company has granted corporate guarantees on the Sandakan loans.

The Board has re-negotiated certain of the Group's loan facilities in order to amend their scheduled repayment dates to make them coincide with the expected sale dates of the assets that they have financed. This process is ongoing.

Notwithstanding the obligation on the Board to propose the 2023 Discontinuation Resolution pursuant to the Existing Articles, the Board firmly believes that placing the Company into liquidation (which could be the result of passing the 2023 Discontinuation Resolution) would have a significant adverse impact on Shareholder value for the reasons set out below.

Possible breach of banking covenants

The Company believes that, in the event that the 2023 Discontinuation Resolution is passed, an event of default under the lending covenants of certain of the Company's facility arrangements could be triggered. If an event of default is triggered, the relevant loans would become immediately repayable and this could result in security given to secure those loans being enforced. This could lead to the banks foreclosing on the Group's loan facilities and the Group's remaining assets being disposed of on behalf of the banks rather than Shareholders at significantly lower prices than anticipated. Further, this could force the Company to enter into liquidation due to having insufficient liquid assets to repay the facilities if proceeds from the security that has been enforced are insufficient. The Group does not currently have sufficient available cash to be able to repay the entirety of its loans in the event they are accelerated.

Impact on asset sale values

The Company may not be able to achieve full value for the Company's remaining assets if the 2023 Discontinuation Resolution is passed as prospective buyers may seek a reduction to the prices at which they are willing to acquire the assets in the knowledge that (a) the Board would be under pressure to take steps to wind up the Company as soon as practicable; and/or (b) if the passing of the 2023 Discontinuation Resolution results in an event of default under, and acceleration of, a loan secured by the Group's assets, such security may be enforced and the assets may be realised at a value lower than that which could be expected to be obtained if the assets were sold/offered to the market in the Group's ordinary course of business. Proposals

In light of the severity of the possible consequences for Shareholder value, the Directors are unanimously recommending that you vote **AGAINST** the 2023 Discontinuation Resolution.

Instead, the Board recommends that Shareholders allow the Company to continue for a further 2 years in order to allow the divestment strategy to deliver results and sell the majority of the Company's assets. The Board therefore proposes that the next discontinuation vote take place at a general meeting to be held in May 2025.

The Board is clear that enabling the Company to continue to pursue the Divestment Investment Policy, rather than placing the Company into liquidation or seeking a "fire sale" of the Company's portfolio at potentially significantly depressed prices, is in the best interests of the Company and Shareholders as a whole.

In order to implement this proposal, the Existing Articles will need to be amended. A blacklined version of the proposed amendment to the Existing Articles is set out in the Appendix to this circular. The Existing Articles and the Amended Articles (together with a comparison document showing the changes between the two) are available for inspection on the Company's website at www.aseanaproperties.com and during normal business hours on any weekday (public holidays excepted) at the registered office of the Company at 1st Floor, Osprey House, 5-7 Old Street, St. Helier, Jersey, JE2 3RG, Channel Islands.

The Directors are unanimously recommending that you vote **FOR** the resolution to amend the Existing Articles which will allow the Company to continue until May 2025, which will be proposed as a special resolution.

4 Additional considerations for Shareholders

In connection with the Proposals, Shareholders should be aware of the following additional considerations:

- there can be no guarantee that the result of implementing the Proposals will provide the returns or realise the capital sought by Shareholders. The Company's investments are illiquid. Accordingly, they may be disposed of at a discount to their current valuations. The eventual disposal price of the Company's remaining assets is unknown and it is possible that the Company may not be able to realise some investments at any value; and
- returns of cash will be made at the Directors' sole discretion, as and when they deem that the Company has sufficient assets available to return cash to Shareholders, subject to applicable Jersey law. Shareholders will therefore have little certainty as to when their capital will be returned. Distributions pursuant to the orderly realisation programme are subject, amongst other things, to the Board being able to give the necessary declaration(s) of solvency required by Jersey law. Distributions under the orderly realisation programme are subject to the Board continuing to be satisfied, on reasonable grounds, that the Company will, at the time of distribution and for a period of 12 months thereafter, in respect of each distribution, continue to satisfy the statutory solvency test. Returns of cash may also in certain circumstances be subject, amongst other things, to the Company obtaining the consent of one or more lenders to the Group.

5 General Meeting

The implementation of the Proposals is conditional on the outcome of the votes cast by Shareholders in connection with the Resolutions to be proposed at the General Meeting. A notice convening the General Meeting, which is to be held at 4 p.m. on 30 May 2023, is set out at the end of this document.

At the General Meeting, Resolution 1 (the 2023 Discontinuation Resolution) will be proposed as an ordinary resolution and will require a vote in favour by Shareholders holding a majority of the Shares represented at the General Meeting,

either in person or by proxy, and voting on Resolution 1, to be validly passed. **The Directors are unanimously recommending that you vote AGAINST Resolution 1.**

Resolution 2 (the proposed amendment to the Existing Articles to allow the Company to continue until May 2025) will be proposed, conditional on the failure of Resolution 1 (the 2023 Discontinuation Resolution), as a special resolution and will require a vote in favour by Shareholders holding not less than two thirds of votes cast in order to be validly passed. **The Directors are unanimously recommending that you vote FOR Resolution 2.**

Action to be taken by Shareholders

Shareholders are strongly encouraged to exercise their votes on the matters of business at the General Meeting, either by attending the meeting in person or by submitting a proxy appointment and giving voting instructions as set out on the Form of Proxy. We also encourage the submission of questions to us in writing in advance of the General Meeting and, where appropriate, those questions, and our answers to them, will be published on our website <https://www.aseanaproperties.com> following the General Meeting.

6 Directors' recommendation

The Directors consider that the Proposals are in the best interests of the Company and Shareholders as a whole.

Accordingly, the Directors unanimously recommend that you vote (1) **AGAINST** Resolution 1 (the 2023 Discontinuation Resolution) to be proposed at the General Meeting and (2) **FOR** Resolution 2 (to amend the Existing Articles).

Yours faithfully

Nicholas John Paris
Chairman
for and on behalf of
Aseana Properties Limited

Set out below is a reproduction of the explanation of the business we will consider at the AGM which is contained within the Notice of Annual General Meeting:

Notice is hereby given that the Annual General Meeting of the Shareholders of Aseana Properties Limited (the "**Company**") will be held at 1st Floor, Osprey House, Old Street, St. Helier, Jersey, JE2 3RG, Channel Islands on Tuesday, 30 May 2023 at 4:30pm for the following purposes:

Ordinary business

1. To receive and consider the Company's Audited Financial Statements, together with the Reports of the Directors and the Auditor for the financial year ended 31 December 2022.
2. To re-elect Monica Lai, who retires by rotation, as a Director.
3. To re-elect Nicholas John Paris as a Director.
4. To elect Hock Chye Tan, who was appointed by the Board on 3 March 2023, as a Director.
5. To re-appoint PKF Littlejohn LLP as Auditor to hold office from the conclusion of this meeting until the conclusion of the next annual general meeting of the Company.
6. To authorise the Directors to determine the Auditor's remuneration.

Special business

7. To consider and, if thought fit, to pass the following resolution which will be proposed as a special resolution:

"THAT the Company be and is hereby generally and unconditionally authorised for the purposes of Articles 55 and 57 of the Companies (Jersey) Law 1991 (as amended) to make one or more purchases on the Main Market operated by the London Stock Exchange plc, of its own Ordinary Shares provided that:

- (a) the maximum aggregate number of Ordinary Shares hereby authorised to be purchased is 29,783,780 (representing approximately 14.99 per cent. of the Company's issued ordinary share capital (excluding ordinary shares held in treasury));

- (b) unless a tender offer is made to all holders of Ordinary Shares, the maximum price to be paid per

- (b) unless a tender offer is made to all holders of Ordinary Shares, the maximum price to be paid per Ordinary Share must not be more than the higher of:
- (i) 105 per cent. of the average of the middle market quotations for an Ordinary Share taken from the London Stock Exchange's Main Market for listed securities for the five Business Days immediately preceding the date of repurchase; or
 - (ii) the higher of the price of the last independent trade and the highest current bid on the trading venues where the purchase is carried out;
- (c) the minimum price to be paid per Ordinary Share must not be less than US\$0.05 or the Sterling equivalent;
- (d) unless otherwise renewed, varied or revoked, the authority hereby conferred shall expire on the later of (i) 12 months from the date of passing of this resolution; and (ii) the Company's Annual General Meeting in 2024; and
- (e) the Company may make a contract or contracts to purchase the Ordinary Shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority and may make a purchase of the Ordinary Shares in pursuance of any such contract or contracts."
8. To consider and, if thought fit, to pass the following resolution which will be proposed as an ordinary resolution:
- "**THAT**, subject to the provisions of its Articles of Association, the Company be and is hereby generally and unconditionally authorised for the purposes of Article 58A of the Companies (Jersey) Law 1991 (as amended) to hold any Ordinary Shares repurchased under the share buyback authority set out above as treasury shares."

by order of the Board of Directors of
Aseana Properties Limited
ICECAP (Secretaries) Limited
Secretary to the Company

Dated: 12th May 2023

Registered Office Address:

1st Floor, Osprey House, Old Street, St. Helier, Jersey, JE2 3RG, Channel Islands

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