THIS CIRCULAR REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold all your shares in the Company, you should at once hand this circular to the purchaser or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

MIRAMAR GROUP

MIRAMAR HOTEL AND INVESTMENT COMPANY, LIMITED

美 麗 華 酒 店 企 業 有 限 公 司

(incorporated in Hong Kong with limited liability)

(Stock Code: 71)

MAJOR AND CONNECTED TRANSACTION IN RELATION TO PROPOSED ACQUISITION OF INTERESTS IN SOLUTION RIGHT LIMITED AND NOTICE OF EGM

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

ALTUS CAPITAL LIMITED

A letter from the Board is set out on pages 11 to 32 of this circular and a letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 33 to 34 of this circular. A letter from the Independent Financial Adviser containing its advice(s) and recommendation(s) to the Independent Board Committee and the Independent Shareholders is set out on pages 35 to 72 of this circular.

A notice convening the EGM to be held at The Ballroom, 18/F, The Mira Hong Kong, 118–130 Nathan Road, Tsim Sha Tsui, Kowloon, Hong Kong on Monday, 31 March 2025 at 3:00 p.m. is set out on pages EGM-1 to EGM-3 of this circular.

Whether or not you intend to attend the EGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not less than 48 hours (excluding any part of a day that is a public holiday) before the time appointed for holding the EGM (i.e. at or before 3:00 p.m., Friday, 28 March 2025) or any adjournment or postponement thereof. The return of a form of proxy will not preclude you from attending and voting in person at the meeting if you so wish.

12 March 2025

CONTENTS

In this circular, unless the context requires otherwise, the expressions as stated below will have the following meanings:

"Acquisition"	the acquisition of the Sale Interest by the Purchaser from the Vendor pursuant to the S&P Agreement
"Agreed Acquisition Value"	HK$3,120,000,000, being the value attributed to the New Hotel upon completion of the Redevelopment as agreed between the Vendor and the Purchaser
"Applicable Hotel Licences"	has the meaning ascribed to it in the section headed "The S&P Agreement — Handover" in the Letter from the Board in this circular
"Appraised Gross Development Value"	the gross development value of the Target Property, which represents the aggregate capital value of the Target Property assuming completion of construction of the New Hotel at current price, as at 10 January 2025 according to the valuation performed by the Independent Property Valuer
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Auction"	the public auction held on 5 January 2024 pursuant to the Order For Sale
"Audited Completion Accounts"	has the meaning ascribed to it in the section headed "The S&P Agreement — Consideration and payment" in the Letter from the Board in this circular
"Authorized Person"	such authorized person (as defined in section 2(1) of the Buildings Ordinance (Chapter 123 of the Laws of Hong Kong)) for the time being appointed by the Project Manager in such capacity in relation to the Redevelopment
"Bidding Price"	the bidding price of HK$1,728,000,000 for the bid submitted by Far Union at the Auction for the acquisition of the Target Property under the Compulsory Sale
"Board"	the board of Directors
"Building Authority"	the Building Authority of Hong Kong

"Construction Floor Area"	the covered areas fulfilling the functional requirements of the building measured to the outside face of the external walls or external parameter. Areas occupied by partitions, columns, internal structural walls, bay windows, stairwells, lift shafts, plant rooms, water tanks, carparks, open covered areas and the like are included
"Company"	Miramar Hotel and Investment Company, Limited (美麗華酒店企業有限公司), 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: 71)
"Completion"	completion of the Acquisition
"Completion Date"	the 5th business day after the Conditions are fulfilled or waived, where applicable (or such other date as the Vendor and the Purchaser may agree in writing), on which Completion shall take place
"Completion NAV"	the amount equivalent to the total consolidated assets of the Target Company (excluding the value of the Target Property, the Prepaid Building Order Costs, the Prepaid Stamp Duty and any deferred tax assets) minus the total consolidated liabilities of the Target Company (excluding the Sale Loan and any deferred tax liabilities) as at the Completion Date, to be determined with reference to (a) the Pro Forma Completion Accounts; or (b) the Audited Completion Accounts, as the case may be
"Compulsory Sale"	the sale of the Target Property to Far Union by way of the Auction pursuant to the Order For Sale
"Compulsory Sale Ordinance"	the Land (Compulsory Sale for Redevelopment) Ordinance, Chapter 545 of the Laws of Hong Kong
"Conditions"	the conditions precedent to Completion under the S&P Agreement, as set out in the section headed "The S&P Agreement — Conditions" in the Letter from the Board in this circular
"connected person"	has the meaning ascribed to it under the Listing Rules
"Consideration"	the total consideration for the sale and purchase of the Sale Interest pursuant to the S&P Agreement, being the Initial Consideration subject to adjustment

"Deed of Undertaking"	the deed of undertaking dated 7 March 2025 executed by the Vendor in favour of the Company and the Purchaser in relation to the possible increase in the maximum plot ratio applicable to the New Hotel
"Defects Liability Period"	12 months from the day on which Handover actually takes place
"Defects List"	has the meaning ascribed to it in the section headed "The S&P Agreement — Defects Liability Period" in the Letter from the Board in this circular
"Defects Rectification Certificate"	has the meaning ascribed to it in the section headed "The S&P Agreement — Defects Liability Period" in the Letter from the Board in this circular
"Director(s)"	director(s) of the Company
"Deposit"	has the meaning ascribed to it in the section headed "The S&P Agreement — Consideration and payment" in the Letter from the Board in this circular
"Dr. Lam"	Dr. Colin Lam Ko Yin, being an executive Director
"Dr. Lee"	Dr. Lee Ka Shing, being an executive Director
"EGM"	an extraordinary general meeting of the Company to be held at The Ballroom, 18/F, The Mira Hong Kong, 118–130 Nathan Road, Tsim Sha Tsui, Kowloon, Hong Kong on Monday, 31 March 2025 at 3:00 p.m. or any adjournment or postponement thereof (as the case may be), for considering and, if thought fit, approving the S&P Agreement and the Transaction
"Enlarged Group"	the Group as enlarged by the Target Group upon Completion
"Ever East"	Ever East Investment Limited (宇東投資有限公司), a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of True Lead
"Far Union"	Far Union Investment Limited (高遠投資有限公司), a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of True Lead
"GFA"	gross floor area

"Group"	the Company and its subsidiaries
"Group Units"	the undivided shares of the Target Property owned by the Group immediately before the completion of the Compulsory Sale, which represent approximately 10.00% of all the undivided shares of the Target Property
"Handover"	the delivery of vacant possession of the New Hotel by the Vendor to the Purchaser after the Redevelopment pursuant to the S&P Agreement
"Handover Date"	the date on which Handover shall take place, which shall be on or before the Latest Handover Date, or such other date as the Vendor and the Purchaser may agree in writing
"Henderson Development"	Henderson Development Limited (恒基兆業有限公司), a company incorporated in Hong Kong with limited liability
"Henderson Land"	Henderson Land Development Company Limited (恒基兆業地產有限公司), 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: 12)
"HLD Group"	Henderson Land and its subsidiaries (for the purpose of this circular, excluding the Group and the Target Group)
"HLD Group Units"	the undivided shares of the Target Property owned by the HLD Group immediately before the completion of the Compulsory Sale, which represent approximately 8.75% of all the undivided shares of the Target Property
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Independent Board Committee"	the independent committee of the Board established to advise the Independent Shareholders in relation to the S&P Agreement and the Transaction, comprising Dr. Timpson Chung Shui Ming, Mr. Howard Yeung Ping Leung, Mr. Benedict Sin Nga Yan and Ms. Wong Yeung Fong, all being independent non-executive Directors

"Independent Financial Adviser"	Altus Capital Limited, a corporation licensed to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the S&P Agreement and the Transaction
"Independent Property Valuer"	Colliers International (Hong Kong) Limited, an independent property valuer appointed by the Company for the purpose of the Transaction
"Independent Shareholders"	the Shareholders other than Henderson Land and its associates
"Initial Consideration"	HK$3,120,000,000
"Inland Revenue Department"	the Inland Revenue Department of Hong Kong
"Key Features"	the key features of the New Hotel as set out in the section headed "The S&P Agreement — Key Features of the New Hotel" in the Letter from the Board in this circular
"Lands Tribunal"	the Lands Tribunal of Hong Kong
"Latest Handover Date"	the expiry of forty-eight (48) months after the issuance of the written acknowledgement of completion of demolition works in respect of the existing building(s) and structure(s) erected on the Target Property by the Building Authority (subject to any Unforeseeable Circumstance Time Extension)
"Latest Practicable Date"	7 March 2025, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Long Stop Date"	15 April 2025 (or such later date(s) as may be agreed in writing between the Vendor and the Purchaser)
"Lot"	the Remaining Portion of Section B of Kowloon Inland Lot No 6022

"Major Amendment"	any proposed amendment or change which in the reasonable opinion of the Authorized Person: (i) constitutes a major revision of the building plans under Regulation 30(3)(b) of the Building (Administration) Regulations (Chapter 123A of the Laws of Hong Kong); or (ii) constitutes any deviation from any of the Key Features (including without limitation, any deviation from the standard of any building materials, fittings, finishings and/or appliances to be adopted, used or included as specified in item 6 of the section headed "The S&P Agreement — Key Features of the New Hotel" in the Letter from the Board in this circular)
"Mira Moon Hotel"	Mira Moon Hong Kong, a hotel built and owned by the HLD Group and operated by the Group and situated at 388 Jaffe Rd, Causeway Bay, Hong Kong
"Mira Moon Standard"	the adoption, use or inclusion of such building materials, fittings, finishings and appliances the quality of which is comparable with those adopted, used or included in the relevant parts of Mira Moon Hotel as at Completion
"Mr. Au"	Mr. Alexander Au Siu Kee, being an independent non-executive Director
"Mr. Liang"	Mr. Thomas Liang Cheung Biu, being an independent non-executive Director
"Mr. Wu"	Mr. Wu King Cheong, being an independent non-executive Director
"New Hotel"	the Lot and the new hotel cum commercial complex to be redeveloped and constructed thereon as further described in the section headed "The S&P Agreement — Construction of the New Hotel" in the Letter from the Board in this circular
"Occupation Permit"	the occupation permit in respect of the New Hotel to be issued by the Building Authority
"Old Wing"	the Mira Hong Kong, a hotel owned and operated by the Group and situated at 118–130 Nathan Road, Tsimshatsui, Kowloon, Hong Kong

"Old Wing Standard"	the adoption, use or inclusion of such building materials, fittings, finishings and appliance the quality of which is comparable with those adopted, used or included in the relevant parts of the Old Wing as at Completion
"Order For Sale"	the order for sale made by the Lands Tribunal under its judgment dated 17 November 2023 (Land Compulsory Sale Main Application No. LDCS 21000 of 2020) in respect of the sale of the Target Property by way of the Auction for the purposes of redevelopment of the Lot pursuant to the Compulsory Sale Ordinance
"Other Units"	the undivided shares of the Target Property owned by other third parties (other than the HLD Group, the Target Group and the Group) immediately before the completion of the Compulsory Sale, which represent approximately 6.30% of all the undivided shares of the Target Property
"Prepaid Building Order Costs"	the amount which has been paid by Far Union to the Trustee's solicitors pursuant to Section 6(1) of the Compulsory Sale Ordinance, and held by the Trustee's solicitors as stakeholders pursuant to an undertaking given by the Trustee's solicitors, and applied or to be applied in accordance with Section 11(2) of the Compulsory Sale Ordinance in relation to the compliance with certain building orders and notices affecting the Lot or the Target Property
"Prepaid Stamp Duty"	the stamp duty (including without limitation, buyer's stamp duty, ad valorem stamp duty, interest, fines or penalties) paid by any member of the Target Group in relation to the acquisition of any part of the Target Property prior to the date of the S&P Agreement
"Pro Forma Completion Accounts"	the unaudited pro forma consolidated completion accounts of the Target Company, comprising the unaudited pro forma consolidated statement of financial position of the Target Company as at the Completion Date and the unaudited pro forma consolidated statement of comprehensive income of the Target Company for the period from 1 January 2024 to the Completion Date
"Project Manager"	such company within the HLD Group to be nominated by the Vendor and appointed by Far Union to act as the project manager in relation to the Redevelopment

"Purchaser"	Mira HK Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
"Redevelopment"	the proposed redevelopment of the Target Property into the New Hotel (including without limitation, the demolition of the existing building erected on the Target Property and construction of the New Hotel)
"Retention Money"	has the meaning ascribed to it in the section headed "The S&P Agreement — Consideration and payment" in the Letter from the Board in this circular
"Sale Interest"	the Sale Share and the Sale Loan
"Sale Loan"	the aggregate amount then outstanding and owing by the Target Company to the Vendor as at Completion
"Sale Share"	the one and only issued share in the Target Company
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	the issued share(s) in the Company
"Shareholder(s)"	the holder(s) of Share(s)
"S&P Agreement"	the agreement dated 15 January 2025 entered into by the Vendor (as vendor), the Purchaser (as purchaser) and Henderson Land (as the Vendor's guarantor) in relation to the sale and purchase of the Sale Interest
"Stamp Duty Refund"	any refund of the Prepaid Stamp Duty under Section 29DD or Section 29DE of the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong) by the Inland Revenue Department in response to an application to be made by the Purchaser or any member of the Group
"Statutory Redevelopment Period"	the period of six (6) years after 7 February 2024, as may be extended by the Lands Tribunal pursuant to Schedule 3 of the Compulsory Sale Ordinance
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

"Target Company"	Solution Right Limited, a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of the Vendor as at the Latest Practicable Date
"Target Group"	the Target Company and its subsidiaries, namely, True Lead, Far Union and Ever East
"Target Group Units"	the undivided shares of the Target Property owned by Far Union immediately before the completion of the Compulsory Sale, which represent approximately 74.95% of all the undivided shares of the Target Property
"Target Property"	the Lot and the composite building of 10 storeys with an additional roof floor erected thereon now known as "Champagne Court (香檳大廈)" at No.16 Kimberley Road, Kowloon, Hong Kong
"Transaction"	the Acquisition and the transactions contemplated under the S&P Agreement
"True Lead"	True Lead Developments Limited, a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of the Target Company
"Trustee"	the trustees appointed by the Lands Tribunal from time to time to discharge the duties imposed on trustees under the Compulsory Sale Ordinance in relation to the Order For Sale
"Unforeseeable Circumstance Time Extension"	such extension(s) of time for the Latest Handover Date as may be granted by the Authorized Person and certified by him as appearing to him to be reasonable having regard to delays caused exclusively by any of the following unforeseeable event or occurrence that is beyond the reasonable control of the Vendor: (i) strike or lock-out of workmen or industrial disturbances not instigated by the HLD Group; (ii) riots or civil commotion; (iii) force majeure or Act of God; (iv) fire or other accident beyond the Vendor's control; (v) war or terrorism;

(vi) epidemic, pandemic, quarantine or health-related restrictions imposed by the Government;

(vii) inclement weather (which for such purpose, shall mean rainfall in excess of 20 millimetres in a twenty-four hour period (midnight to midnight) as recorded at the Hong Kong Observatory, the issuance of a "black" rainstorm warning signal or the hoisting of a tropical cyclone warning signal no. 8 or above or "extreme conditions" caused by a super typhoon announced by the Government);

(viii) change of any applicable law or regulation or any embargo affecting the Redevelopment; or

(ix) unavailability of essential labour, materials, or transportation not due to the negligence of the HLD Group.

"US$"	United States dollars, the lawful currency of the United States of America
"Vendor"	Kinsford International Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of Henderson Land
"%"	per cent

MIRAMAR GROUP

MIRAMAR HOTEL AND INVESTMENT COMPANY, LIMITED

美麗華酒店企業有限公司

(incorporated in Hong Kong with limited liability)

(Stock Code: 71)

Executive Directors
Dr. Lee Ka Shing *(Chairman and CEO)*
Dr. Colin Lam Ko Yin
Mr. Richard Tang Yat Sun
Mr. Eddie Lau Yum Chuen
Mr. Norman Ho Hau Chong

Non-Executive Directors
Dr. Patrick Fung Yuk Bun
Mr. Dominic Cheng Ka On

Independent Non-Executive Directors
Dr. Timpson Chung Shui Ming
Mr. Howard Yeung Ping Leung
Mr. Thomas Liang Cheung Biu
Mr. Wu King Cheong
Mr. Alexander Au Siu Kee
Mr. Benedict Sin Nga Yan
Ms. Wong Yeung Fong

Registered Office:
15/F, Mira Place Tower A
132 Nathan Road
Tsim Sha Tsui
Kowloon
Hong Kong

12 March 2025

To the Shareholders

Dear Sir or Madam,

MAJOR AND CONNECTED TRANSACTION
IN RELATION TO
PROPOSED ACQUISITION OF INTERESTS IN
SOLUTION RIGHT LIMITED
AND
NOTICE OF THE EGM

Reference is made to the announcement of the Company dated 15 January 2025. The purpose of this circular is (i) to provide the Shareholders with further information on the S&P Agreement and the Transaction; (ii) to set out the recommendations from the Independent Board Committee to the Independent Shareholders; (iii) to set out the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) to give the Shareholders a notice of the EGM and other information in accordance with the requirements of the Listing Rules.

INTRODUCTION

On 15 January 2025, the Board announced that the Purchaser (a wholly-owned subsidiary of the Company), the Vendor (a wholly-owned subsidiary of Henderson Land) and Henderson Land (as guarantor of the Vendor) entered into the S&P Agreement, pursuant to which the Purchaser has agreed conditionally to acquire from the Vendor the Sale Interest, which comprises the Sale Share (representing the one and only issued share in the Target Company) and the Sale Loan, at the total consideration of HK$3,120,000,000 (subject to adjustments).

THE S&P AGREEMENT

The principal terms of the S&P Agreement are set out below:

Date:

15 January 2025

Parties:

(i) The Vendor (a wholly-owned subsidiary of Henderson Land) as vendor;

(ii) the Purchaser (a wholly-owned subsidiary of the Company) as purchaser; and

(iii) Henderson Land as the guarantor of the Vendor.

Subject matter:

The Vendor agreed to sell and assign, and the Purchaser agreed to purchase and take the assignment of, the Sale Interest (comprising the Sale Share and the Sale Loan) free from all encumbrances.

Consideration and payment:

The Consideration for the Sale Interest is the Initial Consideration in the amount of HK$3,120,000,000 (which is equal to the Agreed Acquisition Value), plus or minus any adjustment(s) based on the Completion NAV of the Target Company.

The Purchaser will pay the Consideration to the Vendor in cash in the following manner:

(i) HK$312,000,000 (the "**Deposit**"), representing 10% of the Initial Consideration, has been paid to the Vendor upon signing of the S&P Agreement as the deposit;

(ii) HK$727,896,000, representing 23.33% of the Initial Consideration, as adjusted by either adding the Completion NAV (if it is a positive figure) of the Target Company or deducting the absolute value of the Completion NAV (if it is a negative figure) of the Target Group calculated with reference to the Pro Forma Completion Accounts as prepared by the Vendor, will be payable to the Vendor on Completion;

(iii) subject to Completion having taken place, HK$1,039,896,000, representing 33.33% of the Initial Consideration, will be payable to the Vendor within seven (7) business days after the day on which the Building Authority issues its consent to the commencement of building works of the New Hotel;

(iv) HK$1,015,208,000, being the sum representing 33.34% of the Initial Consideration less the Retention Money, will be payable to the Vendor at Handover; and

(v) HK$25,000,000 ("**Retention Money**") (being the balance of the Consideration) will be payable to the Vendor within 5 business days after the Purchaser receives the Defects Rectification Certificate.

The Pro Forma Completion Accounts will be audited by the auditors within sixty (60) days after Completion (the "**Audited Completion Accounts**"), and any difference in the amount of the Completion NAV of the Target Company based on the Pro Forma Completion Accounts and the Audited Completion Accounts (the "**NAV Difference**") will be determined. The NAV Difference will be payable by the Vendor or the Purchaser, as the case may be, to the other in cash within five (5) business days after the delivery of the Audited Completion Accounts.

The Consideration will be funded through internal resources of the Group.

As at 10 January 2025, the Appraised Gross Development Value of the Target Property was HK$3,120,000,000, according to the valuation performed by the Independent Property Valuer. The Initial Consideration was determined after arm's length negotiations between the parties to the S&P Agreement with reference to the Appraised Gross Development Value. The full text of the valuation report of the Target Property is set out in Appendix V to this circular.

Conditions:

Completion of the Acquisition is conditional upon the satisfaction (or waiver, where applicable) of the following Conditions no later than the Long Stop Date:

(i) the Independent Shareholders having approved the entering into and the performance of the S&P Agreement and the Transaction; and

(ii) the Purchaser being satisfied with Far Union's good title to the Target Property.

The Condition in (i) above cannot be waived by any party to the S&P Agreement. The Purchaser may, at its sole discretion, waive the Condition in (ii) above by written notice to the Vendor.

As at the Latest Practicable Date, none of the Conditions have been fulfilled. With respect to Condition in (ii) above, based on the due diligence performed by the Company's legal advisers, as at the Latest Practicable Date, the Purchaser is satisfied with Far Union's good title to the Target Property. Notwithstanding the above, up to Completion, the Purchaser shall be entitled to raise requisition or objection to Far Union's title to the Property in respect of any encumbrance, title deed or other document which has not been disclosed to the Purchaser.

If the Conditions shall not be fulfilled or waived (where applicable) on or before the Long Stop Date, the S&P Agreement may be terminated by the Vendor or the Purchaser and be of no further effect and force. Upon such termination, the Vendor shall return the Deposit to the Purchaser in full forthwith without interest, and no party to the S&P Agreement shall be entitled to any rights or benefits or be under any obligations or have any liability under or in respect of the S&P Agreement save in respect of any antecedent breach.

Completion:

Completion shall take place on the 5th business day after the Conditions are fulfilled or waived, where applicable (or such other date as the Vendor and the Purchaser may agree in writing).

Upon Completion, the companies within the Target Group (including Far Union which is the sole owner of the Target Property) will become indirect wholly-owned subsidiaries of the Company and the financial results of the Target Group will be consolidated into the Group's financial statements.

Construction of the New Hotel:

The Target Property will not be handed over to the Purchaser at Completion. The Vendor shall procure the demolition of the existing building erected on the Target Property, and the redevelopment of the Target Property into the New Hotel based on the approved general building plans, incorporating the Key Features and on Mira Moon Standard or better, and in accordance with all applicable laws and regulations. The Vendor shall procure the completion of the Redevelopment with all due expedition, and on or before the Latest Handover Date. Apart from the Purchaser's payment obligation for the Consideration, the Group (including the Target Group upon Completion) shall not be required to make any other payment to the Vendor or any other company within the HLD Group in relation to the Redevelopment or to any building contractors in relation to the redevelopment contracts.

The New Hotel will be adjoining to the Old Wing, a hotel operated by the Group. Based on the relevant general building plans which have been approved by the Building Authority, the New Hotel will be a 23-storey hotel cum commercial complex erected above two basement storeys with a total GFA of approximately 137,885 square feet, comprising 99 hotel guestrooms, shops, restaurants, banquet halls, and approximately 21 private car parking spaces and 2 motor parking spaces.

The Vendor will have the right to amend or alter the building plans and/or the Key Features of the New Hotel and submit the amended building plans to the Building Authority for approval at such time(s) and in such manner as the Vendor reasonably considers necessary or expedient. The prior written consent of the Purchaser will be required for such amendment or alteration which constitutes a Major Amendment.

As soon as practicable after Completion, the Vendor shall procure a company within the HLD Group to act as the Project Manager in relation to the Redevelopment and the Purchaser shall procure Far Union to appoint the Project Manager. The appointment of the Project Manager shall be for a term ending on the date on which the Defects Rectification Certificate is delivered to the Purchaser. No remuneration or any other fee shall be payable to the Project Manager by Far Union or any other company within the Target Group or the Group.

The Project Manager shall be authorised by Far Union to, on behalf of Far Union, negotiate and enter into contracts, agreements and arrangements in connection with the Redevelopment with any third party entities. The Vendor undertakes in favour of the Purchaser to assume, duly perform, discharge and be liable for all duties, obligations (including without limitation, the payment obligations) and liabilities on the part of any company within the Target Group pursuant to all and any such redevelopment contracts entered into by Far Union or the Project Manager at any time (whether prior to, on or after the date of the S&P Agreement), in accordance with their respective terms.

Key Features of the New Hotel:

1. Total GFA	:	Approximately 137,885 square feet	
2. Number of hotel guestrooms	:	99 hotel guestrooms	
3. Number of storeys	:	23 storeys above 2 basement storeys	
4. Number of carparking spaces	:	Approximately 21 private carparking spaces and 2 motor parking spaces	
5. Details of layout	:	**Floor**	**Layout**
		Basement Floor 2	Driveway, car parking spaces and plant rooms
		Basement Floor 1	Driveway, car parking spaces and plant rooms

Ground Floor	Driveway, drop-off area, shop, entrance lobby and plant rooms
1st Floor	Shop, plant rooms and ancillary accommodation
2nd Floor	Hotel lobby, shop, back-of-house area, plant rooms and ancillary accommodation
Each of 3rd to 9th Floors	Function room, kitchen, back-of-house area, plant rooms and ancillary accommodation
10th Floor	Back-of-house area, plant rooms and ancillary accommodation
Each of 11th to 22nd Floors	9 hotel guestrooms; plant rooms and ancillary accommodation
23rd Floor	5 hotel guestrooms; plant rooms and ancillary accommodation
25th to 26th Floors	2 hotel guestrooms; plant rooms and ancillary accommodation
Roof and Upper Roofs	Plant rooms and ancillary accommodation

Note: The designations of 4th, 13th, 14th and 24th Floors are to be omitted.

6. Building materials, fittings, finishings and appliances adopted, used or included	On Mira Moon Standard, except that the function room and kitchen (which are not present in Mira Moon) shall be on the Old Wing Standard and the shops shall be in bare shell

Handover:

Vacant possession of the New Hotel will be delivered by the Vendor to the Purchaser on or before the Latest Handover Date, which is currently expected to fall on the last quarter of 2029, or such other date as the Vendor and the Purchaser may agree in writing.

The Vendor will procure all permits, licences and certificates (the "**Applicable Hotel Licences**") which are required to be issued by competent authorities under the applicable laws and regulations for the operation of all reasonable and proper functions of the New Hotel as a fully operational hotel in Hong Kong (including but not limited to the hotel licence but excluding any liquor licence, for which the Group intends to apply on its own) will be issued in the name of Far Union (or any other person designated by the Purchaser) before the Handover and no later than the Latest Handover Date. Therefore, the New Hotel will be fit for use as a hotel upon Handover.

Accordingly, the Purchaser will indirectly acquire the New Hotel under the Transaction.

If Handover does not take place on or before the Latest Handover Date (subject to any Unforeseeable Circumstance Time Extension) other than solely due to the default of the Purchaser, the Vendor shall pay to the Purchaser upon Handover interest accrued on all part(s) of the Consideration already paid by the Purchaser to the Vendor under the S&P Agreement, calculated at the rate of 0.5% per annum below the prime rate as quoted by The Hongkong and Shanghai Banking Corporation Limited in Hong Kong Dollars from time to time, for the period from the Latest Handover Date until the day on which Handover actually takes place (both days inclusive).

Defects Liability Period:

The Vendor shall procure the Authorized Person to produce and deliver to the Vendor and the Purchaser within fourteen (14) days after the expiration of the Defects Liability Period a list (the "**Defects List**") containing (i) all such defects, shrinkages and other faults to the Target Property, the Redevelopment works and/or the New Hotel or the fittings, finishes or appliances therein as notified in writing by the Purchaser or any company within the Target Group to the Vendor from time to time and no later than the expiry of the Defects Liability Period, and (ii) in addition to those referred to in (i) above, all such defects, shrinkages and other faults to the Target Property, the Redevelopment works and/or the New Hotel or the fittings, finishes or appliances therein which shall appear before the expiry of the Defects Liability Period and shall be considered by the Authorized Person as necessary to be remedied and rectified.

The Vendor shall, as soon as reasonably practicable after the receipt of the written notification given by the Purchaser or the relevant company within the Target Group which is delivered no later than the expiry of the Defects Liability Period and/or the Defects List from the Authorized Person, remedy and rectify all such defects, shrinkages and other faults so notified or specified and deliver to the Purchaser a certificate (the "**Defects Rectification Certificate**") issued by the Authorized Person confirming that all such defects, shrinkages and other faults have been made good to his/her satisfaction.

Warranties and indemnities:

The Vendor has provided customary warranties, undertakings, and indemnities for a transaction of this nature in favour of the Purchaser. In particular, the Vendor shall indemnify the Purchaser and the Target Group for any losses, damages, costs and expenses suffered or incurred as a result of or in connection with any breach or non-compliance of the agreements, obligations or undertakings on the part of the Vendor under the S&P Agreement in relation to the Redevelopment; any failure of the Vendor in procuring the redevelopment of the Target Property be completed and made fit for occupation (including the issuance of the Occupation Permit) in accordance with the Order for Sale within the Statutory Redevelopment Period and/or the completion of the Redevelopment, the issuance of all Applicable Hotel Licences and/or the delivery of vacant possession of the New Hotel to the Purchaser on or before the Latest Handover Date.

Payment relating to utilised profits tax credit:

The Purchaser shall pay to the Vendor an amount equivalent to the profits tax credit which arises from the accumulated tax loss of each of Far Union and Ever East as at the Completion Date to the extent that it is utilised by Far Union or Ever East in offsetting its assessable profits for profits tax payable after Completion, within fourteen (14) business days after the relevant notice of assessment is received by Far Union or Ever East (as the case may be) from the Inland Revenue Department. As at 31 October 2024, the Target Group had an accumulated tax loss in the aggregate amount of HK$177,954,508 as shown in the accountants' report on the Target Group in Appendix II to this circular, which represents a profits tax credit of HK$29,362,494 using the current profits tax rate of 16.5%.

Payment relating to Stamp Duty Refund:

As at 31 October 2024, the Target Group had prepaid the Prepaid Stamp Duty in the aggregate amount of approximately HK$133,062,546, which formed part of its consolidated current assets of the Target Group as shown in the accountants' report on the Target Group in Appendix II to this circular. The Completion NAV will disregard any Prepaid Stamp Duty and therefore, the Prepaid Stamp Duty will not be taken into account in the calculation of the Consideration.

The Purchaser has provided an undertaking in favour of the Vendor that subject to Completion taking place, the Purchaser shall pay to the Vendor an amount equivalent to the Stamp Duty Refund within sixty (60) days after the Purchaser or any member of the Target Group actually receives such Stamp Duty Refund from the Inland Revenue Department.

Refund of Prepaid Building Order Costs:

As at 31 October 2024, Far Union had paid the Prepaid Building Order Costs to the Trustee's solicitors as stakeholders in the aggregate amount of HK$932,000, which formed part of the consolidated current assets of the Target Group as shown in the accountants' report on the Target Group in Appendix II to this circular. The Completion NAV will disregard any Prepaid Building Order Costs and therefore, the Prepaid Building Order Costs will not be taken into account in the calculation of the Consideration.

Pursuant to an undertaking given by the Trustee's solicitors, the Prepaid Building Order Costs (or the balance thereof) shall be released and refunded to Far Union within seven (7) business days upon production of documentary evidence on either compliance with the relevant building orders and notices affecting the Lot or the Target Property or demolition of the building(s) on the Lot. The Purchaser has provided an undertaking in favour of the Vendor that subject to Completion taking place, the Purchaser shall pay to the Vendor an amount equivalent to the refund of the Prepaid Building Order Costs (or the balance thereof) received from the Trustee's solicitors within thirty (30) days after the actual receipt of the same by the Purchaser or any member of the Target Group.

Vendor's guarantor:

The Vendor's obligations under the S&P Agreement are guaranteed by Henderson Land.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The acquisition of the New Hotel will form an important part of the Group's strategic development plan which will benefit the Group's hotel operation as well as its property rental operation. The New Hotel will attract high-end patrons and achieve a higher average room rate. The acquisition will improve the commercial value of Mira Place through relocating approximately 60,000 square feet in the Old Wing to the New Hotel, enabling the retail cluster to reach its critical mass and strengthening the 5-star hotel status of the Old Wing. It is expected that the operational efficiency of the Group's hotel operation will be enhanced and the New Hotel will bring synergistic benefits to the surrounding businesses of the Group. Furthermore, there is a possibility that the plot ratio and the maximum building height applicable to the New Hotel may be increased in the future, thereby enhancing the value of the New Hotel.

More specifically, the Company considers that the Transaction will be beneficial to the Company and the Shareholders as a whole as a result of the following:

(1) The New Hotel will attract high-end patrons and achieve a higher average room rate

The New Hotel will be adjoining to the Old Wing. Based on the relevant general building plans which have been approved by the Building Authority, the New Hotel will comprise a 23-storey hotel cum commercial complex erected above two basement storeys with a total GFA of approximately 137,885 square feet and a total Construction Floor Area of approximately 196,161 square feet, comprising 99 hotel guestrooms, shops, restaurants, banquet halls, and approximately 21 private car parking spaces and 2 motor parking spaces.

The New Hotel is expected to offer a total of eight suites (including four presidential suites) and 91 standard guestrooms. Certain rooms at the higher floors of the New Hotel will enjoy the scenic view of the neighboring Kowloon Park or the harbour view. The average size of the standard guestrooms of the New Hotel will be approximately 350 square feet, being about 30% higher than that of the Old Wing (which is approximately 270 square feet). The floor-to-floor height of the standard guestrooms of the New Hotel will be approximately 25% higher as compared to the Old Wing. The New Hotel will have a covered drop-off area on the ground floor, from which vehicles can access the car parks on the two basement floors. The reception lobby on 2/F of the New Hotel will have a floor-to-floor height of approximately 9 metres *(see artist's impression on page 21 of this circular)*. The Company believes that the New Hotel will attract high-end patrons, thereby achieving a higher average room rate of the hotel.

For comparison purpose only, if all the guestrooms of the New Hotel were of standard guestroom size and if the GFA of the New Hotel currently designated for retail, food and beverage and event function use was also made use to offer additional guestrooms, the total number of standard guestrooms that the New Hotel could provide would rise to 222, representing an increase of around 1.2 times from the 99 standard guestrooms and suites currently expected to be provided.

Floor-to-floor height of the reception hall of the New Hotel measures 9 metres, highlighting the hotel's deluxe 5-star status.
(Artist's impression for illustration purposes only)

(2) Increasing the commercial value of Mira Place by relocating approximately 60,000 square feet in the Old Wing to the New Hotel, enabling the retail cluster to reach its critical mass and strengthening the 5-star hotel status of the Old Wing

After the Handover, the restaurants, function rooms and common areas which are currently located on the ground floor, 3/F and 5/F of the Old Wing may be considered to be relocated to 2/F to 9/F of the New Hotel. Accordingly, an aggregate of approximately 60,000 square feet on the ground floor, 3/F and 5/F of the Old Wing, which is similar to that of 2/F to 9/F of the New Hotel, can be vacated and rented out, thereby increasing the total retail area of Mira Place 2 by more than 50% to approximately 160,000 square feet. Such relocation will unlock the business potential for a comprehensive reconfiguration of the podium of the Old Wing. Taking into consideration such retail area released and the considerably higher unit rent expected to be generated from such space in view of its prime location, the rental income of Mira Place 2 can be significantly enhanced. Moreover, the replanning can further strengthen the 5-star hotel status of the Old Wing.

After relocating approximately 60,000 square feet in the Old Wing to the New Hotel, the aggregate retail area of Mira Place 1 and Mira Place 2 will increase to approximately 530,000 square feet. This will enable the retail cluster to reach its critical mass, creating a more vibrant shopping environment for consumers and increasing its attractiveness to tenants.

(3) Enhancing operational efficiency of the hotel operation and bringing synergistic benefits to the surrounding businesses of the Group

As the New Hotel will be adjoining to the Old Wing, it will benefit from being managed under the same management team of the Old Wing and utilize the operational capability of the Old Wing. It is expected that no additional staffing is required for the back office and administration and hotel management functions of the New Hotel, and there will only be a relatively marginal increase in headcounts for the hotel operation (such as the front office, housekeeping and security). On the other hand, costs can be saved through discounts on bulk purchase of hotel amenities and increased contract sums with suppliers. Therefore, it is expected that the operational efficiency of both the New Hotel and the Old Wing will be enhanced.

The New Hotel will form an important part of the Group's strategic development plan. Not only will the New Hotel leverage on the Group's expertise in hotel management and operation, it is expected to drive business growth of the Group and bring synergistic benefits to the surrounding businesses of the Group (including the Old Wing and Mira Place).

(4) The New Hotel could help relieve the supply pressure of guestrooms of the Old Wing

The New Hotel could help relieve the supply pressure of guestrooms of the Old Wing, as well as expanding the Group's overall capacity to meet the potential growth in hotel demand. Moreover, after the acquisition of the New Hotel, the Group can have greater flexibility in allocating guestrooms between the New Hotel and the Old Wing to manage patrons demand.

(5) There is a possibility that the plot ratio and the maximum building height applicable to the New Hotel may be increased in the future

Currently, the maximum plot ratio and the maximum building height applicable to the district where the Target Property is located are 12.0 and 110 metres above Principal Datum ("**mPD**") respectively.

Following the Chief Executive's 2023 Policy Address published on 25 October 2023, the Government has implemented the recommendation from the District Study for Yau Ma Tei and Mong Kok as commissioned by the Urban Renewal Authority in relation to the increase of permissible plot-ratio in the commercial zone along Nathan Road. According to the Yau Ma Tei Outline Zoning Plan No. S/K2/26 approved by the Chief Executive in Council in July 2024, the maximum plot ratio for the commercial zones along Nathan Road was increased from 12 to 15, and the maximum building height for the commercial zones along Nathan Road was increased from 110mPD to 140mPD. Although such relaxation of restrictions on plot ratio and building height is not applicable to the site where the Target Property is situated, as the Target Property is located in a commercial area in the vicinity of the commercial zone along Nathan Road which is covered by the aforesaid District Study and outline zoning plan, there is a possibility of relaxation of the maximum plot ratio, the maximum building height and the maximum site coverage applicable to the New Hotel in the future, which is subject to the government approval. Currently, no timetable has been indicated by the government as to if and when any such relaxation may be extended to Tsim Sha Tsui.

If the maximum plot ratio applicable to the New Hotel is increased from 12 to 15, subject to the relaxation of the maximum building height and the maximum site coverage, the maximum GFA of the New Hotel may increase by approximately 25% from 137,885 square feet to approximately 172,000 square feet. The Company may, at its absolute discretion, request the Vendor to make use of any such additional plot ratio before the issue of the occupation permit of the New Hotel, and in such case, pursuant to the Deed of Undertaking, the Vendor has undertaken to comply with such request and the Company shall pay the construction costs, consultancy fees and related costs and expenses to be incurred as a result of the increase in GFA. In determining whether to make use of any such additional plot ratio, the Board will take into consideration, among other things, the amount of costs and expenses to be incurred, the benefits which will be brought to the Group and the relevant compliance requirements.

The Directors (excluding the members of the Independent Board Committee whose views will be expressed in the Letter from the Independent Board Committee in this circular) are of the opinion that the S&P Agreement and the Transaction are (i) entered into in the ordinary and usual course of business of the Group; (ii) on normal commercial terms after arm's length negotiations between the parties to the S&P Agreement; and (iii) on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE TARGET PROPERTY

The Target Property comprises the Lot and a composite building of 10 storeys with an additional roof floor erected thereon now known as "Champagne Court (香檳大廈)" completed in 1957 and located at No.16 Kimberley Road, Kowloon, Hong Kong. The site area of the Target Property is approximately 12,283 sq. ft.

In response to an application made by Far Union, Ever East and certain members of the HLD Group, the Order For Sale was made by the Lands Tribunal. Far Union, being the bidder who submitted the only bid at the Auction held on 5 January 2024, entered into a memorandum of agreement on the same date with the Trustee, pursuant to which Far Union agreed to purchase the Target Property at the Bidding Price. The time constraint for complying with the connected transaction requirements including the circular and independent shareholders' approval requirements under the Listing Rules before the bid submission deadline fixed for the Auction had rendered it impossible for the Group to submit a bid at the Auction to acquire HLD Group Units and Target Group Units. Accordingly, the Group did not submit any bid at the Auction.

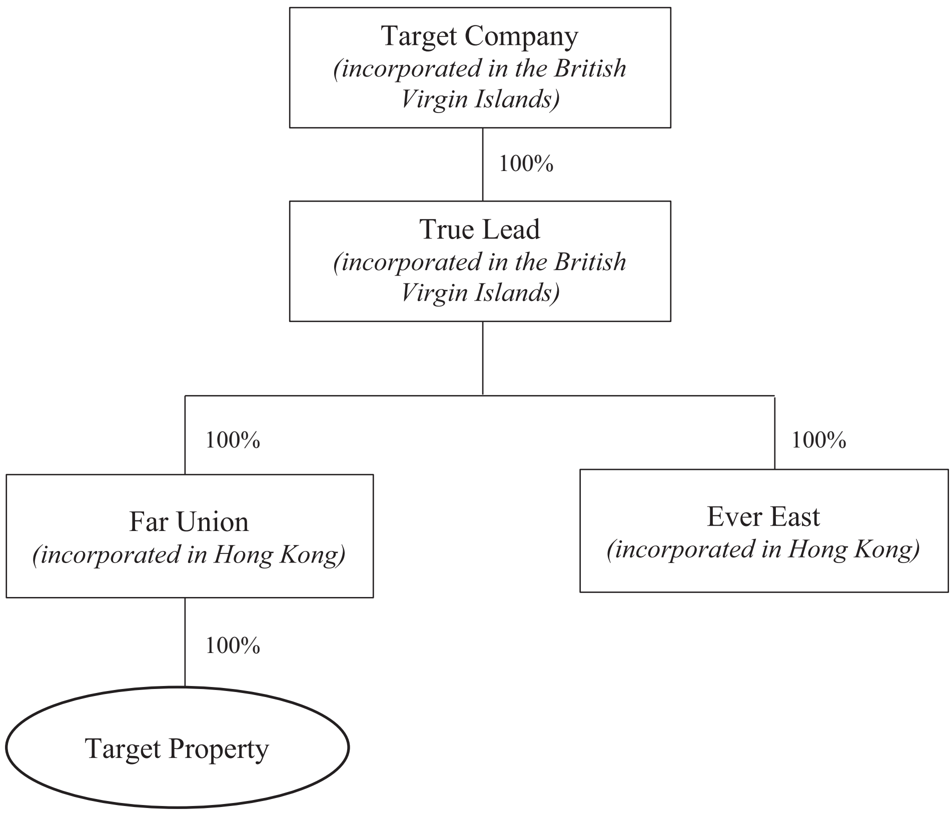
Immediately before the completion of the Compulsory Sale, the Target Property comprises (a) the Target Group Units owned by Far Union (representing approximately 74.95% of all the undivided shares of the Target Property); (b) the HLD Group Units owned by the HLD Group (representing approximately 8.75% of all the undivided shares of the Target Property); (c) the Group Units owned by the Group (representing approximately 10.00% of all the undivided shares of the Target Property); and (d) the Other Units owned by other third parties (representing approximately 6.30% of all the undivided shares of the Target Property). Completion of the Compulsory Sale took place on 7 February 2024, upon which the ownership of the Target Property was consolidated by Far Union and Far Union has become the sole owner of the Target Property.

The total acquisition costs of the Target Property attributable to the Target Group (after transaction costs) were approximately HK$2,115,000,000. Such acquisition costs include (i) the total purchase prices paid by Far Union in acquiring the Target Group Units (inclusive of the 8 units previously owned by Ever East) up to but immediately before the Auction; and (ii) the actual purchase price paid by Far Union to the Trustee, being the aggregate of the apportioned value of the Bidding Price attributable to the HLD Group Units (being HK$88,869,000), the Group Units (being HK$190,050,000, which was subsequently received by the Group from the Trustee) and the Other Units (HK$281,835,000), as determined pursuant to the Order For Sale.

The Initial Consideration payable by the Purchaser for the Sale Interest is HK$3,120,000,000. After netting off the apportioned sales proceeds of approximately HK$190,050,000 (before transaction costs) which the Group received from Far Union for the sale of the Group Units under the Compulsory Sale, the Group will effectively be paying only HK$2,929,950,000 (subject to adjustment based on the Completion NAV) as consideration for the Acquisition. The sale of the Group Units by the Group to the Target Group pursuant to the Compulsory Order did not constitute a connected transaction of the Company under Chapter 14A of the Listing Rules, for the reasons that (i) the Group was statutorily bound to sell the Group Units to the successful bidder (being Far Union) pursuant to the Order for Sale; (ii) the Group was not an applicant and had no involvement in the application for the Order for Sale, other than being made a respondent in such application same as the other minority owners of the Target Property; and (iii) the Group did not negotiate or determine any terms (including the reserve price) of the Compulsory Sale and the amount of sales proceeds received by the Group was determined on a pro rata basis in accordance with the values of the respective units pursuant to the Compulsory Sale Ordinance. As none of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the sale of the Group Units by the Group to the Target Group pursuant to the Compulsory Sale exceeds 5%, it did not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

INFORMATION ON THE TARGET GROUP

The following diagram illustrates the existing holding structure of the Target Property and the Target Group:



Each of the Target Company and True Lead was incorporated on 19 July 2023. True Lead became a direct wholly-owned subsidiary of the Target Company on 31 July 2023, upon which the financial results of True Lead were consolidated into the financial statements of the Target Company. Each of Far Union and Ever East became indirect subsidiaries of the Target Company on 1 August 2023, upon which the financial results of Far Union and Ever East were consolidated into the financial statements of the Target Company. The Target Company and True Lead have not conducted any business activities since their incorporation other than the indirect and direct holding of the interests in Far Union and Ever East respectively. Far Union is a property investment company and Ever East currently has no operations.

Set out below is the consolidated net loss (both before and after taxation and extraordinary items) of the Target Group for each of the two financial years ended 31 December 2023 and from 1 January 2024 to 31 October 2024, as shown in the accountants' report on the Target Group in Appendix II of this circular (for the basis of preparation and presentation of such financial information, please refer to Note 1 to the historical financial information in Appendix II):

	For the financial year ended 31 December 2022	For the financial year ended 31 December 2023	From 1 January 2024 to 31 October 2024
Net (loss) before taxation and extraordinary items	HK$(33,533,000)	HK$(421,567,000)	HK$(161,076,000)
Net (loss) after taxation and extraordinary items	HK$(33,533,000)	HK$(421,567,000)	HK$(161,076,000)

The consolidated total assets of the Target Company as at 31 October 2024 was HK$1,758,798,000 (comprising non-current asset of HK$1,624,788,000 and current assets of HK$134,010,000) as shown in the accountants' report on the Target Company in Appendix II of this circular. As at 31 October 2024, the Target Group had no material assets apart from the Target Property and the Prepaid Stamp Duty and had no material liabilities other than the shareholder's loan owing to the Vendor.

The original book acquisition cost of the Sale Share to the Vendor is the insignificant nominal value of the Sale Share of US$1.

INFORMATION ON THE PARTIES TO THE S&P AGREEMENT

The Group and the Purchaser

The principal activity of the Company is investment holding, and the principal activities of its subsidiaries are property rental, hotels and serviced apartments, food and beverage operation and travel operation. The Purchaser has not commenced any business operation since its incorporation other than entering into the S&P Agreement.

The HLD Group and the Vendor

Henderson Land is an investment holding company and the principal activities of its subsidiaries are property development and investment, construction, project management, property management, hotel operation, department store operation and investment holding. The shareholding information of Henderson Land is available on the Stock Exchange's website (https://www.hkexnews.hk/). The principal activity of the Vendor is investment holding.

FINANCIAL EFFECTS OF THE ACQUISITION

Upon Completion, the companies within the Target Group will become indirect wholly-owned subsidiaries of the Company and the financial results of the Target Group will be consolidated into the Group's financial statements.

Effect on earnings

It is expected that the Group will recognise transaction expenses of HK$4.9 million on its profit and loss account in connection with the Transaction, which include fees to its legal advisers, independent financial advisers, reporting accountants, valuer, financial printer and other related expenses. Also, the Purchaser essentially is acquiring the Target Property at the Appraised Gross Development Value of HK$3,120,000,000, together with the asset and liabilities of the Target Group included in the computation of the Completion NAV, for the Consideration amount of HK$3,120,000,000 plus or minus any adjustment based on the Completion NAV. Save for the aforementioned transaction expenses borne by the Group, the Transaction is not expected to give rise to any gain or loss on the Enlarged Group's profit and loss account upon Completion.

Given that the Handover will not happen immediately upon Completion (but only before the Latest Handover Date), and that other than the Consideration, the Enlarged Group shall not be required to make any other payment to the Vendor or any other company within the HLD Group in relation to the Redevelopment or to any building contractors in relation to the redevelopment contracts, save for any impairment loss of the Target Property subsequent to Completion, the Group is not expected to derive other operating profit or loss from the Target Property during the period of Redevelopment and before the Handover.

Meanwhile, as the New Hotel would not be handed over immediately upon the Completion, the quantitative impact on the earnings of the Enlarged Group will depend on the business and financial performance of the New Hotel after the Handover. As the Acquisition would help the Group to expand its hotel presence in Tsim Sha Tsui area, the Group's source of revenue base will be broadened, but the quantitative impact on the earnings of the Enlarged Group will depend on the business and financial performance of the New Hotel and materialisation of synergies with the existing operations of the Group after the Handover.

Effects on the assets and liabilities

As the Consideration for the Sale Interest is the Initial Consideration in the amount of HK$3,120,000,000, which is equal to the Agreed Acquisition Value, plus or minus any adjustment(s) based on the Completion NAV, and the Agreed Acquisition Value is determined based on the Appraised Gross Development Value of the Target Property (without any premium on such appraised fair value), it is expected the Transaction will not give rise to any recognition of goodwill in the Enlarged Group's consolidated statement of assets and liabilities.

Upon Completion, the Target Property will be redeveloped into the New Hotel. Accordingly, the Target Property is expected to be reclassified from "investment properties" to "other property, plant and equipment" of the Group as non-current assets upon Completion. The carrying value of the Target Property will be marked to its prevailing market value at the time of Completion as its original cost, and will be stated at cost less depreciation and/or impairment loss going forward. Meanwhile, a substantial portion of the Target Group's liabilities, being the Sale Loan, shall be assigned to the Purchaser and eliminated in the Enlarged Group's consolidated financial statements upon Completion.

Based on the Pro Forma Completion Accounts, the net assets of the Enlarged Group is expected to decrease by HK$4.9 million, which is attributable to the aforementioned transaction expenses payable in connection with the Transaction.

After the Completion, additions in the item "other property, plant and equipment" in respect of the New Hotel shall be commensurate with the progress of the Redevelopment, whilst the cash balance of the Enlarged Group is expected to decrease in line with the settlement of the remaining Consideration payable to the Vendor pursuant to the payment terms set out in the S&P Agreement. Based on the foregoing, the Transaction is also not expected to bring any material effect to the Enlarged Group's net asset value position post-Completion.

The details of the financial effect of the Acquisition on the financial position together with the bases and assumptions taken into account in preparing the unaudited pro forma financial information are set out, for illustration purpose only, in Appendix IV to this circular.

LISTING RULES IMPLICATIONS

As the Vendor is an indirect wholly-owned subsidiary of Henderson Land, which in turn is the holding company of the Company holding 345,999,980 Shares (representing approximately 50.08% of the total number of issued Shares as at Latest Practicable Date), each of the Vendor and Henderson Land is a connected person of the Company under the Listing Rules. Accordingly, the entering into of the S&P Agreement and the Transaction constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the Transaction exceeds 25% but is less than 100%, the Transaction also constitutes a major transaction of the Company under Chapter 14 of the Listing Rules.

Accordingly, the entering into of the S&P Agreement and the Transaction are subject to the announcement, reporting, circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules.

DIRECTORS' INTERESTS

As at the Latest Practicable Date, (i) each of Dr. Lee, Dr. Lam, Mr. Wu and Mr. Au, being a Director, was also a director of Henderson Land, (ii) Dr. Lee was taken to be interested in approximately 72.50% of the total issued share capital of Henderson Land under Part XV of the Securities and Futures Ordinance by virtue of him being a director of Henderson Land and one of the discretionary beneficiaries of certain discretionary trusts, and (iii) Mr. Liang, an independent non-executive Director, was taken to be interested in approximately 0.02% of the total issued share capital of Henderson Land.

Dr. Lee is regarded as having a material interest in the S&P Agreement and the Transaction, and has abstained from voting on the relevant resolution at the Board meeting convened to consider, among other things, the S&P Agreement and the Transaction. While the interest (if any) of Dr. Lam, Mr. Wu, Mr. Au and Mr. Liang in the S&P Agreement and the Transaction might not be regarded as material or significant, as a good corporate governance practice, all of them have voluntarily abstained from voting on the relevant resolution at the Board meeting convened to consider, among other things, the S&P Agreement and the Transaction.

Save as disclosed above, no other Director has a material interest in the S&P Agreement and the Transaction or has abstained from voting on the relevant Board resolution approving the S&P Agreement and the Transaction.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, comprising Dr. Timpson Chung Shui Ming, Mr. Howard Yeung Ping Leung, Mr. Benedict Sin Nga Yan and Ms. Wong Yeung Fong, all being independent non-executive Directors, has been established to consider the terms of the S&P Agreement and the Transaction, and to advise the Independent Shareholders as to whether the terms of the S&P Agreement and the Transaction are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. Mr. Wu and Mr. Au, each being an independent non-executive Director, are also independent non-executive directors of Henderson Land, and Mr. Liang, being an independent non-executive Director, is taken to be interested in approximately 0.02% of the total issued share capital of Henderson Land. Therefore, Mr. Wu, Mr. Au and Mr. Liang may not be independent to advise the Independent Shareholders on the S&P Agreement and the Transaction, and are not members of the Independent Board Committee. A letter from the Independent Board Committee is set out on pages 33 to 34 of this circular.

The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the S&P Agreement and the Transaction. A letter from the Independent Financial Adviser is set out on pages 35 to 72 of this circular.

EGM

Set out on pages EGM-1 to EGM-3 of this circular is a notice convening the EGM to be held at The Ballroom, 18/F, The Mira Hong Kong, 118–130 Nathan Road, Tsim Sha Tsui, Kowloon, Hong Kong on Monday, 31 March 2025 at 3:00 p.m. at which an ordinary resolution will be proposed to consider and, if thought fit, approve the S&P Agreement and the Transaction.

At the EGM, any Shareholders with a material interest in the S&P Agreement and the Transaction and their respective associates are required to abstain from voting on the proposed ordinary resolution for approving the S&P Agreement and the Transaction. As Henderson Land is the indirect holding company of the Vendor and acts as the guarantor of the Vendor under the S&P Agreement, Henderson Land and its associates shall abstain from voting on the ordinary resolution to be put forward at the EGM approving the S&P Agreement and the Transaction.

As at the Latest Practicable Date, Higgins Holdings Limited, Multiglade Holdings Limited and Threadwell Limited, all of which being wholly-owned subsidiaries of Henderson Land, held 120,735,300 Shares, 128,658,680 Shares and 96,606,000 Shares respectively. Accordingly, Higgins Holdings Limited, Multiglade Holdings Limited and Threadwell Limited will abstain from voting on the ordinary resolution for approving the S&P Agreement and the Transaction at the EGM in respect of an aggregate of 345,999,980 Shares, representing approximately 50.08% of the total issued Shares.

Apart from the above, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no other Shareholder has a material interest in the S&P Agreement or the Transaction and accordingly, no other Shareholder is required to abstain from voting in respect of the ordinary resolution to approve the S&P Agreement and the Transaction at the EGM.

Whether or not you intend to attend the EGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not less than 48 hours (excluding any part of a day that is a public holiday) before the time appointed for holding the EGM (i.e. at or before 3:00 p.m., Friday, 28 March 2025) or any adjournment or postponement thereof. The return of a form of proxy will not preclude you from attending and voting in person at the meeting if you so wish.

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 of the meeting, in good faith, decides to allow a resolution that relates purely to a procedural or administrative matter to be voted on by a show of hands. Accordingly, the chairman of the EGM will exercise his power under the articles of association of the Company to demand a poll in relation to the proposed ordinary resolution to approve the S&P Agreement and the Transaction at the EGM. An announcement will be made by the Company following the conclusion of the EGM to inform you of the results of the EGM.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Thursday, 27 March 2025 to Monday, 31 March 2025 (both days inclusive), during which period no transfer of Shares will be registered. In order to qualify for attending and voting at the EGM, unregistered holders of Shares should ensure that all transfer documents together with the relevant share certificates are lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited at Rooms 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, for registration, no later than 4:30 p.m. on Wednesday, 26 March 2025.

RECOMMENDATION

Your attention is drawn to (i) the advice of the Independent Board Committee set out in its letter set out on pages 33 to 34 of this circular; and (ii) the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders set out on pages 35 to 72 of this circular in respect of the S&P Agreement and the Transaction and the principal factors considered by the Independent Financial Adviser in formulating its advice.

The Directors (other than members of the Independent Board Committee whose views are set out in its letter included in this circular) are of the opinion that the S&P Agreement and the Transaction are (i) entered into in the ordinary and usual business of the Group; (ii) on normal commercial terms after arm's length negotiations between the parties to S&P Agreement; and (iii) on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, such Directors recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the S&P Agreement and the Transaction.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
LEE KA SHING
Chairman and CEO

MIRAMAR GROUP

MIRAMAR HOTEL AND INVESTMENT COMPANY, LIMITED

美麗華酒店企業有限公司

(incorporated in Hong Kong with limited liability)

(Stock Code: 71)

12 March 2025

To the Independent Shareholders

Dear Sir or Madam,

MAJOR AND CONNECTED TRANSACTION IN RELATION TO PROPOSED ACQUISITION OF INTERESTS IN SOLUTION RIGHT LIMITED

We refer to the circular issued by the Company to the Shareholders dated 12 March 2025 (the "**Circular**") of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

We have been appointed as the members of the Independent Board Committee to consider the S&P Agreement and the Transaction, and to advise the Independent Shareholders whether the terms of the S&P Agreement and the Transaction are fair and reasonable, so far as the Independent Shareholders are concerned, on normal commercial terms or better and in the interests of the Company and the Shareholders as a whole, and to the voting action that should be taken. The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

We wish to draw your attention to the letter from the Board, as set out on pages 11 to 32 of the Circular, and the letter from the Independent Financial Adviser which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the S&P Agreement and the Transaction, as well as the principal factors and reasons considered by the Independent Financial Adviser in arriving at its recommendation as set out on pages 35 to 72 of the Circular.

After taking into consideration the reasons for and the benefits of the Transaction, and the advice from the Independent Financial Adviser, we consider that the S&P Agreement and the Transaction are (i) entered into in the ordinary and usual course of business of the Group; (ii) on normal commercial terms after arm's length negotiations between the parties to the S&P Agreement; and (iii) on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the S&P Agreement and the Transaction.

Yours faithfully,
Independent Board Committee

Dr. Timpson Chung Shui Ming *Independent non-executive Director*	**Mr. Howard Yeung Ping Leung** *Independent non-executive Director*
Mr. Benedict Sin Nga Yan *Independent non-executive Director*	**Ms. Wong Yeung Fong** *Independent non-executive Director*

The following is the text of a letter of advice from Altus Capital Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Transaction, which has been prepared for the purpose of incorporation in this circular.

ALTUS

Altus Capital Limited
21 Wing Wo Street
Central
Hong Kong

12 March 2025

To the Independent Board Committee and the Independent Shareholders

Miramar Hotel and Investment Company, Limited
15/F, Mira Place Tower A
132 Nathan Road, Tsim Sha Tsui
Kowloon, Hong Kong

Dear Sir or Madam,

MAJOR AND CONNECTED TRANSACTION PROPOSED ACQUISITION OF INTERESTS IN SOLUTION RIGHT LIMITED

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the S&P Agreement and the Transaction (comprising the Acquisition and the transactions contemplated under the S&P Agreement). Details of the S&P Agreement and the Transaction are set out in the "Letter from the Board" contained in the circular of the Company dated 12 March 2025 (the "**Circular**"), of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless otherwise defined herein or required by the context.

As stated in the Letter from the Board, on 15 January 2025, the Purchaser (a wholly-owned subsidiary of the Company), the Vendor (a wholly-owned subsidiary of Henderson Land) and Henderson Land (as guarantor of the Vendor) entered into the S&P Agreement, pursuant to which the Purchaser has agreed conditionally to acquire from the Vendor the Sale Interest, which comprises the Sale Share (representing the one and only issued share in the Target Company) and the Sale Loan, at the total consideration of HK$3,120,000,000 (subject to adjustments).

Completion of the Acquisition is conditional upon (i) the approval of the Transaction by the Independent Shareholders; and (ii) the Purchaser being satisfied with Far Union's good title to the Target Property. Completion shall take place on the 5th business day after the Conditions are fulfilled or waived, where applicable (or such other date as the Vendor and the Purchaser may agree in writing).

Upon Completion, the companies within the Target Group (including Far Union which is the sole owner of the Target Property) will become indirect wholly-owned subsidiaries of the Company and the financial results of the Target Group will be consolidated into the Group's financial statements.

LISTING RULES IMPLICATIONS

As the Vendor is an indirect wholly-owned subsidiary of Henderson Land, which in turn is a holding company of the Company holding 345,999,980 Shares (representing approximately 50.08% of the total number of issued Shares as at the Latest Practicable Date), each of the Vendor and Henderson Land is a connected person of the Company under the Listing Rules. Accordingly, the entering into of the S&P Agreement and the Transaction constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio in respect of the Transaction exceeds 25% but is less than 100%, the Transaction will also constitute a major transaction of the Company under Chapter 14 of the Listing Rules. Accordingly, the entering into of the S&P Agreement and the Transaction will be subject to the announcement, reporting, circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules.

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising Dr. Timpson Chung Shui Ming, Mr. Howard Yeung Ping Leung, Mr. Benedict Sin Nga Yan and Ms. Wong Yeung Fong, all being independent non-executive Directors, has been established to consider the terms of the S&P Agreement and the Transaction, to advise the Independent Shareholders as to whether the S&P Agreement and the Transaction are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole, taking into account the recommendation from the Independent Financial Adviser.

According to the Letter from the Board, Mr. Wu King Cheong ("**Mr. Wu**") and Mr. Alexander Au Siu Kee ("**Mr. Au**"), each being an independent non-executive Director, are also independent non-executive directors of Henderson Land, and Mr. Thomas Liang Cheung Biu ("**Mr. Liang**"), being an independent non-executive Director, was taken to be interested in approximately 0.02% of the total issued share capital of Henderson Land as at the Latest Practicable Date. Therefore, Mr. Wu, Mr. Au and Mr. Liang may not be independent to advise the Independent Shareholders on the S&P Agreement and the Transaction, and are not members of the Independent Board Committee.

INDEPENDENT FINANCIAL ADVISER

As the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders as to (i) whether the terms of the S&P Agreement and the Transaction are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole; and (ii) how the Independent Shareholders should vote in respect of the resolution relating to the S&P Agreement and the Transaction to be proposed at the EGM.

We have not acted as independent financial adviser or financial adviser in relation to any transactions of the Company and the HLD Group in the last two years prior to the date of the Circular. Pursuant to Rule 13.84 of the Listing Rules, and given that remuneration for our engagement to opine on the S&P Agreement and the Transaction is at market level and not conditional upon successful passing of the resolution to be proposed at the EGM, and that our engagement is on normal commercial terms, we are independent of and not associated with the Company, its controlling Shareholder(s) or connected person(s).

BASIS OF OUR ADVICE

In formulating our opinion, we have reviewed, amongst others (i) the annual report of the Company for the year ended 31 December 2023 (the "**2023 Annual Report**") and the interim report of the Company for the six months ended 30 June 2024 (the "**2024 Interim Report**"); (ii) the announcement of the Company in relation to the S&P Agreement and the Transaction dated 15 January 2025; (iii) the valuation report on the Target Property by the Independent Property Valuer; (iv) the audited financial information of the Target Group for each of the years ended 31 December 2021, 2022 and 2023, and the ten months ended 31 October 2024; (v) the unaudited pro forma financial information of the Enlarged Group as at 30 June 2024; and (vi) other information contained or referred to in the Circular.

We have relied on the statements, information, opinions and representations contained or referred to in the Circular and/or provided to us by the Company, the Directors and the management of the Company (the "**Management**"). We have assumed that all statements, information, opinions and representations contained or referred to in the Circular and/or provided to us were true, accurate and complete at the time they were made and continued to be so as at the date of the Circular. The Directors collectively and individually accept full responsibility, including particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in the 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 in the Circular misleading.

We have no reason to believe that any statements, information, opinions or representations relied on by us in forming our opinion are untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the statements, information, opinions or representations provided to us to be untrue, inaccurate or misleading.

We have assumed that all the statements, information, opinions and representations for matters relating to the Group contained or referred to in the Circular and/or provided to us by the Management have been reasonably made after due and careful enquiry. We consider that we have been provided with and have reviewed sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent investigation into the business, financial conditions and affairs or the future prospects of the Group and the Target Group.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion on the terms of the S&P Agreement and the Transaction, we have taken into consideration the following principal factors:

1. Information of the Group

1.1 Principal business of the Group and the Purchaser

The principal activity of the Company is investment holding, and the principal activities of its subsidiaries are property rental, hotels and serviced apartments, food and beverage operation and travel operation. The Purchaser, a wholly-owned subsidiary of the Company, has not commenced any business operation since its incorporation other than entering into the S&P Agreement.

1.2 Financial information of the Group

Set out below is the key consolidated financial information of the Group for the year ended 31 December 2022 ("**FY2022**"), the year ended 31 December 2023 ("**FY2023**"), the six months ended 30 June 2023 ("**1H2023**") and the six months ended 30 June 2024 ("**1H2024**") as extracted from the 2023 Annual Report and the 2024 Interim Report.

Summary of consolidated statement of profit or loss

	FY2022	**FY2023**	**1H2023**	**1H2024**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(audited)	(audited)	(unaudited)	(unaudited)
Revenue	1,382,231	2,552,594	1,142,095	1,400,837
— Property rental	*800,033*	*795,187*	*398,948*	*401,156*
— Hotels and serviced apartments	*318,356*	*581,884*	*267,162*	*296,913*
— Food and beverage operation	*173,280*	*279,443*	*138,607*	*142,787*
— Travel operation	*90,562*	*896,080*	*337,378*	*559,981*
Cost of food and beverage	(102,689)	(150,743)	(71,297)	(81,049)
Staff costs	(411,606)	(512,427)	(245,947)	(284,933)
Utilities, repairs and maintenance and rent	(111,319)	(132,190)	(62,432)	(64,803)
Tour and ticketing costs	(77,419)	(790,753)	(301,374)	(479,905)
Gross profit	**679,198**	**966,481**	**461,045**	**490,147**
Other revenue and non-operating net gain	153,934	300,134	138,158	157,395
Operating and other expenses	(170,037)	(228,698)	(95,237)	(126,508)
Depreciation	(57,783)	(67,212)	(32,108)	(37,195)
Finance costs	(2,140)	(2,268)	(1,174)	(992)
Share of profits less losses of associates	178	176	114	19
Net (decrease)/increase in fair value of investment properties	(23,159)	159,532	(17,100)	(17,843)
Profit before taxation	580,191	1,128,145	453,698	465,023
Taxation				
— Current	*(72,885)*	*(86,209)*	*(42,087)*	*(55,320)*
— Deferred	*(18,766)*	*(24,629)*	*(18,392)*	*(9,225)*
Profit for the year/period	488,540	1,017,307	393,219	400,478
Profit attributable to				
— Shareholders of the Company	*480,104*	*977,136*	*380,132*	*373,111*
— Non-controlling interests	*8,436*	*40,171*	*13,087*	*27,367*

FY2023 vs FY2022

The Group's revenue increased by 84.7% from HK$1,382.2 million in FY2022 to HK$2,552.6 million in FY2023, underpinned by revenue increases for hotels and serviced apartments business, food and beverage operation, as well as travel operation. Revenue from the property rental business remained relatively stable for FY2023 as compared to that for FY2022. Meanwhile, the revenue from the hotel and serviced apartment business increased by 82.8% from HK$318.4 million for FY2022 to HK$581.9 million due to (i) the significant growth in occupancy rates of The Mira Hong Kong (i.e. the Old Wing) and Mira Moon to 90% and 95% respectively (FY2022: 68% and 41% respectively), and (ii) the increase in their average room rates by 61% and 40% respectively in 2023. Revenue from the food and beverage business recorded an increase of 61.3% in FY2023 as compared with that of FY2022, which was driven by the (i) improvement in the food and beverage industry amidst the government's lifting of social distancing measures and the full border reopening in February 2023; and (ii) the growth of restaurant cover and spending per person at the Group's restaurants during FY2023. Meanwhile, revenue from the travel business rebounded strongly to HK$896.1 million in FY2023 following post-pandemic recovery of global cross-border tourism industry and the increase in air capacity of Hong Kong to 80% of pre-pandemic level by the end of 2023.

The Group's gross profit increased by 42.3% from HK$679.2 million in FY2022 to HK$966.5 million in FY2023 along with revenue increase. However, we noticed that the growth rate of the gross profit was lower than that of the revenue, which was mainly attributable to the significant increase in tour and ticketing costs for the Group's travel operation as ticket prices were high during 2023 amidst strong demand from outbound travellers outgrowing the increase in air capacity.

The Group's operating and other expenses increased by 34.5% from HK$170.0 million in FY2022 to HK$228.7 million in FY2023. We observed that this increase was mainly driven by higher advertising and promotion expenses, commission and agency fee and credit card commission fee in FY2023, generally in line with business volume increase.

The profit before taxation and profit attributable to the Shareholders of the Company increased from HK$580.2 million and HK$480.1 million respectively for FY2022 to HK$1,128.1 million and HK$977.1 million respectively for FY2023. Overall, the increases could be attributed to (i) the significant revenue growth and the less than proportional growth in operating and other expense as discussed above; (ii) the increase in other revenue and non-operating net gain from HK$153.9 million in FY2022 to HK$300.1 million in FY2023, which comprised bank interest income and investment gain/loss of the Group's financial assets measured at fair value through profit or loss; and (iii) the net increase in fair value of investment properties of HK$159.5 million for FY2023 (FY2022: net decrease of HK$23.2 million).

1H2024 vs 1H2023

Compared to 1H2023, the Group's revenue increased by 22.7% in 1H2024 to HK$1,400.8 million as the revenue from each of the Group's property rental business, hotel and serviced apartments business, food and beverage operation and travel operation had recorded an increase during the period. In particular, revenue from travel operation increased significantly by 66.0%.

For the hotel and serviced apartments business, revenue growth was subdued as we observed that it was limited by the high occupancy rate already achieved shortly after the reopening of border post-pandemic in 1H2023. Specifically, the occupancy rate of both the Old Wing and Mira Moon were 91.6% and 94.6% respectively during 1H2024 (1H2023: 91.1% and 95.2% respectively), with the average room rate also increased by 8.3% and 2.8% respectively.

Whilst gross profit increased by 6.3% to HK$490.1 million in 1H2024 (1H2023: HK$461.0 million) along with higher revenue, we noted that the comparatively lower growth rate of gross profit could mainly be attributable to higher proportion of revenue contribution from travel operation which profitability was impacted by high tour and ticketing costs experienced in 1H2024.

The Group's operating and other expenses increased by HK$31.3 million (32.8%) in 1H2024 as compared to 1H2023, which was lower than the increase in revenue as the Group endeavoured to adhere to its strategy of maintaining stringent cost control and enhancing operating efficiency. Meanwhile, other revenue and non-operating net gain which comprised mainly dividend and interest income, had remained relatively stable in 1H2024 as compared to 1H2023.

As a result of the foregoing, profit before taxation increased slightly by 2.5% from HK$453.7 million for 1H2023 to HK$465.0 million for 1H2024, whilst the profit attributable to the Shareholders of the Company remained stable at approximately HK$373.1 million for 1H2024 (1H2023: HK$380.1 million).

Overall, we observed that the Group's revenue has been improving since FY2023 amidst the post-pandemic market recovery. Such revenue growth in turn helped improve the Group's business performance as reflected by the increase in gross profit and profit for the year in FY2023 and 1H2024. We however noticed that the revenue growth was contributed mainly by travel operation which had experienced increased expenses due to high tour and ticketing costs. Meanwhile, growth of revenue for hotels and serviced apartments operation had been constrained by limited available rooms and apartment units.

Summary of consolidated statement of financial position

	As at		
	31 December 2022	**31 December 2023**	**30 June 2024**
	HK$'000	*HK$'000*	*HK$'000*
	(audited)	(audited)	(unaudited)
Non-current assets			
Investment properties	15,159,392	15,314,929	15,092,083
Other property, plant and equipment	243,053	244,134	278,862
Interests in associates	1,074	1,247	1,224
Equity securities designated at fair value through other comprehensive income	28,140	332,235	430,737
Deferred tax assets	33,122	16,598	16,297
Total non-current assets	**15,464,781**	**15,909,143**	**15,819,203**
Current assets			
Inventories	119,655	120,532	114,490
Trade and other receivables	214,747	282,384	290,229
Financial assets measured at fair value through profit or loss	58,443	89,484	404,268
Cash and bank balances	5,385,923	5,568,703	5,794,472
Tax recoverable	1,461	857	1,032
Total current assets	**5,780,229**	**6,061,960**	**6,604,491**
Total assets	**21,245,010**	**21,971,103**	**22,423,694**
Current liabilities			
Trade and other payables	(363,974)	(469,564)	(632,421)
Rental deposits received	(129,223)	(76,693)	(79,472)
Contract liabilities	(80,567)	(125,069)	(162,512)
Lease liabilities	(42,005)	(34,845)	(45,431)
Tax payable	(9,643)	(35,774)	(67,322)
Total current liabilities	**(625,412)**	**(741,945)**	**(987,158)**

	As at		
	31 December 2022	31 December 2023	30 June 2024
	HK$'000	*HK$'000*	*HK$'000*
	(audited)	(audited)	(unaudited)
Non-current liabilities			
Deferred liabilities	(111,818)	(181,322)	(171,393)
Lease liabilities	(57,055)	(40,675)	(66,078)
Deferred tax liabilities	(329,633)	(335,334)	(340,227)
Total non-current liabilities	**(498,506)**	**(557,331)**	**(577,698)**
Total liabilities	**(1,123,918)**	**(1,299,276)**	**(1,564,856)**
Net Assets	20,121,092	20,671,827	20,858,838
Non-controlling interests	(154,928)	(186,529)	(189,801)
Total equity attributable to shareholders of the Company	**19,966,164**	**20,485,298**	**20,669,037**

The Group's non-current assets consisted mainly of investment properties, other property, plant and equipment and equity securities designated at fair value through other comprehensive income. The aggregate carrying value of investment properties, other property, plant and equipment had remained stable at levels between HK$15.3 billion and HK$15.6 billion as at each of 31 December 2022, 31 December 2023 and 30 June 2024. The carrying value of equity securities designated at fair value through other comprehensive income increased significantly from HK$28.1 million as at 31 December 2022 to HK$332.2 million as at 31 December 2023 and to HK$430.7 million as at 30 June 2024 as the Group had increased its investment in listed equity securities as part of its treasury and capital management strategy.

The Group's current assets, which mainly comprised cash and bank balance, inventories, trade and other receivables, and financial assets measured at fair value through profit or loss, had increased from HK$5,780.2 million as at 31 December 2022 to HK$6,062.0 million as at 31 December 2023, and to HK$6,604.5 million as at 30 June 2024. According to the 2023 Annual Report and the 2024 Interim Report, the Group generated net cash from its operating activities of HK$268.4 million, HK$651.7 million and HK$465.5 million in FY2022, FY2023 and 1H2024 respectively. As at 31 December 2023, the Group had a consolidated cash position of HK$5,568.7 million (as at 31 December 2022: HK$5,385.9 million). The cash position further increased to HK$5,794.5 million as at 30 June 2024. According to its treasury management policies, the Group reviews the expansion needs of its core businesses and monitors the investment environment and requirements from time to time, and may expand and capitalise on securities, bonds and other investment opportunities in an investment-effective manner with a view to enhancing the returns for shareholders. We noted that with the cash generated and having taken into account its consistent dividend payments to Shareholders, the Group increased its financial assets measured at fair value through profit or loss from HK$58.4 million as at 31 December 2022 to HK$89.5 million as at 31 December 2023 and HK$404.3 million as at 30 June 2024.

The Group had comparatively low liabilities position where total liabilities amounted to HK$1,123.9 million, HK1,299.3 million and HK$1,564.9 million as at 31 December 2022, 31 December 2023 and 30 June 2024 respectively. The Group's current liabilities increased to HK$741.9 million as at 31 December 2023 mainly due to the increase in trade and other payables in line with the Group's business volume growth. Current liabilities had further increased to HK$987.2 million as at 30 June 2024 due mainly to higher trade and other payables relating to dividend declared but unpaid of HK$207.3 million in 1H2024. According to the 2023 Annual Report and the 2024 Interim Report, the Group had no loan as at 31 December 2022, 31 December 2023 and 30 June 2024 and the total amount of credit facilities available to the Group were HK$1.0 billion, HK$0.9 billion and HK$0.9 billion as at 31 December 2022, 31 December 2023 and 30 June 2024 respectively, and none of them had been utilised during these year/period. Accordingly, the gearing ratios (calculated by dividing the total consolidated borrowings by the total consolidated shareholders' equity) of the Group were nil as at those dates.

In line with profits recorded by the Group, while net of dividend paid or payable, net assets and equity attributable to the Shareholders of the Company had remained stable at approximately HK$20 billion as at 31 December 2022, 31 December 2023 and 30 June 2024 respectively.

1.3 Historical Dividends

The Group had consistently declared dividends to Shareholders in the past few financial years as summarised below:

Financial year ended/ending 31 December	**Underlying basic earnings** *(HK$ per Share)*[Note 1]	**Total interim and final dividends** *(HK$ per Share)*
2020 ("**FY2020**")	0.66	0.50
2021	0.61	0.46
2022	0.76	0.50
2023	1.19	0.53
2024 ("**FY2024**")	0.58[Note 2]	0.23[Note 2]

Notes:

1. Underlying basic earnings are based on the profits attributable to shareholders of the Company excluding the post-tax effects of the investment properties revaluation movements and other non-recurring items.

2. Underlying basic earnings and interim dividend for 1H2024 only, as extracted from the 2024 Interim Report.

Excluding FY2024 where full year basic earnings and final dividend have yet to be announced; the total annual dividends paid from FY2020 through FY2023 amounted to between HK$315 million and HK$370 million. The Company had meanwhile declared interim dividends of approximately HK$159 million for 1H2024. Having considered the underlying basic earnings and dividend payout of the Group in recent years and based solely on the Group's cash and bank balances as at 30 June 2024 of approximately HK$5.8 billion and before considering the earnings and cash inflow from future operations, it appears the cash outflow for the Acquisition (as detailed in the paragraph headed "4.2 Payment terms" below) should not affect the Group's ability to maintain its consistent dividend payouts at levels of the past few financial years, barring unforeseen circumstances.

1.4 Outlook and Prospects

As discussed in the 2024 Interim Report, the Group remains cautiously optimistic about the Hong Kong economy. The Group is of the view that the market generally expects the US interest rate cut cycle to commence, which would bode well for the development of Hong Kong's hotel, retail, food and beverage and related sectors. In addition, a number of measures to boost Hong Kong's economic outlook and tourism industry, including inbounding travellers boost, such as (i) the Hong Kong Government's deployment of the "Southbound Travel for Guangdong Vehicles" program, and the expected continued expansion of the "Individual Visit Scheme", (ii) the opening of the Shenzhen-Zhongshan Link which significantly reduced the travel time from Guangdong province to Hong Kong; and (iii) the new three-runway system of Hong Kong International Airport and the Airport Authority's recent launch of additional route and flight incentive programs, are being implemented. The Group stated that it will continue to adjust its operational strategies and enhance its hotels and commercial premises to address market changes and will collaborate with the Hong Kong Government and local associations to further upgrade the transportation network in central Tsim Sha Tsui area, thereby enhancing the accessibility and connectivity of Mira Place and the Old Wing. The Group will continue to consolidate the e-commerce development to promote operational efficiency and will also diversify its dining portfolio and tenant mix so as to enhance customers' travel and shopping experiences.

We concur with the Management that Hong Kong tourism industry is on a path to recovery and the number of travelers visiting Hong Kong can reasonably be expected to increase in the coming years, bringing demand for the Old Wing and the New Hotel. Such expectations are underpinned by the following:

(i) The strength of US$ (which HK$ is pegged to) since the past couple of years has, to a certain extent, deterred tourists from visiting Hong Kong. The value of US$ and HK$ may decline relative to other currencies if the expected interest rate cut happens in the coming years. This in turn should provide an impetus for tourist arrivals for Hong Kong, especially for spending on higher grade hotels such as the Old Wing and the New Hotel.

(ii) Passenger traffic at the Hong Kong International Airport had continued to increase in 2024 as reported by the Airport Authority Hong Kong, in part signifying the progressive recovery of number of flights to pre-pandemic levels. This may bring in more diverse international tourists who typically stay overnight, bringing new source of demand for hotels. It is reported by Hong Kong Tourism Board that "High Tariff A Hotels", the highest category of hotels which the Old Wing and the New Hotel fall into, have generally outperformed other hotel categories in terms of occupancy and room rates post-pandemic.

(iii) A series of government initiatives can be expected to increase tourist arrivals in Hong Kong in general, spurring demand for hotels. These initiatives include (a) the further expansion of Individual Visit Scheme for PRC citizens, in particular to those cities with direct transportation linkage with Hong Kong; and (b) implementation of multiple-entry visa for visitors from nearby cities in Guangdong province, as well as (c) positioning Hong Kong as a multi-stop long distance travel destination for long-haul PRC visitors.

(iv) The Hong Kong government's plan to promote (a) the development of MICE (Meetings, Incentives, Conferences, and Exhibitions) industry through expansion of facilities such as the AsiaWorld-Expo and Wan Chai Convention and Exhibition Center, (b) the mega event economy through year-round offerings of cultural, sports and festive events, and (c) the development of cruise tourism through encouraging cruise ships to consider Hong Kong as homeport and enhancing the transport connectivity between the cruise terminals and the surrounding scenic spots and key shopping malls can attract high-spending travelers to Hong Kong, which will be the target clientele of the Old Wing and the New Hotel.

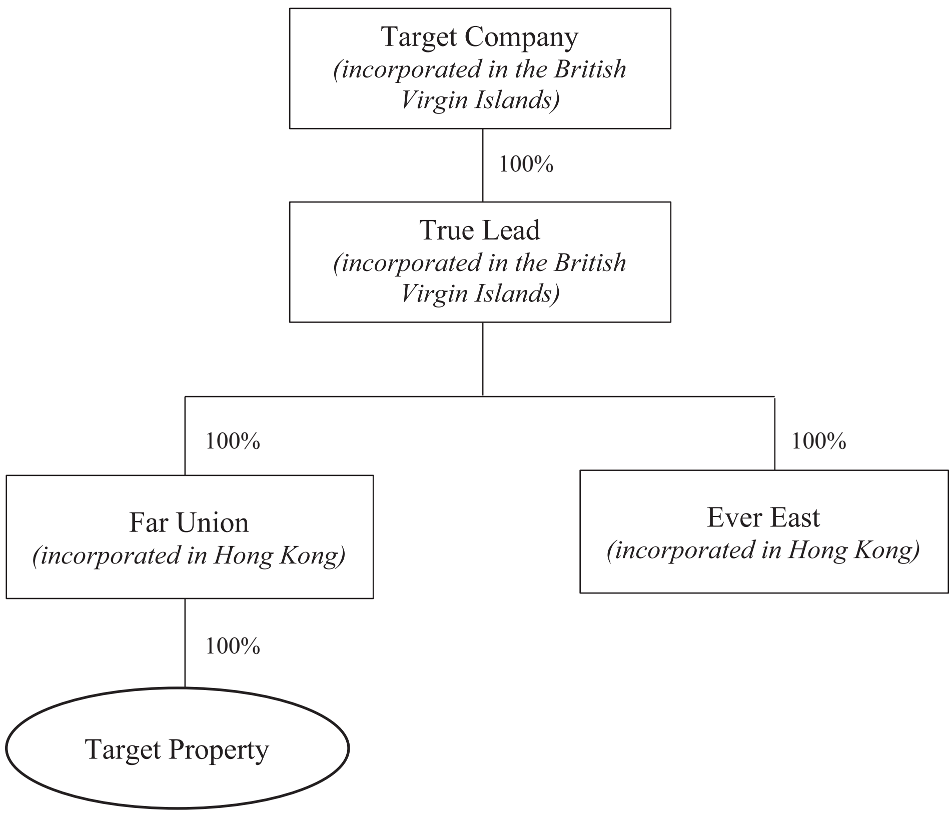
2. Information of the HLD Group and the Vendor

Henderson Land is an investment holding company and the principal activities of its subsidiaries are property development and investment, construction, project management, property management, hotel operation, department store operation and investment holding. The shareholding information of Henderson Land is available on the Stock Exchange's website (https://www.hkexnews.hk/). Henderson Land is the controlling shareholder of the Company holding 345,999,980 Shares (representing approximately 50.08% of the total number of issued Shares as at the Latest Practicable Date). The principal activity of the Vendor is investment holding.

3. Information of the Target Group and the Target Property

3.1 Principal business of the Target Group

The following diagram illustrates the existing holding structure of the Target Property and the Target Group:



Each of the Target Company and True Lead was incorporated on 19 July 2023. True Lead became a direct wholly-owned subsidiary of the Target Company on 31 July 2023, upon which the financial results of True Lead were consolidated into the financial statements of the Target Company. Each of Far Union and Ever East became indirect subsidiaries of the Target Company on 1 August 2023, upon which the financial results of Far Union and Ever East were consolidated into the financial statements of the Target Company. The Target Company and True Lead have not conducted any business activities since their incorporation other than the indirect and direct holding of the interests in Far Union and Ever East respectively. Far Union is a property investment company and Ever East currently has no operations.

3.2 Information of the Target Property

The Target Property comprises the Lot and a composite building of 10 storeys with an additional roof floor erected thereon now known as "Champagne Court (香檳大廈)" completed in 1957 and located at No.16 Kimberley Road, Kowloon, Hong Kong. The site area of the Target Property is approximately 12,283 sq.ft.

As discussed in the Letter from the Board, in response to an application made by Far Union, Ever East and certain members of the HLD Group, the Order For Sale was made by the Lands Tribunal. Far Union, being the bidder who submitted the only bid at the Auction held on 5 January 2024, entered into a memorandum of agreement on the same date with the Trustee, pursuant to which Far Union agreed to purchase the Target Property at the Bidding Price. Immediately before the completion of the Compulsory Sale, the Target Property comprises (a) the Target Group Units owned by Far Union (representing approximately 74.95% of all the undivided shares of the Target Property); (b) the HLD Group Units owned by the HLD Group (representing approximately 8.75% of all the undivided shares of the Target Property); (c) the Group Units owned by the Group (representing approximately 10.00% of all the undivided shares of the Target Property); and (d) the Other Units owned by other third parties (representing approximately 6.30% of all the undivided shares of the Target Property). Completion of the Compulsory Sale took place on 7 February 2024, upon which the ownership of the Target Property was consolidated by Far Union and Far Union has become the sole owner of the Target Property.

The total acquisition costs of the Target Property attributable to the Target Group (after transaction costs) were approximately HK$2,115,000,000. Such acquisition costs included (i) the total purchase prices paid by Far Union in acquiring the Target Group Units (inclusive of the 8 units previously owned by Ever East) up to but immediately before the Auction; and (ii) the actual purchase price paid by Far Union to the Trustee, being the aggregate of the apportioned value of the Bidding Price attributable to the HLD Group Units (being HK$88,869,000), the Group Units (being HK$190,050,000, which had been received by the Group from the Trustee) and the Other Units (HK$281,835,000), as determined pursuant to the Order For Sale.

For illustration purpose only, we noted that the aforesaid total acquisition costs of the Vendor represent approximately 67.8% of the Initial Consideration of HK$3,120,000,000. The Vendor's total acquisition costs above do not include interest expenses (if any) it may have had incurred (i) during the long process of acquiring the Target Group Units which we understand from the Management, had started since 2011; and (ii) to finance its purchases through the Auction as described above. Thereafter pursuant to the S&P Agreement, the Vendor shall have to incur costs to demolish the existing building erected on the Target Property and redevelop it into the New Hotel incorporating the Key Features and on Mira Moon Standard or better.

3.3 Financial information of the Target Group

Set out below is the consolidated financial information of the Target Group for FY2022, FY2023 and for the 10 months ended 31 October 2023 ("**10m2023**") and 2024 ("**10m2024**") prepared in accordance with Hong Kong Financial Reporting Standards as extracted from the accountants' report in Appendix II to the Circular. We wish to highlight that as the existing building erected on the Target Property will be demolished and redeveloped into the New Hotel, historical information of the Target Group as set out below does not reflect the future performance and financial position of the Target Group.

Summary of consolidated statement of profit or loss

	FY2022	**FY2023**	**10m2023**	**10m2024**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(audited)	(audited)	(unaudited)	(audited)
Revenue	347	2,664	2,559	1,571
Other Income	—	48	—	650
Operating and other expenses	(1,429)	(1,905)	(1,577)	(1,986)
(Loss)/profit from operations before changes in fair value of investment properties	(1,082)	807	982	235
Decrease in fair value of investment properties	(32,451)	(422,374)	—	(161,311)
(Loss)/profit before taxation	(33,533)	(421,567)	982	(161,076)
(Loss)/profit for the year/period	(33,533)	(421,567)	982	(161,076)

FY2023 vs FY2022

The Target Group derived revenue from rental income earned from the Target Property. Such revenue increased from HK$0.3 million for FY2022 to HK$2.7 million for FY2023 as the occupancy of the Target Group Units improved. Operating and other expenses increased from HK$1.4 million for FY2022 to HK$1.9 million for FY2023 mainly due to increases in government rent and rates, rental commission, security charges and building management fee incurred. Decreases in fair value of investment properties of HK$32.5 million and HK$422.4 million were recorded for FY2022 and FY2023 respectively, which were recognised in response to the valuations of the Target Group Units performed by the professional surveyors, Henderson Valuation and Agency Limited and Cushman & Wakefield Limited respectively. As a result of the foregoing, net loss before and after taxation increased substantially from HK$33.5 million in FY2022 to HK$421.6 million in FY2023.

10m2024 vs 10m2023

Whilst revenue of the Target Group decreased from HK$2.6 million for 10m2023 to HK$1.6 million for 10m2024 due to the fall of occupancy rate in light of the anticipated building redevelopment plan after the Compulsory Sale, the Target Group recognised sundry income of HK$0.7 million in 10m2024. Operating and other expenses increased from HK$1.6 million for 10m2023 to HK$2.0 million for 10m2024 mainly due to the increase in security charges, bad debt written off and government rent and rates for 10m2024. In addition, the Target Group further recognised a decrease in fair value of investment properties of HK$161.3 million for 10m2024 (10m2023: nil) based on the valuation performed by the professional surveyors, Cushman & Wakefield Limited, in respect of the Target Property. Hence, the Target Group's net loss before taxation and net loss for the period increased substantially to HK$161.1 million for 10m2024. (10m2023: net profit before tax and net profit after tax of HK$1.0 million and HK$1.0 million respectively).

Summary of consolidated statement of financial position

		As at	
	31 December 2022	**31 December 2023**	**31 October 2024**
	HK$'000	*HK$'000*	*HK$'000*
	(audited)	(audited)	(audited)
Non-current asset			
Investment properties	1,583,000	1,167,600	1,624,788
Current assets			
Prepayments	134,757	134,758	133,995
Trade receivables	183	862	—
Deposits paid	10	10	15
Total current assets	134,950	135,630	134,010
Current liabilities			
Trade and other payables	(446)	(287)	(565)
Contract liabilities	(1)	(14)	—
Rental deposits received	(593)	(333)	—
Total current liabilities	(1,040)	(634)	(565)
Non-current liability			
Amount due to an intermediate holding company	(1,829,525)	(1,836,778)	(2,453,491)
Total deficit	(112,615)	(534,182)	(695,258)

The assets of the Target Group mainly comprised (i) the investment properties, and (ii) prepayments of stamp duty in relation to acquisition of Target Group Units prior to the Order for Sale in 2023. The management of the Vendor is of the view that such stamp duty is refundable by the Inland Revenue Department upon redevelopment of the Target Property pursuant to the relevant sections of the Stamp Duty Ordinance. The carrying value of the investment properties decreased from HK1,583.0 million as at 31 December 2022 to HK$1,167.6 million as at 31 December 2023 mainly due to the decrease in fair value as assessed by professional surveyors as mentioned above. The carrying value of the investment properties increased to HK$1,624.8 million as at 31 October 2024 due to the acquisition of the remaining shares of the Target Property upon completion of the Compulsory Sale for an aggregate consideration of HK$560.4 million, which was partly offset by the decrease in fair value of investment properties of approximately HK$161.3 million during 10m2024. The prepayments of stamp duty and building order costs had remained at HK$134 million levels as at each of 31 December 2022, 31 December 2023 and 31 October 2024.

The liabilities of the Target Group mainly comprised the amount due to an intermediate holding company (which constituted a major component of the Sale Loan). The amount due to an intermediate holding company of the Target Company remained relatively stable at approximately HK$1.83 billion and HK$1.84 billion as at 31 December 2022 and 31 December 2023 respectively, and increased to approximately HK$2.45 billion as at 31 October 2024, which was mainly due to additional borrowings from the HLD Group to complete the Compulsory Sale.

The total deficit of the Target Group increased from HK$112.6 million as at 31 December 2022 to HK$534.2 million as at 31 December 2023 mainly due to the decrease in carrying value of the investment properties as discussed above. The total deficit increased to HK$695.3 million as at 31 October 2024 due to further decrease in fair value of investment properties.

Following the completion of the Transaction, the Target Group will be a wholly-owned subsidiary of the Company, and its financial results will be consolidated into the financial statements of the Company. As mentioned above, Shareholders should note that after Completion, the existing building erected on the Target Property will be demolished and redeveloped into the New Hotel. During the period of the Redevelopment and before the Handover, the Target Property is not expected to generate income. Given the impending change of the Target Property from an aged composite building into a brand new hotel, historical financial information of the Target Group set out above is mainly for information only and has minimal relevance to the future performance and financial position of the Target Group. For further discussion on the financial impact to the Enlarged Group resulting from the Transaction, please refer to the paragraph headed "6. Possible financial effects of the Transaction" below in this letter.

4. Principal terms of the S&P Agreement

On 15 January 2025, the Purchaser, the Vendor and Henderson Land (as guarantor of the Vendor) entered into the S&P Agreement, pursuant to which the Purchaser has agreed conditionally to acquire from the Vendor the Sale Interest, which comprises the Sale Share (representing the one and only issued share in the Target Company) and the Sale Loan, at the total consideration of HK$3,120,000,000 (subject to adjustments).

We summarise below the principal terms of the S&P Agreement. For details, please refer to the paragraph headed "The S&P Agreement" in the Letter from the Board.

Date	:	15 January 2025
Parties	:	(i) The Vendor (a wholly-owned subsidiary of Henderson Land) as vendor; (ii) the Purchaser (a wholly-owned subsidiary of the Company) as purchaser; and (iii) Henderson Land as the guarantor of the Vendor.
Subject matter	:	The Vendor agreed to sell and assign, and the Purchaser agreed to purchase and take the assignment of, the Sale Interest (comprising the Sale Share and the Sale Loan) free from all encumbrances.
Consideration and payment terms	:	The Consideration for the Sale Interest is the Initial Consideration in the amount of HK$3,120,000,000 (which is equal to the Agreed Acquisition Value), plus or minus any adjustment(s) based on the Completion NAV of the Target Company. For details, please refer to the paragraph headed "4.1 Basis of determining the Consideration" below. The payment terms are set out in the paragraph headed "4.2 Payment terms" below. The Consideration will be funded through internal resources of the Group.

Conditions : Completion of the Acquisition is conditional upon the satisfaction (or waiver, where applicable) of the following Conditions no later than the Long Stop Date:

(i) the Independent Shareholders having approved the entering into and the performance of the S&P Agreement and the Transaction; and

(ii) the Purchaser being satisfied with Far Union's good title to the Target Property.

The Condition in (i) above cannot be waived by any party to the S&P Agreement. The Purchaser may, at its sole discretion, waive the Condition in (ii) above by written notice to the Vendor. As at the Latest Practicable Date, none of the Conditions have been fulfilled.

If the Conditions shall not be fulfilled or waived (where applicable) on or before the Long Stop Date, the S&P Agreement may be terminated by the Vendor or the Purchaser and be of no further effect and force. Upon such termination, the Vendor shall return the Deposit (as referred to in the paragraph headed "4.2 payment terms" below) to the Purchaser in full forthwith without interest, and no party to the S&P Agreement shall be entitled to any rights or benefits or be under any obligations or have any liability under or in respect of the S&P Agreement save in respect of any antecedent breach.

4.1 Basis of determining the Consideration

Pursuant to the S&P Agreement, the Consideration for the Sale Interest is the Initial Consideration in the amount of HK$3,120,000,000 (which is equal to the Agreed Acquisition Value), plus or minus any adjustment(s) based on the Completion NAV. According to the Letter from the Board, the Initial Consideration was determined after arm's length negotiations between the parties to the S&P Agreement with reference to the Appraised Gross Development Value. In addition to the Consideration, subject to Completion taking place, the Purchaser shall pay or refund to the Vendor (i) the amount of profits tax credit accumulated as of the Completion Date as may be utilised by the Target Group after Completion, and (ii) the Stamp Duty Refund and the refund of the Prepaid Building Order Costs if such refunds are received by the Target Group from the Inland Revenue Department and the Trustee's solicitors respectively (as further discussed in the paragraph headed "4.4 Payment relating to utilised profits tax credit, Stamp Duty Refund and Prepaid Building Order Costs Refund" below).

As at 10 January 2025, the Appraised Gross Development Value of the Target Property was HK$3,120,000,000, according to the valuation performed by the Independent Property Valuer. Meanwhile, the Completion NAV is equivalent to the total consolidated assets of the

Target Company (excluding the value of the Target Property, the Prepaid Building Order Costs, the Prepaid Stamp Duty and any deferred tax assets) minus the total consolidated liabilities of the Target Company (excluding the Sale Loan and any deferred tax liabilities) as at the Completion Date. The Completion NAV as calculated with reference to the Pro Forma Completion Accounts ("**Estimated Completion NAV**"), will form the adjustment to the portion of the Consideration payable on Completion (as referred to in the paragraph headed "4.2 Payment terms" below). The Pro Forma Completion Accounts will be audited by the auditors within sixty (60) days after Completion (the "**Audited Completion Accounts**"), and any difference in the amount of the Estimated Completion NAV and the Completion NAV based on the Audited Completion Accounts (the "**NAV Difference**") will be determined. The amount of NAV Difference will be payable by the Vendor or the Purchaser, as the case may be, to the other in cash after the delivery of the Audited Completion Accounts.

For illustrative purposes, according to the financial information of the Target Group as set out in the paragraph headed "3.3 Financial information of the Target Group" and the basis of determining the Completion NAV above, the items to be included in the Completion NAV will comprise mainly the Target Group's trade receivables, deposits paid, trade and other payables, contract liabilities and rental deposits received. As at 31 October 2024, the Target Group had no trade receivables, contract liabilities and rental deposits received, whilst deposits paid amounted to HK$15,000 and trade and other payables amounted to approximately HK$0.6 million.

Overall, having considered the above basis of determining the Consideration and the Completion NAV, and the agreement to refund the Stamp Duty Refund and the Prepaid Building Order Costs to the Vendor, the Purchaser essentially is acquiring the Target Property at the Appraised Gross Development Value of HK$3.12 billion, together with the asset and liabilities of the Target Group included in the computation of the Completion NAV, for the Consideration amount of HK$3,120,000,000, plus or minus any adjustment(s) for the amounts of the Estimated Completion NAV and the NAV Difference (if any).

After netting off the apportioned sales proceeds of approximately HK$190,050,000 (before transaction costs) which the Group received from Far Union for the sale of the Group Units under the Compulsory Sale, the Group will effectively be paying only HK$2,929,950,000 (subject to adjustment based on the Estimated Completion NAV and the NAV Difference (if any)) as consideration for the Acquisition. We understand from the Management that the Group had owned the Group Units since 1978, and they generated minimal income in recent years prior to the Compulsory Sale. In this regard, we noted that the Transaction, which is premised on among others the Compulsory Sale first having taken place, enabled the rejuvenation of these underperforming investment properties of the Group, and also provided added value to the Group's properties (including the Old Wing and Mira Place) in the vicinity of the Target Property through its redevelopment.

We are of the view that the method of arriving at the Consideration, which shall take into account (i) the Appraised Gross Development Value of the New Hotel and (ii) amount of net asset value of the Target Group as at the Completion Date, is fair and reasonable. Further, considering that the Appraised Gross Development Value of the Target Property, being the basis for determining the Consideration, is being assessed by the Independent Property Valuer, we are of the view that the Consideration is fair and reasonable. For discussions on the valuation of the Target Property, please refer to the paragraph headed "4.3 Valuation of the Target Property" below.

4.2 Payment terms

The Consideration will be funded through internal resources of the Group. Pursuant to the S&P Agreement, the Purchaser will pay the Consideration to the Vendor in cash in the following manner:

(i) the deposit of HK$312,000,000 (the "**Deposit**"), representing 10% of the Initial Consideration, had been paid to the Vendor upon signing of the S&P Agreement as the deposit;

(ii) HK$727,896,000, representing 23.33% of the Initial Consideration, as adjusted by either adding the Estimated Completion NAV (if it is a positive figure) or deducting the absolute value of the Estimated Completion NAV (if it is a negative figure) calculated with reference to the Pro Forma Completion Accounts as prepared by the Vendor, will be payable to the Vendor on Completion;

(iii) subject to Completion having taken place, HK$1,039,896,000, representing 33.33% of the Initial Consideration, will be payable to the Vendor within seven (7) business days after the day on which the Building Authority issues its consent to the commencement of building works of the New Hotel;

(iv) HK$1,015,208,000, being the sum representing 33.34% of the Initial Consideration less the Retention Money (referred in (v) below), will be payable to the Vendor at Handover; and

(v) Retention money of HK$25,000,000 ("**Retention Money**") (being the balance of the Consideration) will be payable to the Vendor within 5 business days after the Purchaser receives the Defects Rectification Certificate.

In addition, the NAV Difference (as discussed in the paragraph headed "4.1 Basis of determining the Consideration" above) will be payable by the Vendor or the Purchaser, as the case may be, to the other in cash within five (5) business days after the delivery of the Audited Completion Accounts.

Furthermore, if Handover does not take place on or before the Latest Handover Date (which is currently expected to fall on the last quarter of 2029 according to the Letter from the Board) other than solely due to the default of the Purchaser, the Vendor shall pay to the Purchaser upon Handover interest accrued on all part(s) of the Consideration already paid by the Purchaser to the Vendor under the S&P Agreement, calculated at the rate of 0.5% per annum below the prime rate as quoted by The Hongkong and Shanghai Banking Corporation Limited in Hong Kong Dollars from time to time ("**Prime Rate**"), for the period from the Latest Handover Date until the day on which Handover actually takes place (both days inclusive).

Firstly, we noted that only approximately 33.33% of the payment of the Consideration will be made upon Completion, and the remaining portions will be paid to the Vendor by instalments according to the progress of the Redevelopment work. In particular, an aggregate of 33.34% of the Initial Consideration will only be payable upon or after the Handover (i.e. when the Group receives the New Hotel in a fit for use and fully operational state, after which any defects, shrinkages and other faults to the Redevelopment work and the New Hotel shall be made good to the Authorised Person's satisfaction as soon as reasonably practicable after such defects, shrinkages and other faults are notified to the Vendor during the 12-month Defects Liability Period). Notwithstanding the Group's cash and bank balance of approximately HK$5.8 billion as at 30 June 2024 which was sufficient to cover the entire amount of the Consideration, such payment schedule in stages enables more efficient capital deployment for the Group and allows the Group to monitor the progress of the Redevelopment alongside its capital management activities, maximising its investment returns and income generation. Secondly, if there is any delay in the Handover, the Vendor would need to pay to the Purchaser an interest accrued on all part(s) of the Consideration already paid by the Purchaser at the aforesaid rate of 0.5% per annum below the Prime Rate. According to the Management, such interest rate to be charged if such event occurs in future is expected to be generally comparable to the effective bank deposit rate which the Group can command.

Based on the above, we are of the view that the payment terms for the Consideration are fair and reasonable and on normal commercial terms. We are also of the view that the adjustment mechanism of the Consideration, which shall take into account the Estimated Completion NAV and the NAV Difference of the Target Company, is fair and reasonable.

4.3 Valuation of the Target Property

As discussed above, the Initial Consideration was determined after arm's length negotiations between the parties to the S&P Agreement with reference to the Appraised Gross Development Value, being the aggregate capital value of the Target Property assuming completion of construction of the New Hotel at current price as at the valuation date.

When assessing the fairness and reasonableness of the basis for determining the Appraised Gross Development Value of the Target Property, we have in particular considered the valuation report prepared by the Independent Property Valuer ("**Valuation Report**"), the details of which are set out in Appendix V to the Circular. In this respect, we note that

Colliers International (Hong Kong) Limited has been appointed as the Independent Property Valuer to conduct a valuation on the Target Property for the purpose of the Transaction. According to the Valuation Report, the Appraised Gross Development Value of the Target Property amounted to HK$3,120,000,000 as at 10 January 2025. We note that the Appraised Gross Development Value is equivalent to the Agreed Acquisition Value of the Target Property adopted in deriving the Initial Consideration.

To assess the fairness and reasonableness of the valuation, we have reviewed the Valuation Report and discussed with the Independent Property Valuer in relation to (i) the methodology and assumptions used in performing the valuation on the Target Property as well as whether such methodology and assumptions are appropriate and acceptable; (ii) their scope of work for conducting the valuation on the Target Property; and (iii) their relevant professional qualifications as a property valuer.

4.3.1 *Valuation methodology*

In arriving at the Appraised Gross Development Value, we note that the Independent Property Valuer has valued the Target Property, which are intended to be used for the Group's hotel and serviced apartment business, using primarily the income approach. We have discussed with the Independent Property Valuer on (i) the rationale for adopting the income approach as the primary valuation methods for the Target Property; and (ii) the basis and assumptions adopted in arriving at the Appraised Gross Development Value using the income approach. We understand and concur with the Independent Property Valuer that this method is appropriate for valuation of the Target Property having considered that (i) the Target Property, once redeveloped into the New Hotel, is expected to have stable and consistent pricing terms; and (ii) the gross revenue generated by the retail, back of house/function room, hotel and car parking portions of the Target Property can be assessed by referencing to the rental level of the respective market comparables. Such assessed gross revenue is then capitalised to determine the market value of each of the Target Properties at an appropriate capitalisation rate.

Further, we understand that the Independent Property Valuer has cross-checked the valuation derived from the income approach with the result using market approach, where recent en bloc sales of commercial premises in Hong Kong were chosen as transaction comparables. Overall, the Independent Property Valuer mainly adopted the income approach to estimate the Appraised Gross Development Value. Based on our experience acting as independent financial adviser for property transactions of other Hong Kong-listed companies in the past, such cross-checking mechanism was commonly adopted. We were also advised by the Management that such valuation methodologies adopted are the same as those currently used for the valuation of the investment properties of the Group.

4.3.2 *Valuation basis and assumptions*

The Independent Property Valuer's valuation is carried out on a market value basis, which is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently, and without compulsion" in accordance with the HKIS Valuation Standards 2024. We note that in the case of the Transaction, the S&P Agreement and the transactions contemplated thereunder have been entered into by the parties thereto on normal commercial terms following arm's length negotiations; and we are not aware of any unique circumstance relating to the Transaction such as distressed or compulsory sale. We are therefore of the view that the basis adopted by the Independent Property Valuer is fair and reasonable.

We also note that the Independent Property Valuer relied on the information provided by the Purchaser, and independently obtained relevant information available from public domain including the Land Registry, the Rating and Valuation Department and the Buildings Department. Further, the valuation has been made on the assumptions, amongst others that (i) no allowance has been made for any charges, mortgages or amounts owing on any of the Target Property valued nor for any expenses or taxation which may be incurred in effecting a sale; (ii) the Target Property is free from and clear of any and all charges, liens and encumbrances of an onerous nature likely to affect value; (iii) any land premium or other fees payable for the acquisition, transfer, sale, letting or mortgage of the Target Property have been fully paid and settled; (iv) proper title has been obtained, and the Target Property and the interest valued therein can be freely transferred, mortgaged and let in the market; and (v) the owner has free and uninterrupted rights to use the Target Property for the whole of the unexpired term of the government lease and/or land grant, in accordance with the terms of the lease/or the land grant.

For the income approach, the Independent Property Valuer has taken into account the assessed gross revenue of the Target Property (which will be redeveloped into the New Hotel) derived from similar hotel operations, as well as retail and food and beverage rental of selected market comparables situated within Tsim Sha Tsui area, which is then capitalised to determine the market value of the Target Property at an appropriate capitalisation rate. We understand from the Independent Property Valuer that they have considered the potential difference in operating income levels given the unique location, age, size, building quality, floor level, and excluded the relevant government rates, rent and/or the management fee of each comparable premises to estimate the assessed gross revenue and to determine the Target Property's market value. We have discussed with the Independent Property Valuer, who confirmed that it is normal market practice to value hotel properties using this approach. We note that the Independent Property Valuer has made reference to the rental information of retail premises, car parks, as well as guestroom and function room rates of major five-star hotels in Tsim Sha

Tsui area to assess the potential rental income derived from the Target Property. We have compared the relevant information with the prevailing market rental rates of retail premises and car park, as well as room rates of five-star hotels in Tsim Sha Tsui area obtained from public sources and noted that they are comparable.

We understand from the Independent Property Valuer that a capitalisation rate of approximately 4.90% has been adopted. Such capitalisation rate was determined having taken into account (i) its research and analysis of the commercial property market in Hong Kong in the second half of 2024, where the observed market yields ranged from 2.8% to 4.1% based on the values of four recent transactions of en bloc commercial properties in main business districts and with reference to the respective prevailing market rental rates of these properties; and (ii) the location and characteristics of the Target Property. The Independent Property Valuer explained that a capitalisation rate of 4.90%, which is higher than the above market yield range, is reasonable for reflecting investors' general expectation of higher rates of return from hotel properties such as the New Hotel, compared with properties of other commercial uses. We understand that this in part reflects the cyclical nature of hotel operations with high and low seasons during different part of the year.

We have reviewed and discussed with the Independent Property Valuer the aforesaid basis and assumptions adopted in the income approach together with the lists of market information referred to when making the relevant assumptions in relation to the potential rental income of the Target Property and capitalisation rates. In addition, we have also examined the historical performance of the Group's commercial premises adjacent to the Target Property, such as occupancy rates and average room rate and shop rent. We note that the assumptions made in the income approach have reflected the expected revenue generating ability of the New Hotel.

We noted that the Independent Property Valuer has then cross-checked the valuation derived using income approach with market approach. In this case for the market approach, it rests on the wide acceptance of the market transactions as the best indicator and pre-supposes that evidence of relevant transactions in the market place can be extrapolated to similar properties. In this regard, we have discussed with the Independent Property Valuer and understand that there was no recent transaction of hotel premises of similar characteristics and location, and considering that the New Hotel will comprise multiple commercial uses including hotel operations, ground floor and upper floor retail shops and food and beverage operations, the Independent Property Valuer has identified and analysed, in general, the prevailing market transaction information of five en bloc commercial properties across various locations in main business districts in Hong Kong ("**Transaction Comparables**").

We have conducted independent research to verify the above findings of the Independent Property Valuer. We note that while there had been recent transactions of hotels in Hong Kong, these properties were either not located in vicinity of prime location or were of substantially smaller size and scale than, or were of different grade from, the New Hotel, rendering them not suitable as Transaction Comparables. Our independent work involved searching for completed commercial real estate transactions from information publicly available, including transaction records collected and displayed on real estate agents' websites, and property news in public domain. In light of the location and GFA of the Target Property, our selection criteria focused on recent transactions which (i) were completed from 1 July 2024 up to the Latest Practicable Date; (ii) involved en bloc hotel building or commercial complex building located in major business districts (i.e. Yau Tsim Mong District, Central and Western District, and Wan Chai District); and (iii) were of similar scale with transaction GFA greater than 50,000 square feet. Based on such selection criteria, our findings are the same. Based on the above, we are of the view that using the above references in the absence of direct comparable transactions for the market approach is acceptable, and we consider that the Transaction Comparables are collected exhaustively by the Independent Property Valuer, to the best of our knowledge.

For its cross-referencing using market approach, we note that the Independent Property Valuer mainly cross-checked the implied unit rate of the Target Property of approximately HK$22,628 per square feet (which is computed by dividing the assessed gross development value of HK$3.12 billion using income approach by the New Hotel's planned GFA of 137,885 square feet) with the unit rates of the selling prices in the Transaction Comparables. As stated in the Valuation Report, the unit rates of the selling prices in the Transaction Comparables ranged from HK$10,913 to HK$17,866 per square feet (on GFA basis). It is worth noting that the lowest gross unit rate of HK$10,913 per square feet among the Transaction Comparables was related to a distressed sale under receivership. We note that the New Hotel is in general superior to the Transaction Comparables in terms of location and quality, as the New Hotel is located near the bustling area of Nathan Road in Tsim Sha Tsui, and will be handed over to the Group as a brand — new hotel constructed on Mira Moon Standard or better, meaning that the building materials, fittings, finishing and appliances included in the New Hotel will be of a 5-star hotel standard. These specifications would increase the overall commercial value of the New Hotel as compared to the Transaction Comparables, where the relevant premises were existing buildings transacted on an "as-is" condition. On this basis, we concur with the Independent Property Valuer the justification of the higher unit rate for the New Hotel.

Having considered the foregoing, we are of the view that the methodology and basis and assumptions made in the income approach and cross-checking the valuation using market approach as adopted by the Independent Property Valuer to assess the Appraised Gross Development Value, are fair and reasonable.

4.3.3 *Independent Property Valuer's competence and scope of work*

We have conducted an independent interview with the Independent Property Valuer. We have enquired and the Independent Property Valuer has confirmed its independence from the Purchaser, the Vendor, the Group, the HLD Group, as well as other parties to the Transaction. In addition to our discussion with the Independent Property Valuer on its firm's experience and expertise, we have obtained relevant qualifications and credentials of the team members involved in this valuation of the Target Property.

We note that the Independent Property Valuer is an international professional services company specialising in commercial real estate services, engineering consultancy and investment management, and provides integrated service where all aspects of a property valuation assignment can be carried out in-house. According to the Independent Property Valuer, it has been appointed as valuer by a wide range of Hong Kong listed companies in the past. The person responsible for signing off the Independent Property Valuer's Property Valuation Report, Ms. Dorothy Chow, is a qualified general practice surveyor with over 26 years of experiences in valuation, land matters and property development in Hong Kong and the PRC. Inspection of the Target Property for preparation of the Valuation Report was conducted by employees of the Independent Property Valuer who have the necessary qualification and experience.

We have also obtained and reviewed the Independent Property Valuer's terms of engagement and discussed with the Independent Property Valuer its work performed in connection with this valuation. We are satisfied that the Independent Property Valuer is qualified to give the opinion as set out in the Valuation Report having taken into account its relevant experience, expertise, its independence, and its scope of work.

Having considered that (i) the Independent Property Valuer has the relevant qualification, competence and experience to prepare the Valuation Report; (ii) the Independent Property Valuer's scope of work is appropriate for performing the valuation on the Target Property; and (iii) the valuation methodologies, basis and assumptions for valuing the Target Property are fair and reasonable, we are of the view that the Appraised Gross Development Value of the Target Property has been fairly and reasonably determined.

4.4 Payment relating to, utilised profits tax credit, Stamp Duty Refund and Prepaid Building Order Costs Refund.

Pursuant to the S&P Agreement, The Purchaser has provided undertaking in favour of the Vendor that:

(i) It shall pay to the Vendor an amount equivalent to the profits tax credit which arises from the accumulated tax loss of each of Far Union and Ever East as at the Completion Date to the extent that it is utilised by Far Union or Ever East in offsetting its assessable profits for profits tax payable after Completion, within fourteen (14) business days after the relevant notice of assessment is received by Far Union or Ever East (as the case may be) from the Inland Revenue Department;

(ii) subject to Completion taking place, it shall pay to the Vendor an amount equivalent to the Stamp Duty Refund within sixty (60) days after the Purchaser or any member of the Target Group actually receives such Stamp Duty Refund from the Inland Revenue Department; and

(iii) shall pay to the Vendor an amount equivalent to the refund of the Prepaid Building Order Costs (or the balance thereof) received from the Trustee's solicitors within thirty (30) days after the actual receipt of the same by the Purchaser or any member of the Target Group.

As disclosed in the Letter from the Board, as at 31 October 2024, (i) the Target Group had an accumulated tax loss in the aggregate amount of HK$177,954,508, which represents a profits tax credit of HK$29,362,494 using the current profits tax rate of 16.5%; (ii) the Target Group had prepaid the Prepaid Stamp Duty in the aggregate amount of approximately HK$133,062,546, which formed part of its consolidated current assets; and (iii) Far Union had paid the Prepaid Building Order Costs to the Trustee's solicitors as stakeholders in the aggregate amount of HK$932,000, which formed part of the Target Group's consolidated current assets. We understand from the Management that the Completion NAV will disregard any Prepaid Stamp Duty and Prepaid Building Order Costs, whilst the profits tax credit is not recognised in the Group's consolidated statement of financial position and can only be utilised to offset its assessable profits for profits tax payable after Completion, and hence is also not reflected in the Completion NAV. Therefore, the profits tax credit to be utilised, the Prepaid Stamp Duty and the Prepaid Building Order Costs have not been taken into account in the calculation of the Consideration. Having considered that the aforementioned Prepaid Stamp Duty amount was paid by the Target Group when acquiring the property interest in the Target Property before it became eligible to apply for order for the Compulsory Sale, and the Prepaid Building Order Costs were paid at completion of the Compulsory Sale and prior to commencement of the Redevelopment work, we concur with the Management that the exclusion of these amounts from the Completion NAV for the calculation of the Consideration payable by the Purchaser and the refund of these amounts to the Vendor, if the Purchaser actually offsets the tax credit or receives such amounts from the relevant authority, are commercially reasonable.

4.5 The construction of the New Hotel and the Handover

Pursuant to the S&P Agreement, the Target Property will not be handed over to the Purchaser at Completion. The Vendor shall procure the demolition of the existing building erected on the Target Property, and the redevelopment of the Target Property into the New Hotel based on the approved general building plans, incorporating the Key Features and on Mira Moon Standard or better, and in accordance with all applicable laws and regulations. The Vendor shall procure the completion of the Redevelopment with all due expedition, and on or before the Latest Handover Date. Apart from the Purchaser's payment obligation for the Consideration, the Group (including the Target Group upon Completion) shall not be required to make any other payment to the Vendor or any other company within the HLD Group in relation to the Redevelopment or to any building contractors in relation to the redevelopment contracts. For details, please refer to the paragraph headed "The S&P Agreement — Construction of the New Hotel" in the Letter from the Board.

The New Hotel will be adjoining to the Old Wing. Based on the relevant general building plans which have been approved by the Building Authority, the New Hotel will be a 23-storey hotel cum commercial complex erected above two basement storeys with a total GFA of approximately 137,885 square feet and a total Construction Floor Area of approximately 196,161 square feet, comprising 99 hotel guestrooms, shops, restaurants, banquet halls, and approximately 21 private car parking spaces and 2 motor parking spaces. For details, please refer to the paragraph headed "S&P Agreement — Key Features of the New Hotel" in the Letter from the Board.

Vacant possession of the New Hotel will be delivered by the Vendor to the Purchaser on or before the Latest Handover Date, or such other date as the Vendor and the Purchaser may agree in writing. The Vendor will procure all permits, licences and certificates (the "**Applicable Hotel Licences**") which are required to be issued by competent authorities under the applicable laws and regulations for the operation of all reasonable and proper functions of the New Hotel as a fully operational hotel in Hong Kong (including but not limited to the hotel licence but excluding any liquor licence, for which the Group intends to apply on its own) will be issued in the name of Far Union (or any other person designated by the Purchaser) before the Handover and no later than the Latest Handover Date. Therefore, the New Hotel will be fit for use as a hotel upon Handover.

We are of the view that under the above arrangement, the Purchaser is in effect acquiring the New Hotel upon its full development and will not assume any development risks nor bear any development costs. From our discussion with the Management, it is recognised that the Group does not have the experience nor expertise to take on the Redevelopment on its own. Through the Transaction, the Group can mitigate any project risks associated with the Redevelopment and obtain a new ready-to-operate hotel premises upon Handover at a fixed acquisition cost. Considering the principal businesses and the respective expertise and specialisations of the Group and the HLD Group, we concur with the Management that the aforesaid arrangements in respect of the Redevelopment are in the interests of the Company and its Shareholders as a whole.

Considering all the factors and analysis above, we are of the view that the principal terms of the S&P Agreement and the arrangements thereunder are on normal commercial terms and are fair and reasonable.

5. The Board's rationale for the Transaction

As stated in the paragraph headed "Reasons for and Benefits of the Transaction" in the Letter from the Board, the acquisition of the New Hotel will form an important part of the Group's strategic development plan which will benefit the Group's hotel operation as well as its property rental operation. The Company believes that the New Hotel will attract high-end patrons and achieve a higher average room rate. The acquisition will improve the commercial value of Mira Place through relocating approximately 60,000 square feet in the Old Wing to the New Hotel, enabling the retail cluster to reach its critical mass and strengthening the 5-star hotel status of the Old Wing. It is expected that the operational efficiency of the Group's hotel operation will be enhanced, and the New Hotel will bring synergistic benefits to the surrounding businesses of the Group.

As discussed in the paragraph headed "1.2 Financial information of the Group" in this letter, we observed that the Group's growths of hotels and serviced apartments operation have been constrained by limited available rooms and apartment units. In particular, the occupancy rate of the Old Wing already reached 90% and 91.6% in FY2023 and 1H2024 respectively, with average room rate having increased by 61% and 8.3% respectively in the corresponding year/period. In light of the expected recovery of Hong Kong tourism industry as elaborated in the paragraph headed "1.4 Outlook and Prospects" in this letter, the acquisition of the New Hotel will increase the Group's overall capacity to meet the potential growth in hotel demand, contributing to potential revenue increase. The overall increase in number of rooms after completion of the New Hotel would also give the Group greater flexibility in managing demands during different seasons and more efficient allocation of rooms to guests of different needs.

To further consider the synergistic effect which the Target Property with the Group's current operations, we have had discussions with the Management to understand the current issues faced by the Group in respect of its portfolio of properties in the vicinity of the Target Property, being the Old Wing, Mira Place Tower A, Mira Place 1 and Mira Place 2. These issues are summarised below:

	Issues	***Synergy with, and solution provided by, the New Hotel***
1	Floor-to-floor height of the guestrooms at the Old Wing are comparatively low due to building height restrictions imposed at the time it was built in the 1970's, before Hong Kong's airport operation moved from Kai Tak Airport to Chek Lap Kok Airport. This height restriction also affected room size in the attempt to build more guestrooms within limitations of building height. Consequently, the average standard guestroom size of 270 square feet at the Old Wing is less than optimal for its positioning as a five-star hotel. Such restrictions were removed in 1998 and hotels within the vicinity of the Old Wing which are built thereafter typically have guestrooms of higher floor-to-floor height. Consequently, the competitiveness of the Old Wing is progressively compromised in the face of these newer hotels.	Based on the general building plans which have been approved by the Building Authority, the New Hotel will comprise a 23-storey hotel cum commercial complex with will have 99 guestrooms, shops, restaurants, banquet halls and car parking spaces. The New Hotel is expected to offer a total of eight suites (including four presidential suites) and 91 guestrooms. Compared to those currently at the Old Wing, standard guestrooms with 30% larger average size of approximately 350 square feet and with 25% higher floor-to-floor height are being planned in the New Hotel. Higher floor guestrooms will have sea views and/or scenic view of the neighbouring Kowloon Park. The New Hotel with its enhanced features is expected to attract high-end patrons, and can elevate the general positioning of both hotels as a whole. Along with refurbishments elaborated below, room rates at the Old Wing can also potentially increase.

	Issues	*Synergy with, and solution provided by, the New Hotel*
2	Affected by the COVID-19 pandemic and uncertainties surrounding the redevelopment of the Target Property (which the Group had minor stakes prior to the Compulsory Sale), the Old Wing has not undergone major refurbishment for over 15 years. Its consistent high occupancy also means the Old Wing has been experiencing wear and tears which, if renovation is not undertaken, will affect room and occupancy rates. Such wear and tears also necessitated more regular maintenance work which incurs costs and at the same time result in higher vacancy of guestrooms left idle pending repairs.	The New Hotel provides more flexibility on guestroom allocation between the New Hotel and the Old Wing to manage demand. This allows upgrading and refurbishment work to be progressively carried out at the Old Wing. The Old Wing had consistently achieved average occupancy rate of above 90% since borders re-open in Hong Kong. The upgraded guestrooms should allow it to capitalise on further demand and raise room rates as appropriate. The lesser need of maintenance work post upgrading will also contribute to improved occupancy.
3	The Old Wing currently has limited drop-off points and they are located along unsheltered street side. There is also no designated parking space. Valet parking service is also hampered by road traffic directions in its vicinity. These limitations affected the Old Wing's attractiveness as a venue for wedding banquets and corporate events. It is similarly less than optimal for the Old Wing's general positioning as a five-star hotel.	Based on the general building plans which have been approved by the Building Authority, the New Hotel will have covered drop-off points at street level, from which vehicles can also access the car parks on the two basement floors. There will also be drop-off and parking bays for light bus. Such improved convenience to guests will enhance the Old Wing and the New Hotel's attractiveness for holding larger scale wedding banquets and corporate events and potentially improve the traffic situation around the vicinity of the Old Wing, which should also benefit the Mira Place on the opposite side of the street.

	Issues	***Synergy with, and solution provided by, the New Hotel***
4	The commercial value of the ground floor (i.e. the street level) of the Old Wing has room for further optimisation as its hotel lobby and several of its food and beverage outlets are located on the ground floor which have high foot traffic given its location at the bustling Nathan Road area.	Upon completion of the New Hotel, the reception lobby will be on its second level and have a higher floor-to-floor height of approximately 9 metres as compared to that of the Old Wing. This new reception lobby can potentially be used to also serve guests of the Old Wing, vacating the current reception lobby area. After the Handover, the food and beverage outlets of the Old Wing operated by the Group, which are currently located on the ground floor, 3/F and 5/F can also be relocated to the New Hotel, allowing the vacated areas to be replanned in a manner to improve their commercial value. As stated in the section "Reasons for and benefits of the Transaction" in the Letter from the Board, GFA of approximately 60,000 square feet at the Old Wing can potentially be made available for leasing, increasing the aggregate retail space of Mira Place 1 and Mira Place 2 to approximately 530,000 square feet. reaching the critical mass of a competitive retail cluster. This allows for a comprehensive reconfiguration and repositioning to create a more vibrant shopping environment and attract anchor and higher quality retail tenants to generate higher rental income.

According to the paragraph headed "Reasons for and Benefits of the Transaction" in the Letter from the Board, for comparison purpose only, if all the guestrooms of the New Hotel were of standard guestroom size and if the GFA of the New Hotel currently designated for retail, food and beverage and event function use was also made use to offer additional guestrooms, the total number of standard guestrooms that the New Hotel could provide would rise to 222, representing an increase of around 1.2 times from the 99 standard guestrooms and suites currently expected to be provided. However, the Management considers that the current planning of the New Hotel is more preferrable than making use of entire GFA of the New Hotel to offer additional guestrooms as it provides solutions to issues currently faced by the Group as well as synergistic effects which benefit its hotel and serviced apartments operation and property rental operation as discussed above.

As the New Hotel will be adjoining to the Old Wing, the New Hotel will be managed under the same management team and operational efficiency can be enhanced. The Management expects that improvement in gross profit margin will be achievable upon commencement of operations of the New Hotel given economies of scale. For example, no additional staffing is required for back office and administration team and hotel management team, and relatively marginal increase in headcounts to front office team and hotel security team would be able to render similar levels of services. There will also be cost savings in terms of discounts for bulk purchase of hotel amenities and larger contract sums with suppliers.

In addition, further benefits may potentially accrue to the Group in future if there is relaxation of restrictions on plot ratio and building height in the district where the New Hotel is situated. Details of this potential change can be found in the section "Reasons for and benefits of the Transaction" in the Letter from the Board. It is stated that if there is indeed such relaxation, the Company may, at its absolute discretion, request the Vendor to make use of any such additional plot ratio before the issue of the occupation permit of the New Hotel. In such case, pursuant to the Deed of Undertaking, the Vendor has undertaken to comply with such request and the Purchaser shall pay the construction costs, consultancy fees and related costs and expenses to be incurred as a result of the increase in GFA. Based on our discussion with Management, in the event of such a change, there will be negotiations with the Vendor on the additional costs required and implication on timing of the Handover. In determining whether to make use of any such additional plot ratio, the Board will take into consideration, among other things, the amount of costs and expenses to be incurred, the benefits which will be brought to the Group and the relevant compliance requirements.

We concur with the Management's view that the Transaction can potentially enhance the Group's revenue as well as provide a viable opportunity for the Group (i) to acquire a property to expand its hotel and retail presence in Tsim Sha Tsui area and enhance its 5-star hotel status; (ii) to replan the use of space in the Old Wing; and (iii) to reposition the Group's portfolio of hotel premises in Tsim Sha Tsui area (including the Old Wing and the New Hotel), Mira Place 1, and Mira Place 2 with a view to attracting high-end patrons and achieving critical mass of a competitive retail cluster. As the Vendor will be fully responsible for the Redevelopment and delivery of the New Hotel to the Group in a fully operational state, the Group does not need to take on any redevelopment risks. Any potential upside due to regulatory relaxations will also accrue to the Group and implemented at the Group's sole discretion.

In summary, we concur with the Management that the New Hotel will form an important part of the Group's strategic development plan as it will bring synergistic benefits to the surrounding businesses of the Group (including the Old Wing and the Mira Place) and expand its hotel and retail presence in Tsim Sha Tsui area. Meanwhile, we noted that the Consideration was determined primarily based on the Appraised Gross Development Value, without factoring in the synergistic benefits that can be brought about by the New Hotel as discussed above. Overall, we concur that the arrangement contemplated under the S&P Agreement and the Transaction are in the interest of the Company and the Shareholders as a whole.

6. Possible financial effects of the Transaction

As stated in the Letter from the Board, upon Completion, the companies within the Target Group (including Far Union which is the sole owner of the Target Property) will become indirect wholly-owned subsidiaries of the Company and the financial results of the Target Group will be consolidated into the Group's financial statements.

The unaudited pro forma financial information of the Enlarged Group assuming the Transaction had taken place on 30 June 2024 ("**Pro forma Financial Information**") is set out in Appendix III to the Circular. The followings set forth the possible financial effects of the Transaction on the Enlarged Group:

Effect on earnings

It is expected that the Group will recognise transaction expenses of HK$4.9 million on its profit and loss account in connection with the Transaction, which include fees to legal advisers, independent financial advisers, reporting accountants, valuer, printer and other related expenses. Also, as discussed in the paragraph headed "4.1 Basis of determining the Consideration" in this letter, the Purchaser essentially is acquiring the Target Property at the Appraised Gross Development Value of HK$3.12 billion, together with the asset and liabilities of the Target Group included in the computation of the Completion NAV, for the Consideration amount of HK$3,120,000,000 plus or minus any adjustment based on the Completion NAV. Save for the aforementioned transaction expenses borne by the Group, the Transaction is not expected to give rise to any gain or loss on the Enlarged Group's profit and loss account upon Completion.

Given that the Handover will not happen immediately upon Completion (but only before the Latest Handover Date), and that other than the Consideration, the Enlarged Group shall not be required to make any other payment to the Vendor or any other company within the HLD Group in relation to the Redevelopment or to any building contractors in relation to the redevelopment contracts, save for any impairment loss of the Target Property subsequent to Completion, the Group is not expected to derive other operating profit or loss from the Target Property during the period of Redevelopment and before the Handover.

Meanwhile, as the New Hotel would not be handed over immediately upon the Completion, the quantitative impact on the earnings of the Enlarged Group will depend on the business and financial performance of the New Hotel after the Handover. As the Acquisition would help the Group to expand its hotel and retail presence in Tsim Sha Tsui area as discussed in paragraph headed "5. The Board's rationale for the Transaction" in this letter, we concur with the Management that the Group's source of revenue base will be broadened, but the quantitative impact on the earnings of the Enlarged Group will depend on the business and financial performance of the New Hotel and materialisation of synergies with the existing operations of the Group after the Handover.

Effects on the assets and liabilities

As the Consideration for the Sale Interest is the Initial Consideration in the amount of HK$3,120,000,000, which is equal to the Agreed Acquisition Value, plus or minus any adjustment(s) based on the Completion NAV, and the Agreed Acquisition Value is determined based on the Appraised Gross Development Value of the Target Property (without any premium on such appraised fair value), it is expected the Transaction will not give rise to any recognition of goodwill in the Enlarged Group's consolidated statement of assets and liabilities.

Upon Completion, the Target Property will be redeveloped into the New Hotel. Accordingly, the Target Property is expected to be reclassified from "investment properties" to "other property, plant and equipment" of the Group as non-current assets upon Completion. The carrying value of the Target Property will be marked to its prevailing market value at the time of Completion as its original cost, and will be stated at cost less depreciation and/or impairment loss going forward. Meanwhile, a substantial portion of the Target Group's liabilities, being the Sale Loan, shall be assigned to the Purchaser and eliminated in the Enlarged Group's consolidated financial statements upon Completion.

Based on the Pro Forma Financial Information, the net assets of the Enlarged Group is expected to decrease by HK$4.9 million, which is attributable to the aforementioned transaction expenses payable in connection with the Transaction.

After the Completion, additions in the item "other property, plant and equipment" in respect of the New Hotel shall be commensurate with the progress of the Redevelopment, whilst the cash balance of the Enlarged Group is expected to decrease in line with the settlement of the remaining Consideration payable to the Vendor pursuant to the payment terms set out in the S&P Agreement. Based on the foregoing, we understand from the Management that the Transaction is also not expected to bring any material effect to the Enlarged Group's net asset value position post-Completion.

Effects on the gearing and working capital position

Based on the Pro-Forma Financial Information, the Group's consolidated cash position will decrease by the portion of the Consideration to be paid by the Purchaser upon Completion, which is expected to be approximately HK$1,039.3 million (subject to adjustment(s) based on the Completion NAV). Since the Target Group is expected to be a wholly-owned subsidiary of the Company, the Target's Group financial results will be consolidated into the financial statements of the Group. As advised by the Management, it is expected that the working capital and the corresponding current ratio of the Enlarged Group will decrease as a result of the reduction in the cash balance upon settlement of the remaining portions of the Consideration according to the payment terms. The debt ratio of the Enlarged Group is expected to remain at nil, whilst the gearing ratio is expected to remain low upon Completion as the Enlarged Group is not expected to require external borrowings to fund for the Transaction.

Overall, we note that the Transaction will not have adverse impact on the Enlarged Group's earnings and net asset position. While there will be a reduction in the Enlarged Group's working capital as the Transaction will entirely be funded by its cash resources, we note that the Enlarged Group's cash and bank balances will remain ample after payment of the Consideration.

RECOMMENDATION

Having considered the aforementioned principal factors and reasons, in particular,

(i) growths of the Group's higher margin hotels and serviced apartments operation had been constrained by limited available rooms and apartment units. The Transaction will provide a viable opportunity for the Group to acquire a property to expand its hotel and retail presence in Tsim Sha Tsui area and to replan the use of space at the Old Wing;

(ii) the New Hotel will increase the supply of guestrooms with larger average room size, higher floor-to-floor heights and scenic view at the higher floors. It also provides more flexibility on guestroom allocation which allows upgrading and refurbishment work to be progressively carried out at the Old Wing. Overall room rates at both hotels can potentially be raised as a result of these efforts. As discussed in the paragraph headed "5. The Board's rationale for the Transaction" in this letter, it is expected that the acquisition of the New Hotel will have potential positive effects on the Group's revenue, will provide solutions to issues currently faced by the Group and will generate synergistic effects which benefit its hotel and serviced apartments operation and property rental operation. This in turn will help improve gross profit margins from price increases and cost efficiencies through economies of scale;

(iii) the method of arriving at the Consideration is fair and reasonable as it was determined primarily based on the Appraised Gross Development Value. The Consideration largely reflect the fair value of the New Hotel as a standalone premises, without factoring in the economic benefits brought about by the synergistic effects of the New Hotel on the Group's existing operations;

(iv) the Appraised Gross Development Value of the Target Property has been fairly and reasonably determined, having considered that (a) the Independent Property Valuer has the relevant qualification, competence and experience to prepare the Valuation Report; (b) the Independent Property Valuer's scope of work is appropriate for performing the valuation on the Target Property; and (c) the valuation methodologies, basis and assumptions for valuing the Target Property are fair and reasonable;

(v) the payment terms for the Consideration are fair and reasonable and such payment schedule in stages enables more efficient capital deployment for the Group and allows the Group to monitor the progress of the Redevelopment alongside its capital management activities, maximising its investment returns and income generation with a view to enhancing dividend payment to Shareholders in future;

(vi) as the Vendor will be fully responsible for the Redevelopment and delivery of the New Hotel to the Group in a fully operational state under the terms of the S&P Agreement, the Group does not need to take on any redevelopment risks; and

(vii) the Enlarged Group's cash and bank balances will remain ample after payment of the Consideration, and the Transaction will not have adverse financial effects on the Enlarged Group,

we are of the view that the terms of the S&P Agreement and the Transaction are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the resolution to be proposed at the EGM to approve the S&P Agreement and the Transaction.

Yours faithfully,
For and on behalf of
Altus Capital Limited

Arnold Ip
Responsible Officer

Chang Sean Pey
Responsible Officer

*Mr. Arnold Ip ("**Mr. Ip**") is a Responsible Officer of Altus Capital Limited licensed to carry on Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance ("**SFO**") and permitted to undertake work as a sponsor. He is also a Responsible Officer of Altus Investments Limited licensed to carry on Type 1 (dealing in securities) regulated activity under the SFO. Mr. Ip has over 30 years of experience in banking, corporate finance advisory and investment management. In particular, he has participated in sponsorship work for initial public offerings and acted as financial adviser or independent financial adviser in various corporate finance advisory transactions.*

*Mr. Chang Sean Pey ("**Mr. Chang**") is a Responsible Officer of Altus Capital Limited licensed to carry on Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO and permitted to undertake work as a sponsor. He is also a Responsible Officer of Altus Investments Limited licensed to carry on Type 1 (dealing in securities) regulated activity under the SFO. Mr. Chang has over 25 years of experience in banking, corporate finance advisory and investment management. In particular, he has participated in sponsorship work for initial public offerings and acted as financial adviser or independent financial adviser in various corporate finance advisory transactions.*

1. FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for each of the three years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2024 respectively are disclosed in the following documents which are published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.miramar-group.com.

(a) Annual report of the Company for the year ended 31 December 2021 (pages 102 to 175)

https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0426/2022042601167.pdf

(b) Annual report of the Company for the year ended 31 December 2022 (pages 96 to 172)

https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0425/2023042501731.pdf

(c) Annual report of the Company for the year ended 31 December 2023 (pages 115 to 188)

https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0424/2024042401270.pdf

(d) Interim report of the Company for the six months ended 30 June 2024 (pages 9 to 29)

https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0923/2024092301194.pdf

2. STATEMENT OF INDEBTEDNESS

As at the close of business on 31 January 2025, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Enlarged Group had outstanding indebtedness of approximately HK$161.0 million, consisting of (i) lease liabilities of approximately HK$90.5 million and (ii) amounts due to non-controlling interests of approximately HK$70.5 million, all of which were unsecured and unguaranteed.

Save as disclosed above and apart from intra-group liabilities and normal trade payables, the Enlarged Group did not have, as at 31 January 2025, any mortgages, charges, debt securities issued and outstanding, and authorised or otherwise created but unissued, outstanding borrowings or indebtedness in the nature of borrowings including term loans, bank overdrafts, liabilities under acceptances, acceptance credits, hire purchase commitments (other than normal trade bills and payables) or other similar indebtedness, or any guarantees or contingent liabilities.

3. 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 31 December 2023 (being the date to which the latest published audited financial statements of the Group were made up).

4. WORKING CAPITAL

The Directors, after due and careful enquiries, are of the opinion that, after taking into account the present available financial resources of the Group including the internally generated funds and the impact of the Transaction, the Enlarged Group has sufficient working capital to satisfy its requirements for at least the next 12 months following the date of this circular. The Company has obtained the relevant confirmation as required under Rule 14.66(12) of the Listing Rules.

5. FINANCIAL AND TRADING PROSPECTS OF THE ENLARGED GROUP

In relation to the hotel operation of the Group, the Old Wing has not undergone any large-scale renovations in the past 16 years, causing it to gradually lose its market competitiveness. Currently, 3% to 5% of the guestrooms of the Old Wing are usually not available for letting due to the maintenance and repair works.

With a view to providing a more convenient experience to patrons, as disclosed in the announcement of the Company dated 5 March 2025, the Group has commenced an intelligence room upgrading project in the Old Wing in the first quarter of 2025 so that hotel guests can use their mobile phones to check-in and check-out, and control the door opening, lighting and temperature etc. of the guestrooms. At the same time, patrons can make reservation for dining and other services and facilities at the Old Wing via the hotel mobile applications. The launch of such upgrading project will improve the competitiveness of the Old Wing.

Going forward, following the completion and Handover of the New Hotel, the Group will start comprehensive guestroom renovation of the Old Wing. After such refurbishment, the room rate of the Old Wing is expected to rise. Also, the need for regular maintenance works will be alleviated and a higher percentage of the guestrooms in the Old Wing will be available for use. Therefore, the renovation project is expected to enhance the overall operational efficiency of the hotel operation at the Old Wing and help improve its gross profit margin.

Furthermore, the acquisition of the New Hotel is expected to enhance the commercial value of Mira Place, bring synergistic benefits to the surrounding businesses of the Group (including the Old Wing and Mira Place), and relieve the supply pressure of guestrooms in the Old Wing. For details, please refer to the section headed "Reasons and Benefits of the Transaction" in the Letter from the Board in this circular.

In recent years, driven by a number of favourable government policies (including the extension of Individual Visit Scheme for PRC citizens to more Mainland cities, implementation of multiple-entry visitors visa to Shenzhen residents, and the "One Belt, One Road" policy) and infrastructure projects in Hong Kong (including the third runway of the Hong Kong Airport, the expansion of the Convention and Exhibition Centre in Wan Chai North, and the opening of Kai Tak Sports Park), tourism and business activities in Hong Kong have ushered in new opportunities. These policies and infrastructure upgrades are expected to help attract a larger number of businesses and leisure tourists, bringing growth to the hotel, food and beverage and property rental operations of the Enlarged Group.

In particular, Tsim Sha Tsui, being one of the Hong Kong's core commercial and tourist districts, is expecting significant development. Over the coming few years, more office space is expected to be added to the area, which will attract more corporations and promote commercial activities in the area. Such increase in commercial activities will also drive up the demand for retail, catering and event venues in the region, creating more opportunities for hotel, food and beverage and property rental businesses of the Enlarged Group.

Combining the strategic location of the New Hotel and the development prospects of Hong Kong's tourism industry, the Enlarged Group will seize such opportunity and make use of the potential growth in demand brought about by increased commercial activities and attractiveness and connectivity of the region to create sustained growth momentum for the Enlarged Group's businesses.

The following is the text of a report set out on pages II-1 to II-3, received from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.

KPMG

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF SOLUTION RIGHT LIMITED TO THE DIRECTORS OF MIRAMAR HOTEL AND INVESTMENT COMPANY, LIMITED

We report on the historical financial information of Solution Right Limited (the "**Target Company**") and its subsidiaries (together, the "**Target Group**") set out on pages II-4 to II-22, which comprises the consolidated statements of financial position of the Target Group as at 31 December 2021, 2022 and 2023 and 31 October 2024 and the consolidated statements of profit or loss and other comprehensive income and the consolidated statements of changes in equity, for each of the years ended 31 December 2021, 2022 and 2023, and the ten months ended 31 October 2024 (the "**Relevant Periods**"), and a summary of material accounting policies and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages II-4 to II-22 forms an integral part of this report, which has been prepared for inclusion in the circular of Miramar Hotel and Investment Company, Limited (the "**Company**", and together with its subsidiaries, the "**Group**") dated 12 March 2025 (the "**Circular**") in connection with the proposed acquisition of interests in the Target Company by the Group.

Directors' responsibility for Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in note 1 to the Historical Financial Information.

The Underlying Financial Statements of the Target Group as defined on page II-4, on which the Historical Financial Information is based, were prepared by the directors of the Target Company. The directors of the Target Company are responsible for the preparation of the Underlying Financial Statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), and for such internal control as the directors of the Target Company determine is necessary to enable the preparation of the Underlying Financial Statements that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the HKICPA. This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in note 1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purpose of the accountants' report, a true and fair view of the Target Group's financial position as at 31 December 2021, 2022 and 2023 and 31 October 2024 and of the Target Group's financial performance and cash flows for the Relevant Periods in accordance with the basis of preparation and presentation set out in note 1 to the Historical Financial Information.

Review of stub period corresponding financial information

We have reviewed the stub period corresponding financial information of the Target Group which comprises the consolidated statement of profit or loss and other comprehensive income and the consolidated statement of changes in equity for the ten months ended 31 October 2023 and other explanatory information (the "**Stub Period Corresponding Financial Information**"). The directors of the Company are responsible for the preparation and presentation of the Stub Period Corresponding Financial Information in accordance with the basis of preparation and presentation set out in note 1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Corresponding Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Corresponding Financial Information, for the purpose of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in note 1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page II-4 have been made.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

12 March 2025

HISTORICAL FINANCIAL INFORMATION

Set out below is the Historical Financial Information which forms an integral part of this accountants' report. The consolidated financial statements of the Target Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by KPMG under separate terms of engagement with the Target Company in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "**Underlying Financial Statements**").

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(Expressed in Hong Kong dollars)

		For the year ended 31 December			For the ten months ended 31 October	
	Note	**2021**	**2022**	**2023**	**2023**	**2024**
		$'000	*$'000*	*$'000*	*$'000*	*$'000*
					(unaudited)	
Revenue	*4*	2,215	347	2,664	2,559	1,571
Other income	*5*	—	—	48	—	650
Operating and other expenses	*6(a)*	(1,555)	(1,429)	(1,905)	(1,577)	(1,986)
Profit/(loss) from operations before changes in fair value of investment properties		660	(1,082)	807	982	235
Increase/(decrease) in fair value of investment properties	*10*	108,722	(32,451)	(422,374)	—	(161,311)
Profit/(loss) before taxation	*6*	109,382	(33,533)	(421,567)	982	(161,076)
Income tax	*7(a)*	—	—	—	—	—
Profit/(loss) and total comprehensive income for the year/period		109,382	(33,533)	(421,567)	982	(161,076)

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in Hong Kong dollars)

	Note	At 31 December 2021	At 31 December 2022	At 31 December 2023	At 31 October 2024
		$'000	$'000	$'000	$'000
Non-current asset					
Investment properties	10	1,595,000	1,583,000	1,167,600	1,624,788
Current assets					
Prepayments	11	126,925	134,757	134,758	133,995
Trade receivables		1,454	183	862	—
Deposits paid		10	10	10	15
		128,389	134,950	135,630	134,010
Current liabilities					
Trade and other payables		(1,813)	(446)	(287)	(565)
Contract liabilities		(1)	(1)	(14)	—
Rental deposits received		(592)	(593)	(333)	—
		(2,406)	(1,040)	(634)	(565)
Net current assets		125,983	133,910	134,996	133,445
Total assets less current liabilities		1,720,983	1,716,910	1,302,596	1,758,233
Non-current liability					
Amount due to an intermediate holding company	12	(1,800,065)	(1,829,525)	(1,836,778)	(2,453,491)
NET LIABILITIES		(79,082)	(112,615)	(534,182)	(695,258)
CAPITAL AND RESERVE					
Capital	13(c)	*	*	*	*
Accumulated losses		(79,082)	(112,615)	(534,182)	(695,258)
TOTAL DEFICIT		(79,082)	(112,615)	(534,182)	(695,258)

* *Represents amount of less than $1,000*

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Expressed in Hong Kong dollars)

	Capital	Accumulated losses	Total
	$'000	*$'000*	*$'000*
At 1 January 2021	*	(188,464)	(188,464)
Change in equity for the year:			
Profit and total comprehensive income for the year	*	109,382	109,382
At 31 December 2021 and 1 January 2022	*	(79,082)	(79,082)
Change in equity for the year:			
Loss and total comprehensive income for the year	*	(33,533)	(33,533)
At 31 December 2022 and 1 January 2023	*	(112,615)	(112,615)
Change in equity for the year:			
Loss and total comprehensive income for the year	*	(421,567)	(421,567)
At 31 December 2023 and 1 January 2024	*	(534,182)	(534,182)
Change in equity for the period:			
Loss and total comprehensive income for the period	*	(161,076)	(161,076)
At 31 October 2024	*	(695,258)	(695,258)
(Unaudited)			
At 1 January 2023	*	(112,615)	(112,615)
Change in equity for the period:			
Profit and total comprehensive income for the period	*	982	982
At 31 October 2023	*	(111,633)	(111,633)

* *Represents amount of less than $1,000*

The accompanying notes form part of the Historical Financial Information.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1 BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

Solution Right Limited (the "**Target Company**") was incorporated in the British Virgin Islands ("**BVI**") on 19 July 2023 as an exempted company with limited liability under the BVI Business Companies Act 2004. The registered office of the Target Company is Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.

The Target Company is an investment holding company and has not carried out any business operations since the date of its incorporation. The Target Company and its subsidiaries (together, "**the Target Group**") are principally engaged in property development.

On 31 July 2023, the Target Company acquired Far Union Investment Limited and Ever East Investment Limited from Kinsford International Limited ("**Kinsford**") (the "**Reorganisation**"), upon which the Target Company became the holding company of the companies which, together with the Target Company, comprises the Target Group. The companies now comprising the Target Group are under the common control of Kinsford immediately before and after the Reorganisation. The control was not transitory and consequently, the Reorganisation is regarded as a business combination under common control.

For the purpose of this report, the Historical Financial Information has been prepared by including the financial information of the companies now comprising the Target Group, which were under the common control of Kinsford, as if the current group structure had been in existence throughout the periods presented, or since the date when the combining entities first came under the control of Kinsford, whichever is a shorter period. The assets and liabilities of the combining entities were consolidated using the existing book values from Kinsford's perspective.

Intra-group balances, transactions and unrealised gains/losses on intra-group transactions are eliminated in full in preparing the Historical Financial Information.

Up to and including the date of this report, no audited financial statements have been prepared for the Target Company as it is not subject to statutory audit requirements under the relevant rules and regulations in the jurisdiction of incorporation.

As at the date of this report, the Target Company has direct or indirect interests in the following subsidiaries, all of which are private companies:

Company name	Place and date of incorporation/ establishment	Particulars of issued and paid-up capital	Proportion of ownership interest Held by the Target Company	Held by the subsidiary	Principal activities	Name of statutory auditor
True Lead Developments Limited	BVI 19 July 2023	US$1	100%	—	Investment holding	note (i)
Far Union Investment Limited *(note (ii))*	Hong Kong 15 October 2010	HK$1	—	100%	Property development	W. M. Sum & Co.
Ever East Investment Limited *(note (ii))*	Hong Kong 4 January 2021	HK$1	—	100%	Property development	W. M. Sum & Co.

Notes:

(i) The entity is not subject to statutory audit requirements under the relevant rules and regulations in the jurisdiction of incorporation.

(ii) The financial statements of these entities were prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") and HKFRS-SME and have been audited by W.M. Sum & Co., for the years ended 31 December 2021, 2022 and 2023.

All companies now comprising the Target Group have adopted 31 December as their financial year end date.

The Historical Financial Information has been prepared in accordance with all applicable HKFRSs which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). Further details of the material accounting policies adopted are set out in note 2.

The HKICPA have issued a number of new and revised HKFRSs. For the purpose of preparing this Historical Financial Information, the Target Group has adopted all applicable new and revised HKFRSs to the Relevant Periods, except for any new standards or interpretations that are not yet effective for the accounting period beginning on 1 January 2024. The revised and new accounting standards and interpretations issued but not yet effective for the Relevant Periods are set out in note 17.

The Historical Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The accounting policies set out below have been applied consistently to the Relevant Periods presented in the Historical Financial Information.

The Stub Period Corresponding Financial Information has been prepared in accordance with the same basis of preparation and presentation adopted in respect of the Historical Financial Information.

2 MATERIAL ACCOUNTING POLICIES

(a) Basis of measurement

The measurement basis used in the preparation of the Historical Financial Information is the historical cost basis except that investment properties are stated at their fair value as explained in the accounting policy set out in note 2(d).

(b) Use of estimates and judgements

The preparation of the Historical Financial Information in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 3.

(c) Subsidiaries

Subsidiaries are entities controlled by the Target Group. The Target Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

In the Target Company's statement of financial position, its investments in subsidiaries are stated at cost less impairment losses (see note 2(e)(ii)), unless the investment is classified as held for sale (or included in a disposal group classified as held for sale).

(d) Investment properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property.

Investment properties are stated at fair value, unless they are still in the course of construction or development at the end of the reporting date and their fair value cannot be reliably measured at that time. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss. Rental income from investment properties is accounted for as described in note 2(j)(i).

(e) Trade and other receivables

(i) *Credit losses from financial instruments*

A receivable is recognised when the Target Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due.

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortised cost, using the effective interest method and including an allowance for credit losses.

The loss allowance for trade receivables is measured at an amount equal to lifetime expected credit losses ("**ECLs**"), which are those losses that are expected to occur over the expected life of the trade receivables. The loss allowance is estimated using a provision matrix based on the Target Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For other receivables, the Target Group recognises loss allowances equal to 12-month ECLs unless there has been a significant increase in credit risk since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

ECLs are remeasured at each reporting date with any changes recognised as an impairment gain or loss in profit or loss. The Target Group recognises an impairment gain or loss with a corresponding adjustment to the carrying amount of trade and other receivables through a loss allowance account.

(ii) *Impairment of other non-current assets*

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the interests in subsidiaries in the Target Company's statement of financial position may be impaired or, an impairment loss previously recognised no longer exists or may have decreased.

If any such indication exists, the asset's recoverable amount is estimated.

— *Calculation of recoverable amount*

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset.

— *Recognition of impairment losses*

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount.

— *Reversals of impairment losses*

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(f) Trade and other payables

Trade and other payables are initially recognised at fair value. Subsequent to initial recognition, payables are stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoiced amounts.

(g) Contract liabilities

A contract liability is recognised when the customer pays non-refundable consideration before the Target Group recognises the related revenue (see note 2(j)). A contract liability would also be recognised if the Target Group has an unconditional right to receive non-refundable consideration before the Target Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see note 2(e)(i)).

(h) Income tax

Income tax for the year/period comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in the statement of profit or loss and other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in the statement of profit or loss and other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year/period, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years/periods.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits. Apart from differences which arise on initial recognition of assets and liabilities, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in note 2(d), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

(i) Provisions and contingent liabilities

Provisions are recognised when the Target Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

(j) Revenue and other income

Income is classified by the Target Group as revenue when it arises from Target Group's assets under leases in the ordinary course of the Target Group's business.

Revenue is recognised when control over a product or service is transferred to the customer, at the amount of promised consideration to which the Target Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Further details of the Target Group's revenue and other income recognition policies are as follows:

(i) Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Variable lease payment that do not depend on an index or a rate are recognised as income in the accounting period in which they are earned.

(ii) Income from forfeited deposits is recognised in profit and loss in the period when such deposits are forfeited pursuant to the agreements.

(iii) Sundry income is recognised in profit and loss in the period when it is earned.

(k) Related parties

(a) A person, or a close member of that person's family, is related to the Target Group if that person:

(i) has control or joint control over the Target Group;

(ii) has significant influence over the Target Group; or

(iii) is a member of the key management personnel of the Target Group or the Target Group's parent.

(b) An entity is related to the Target Group if any of the following conditions applies:

(i) The entity and the Target Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or a joint venture of the other entity (or an associate or a joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Target Group or an entity related to the Target Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a) above.

(vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Target Group or to the Target Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

3 CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Target Group's accounting policies, management has made the following judgement:

Valuation of investment properties

As described in note 10, investment properties are stated at fair value based on the valuation performed by a firm of professional surveyors.

The fair value of investment properties is valued by estimating the fair value of such properties as if it was completed in accordance with relevant development plan and then deducting from that amount the estimated costs to complete the construction, financing costs and a reasonable profit margin.

4 REVENUE

The principal activity of Target Group is property development. Revenue represents gross rental income earned under the scope of HKFRS 16, *Leases*.

5 OTHER INCOME

	For the year ended 31 December			For the ten months ended 31 October	
	2021	2022	2023	2023	2024
	$'000	*$'000*	*$'000*	*$'000*	*$'000*
				(Unaudited)	
Forfeited deposits	—	—	48	—	—
Sundry income	—	—	—	—	650
	—	—	48	—	650

6 PROFIT/(LOSS) BEFORE TAXATION

Profit/(Loss) before taxation is arrived at after charging/(crediting):

	For the year ended 31 December			For the ten months ended 31 October	
	2021	2022	2023	2023	2024
	$'000	*$'000*	*$'000*	*$'000*	*$'000*
				(Unaudited)	
(a) Operating and other expenses					
Building management fee	588	579	616	580	—
Building administration fee	84	87	80	—	—
Government rent and rates	287	340	572	572	650
Security charges	229	229	330	198	616
Rental commission	133	21	159	148	74
Repairs and maintenance	126	110	17	17	53
Professional fee	27	27	50	8	42
Bad debt written off	—	—	11	11	344
Cleaning fee	—	10	—	—	71
Servicing fee	54	—	—	—	45
Others	27	26	70	43	91
	1,555	1,429	1,905	1,577	1,986
(b) Other items					
Auditors' remuneration	21	23	23	—	—
(Rentals receivable from investment properties less direct outgoings)/direct outgoings in excess of rentals receivable from operating leases	(1,608)	97	(1,909)	(2,073)	26

7 INCOME TAX

(a) Taxation in the consolidated statements of profit or loss and other comprehensive income

Pursuant to the rules and regulations of the BVI, the Target Group is not subject to any income tax in the BVI.

No provision has been made for Hong Kong Profits Tax as the Target Group has sufficient accumulated tax losses to offset the assessable profits during the years ended 31 December 2021 and 2023. No provision has been made for Hong Kong Profits Tax as the Target Group has no assessable profits arising in or derived from Hong Kong during the year ended 31 December 2022 and the period ended 31 October 2024.

(b) Reconciliation between tax expense and profit/(loss) before taxation and applicable tax rates:

	For the year ended 31 December			For the ten months ended 31 October	
	2021	**2022**	**2023**	**2023**	**2024**
	$'000	*$'000*	*$'000*	*$'000*	*$'000*
				(Unaudited)	
Profit/(loss) before taxation	109,382	(33,533)	(421,567)	982	(161,076)
Notional tax on profit/(loss) before taxation calculated at 16.5%	18,048	(5,533)	(69,559)	162	(26,578)
Tax effect of non-deductible expenses	—	5,354	69,698	6	26,617
Tax effect of non-taxable income	(17,939)	—	—	—	(82)
Tax effect of unrecognised temporary differences	(10)	(8)	(12)	(8)	(3)
Tax effect of current year's tax loss not recognised	35	187	24	19	46
Tax effect of prior year's unrecognised tax loss now utilised	(134)	—	(151)	(179)	—
Tax expense	—	—	—	—	—

(c) Deferred tax assets not recognised:

The Target Group has not recognised deferred tax assets of $35,573,981, $35,760,382, $29,319,804, and $29,362,494 in respect of accumulated tax losses of $215,599,887, $216,729,587, $177,695,781 and $177,954,508 for the years ended 2021, 2022 and 2023, and ten months ended 31 October 2024 respectively as the availability of future taxable profits against which the assets can be utilised is uncertain at each of the year/period end. The tax losses do not expire under current tax legislation.

8 DIRECTORS' EMOLUMENTS

During the Relevant Periods, no directors' fees, salaries, allowances and benefits in kind, discretionary bonuses, and retirement scheme contributions were paid/payable to the directors of the Target Company.

9 INVESTMENT IN SUBSIDIARIES

As at the date of this report, particulars of the subsidiaries are as follows:

Name of subsidiary	Place and date of incorporation	Particulars of issued capital	Proportion of ownership interest: Effective interest	Held by the Target Company	Held by the Target Company's subsidiary	Principal activities	Name of statutory auditor
True Lead Developments Limited	BVI 19 July 2023	US$1	100%	100%	—	Investment holding	—
Far Union Investment Limited	Hong Kong 15 October 2010	HK$1	100%	—	100%	Property development	W. M. Sum & Co.
Ever East Investment Limited	Hong Kong 4 January 2021	HK$1	100%	—	100%	Property development	W. M. Sum & Co.

10 INVESTMENT PROPERTIES

	$'000
Valuation:	
At 1 January 2021	1,452,000
Additions	34,278
Surplus on revaluation	108,722
At 31 December 2021 and 1 January 2022	1,595,000
Additions	20,451
Deficit on revaluation	(32,451)
At 31 December 2022 and 1 January 2023	1,583,000
Additions	6,974
Deficit on revaluation	(422,374)
At 31 December 2023 and 1 January 2024	1,167,600
Additions *(note)*	618,499
Deficit on revaluation	(161,311)
At 31 October 2024	1,624,788

Note: The amount mainly comprises the consideration of HK$560,414,000 paid by the Target Group upon completion of the Compulsory Sale.

(a) Fair value measurement of investment properties

(i) *Fair value hierarchy*

The following table presents the fair value of the Target Group's investment properties measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

— Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

— Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

— Level 3 valuations: Fair value measured using significant unobservable inputs

The fair values of the Target Group's investment properties measured using Level 3 inputs.

During the Relevant Periods, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Target Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

All of the Target Group's investment properties were revalued as at 31 October 2024, 31 December 2023, 2022 and 2021. The valuations as of 31 October 2024 and 31 December 2023 were conducted by the firm of professional surveyors, Cushman & Wakefield Limited. The valuations as of 31 December 2022 and 2021 was conducted by Henderson Valuation and Agency Limited. Both firms have among their staff Members of the Hong Kong Institute of Surveyors with recent experience in the location and category of property being valued.

The Target Group's management has reviewed the valuation results performed by the independent surveyors for financial reporting purposes by verifying all major inputs and assumptions, and accessing the reasonableness of property valuation. Such valuation is performed at each annual reporting date and is reviewed and approved by senior management.

(ii) *Information about Level 3 fair value measurements*

	Valuation techniques	**Unobservable input on the estimated project costs to completion** *$'000*
Investment properties — office	Residual approach	2024: $641,000 2023: $600,000 2022: $597,000 2021: $539,000

The fair value of investment properties is determined on redevelopment basis and by taking in account the fair value of the completed investment properties (based on market approach) and then deducting from that amount the estimated costs to complete the construction, financing costs and a reasonable profit margin.

The movements during the year in the balance of Level 3 fair value measurements are set out in note 10(a).

Fair value adjustment of investment properties is recognised in the line item "Increase/(decrease) in fair value of investment properties" on the face of the consolidated statements of profit or loss and other comprehensive income.

(c) Investment properties are situated in Hong Kong and are held under medium term leases.

(d) The Target Group leases out investment properties under operating leases. The leases typically run for an initial period of one to three years, with an option to renew the lease after that date at which time all terms are renegotiated. Total future minimum lease payments under non-cancellable operating leases are receivable as follows:

	For the year ended 31 December			**For the ten months ended 31 October**	
	2021	**2022**	**2023**	**2023**	**2024**
	$'000	*$'000*	*$'000*	*$'000* *(Unaudited)*	*$'000*
Within 1 year	289	—	—	—	—

11 PREPAYMENTS

The prepayments represented stamp duty and building order costs refundable upon redevelopment of properties.

12 AMOUNT DUE TO AN INTERMEDIATE HOLDING COMPANY

The amount due to an intermediate holding company is unsecured, interest-free and has no fixed terms of repayment. The balance is not expected to be settled within one year after the end of the reporting period.

13 CAPITAL, RESERVE AND DIVIDENDS

(a) Capital

For the purpose of this report, capital of the Target Group as at 1 January 2021, 31 December 2021, 1 January 2022, 31 December 2022 and 1 January 2023 represented the combined capital of Far Union Investment Limited and Ever East Investment Limited. Upon incorporation of the Target Company and completion of the Reorganisation, the capital of the Target Group represented the issued share capital of the Target Company.

	No. of share	Amount	Amount
		US$	*$*
Issued and fully paid:			
At 19 July 2023 (date of incorporation), 31 December 2023, 1 January 2024 and 31 October 2024	1	1	8

(b) Movements in component of equity

The reconciliation between the opening and closing balances of each component of the Target Group's consolidated equity is set out in the consolidated statements of changes in equity. Details of the changes in the Target Company's individual components of equity between the beginning and the end of the period/year are set out below:

	Share capital	Accumulated losses	Total
	$'000	*$'000*	*$'000*
At 19 July 2023 (date of incorporation)	*	*	*
Change in equity for the year:			
Loss and total comprehensive income for the year	—	*	*
At 31 December 2023 and 1 January 2024	*	*	*
Change in equity for the period:			
Loss and total comprehensive income for the period	—	(18)	(18)
At 31 October 2024	*	(18)	(18)
(Unaudited)			
At 19 July 2023 (date of incorporation)	*	—	*
Change in equity for the period:			
Loss and total comprehensive income for the period	—	(18)	(18)
At 31 October 2023	*	(18)	(18)

* *Represents amount of less than $1,000*

(c) Dividends

The directors do not recommend the payment of dividend for each of the years ended 31 December 2021, 2022 and 2023 and the period ended 31 October 2024.

(d) Capital management

The Target Group's primary objectives when managing capital are to safeguard the Target Group's ability to continue as a going concern, so that it can continue to provide returns for the shareholder and by securing access to finance at a reasonable cost. As the Target Group is part of a larger group, the Target Group's sources of additional capital and policies for distribution of excess capital may also be affected by the group's capital management objectives.

The Target Group defines "capital" as including all components of equity. Trading balances that arise as a result of trading transactions with other group companies are not regarded by the Target Group as capital.

The Target Group's capital structure is regularly reviewed and managed with due regard to the capital management practices of the group to which the Target Group belongs. Adjustments are made to the capital structure in light of changes in economic conditions affecting the Target Company or the Target Group, to the extent that these do not conflict with the directors' fiduciary duties towards the Target Group. The results of the directors' review of the Target Group's capital structure are used as a basis for the determination of the level of dividends, if any, that are declared. The Target Group's overall strategy remains unchanged throughout the Relevant Periods.

The Target Group was not subject to externally imposed capital requirements during the Relevant Periods.

14 FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Exposure to credit and liquidity risks arises in the normal course of the Target Group's business. The Target Group's exposure to these risks and the financial risk management policies and practices used by the Target Group to manage these risks are described below.

(a) Credit risk

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These take into account the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customers as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 30 days from the billing date. Debtors with balances that are more than 60 days past due are generally requested to settle all outstanding balances before any further credit is granted. Normally, the Target Group does not obtain collateral from customers. There is no significant concentration of credit risk within the Target Group.

As at 31 December 2021, 31 December 2022, 31 December 2023 and 31 October 2024, the Target Group considered its exposure to credit risk and ECLs for trade receivables is not significant and did not provide any loss allowance in respect of trade receivables.

(b) Liquidity risk

The Target Group's policy is to regularly monitor its liquidity requirements, including the terms of borrowings from other group companies, to ensure that it maintains adequate committed funding from other group companies to meet its liquidity requirements in the short and longer term.

Given the amount due to an intermediate holding company has no fixed terms of repayment, the earliest settlement dates of the Target Group's financial liabilities at the end of the reporting period are all within one year or on demand and the contractual amounts of the financial liabilities are all equal to their carrying amounts.

(c) Fair values

All financial instruments are carried at amounts not materially different from their fair values as at 31 December 2021, 31 December 2022, 31 December 2023 and 31 October 2024.

15 MATERIAL RELATED PARTY TRANSACTIONS

Apart from the transactions/balances disclosed elsewhere in the Historical Financial Information, the Target Group did not enter into any other material related party transactions during the Relevant Periods.

16 COMPANY-LEVEL STATEMENTS OF FINANCIAL POSITION

	Note	**At 31 December 2023** *$'000*	**At 31 October 2024** *$'000*
Non-current assets			
Investments in subsidiaries	*	*	*
Amount due from subsidiaries		—	1,067,068
		—	1,067,068
Current liability			
Accrued expenses		—	(8)
Net current liability		—	(8)
Non-current liability			
Amount due to an intermediate holding company		—	(1,067,078)
NET LIABILITY		*	(18)
CAPITAL AND RESERVE	*13*		
Share capital		*	*
Accumulated losses		—	(18)
TOTAL DEFICIT		*	(18)

* *Represents amount of less than $1,000*

17 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE RELEVANT PERIODS

Up to the date of issue of the Historical Financial Information, the HKICPA has issued a number of new or amended standards, which are not yet effective for the Relevant Periods and which have not been adopted in the Historical Financial Information.

	Effective for accounting periods beginning on or after
Amendments to HKAS 21, *The effects of changes in foreign exchange rates — Lack of exchangeability*	1 January 2025
Amendments to HKFRS 9, *Financial instruments* and HKFRS 7, *Financial instruments: disclosures — Amendments to the classification and measurement of financial instruments*	1 January 2026
Annual improvements to HKFRSs — Volume 11	1 January 2026
HKFRS 18, *Presentation and disclosure in financial statements*	1 January 2027
HKFRS 19, *Subsidiaries without public accountability: disclosures*	1 January 2027
Amendments to HKFRS 10 and HKAS 28, *Sale or contribution of assets between an investor and its associate or joint venture*	1 January 2027

The Target Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Historical Financial Information.

SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Target Company or any of its subsidiaries in respect of any period subsequent to 31 October 2024.

Set out below is the management discussion and analysis of the Target Group for the financial years ended 31 December 2021, 2022 and 2023 and for the ten months ended 31 October 2024 (the "**Reporting Periods**") which is prepared based on the financial information of the Target Group as set out in Appendix II to this circular.

BUSINESS REVIEW

The Target Company is an investment holding company which was incorporated under the laws of British Virgin Islands with limited liability. The main asset of the Target Group is the Target Property which comprises the Lot and a composite building of 10 storeys with an additional roof floor erected thereon now known as "Champagne Court (香檳大廈)" completed in 1957 and located at No. 16 Kimberley Road, Kowloon, Hong Kong.

For further details of the Target Group and the Target Property, please refer to the section headed "Information on the Target Group" and "Information on the Target Property" in the Letter from the Board respectively in this circular.

Pursuant to the S&P Agreement, the Vendor shall procure the demolition of the existing building erected on the Target Property, and the redevelopment of the Target Property into the New Hotel. The Vendor undertakes in favour of the Purchaser to assume, duly perform, discharge and be liable for all duties, obligations (including without limitation, the payment obligations) and liabilities on the part of any company within the Target Group pursuant to all and any such redevelopment contracts entered into by Far Union or the Project Manager at any time, in accordance with their respective terms. Furthermore, prior to Handover, the Vendor will procure that all the Applicable Hotel Licences be issued for the operation of all reasonable and proper functions of the New Hotel as a fully operating hotel in Hong Kong (including but not limited to the hotel licence but excluding any liquor licence, for which the Group intends to apply on its own). Accordingly, the Purchaser will indirectly acquire the New Hotel under the Transaction, which will be operated by the Group after the Handover.

Apart from the Purchaser's payment obligation for the Consideration, the Group (including the Target Group upon Completion) shall not be required to make any other payment to the Vendor or any other company within the HLD Group in relation to the Redevelopment or to any building contractors in relation to the redevelopment contracts.

FINANCIAL REVIEW

Revenue and gross profit margin

The Target Group's revenue represented the gross rental income earned under various leases during the Reporting Periods. Revenue for the financial years ended 31 December 2021, 2022 and 2023 and for the ten months ended 31 October 2024 amounted to approximately HK$2,215,000, HK$347,000, HK$2,664,000 and HK$1,571,000, respectively.

Other income

The Target Group had no other income for the years ended 31 December 2021 and 2022. Other income for the year ended 31 December 2023 in the amount of approximately HK$48,000 comprised forfeited deposits. Sundry income for the ten months ended 31 October 2024 in the amount of approximately HK$650,000 comprised other interest income of approximately HK$497,000 and refund of building management fee of approximately HK$153,000.

Operating and other expenses

Other operating expenses of the Target Group mainly included building management fee, government rent and rates, repair and maintenance, security charges and rental commission.

Investment properties

Investment properties are the Target Property which comprises the Lot and a composite building of 10 storeys with an additional roof floor erected thereon now known as "Champagne Court (香檳大廈)". The carrying amount of investment properties was HK$1,595 million, HK$1,583 million, HK$1,167.6 million, HK$1,624.8 million as at 31 December 2021, 2022 and 2023 and 31 October 2024 respectively. The change in carrying amount of investment properties between 31 December 2022 and 31 December 2023 was mainly due to the revaluation loss of $422.4 million. The carrying amount of investment properties increased to HK$1,624.8 million as at 31 October 2024 due to the acquisition of the remaining shares of the Target Property upon completion of the Compulsory Sale for a consideration of HK$560.4 million, which was partly offset by the decrease in fair value of investment properties of approximately HK$161.3 million for the ten months ended 31 October 2024.

Prepayments

Prepayments as at 31 December 2021, 2022 and 2023 and 31 October 2024 amounted to HK$126.9 million, HK$134.8 million, HK$134.8 million and HK$134.0 million respectively. The prepayments mainly represented the Prepaid Stamp Duty and the Prepaid Building Order Costs.

Trade receivables

Trade receivables as at 31 December 2021, 2022 and 2023 amounted to HK$1,454,000, HK$183,000 and HK$862,000 respectively. Trade receivables represented rent receivable. All outstanding rental has been received. No rental receivable was outstanding as at 31 October 2024.

Deposit paid

Deposit paid as at 31 December 2021, 2022 and 2023 and 31 October 2024 remained stable. The Deposit paid represented utility deposit paid.

Trade payables

Trade payables as at 31 December 2021, 2022 and 2023 and 31 October 2024 amounted to HK$1,813,000, HK$446,000, HK$287,000 and HK$565,000 respectively. Trade payables mainly comprised accrued expenses and temporary receipt.

Rental deposits received

Rental deposits received as at 31 December 2021, 2022 and 2023 amounted to HK$592,000, HK$593,000 and HK$333,000 respectively. All rental deposits received were settled as at 31 October 2024 as the Target Property was vacant and was not subject to any tenancy or licence as at such date.

Amount due to an intermediate holding company

The amount due to an intermediate holding company remained relatively stable at approximately HK$1.8 billion as at 31 December 2021, 2022 and 2023 respectively, and increased to approximately HK$2.45 billion as at 31 October 2024, which was mainly due to additional borrowings from the HLD Group to complete the Compulsory Sale. The amount due to an intermediate holding company is unsecured and interest-free and has no fixed repayment term, and the balance is not expected to be settled within one year after the end of the reporting period.

Liquidity and financial resources

The principal activity of the Target Group is property development. The Target Group obtained funding from its intermediate holding company for acquiring the Target Property. The Target Group has no external borrowings and its activities were financed by the intermediate holding company of the Target Company.

The Target Group had not maintained any committed borrowing facilities or made any bank loan drawdown. The Target Group did not have any funding requirements for capital expenditure contracted for and authorised but not contracted for.

Cash management

The Target Group did not have cash and bank balances as at 31 December 2021, 2022 and 2023 and 31 October 2024 respectively.

The Target Group did not have any borrowings other than the amount due to an intermediate holding company of the Target Company, and accordingly gearing ratio is not applicable to the Target Group as at 31 December 2021, 2022 and 2023 and 31 October 2024.

The Target Group was not a contractual party to any arrangements in relation to any derivative financial instruments for the purpose of hedging its foreign currency and interest rate exposures.

Business prospects

The Target Group had not introduced or announced any new business plan during the Reporting Periods.

Segmental information

During the Reporting Periods, the only business segment of the Target Company is property investment.

Employees and remuneration policy

The Target Group had no employee as at 31 December 2021, 2022 and 2023 and 31 October 2024.

Charge on assets

The assets of the Target Group were not charged to any parties as at 31 December 2021, 2022 and 2023 and 31 October 2024.

Foreign currency exposure

The Target Group had no foreign currency exposure as at 31 December 2021, 2022 and 2023 and 31 October 2024.

Contingent liabilities

At each of 31 December 2021, 2022 and 2023 and 31 October 20224, the Target Group did not have any contingent liability.

Significant investments and material acquisitions and disposals

Save for the restructuring of the Target Group as described in the section headed "Information on the Target Group" in the Letter from the Board in this circular, there was no material acquisition or disposal of subsidiaries or associated companies or joint ventures by the Target Group during the Reporting Periods.

The information set forth in this appendix does not form part of the Accountants' Reports received from KPMG, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, as set forth in Appendix II to this circular, and is included herein for illustrative purposes only.

The Unaudited Pro Forma Financial Information should be read in conjunction with the financial information of the Group set forth in Appendix I and the Accountants' Reports set forth in Appendix II to this circular.

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

A. INTRODUCTION

The following is an unaudited pro forma consolidated statement of assets and liabilities (the "**Unaudited Pro Forma Financial Information**") of Miramar Hotel and Investment Company, Limited (the "**Company**") and its subsidiaries (collectively the "**Group**"), as enlarged by the Target Group, which has been prepared on the basis of the notes set out below and in accordance with Paragraph 4.29 of the Listing Rules for the purpose of illustrating the effects of the proposed acquisition of 100% equity interest in, and all the amount owing to Kinsford International Limited (the "**Vendor**") by, Solution Right Limited (the "**Target Company**") by Mira HK Holdings Limited, which is a wholly-owned subsidiary of the Company (the "**Purchaser**") (the "**Proposed Acquisition**") on the Group's assets and liabilities, as if the Proposed Acquisition had taken place on 30 June 2024.

The Unaudited Pro Forma Financial Information has been prepared based on (1) the unaudited consolidated statement of financial position of the Group as at 30 June 2024, which has been extracted from the Company's interim report for the six months ended 30 June 2024; and (2) the audited consolidated statement of financial position of the Target Company and its subsidiaries (the "**Target Group**") as at 31 October 2024, which has been extracted from the Accountants' Report of the Target Group set out in Appendix II to this circular, after making pro forma adjustments as summarised in the accompanying notes that are factually supportable and directly attributable to the Proposed Acquisition.

The Group and the Target Group are collectively referred to as the "Enlarged Group".

The Unaudited Pro Forma Financial Information has been prepared by the Directors of the Company for illustrative purposes only and is based on a number of assumptions, estimations and uncertainties. Because of its hypothetical nature, it may not give a true picture of the financial position of the Enlarged Group had the Proposed Acquisition been completed on 30 June 2024 or any future dates.

The Unaudited Pro Forma Financial Information should be read in conjunction with the historical financial information of the Group as set out in the published interim report of the Group for the six months ended 30 June 2024, the Accountants' Reports on the financial information of the Target Group as set out in Appendix II to this circular, and other financial information included elsewhere in this circular.

B. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES OF THE ENLARGED GROUP

	The Group	The Target Group	Other pro forma adjustments				The Enlarged Group
	At 30 June 2024	At 31 October 2024					At 30 June 2024
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 2)*	*(Note 3)*	*(Note 4)*	*(Note 5)*	*(Note 6)*	
Investment properties	15,092,083	1,624,788	—	—	(1,624,788)	—	15,092,083
Other property, plant and equipment	278,862	—	—	—	1,624,788	—	1,903,650
	15,370,945	1,624,788	—	—	—	—	16,995,733
Interest in associates	1,224	—	—	—	—	—	1,224
Equity securities designated at fair value through other comprehensive income	430,737	—	—	—	—	—	430,737
Deferred tax assets	16,297	—	—	—	—	—	16,297
	15,819,203	1,624,788	—	—	—	—	17,443,991
Current assets							
Inventories	114,490	—	—	—	—	—	114,490
Trade and other receivables	290,229	134,010	—	—	—	—	424,239
Financial assets measured at fair value through profit or loss	404,268	—	—	—	—	—	404,268
Cash and bank balances	5,794,472	—	(1,039,346)	—	—	—	4,755,126
Tax recoverable	1,032	—	—	—	—	—	1,032
	6,604,491	134,010	(1,039,346)	—	—	—	5,699,155
Current liabilities							
Trade and other payables	(632,421)	(565)	—	—	—	(4,910)	(637,896)
Rental deposits received	(79,472)	—	—	—	—	—	(79,472)
Contract liabilities	(162,512)	—	—	—	—	—	(162,512)
Lease liabilities	(45,431)	—	—	—	—	—	(45,431)
Tax payable	(67,322)	—	—	—	—	—	(67,322)
	(987,158)	(565)	—	—	—	(4,910)	(992,633)
Net current assets	5,617,333	133,445	(1,039,346)	—	—	(4,910)	4,706,522
Total assets less current liabilities	21,436,536	1,758,233	(1,039,346)	—	—	(4,910)	22,150,513
Non-current liabilities							
Deferred liabilities	(171,393)	—	—	—	—	—	(171,393)
Lease liabilities	(66,078)	—	—	—	—	—	(66,078)
Deferred tax liabilities	(340,227)	—	—	—	—	—	(340,227)
Amount due to an ultimate holding company	—	—	(584,892)	(133,995)	—	—	(718,887)
Amount due to an intermediate holding company	—	(2,453,491)	2,453,491	—	—	—	—
	(577,698)	(2,453,491)	1,868,599	(133,995)	—	—	(1,296,585)
NET ASSETS/(LIABILITIES)	20,858,838	(695,258)	829,253	(133,995)	—	(4,910)	20,853,928

C. NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

1. The amounts are extracted from the unaudited consolidated statement of financial position of the Group at 30 June 2024 as set out in the published interim report of the Group for the six months ended 30 June 2024.

2. The amounts are extracted from the Accountants' Report on the Target Group at 31 October 2024 as set out in Appendix II to this circular.

3. Pursuant to the sale and purchase agreement dated 15 January 2025 (the "**S&P Agreement**"), the Purchaser has conditionally agreed to acquire from the Vendor: (a) the entire of the aggregate amount outstanding and owing by the Target Company to the Vendor at completion of the Proposed Acquisition (the "**Sale Loan**"); and (b) the entire issued share capital of the Target Company, for an initial consideration of HK$3,120,000,000, subject to adjustment. The completion of the Proposed Acquisition ("**Completion**") is dependent on the fulfilment of certain conditions including, among others, the approval from the independent shareholders of the Company.

   (i) The Sales Loan to be assigned by the Vendor to the Purchaser, as if the Proposed Acquisition had taken place on 30 June 2024, is estimated to be HK$2,453,491,000, being the amount due from the Target Group to the Vendor as at 31 October 2024 as extracted from the Accountants' Report set out in Appendix II to this circular.

   (ii) The total consideration for the Proposed Acquisition, as if it had taken place on 30 June 2024, is as follows:

	HK$'000
Initial consideration	3,120,000
Less: adjustment on Completion *(note)*	(550)
Total consideration	3,119,450

Note: Pursuant to the S&P Agreement, the total consideration is HK$3,120,000,000, plus or minus any adjustment(s) based on the Completion NAV of the Target Group. Completion NAV represents the amount equivalent to the total consolidated assets of the Target Group (excluding the value of the Target Property, the prepaid building order costs, the prepaid stamp duty and any deferred tax assets) minus the total consolidated liabilities of the Target Group (excluding the Sale Loan and any deferred tax liabilities) as at the date of Completion. The Completion NAV, if the Proposed Acquisition had taken place on 30 June 2024, would be amounted to HK$550,000.

Pursuant to the S&P Agreement, the Group had paid HK$312,000,000 to the Vendor as deposit on 15 January 2025, and the additional amount payable by the Group upon Completion is estimated to be HK$727,346,000 (being 23.33% of the initial consideration, adjusted by the estimated Completion NAV). If the Proposed Acquisition had taken place on 30 June 2024, this would result in an adjustment of HK$1,039,346,000 to the Enlarged Group's cash and bank balances.

(iii) The remaining consideration of HK$2,080,104,000 (subject to adjustment) will be settled subsequent to the date of Completion in accordance with the terms of the S&P Agreement. Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company.

Pursuant to the S&P Agreement, the Target Group's property, comprising the Remaining Portion of Section B of Kowloon Inland Lot No 6022 and the composite building of 10 storeys with an additional roof floor erected thereon now known as "Champagne Court (香檳大廈)" at No.16 Kimberley Road, Kowloon, Hong Kong (the "**Target Property**"), will not be handed over to the Group at Completion. Instead, the Vendor will procure the demolition and redevelopment of the Target Property into a new hotel (the "**Redevelopment**") on or before the expiry of 48 months after the issuance of the written acknowledgement of completion of demolition works in respect of the existing building(s) and structure(s) erected on the Target Property by the Building Authority (subject to extension) (the "**Latest Handover Date**").

Given that vacant possession of the Target Property will not be delivered to the Group at Completion, if the Proposed Acquisition had taken place on 30 June 2024, this would result in an amount due to the ultimate holding company of HK$584,892,000 which is calculated by (a) the carrying value of the Target Property of HK$1,624,788,000 minus (b) the difference of HK$1,039,896,000 between the gross development value of the Target Property of HK$3,120,000,000 and the remaining consideration of HK$2,080,104,000.

4. As at 31 October 2024, the Target Group had prepaid stamp duty of approximately HK$133,062,546. Pursuant to the S&P Agreement, the Group shall pay to the Vendor an amount equivalent to the Stamp Duty Refund within 60 days after the Group or any member of the Target Group receives such Stamp Duty Refund from the Inland Revenue Department.

As at 31 October 2024, Far Union had paid the Prepaid Building Order Costs of HK$932,000 to the Trustee's solicitors as stakeholders. Pursuant to the S&P Agreement, the Group shall pay to the Vendor an amount equivalent to the refund of the Prepaid Building Order Costs (or the balance thereof) received from the Trustee's solicitors within 30 days after the actual receipt of the same by the Purchaser or any member of the Target Group.

The adjustment represents the estimated aggregate amount of the Stamp Duty Refund and the refund of Prepaid Building Order Costs payable by the Group to the Vendor assuming that the entire prepaid stamp duty and Prepaid Building Order Costs has been received by the Group from the relevant authority or entity at 30 June 2024.

5. As mentioned in Note 3, the Target Property will be demolished and redeveloped into a new hotel by the Latest Handover Date, which will be operated by the Group after being handed over to the Group pursuant to the S&P Agreement. Accordingly, the carrying amount of Target Property is reclassified from "investment properties" to "property, plant and equipment".

6. The adjustment represents estimated transaction costs directly attributable to the Proposed Acquisition (including fees to legal advisers, independent financial advisers, reporting accountants, valuer, printer and other expenses).

7. No other adjustments have been made to the Unaudited Pro Forma Financial Information to reflect any trading results or other transactions entered into by the Enlarged Group subsequent to 30 June 2024.

The following is the text of a report received from the reporting accountants, KPMG, Certified Public Accountants, Hong Kong, in respect of the Group's pro forma financial information for the purpose in this circular.

KPMG

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

TO THE DIRECTORS OF MIRAMAR HOTEL AND INVESTMENT COMPANY, LIMITED

We have completed our assurance engagement to report on the compilation of pro forma financial information of Miramar Hotel and Investment Company, Limited (the "**Company**") and its subsidiaries (collectively the "**Group**") by the directors of the Company (the "**Directors**") for illustrative purposes only. The pro forma financial information consists of the unaudited pro forma consolidated statement of financial position as at 30 June 2024 and related notes as set out in Appendix IV to the circular dated 12 March 2025 (the "**Circular**") issued by the Company. The applicable criteria on the basis of which the Directors have compiled the pro forma financial information are described in Appendix IV to the Circular.

The pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed acquisition of 100% equity interest in, and all the amount owing to Kinsford International Limited by, Solution Right Limited by Mira HK Holdings Limited, which is a wholly-owned subsidiary of the Company (the "**Proposed Acquisition**") on the Group's financial position as at 30 June 2024 as if the Proposed Acquisition had taken place at 30 June 2024. As part of this process, information about the Group's financial position as at 30 June 2024 has been extracted by the Directors from the interim report of the Company for the six months ended 30 June 2024, on which a review report has been published.

Directors' Responsibilities for the Pro Forma Financial Information

The Directors are responsible for compiling the pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("**AG 7**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management 1 "Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements", which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements ("**HKSAE**") 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the pro forma financial information in accordance with paragraph 4.29 of the Listing Rules, and with reference to AG 7 issued by the HKICPA.

For purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on the unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions at 30 June 2024 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the pro forma financial information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group, and

(c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

KPMG
Certified Public Accountants
Hong Kong

12 March 2025

The following is the text of a valuation report prepared for the purpose of incorporation in this circular received from Colliers International (Hong Kong) Limited, the Independent Property Valuer, in connection with its opinion of the value of the Target Property as of 10 January 2025.

Suite 5701, Central Plaza
18 Harbour Road Wanchai
Hong Kong
+852 2822 9888
colliers.com

Colliers International
(Hong Kong) Limited
Company Licence
No: C-006052

Our Ref: CIP2401511 (24-2994)

12 March 2025

Miramar Hotel and Investment Company, Limited
15/F, Mira Place Tower A
132 Nathan Road
Tsim Sha Tsui
Kowloon
Hong Kong

Dear Sirs,

Re: Valuation of Champagne Court, No. 16 Kimberley Road, Kowloon, Hong Kong (The Remaining Portion of Section B of Kowloon Inland Lot No. 6022) (the "Property")

TERMS OF ENGAGEMENT

We refer to the instruction received from Miramar Hotel and Investment Company, Limited (the "Company") requiring us to conduct an assessment of the Gross Development Value of the proposed development at the Property ("GDV"). We confirm that we have carried out inspection, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the GDV, as at 10 January 2025 (the "Valuation Date") for public disclosure purpose in relation to the acquisition of the Property.

VALUATION STANDARDS

Our assessment is prepared in strict accordance with the HKIS Valuation Standards 2024 published by The Hong Kong Institute of Surveyors ("HKIS") and the latest edition of RICS Valuation — Global Standards published by the Royal Institution of Chartered Surveyors ("RICS"), adopting and applying the latest edition of International Valuation Standard Council (IVSC) valuation standards, if applicable. Unless otherwise stated, our valuations are undertaken as External Valuers as defined in the relevant Valuation Standards. We have also complied with the requirements contained in Chapter 5 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

VALUATION BASIS

Gross Development Value

The estimated gross development value is the aggregate capital value of the Property assuming completion of construction as at the valuation date at current price. Our assessment of the estimated gross development value is also made on the basis of market value being applied to the completed units.

Market Value

Our valuation of the property interest is made on the basis of Market Value as defined by IVSC and adopted by HKIS and RICS, which is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

We would point out that the valuation presented in this report represent 100% interest of the Property and not the shareholdings within by the Company or its related, associated or subsidiary companies.

Colliers International (Hong Kong) Limited is regulated by the RICS and all necessary investigations, inspections, and other work carried out for the purpose of this assignment will meet its standards. The RICS monitors regulated firms under its Conduct and Disciplinary regulations. For your further information, Colliers International (Hong Kong) Limited maintains a complaint handling procedure, a copy of which is available on request. The Valuation and Advisory Services Department of Colliers International (Hong Kong) Limited is accredited by Lloyd's Register Quality Assurance Limited under ISO 9001:2015.

VALUATION ASSUMPTIONS

Our valuation of the Property has been made on the following assumptions:

- No allowance has been made in our report for any charges, mortgages or amounts owing on any of the property interest valued nor for any expenses or taxation which may be incurred in effecting a sale. We have assumed that the Property is free from and clear of any and all charges, liens and encumbrances of an onerous nature likely to affect value.

- It is assumed that any land premium or other fees payable for the acquisition, transfer, sale, letting or mortgage of the Property have been fully paid and settled.

- We have assumed proper title has been obtained, and the Property and the interest valued therein can be freely transferred, mortgaged and let in the market.

- We have assumed that the owner has free and uninterrupted rights to use the Property for the whole of the unexpired term of the government lease and/or land grant, in accordance with the terms of the lease/or the land grant.

- We are not aware of any easements or rights of way affecting the Property and have assumed that none exists.

- We have assumed that all information, estimates and opinions furnished to us and contained in this report including all information provided by the Company, are true and correct, fit for valuation purposes, and from reliable sources. We can assume no responsibility for accuracy.

- We have not carried out any detailed site measurements to verify the correctness of areas, nor have we tested any of the services and facilities. We have assumed that the areas shown on the documents provided to us are correct and that the services and facilities are in good working order.

- We have assumed that the Property is free from any contamination and environmental problems or hazards.

- We have assumed that the Property has been constructed, occupied and used in full compliance with, and without contravention of, all relevant laws, ordinances and statutory requirements.

- We have assumed that for any use of the Property upon which this valuation report is based, any and all required licences, permits, certificates, and authorisations have been obtained and are ordinarily renewable.

- We have assumed that the Property is structurally sound, in a good state of repair and maintained in a condition fit for purpose.

- We have assumed that the proposed development scheme could be approved and that the Property could be developed in accordance with the proposed scheme.

VALUATION APPROACHES AND METHODS

We have valued the Property using the income approach, and cross-referenced by the market approach.

The market approach provides an indication of value by comparing the subject asset with identical or similar assets for which price information is available. In analysing such sales, which qualify as arm's length transactions between willing buyers and sellers, adjustments are made to reflect differences between the comparables and the subject of this valuation in matters such as transaction dates, size, location, quality, age and amenities and any other relevant factors, to assess the value of the subject asset. This approach is commonly used to value assets where reliable sales evidence is available.

The income approach provides an indication of value by converting future cash flows to a single current capital value. In our analysis, we have considered the potential revenue generated by the retail, back of house/function room, hotel and car parking portions of the proposed development.

MEASUREMENTS

All area measurements have been carried out in accordance with the "Code of Measuring Practice" booklet published by the HKIS. We declare our departure from the "RICS property measurement" published by RICS in May 2015 in order to suit the local practice. Unless otherwise stated, we have not conducted on-site area measurements of the Property or verified the floor areas provided to us, unless we specifically agree in writing to do so, although we make reference to the registered floor plans if available.

INSPECTIONS, INVESTIGATIONS AND SOURCES OF INFORMATION

External inspection of the Property and the surrounding environment, befitting this valuation, was undertaken by Ms. Vienne So, MHKIS, Manager of our department on 16 January 2025.

We have obtained relevant information available from public domain including the Land Registry, the Rating and Valuation Department and the Buildings Department and have accepted advice given to us on matters such as statutory notices, planning approvals, easements, floor plans, floor areas, tenure, particulars of occupancy and all other relevant matters. We have assumed that all information provided to us is correct. However, should it be established subsequently that the details relating to the property interest are incorrect, we reserve the right to adjust the value reported herein.

We have also been advised by the Company that no material factors or information have been omitted or withheld from the information supplied and consider that we have been provided with sufficient information to reach an informed view. We believe that the assumptions used in preparing our valuation are reasonable and have had no reason to doubt the truth and accuracy of the information provided to us by the Company which is material to the valuation.

No on-site measurements have been taken to verify the correctness of site areas. We have assumed that the site areas shown on documents provided to/obtained by us are correct.

No structural or environmental surveys have been carried out. Services and facilities have not been tested.

We have made enquiries at the Land Registry for the Property, but we have not searched the original documents nor verified the existence of any amendments, which do not appear in the documents available to us.

All legal documents disclosed in this letter and the valuation particulars are for reference only. No responsibility is assumed for any legal matters concerning the legal titles to the Property set out in this letter and the valuation particulars.

PLANT AND MACHINERY

Our valuation normally includes all plant and machinery that form part of the building services installations. However, plant, machinery and equipment, which may have been installed wholly in connection with the occupier's industrial and commercial uses, together with furniture and furnishings, tenant's fixtures and fittings, are excluded in our valuation.

CURRENCY

All monetary figures stated in this report are in Hong Kong dollars (HKD).

THE VALUERS

The valuation has been prepared by Mr. Eric Tsang, Senior Director and assisted by Ms. Vienne So, Manager under the supervision of Ms. Dorothy Chow, Executive Director of our department.

Ms. Dorothy Chow is a fellow of the Royal Institution of Chartered Surveyors, a fellow of the Hong Kong Institute of Surveyors and a Registered Professional Surveyor (General Practice) under the Surveyors Registration Ordinance (Cap. 417) in the Hong Kong Special Administrative Region. Mr. Eric Tsang is a member of the Royal Institution of Chartered Surveyors, a member of the Hong Kong Institute of Surveyors and a Registered Professional Surveyor (General Practice) under the Surveyors Registration Ordinance (Cap. 417) in the Hong Kong Special Administrative Region. Ms. Vienne So is a member of the Hong Kong Institute of Surveyors. The valuers are suitably qualified to carry out the valuation and have sufficient experience in the valuation of properties of this magnitude and nature.

Neither the valuers nor Colliers International (Hong Kong) Limited are aware of any pecuniary or other conflict of interest that would affect their ability to give an unbiased and objective opinion of the value of the Property.

CAVEATS

This report is for public disclosure purpose in relation to the acquisition of the Property only. Neither the whole nor any part of this report nor any reference thereto may be included in any document, circular or statement without written consent of Colliers International (Hong Kong) Limited of the form and context in which it will appear.

Our valuation of the Property is set out in the Valuation Particulars attached hereto, which together with this covering letter, form our valuation report.

Yours faithfully,
For and on behalf of
Colliers International (Hong Kong) Limited
Dorothy Chow
MSc FRICS FHKIS MCIREA R.P.S. (GP)
Head of Valuation and Advisory Services

Note: Ms. Dorothy Chow, FRICS FHKIS MCIREA RPS(GP), is a qualified general practice surveyor and has over 26 years of experience in the valuation of properties in Hong Kong.

VALUATION PARTICULARS

Property	Description and Tenure	Particulars of Occupancy	Gross Development Value of Property as at 10 January 2025
Champagne Court, No. 16 Kimberley Road, Tsim Sha Tsui, Kowloon, Hong Kong The Remaining Portion of Section B of Kowloon Inland Lot No. 6022 (KIL 6022 s.B RP) (the "Lot")	The Property is located at the southern side of Kimberley Road, in the section of Kimberley Road between its junction with Nathan Road and its junction with Carnarvon Road in Tsim Sha Tsui. The Property is currently a 10-storey commercial cum residential composite building with an additional roof floor completed in 1957. As advised by the Company, the Property will be redeveloped into a 23-storey hotel cum commercial complex erected above two basement storeys for car park. As per the general building plans approved on 30 September 2024 under Reference No. BD 2/4037/21 provided by the Company, the total Gross Floor Area ("GFA") of the proposed development is about 137,885 sq. ft. (12,809.97 sq. m.). There will be retail floors on G/F to 1/F, a reception lobby and shop area on 2/F, function rooms and back of house from 3/F to 10/F, and 99 hotel guestrooms from 11/F to 26/F (4/F, 13/F, 14/F and 24/F are omitted from the floor numbering).	It is fully vacant as at the date of inspection on 16 January 2025.	HKD3,120,000,000 (Hong Kong Dollars Three Billion One Hundred and Twenty Million)

Property	Description and Tenure	Particulars of Occupancy	Gross Development Value of Property as at 10 January 2025
	There will be 3 passenger lifts and a fireman's lift serving the Property from B2/F to 26/F, a common staircase serving from G/F to the roof and a common staircase serving from B1/F to the roof. In addition, there will be a common staircase connecting from B1/F to 9/F, a common staircase connecting from B1/F to 1/F, a staircase connecting from B2/F to G/F, a staircase connecting from B2/F to B1/F and another staircase connecting from B1/F to G/F. The basement car park will be accessible via a ramp serving from B2/F to G/F. The Property will comprise 21 private car parking spaces, 2 motor parking spaces, 3 loading/unloading spaces, 2 lay-bys for taxi and private car and 1 lay-by for single-deck tour bus. The lease site area of the Property is approximately 12,283 sq. ft. (1,141.12 sq. m.). The Property is held under Conditions of Re-grant No. 4371 for a term of 150 years commencing from 24 June 1889. The Lot is subject to an annual Government rent of HK$282.	—	—

Notes:

(1) The ownership particulars of the Property and interest valued are as follows:

Lot Numbers	:	The Remaining Portion of Section B of Kowloon Inland Lot No. 6022
Lease Terms	:	Held under Conditions of Re-grant No. 4371 for a term of 150 years commencing from 24 June 1889.
Registered Owner	:	Far Union Investment Limited By Assignment dated 7 February 2024, registered vide Memorial No. 24022801500038 at a consideration of HK$1,728,000,000
Occupation Permits	:	No. ND8K/57 dated 11 January 1957 ("... lower ground floor, ground floor and 1st floor of a building at Kimberley Road on KIL 6022 s. B. ... Permission is hereby granted to occupy and use the building for non-domestic purposes.") No. D5K/57 dated 11 January 1957 ("... 2nd – 8th floors of a building at Kimberley Road on KIL 6022 s. B. ... Permission is hereby granted to occupy and use the building for domestic purposes.") No. ND7K/57 dated 11 January 1957 ("... transformer house of a building at Kimberley Road on KIL 6022 s. B. ... Permission is hereby granted to occupy and use the building for non-domestic purposes.") No. K8/57 dated 21 February 1957 ("... new building at Kimberley Road on KIL 6022 s. B. ... Permission is hereby granted to occupy and use the building/buildings for the purposes stated hereunder. (1) Upper Floors for domestic purposes; (2) Ground Floor and Lower Ground Floor for non-domestic purposes.") No. K3/58 dated 2 January 1958 ("... new building at Carnarvon Road and Kimberley Road on KIL 6022 s. B. ss. 1 ... Permission is hereby granted to occupy and use the building for the purpose stated hereunder. Additional storey for domestic purposes")
Deed of Mutual Covenant	:	**All Units** Deed of Mutual Covenant dated 1 July 1957 vide Memorial No. UB263268 **Unit A, Unit B, Unit C, Unit D and Unit E on Ground Floor** Sub-deed of Mutual Covenant dated 2 June 1997 vide Memorial No. UB7135573

Major Encumbrances

Government Notice	:	Government Notice No. 2676 of 1970 Pursuant to Section 22(1) of the Crown Rent and Premium (Apportionment) Ordinance dated 24 December 1970 vide Memorial No. UB781094 Government Notice No. 2497 of 1981 Pursuant to Section 22(2) of the Crown Rent and Premium (Apportionment) Ordinance dated 21 August 1981 vide Memorial No. UB2127419
Building Orders*	:	**All units** Superseding Order No. DR00216/K/13 by the Building Authority under s.28(3) of the Buildings Ordinance with plan (for common parts only) dated 5 July 2013 vide Memorial No. 13072501410036 Notification Letter of Completion of Works (Order No. DR00216/K/13) dated 27 March 2024 vide Memorial No.24061900390250 (It was set out that the required works in relation to Order No. DR00216/K/13 were completed by the Government and the cost for the remedial works plus supervision charges and surcharge shall be recoverable from the owner(s) of the Property.) Notice No. UMB/MB111201-002/0001 by the Building Authority under s.30B(3) of the Buildings Ordinance (for common parts only) dated 30 April 2013 vide Memorial No. 18092702590026 Order No. C/M2/001503/14/K under Section 24 (1) of the Buildings Ordinance with Plan by the Building Authority for common part(s) only dated 11 July 2014 vide Memorial No. 14072401220066 **1st Floor** Order No. C/TF/001241/17/K by the Building Authority under s.24(1) of the Buildings Ordinance dated 9 May 2017 vide Memorial No. 17060100750398 **Apartment A on 2nd Floor** Order No. C/DC/1357/99/K by the Building Authority under s.24(1) of the Buildings Ordinance dated 5 November 1999 vide Memorial No. UB7981113 **Apartment B on 2nd Floor** Order No. C2634/92/K by the Building Authority under s.24(1) of the Buildings Ordinance dated 2 September 1992 vide Memorial No. UB5495784 and UB5504966 Letter of Withdrawal dated 30 August 2006 vide Memorial No. 06110101840065 (It was set out in the Letter of Withdrawal in relation to the above Order No. C2634/92/K that the remaining building works comprising a structure on and over the flat roof of the unit are still illegal.)

Apartment F on 8th Floor
Superseding Order No. C/TF/000480/16/K by the Building Authority under s.24(1) of the Buildings Ordinance dated 11 March 2016 vide Memorial No. 16032400570129

Parking Lot No. 1 on Lower Ground Floor
Order No. C/M2/001504/14/K by the Building Authority under s.24(1) of the Buildings Ordinance dated 11 July 2014 vide Memorial No. 14072401220073

Parking Lot No. 2 on Lower Ground Floor
Order No. C/M2/001505/14/K by the Building Authority under s.24(1) of the Buildings Ordinance dated 11 July 2014 vide Memorial No. 15043001140114

Parking Lot No. 3 on Lower Ground Floor
Order No. C/M2/001506/14/K by the Building Authority under s.24(1) of the Buildings Ordinance under s.24(1) of the Buildings Ordinance dated 11 July 2014 vide Memorial No. 14072401220084

Parking Lot No. 4 on Lower Ground Floor
Order No. C/M2/001507/14/K by the Building Authority under s.24(1) of the Buildings Ordinance dated 11 July 2014 vide Morial No. 14072401220090

* Remarks: The Building Orders are applicable to the existing building only. As advised by the Company's legal advisor, the Building Orders shall no longer constitute encumbrances on the Property upon demolition of the existing building, save and except the Superseding Order No. DR00216/K/13 issued by the Building Authority dated 5 July 2013 as the relevant costs for the completed remedial works etc. shall be recoverable by the Government. Our valuation is based on redevelopment basis in accordance with the proposed development scheme provided by the Company.

(2) The Property falls within an area zoned as "Commercial (6)" under the Tsim Sha Tsui Outline Zoning Plan No. S/K1/28 approved on 13 December 2013.

(3) Under the town planning restriction, no new development, or addition, alteration and/or modification to or redevelopment of an existing building shall result in a total development and/or redevelopment in excess of a maximum plot ratio of 12.0 and a maximum building height of 110mPD, or the plot ratio and the height of the existing building, whichever is the greater. A minimum of 1.5m wide non-building area from the lot boundary abutting areas shown as 'Road' on the Plan, except Chatham Road South and Nathan Road, shall be provided.

(4) Whilst the whole of the land grant document should be noted, the following salient condition stipulated in the document is of particular relevance.

Special Condition (d): *"The design of the exterior elevations and the dispositions and height of any building to be erected on the lot shall be subject to the special approval of the Building Authority."*

(5) In the income approach, we have assessed the potential rental income derived from each of the following portions (i) retail, (ii) back of house/function room, (iii) hotel, and (iv) car parking spaces. This assessment references the rental levels of respective market comparables within the Tsim Sha Tsui district. The rental income is then capitalized at a capitalization rate of 4.90% to determine the Gross Development Value of the Property. This capitalization rate is based on four recent en bloc commercial sales transactions from the second half of 2024, with market yields ranging from 2.8% to 4.1%. Given the differences in the operation modes between hotel developments and other commercial developments, we are of the opinion that a capitalisation rate at 4.90% is reasonable to reflect the higher expected returns from the Property. The details of these transactions are listed in Note (6) below.

The following rental assumptions have been adopted in our valuation:

(i) Retail (G/F to 2/F)

HK$47 per sq. ft. per month on GFA basis

(ii) Back of house/function room (3/F to 9/F)

HK$61 per sq. ft. per month on GFA basis

(iii) Hotel (11/F to 26/F)

Average daily room rate: HK$2,795

(iv) Car Parking Spaces (B1/F to B2/F)

Private car parking space: HK$5,000 per space per month

Motor parking space: HK$800 per space per month

Light goods vehicle parking space: HK$5,500 per space per month

(6) In the market approach, given the lack of recent en bloc hotel transactions of similar development scale and location, we have identified commercial properties transactions conducted during the six months ended 31 December 2024 across various major business districts in Hong Kong for references. The comparables are collected exhaustively, to the best of our knowledge.

The unit rates of the selling prices in these comparable transactions ranged from HK$10,913 to HK$17,866 per sq. ft. on GFA basis. Comparable 3 below, which has the lowest gross unit rate of HK$10,913 per sq. ft. among the comparables, is a distressed sale under receivership. While it is difficult to make adjustments to reflect the difference in usages and locations between the comparables and the Property, we consider the Property is in general superior to the comparables in terms of location and quality thereby justifying a higher unit rate.

The details of the comparables are as follows:

	Comparable 1	Comparable 2
Property	Queen's Road Centre	Bonham Majoris
Address	No. 152 Queen's Road Central	Nos. 40–44 Bonham Strand
District	Central	Sheung Wan
Property Type	Office/Retail	Office/Retail
Year Built	2020	1998
GFA (sq. ft.)	60,450	73,834
Transaction Date	December 2024	November 2024
Consideration (HKD)	1,080,000,000	1,298,000,000
Gross Unit Rate (HKD/sq. ft.)	17,866	17,580
Estimated Market Yield	3.60%	2.80%

	Comparable 3	Comparable 4
Property	Cheung Kei Center	250 Hennessy
Address	No. 18 Hung Luen Road	No. 250 Hennessy Road
District	Hung Hom	Wan Chai
Property Type	Office/Retail/Car park	Office/Retail/Car park
Year Built	2016	1999
GFA (sq. ft.)	242,840	54,961
Transaction Date	November 2024	September 2024
Consideration (HKD)	2,650,000,000	608,000,000
Gross Unit Rate (HKD/sq. ft.)	10,913	11,062
Estimated Market Yield	4.10%	3.50%

	Comparable 5
Property	MU88
Address	Nos. 84–102 Wuhu Street
District	Hung Hom
Property Type	Hotel
Year Built	2022
GFA (sq. ft.)	66,400
Transaction Date	June 2024
Consideration (HKD)	1,000,000,000
Gross Unit Rate (HKD/sq. ft.)	15,060
Estimated Market Yield	N/A (Self-use)

(7) We have not been provided with the specific estimated completion date; However, the Property is subject to Schedule 3 of the Land (Compulsory Sale for Redevelopment) Ordinance (Cap. 545 of the Laws of Hong Kong) which stipulates that the redevelopment shall be completed and made fit for occupation within six years from the date the purchaser became the owner of the lot, as specified by the Lands Tribunal in the order for sale.

(8) We have not been provided with the estimated cost for carrying out the development and information for any construction costs incurred up to the effective date as at which the property was valued.

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 in the Company or its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which (a) 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 were taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by the Directors of Listed Issuers (the "**Model Code**"), to be notified to the Company and the Stock Exchange, were as follows:

Ordinary Shares

Long Positions

Name of Company	Name of Director	Personal Interests (shares)	Family Interests (shares)	Corporate Interests (shares)	Other Interests (shares)	Percentage of total issued shares
the Company	Dr LEE Ka Shing	—	—	—	345,999,980 *(note 2)*	50.08%
	Mr Richard TANG Yat Sun	150,000	—	13,490,280 *(note 3)*	—	1.97%
	Dr Patrick FUNG Yuk Bun	—	—	—	10,356,412 *(note 4)*	1.50%
	Mr Dominic CHENG Ka On	9,329,568	4,800	—	—	1.35%
	Mr Thomas LIANG Cheung Biu	—	2,218,000 *(note 5)*	—	—	0.32%

Name of Company	Name of Director	Personal Interests (shares)	Family Interests (shares)	Corporate Interests (shares)	Other Interests (shares)	Percentage of total issued shares
Henderson Development	Dr LEE Ka Shing	—	—	—	8,190 (Ordinary A Shares) *(notes 6 & 7)*	100%
	Dr LEE Ka Shing	—	—	—	3,510 (Non-voting B Shares) *(note 7)*	100%
	Dr LEE Ka Shing	—	—	—	15,000,000 (Non-voting Deferred Shares) *(note 7)*	30%
Henderson Land	Dr LEE Ka Shing	—	—	—	3,509,782,778 *(note 7)*	72.50%
	Mr Thomas LIANG Cheung Biu	—	1,019,968 *(note 8)*	—	—	0.02%
Henderson Investment Limited	Dr LEE Ka Shing	—	—	—	2,110,868,943 *(note 9)*	69.27%
Wealth Team Development Limited	Mr Norman HO Hau Chong	—	1 *(note 10)*	98 *(note 10)*	—	9.90%

Save as disclosed above, as at the Latest Practicable Date, none of the Directors, or the chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporation (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 were taken or deemed to have under such provisions of the 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, other than the deemed interests of Dr. Lee in the shares, underlying shares and debentures of the associated corporations of the Company which are solely derived from his deemed interests in Henderson Development, Henderson Land, Henderson Investment Limited and/or the Company and not from any separate personal interests of his own, in respect of which a waiver from strict compliance with the disclosure requirements under Rule 14.66(3), Rule 14A.70(14) and paragraph 38(1) of Appendix D1B of the Listing Rules has been applied to, and granted by the Stock Exchange.

(b) Substantial Shareholders and other persons' interests in Shares and underlying Shares

As at the Latest Practicable Date, so far as was known to any Director or chief executive of the Company, the following persons had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Ordinary Shares
Long Positions

Name of person	**Number of Shares held**	**Percentage of total issued Shares**
Substantial shareholders		
Dr LEE Shau Kee	345,999,980 *(note 1)*	50.08%
Dr LEE Ka Shing	345,999,980 *(note 2)*	50.08%
Rimmer (Cayman) Limited ("**Rimmer**")	345,999,980 *(note 6)*	50.08%
Riddick (Cayman) Limited ("**Riddick**")	345,999,980 *(note 6)*	50.08%
Hopkins (Cayman) Limited ("**Hopkins**")	345,999,980 *(note 6)*	50.08%
Henderson Development	345,999,980 *(note 7)*	50.08%
Henderson Land	345,999,980 *(note 7)*	50.08%
Aynbury Investments Limited ("**Aynbury**")	345,999,980 *(note 7)*	50.08%
Higgins Holdings Limited ("**Higgins**")	120,735,300 *(note 7)*	17.47%
Multiglade Holdings Limited ("**Multiglade**")	128,658,680 *(note 7)*	18.62%
Threadwell Limited ("**Threadwell**")	96,606,000 *(note 7)*	13.98%
Person other than substantial shareholders		
Mr CHONG Wing Cheong	68,910,652	9.97%

Notes:

(1) Dr Lee Shau Kee beneficially owned all the issued shares in Rimmer, Riddick and Hopkins. By virtue of the SFO, Dr Lee Shau Kee is taken to be interested in 345,999,980 Shares, which are duplicated in the interests described in Notes 2, 6 and 7.

(2) As a director of the Company and one of the discretionary beneficiaries of two discretionary trusts holding units in a unit trust ("Unit Trust") as described in Note 6, Dr Lee Ka Shing is taken to be interested in 345,999,980 Shares, which are duplicated in the interests described in Notes 1, 6 and 7, by virtue of the SFO.

(3) All these Shares were held through corporations in which Mr Richard Tang Yat Sun owned more than 30% of the issued shares.

(4) All these Shares were held by a unit trust of which Dr Patrick Fung Yuk Bun was one of the beneficiaries.

(5) These 2,218,000 Shares, of which 1,080,000 Shares were held by a trust of which Mr Thomas Liang Cheung Biu's spouse was one of the beneficiaries and the remaining of 1,138,000 Shares were held by his spouse.

(6) Rimmer and Riddick, trustees of different discretionary trusts, held units in the Unit Trust. Hopkins was the trustee of the Unit Trust which beneficially owned all the issued ordinary shares in Henderson Development. These 345,999,980 Shares are duplicated in the interests described in Notes 1, 2 and 7.

(7) Henderson Development had a controlling interest in Henderson Land which was the holding company of Aynbury. The 345,999,980 shares were beneficially owned by some of the subsidiaries of Aynbury, namely Higgins, Multiglade and Threadwell. These 345,999,980 Shares are duplicated in the interests described in Notes 1, 2 and 6.

(8) These 1,019,968 shares were owned by the spouse of Mr Thomas Liang Cheung Biu.

(9) As a director of the Company and one of the discretionary beneficiaries of two discretionary trust holding units in the Unit Trust, Dr Lee Ka Shing is taken to be interested in these shares by virtue of the SFO.

(10) These shares of which 98 shares were held through corporations in which Mr Norman Ho Hau Chong owned more than 30% of the issued shares and the remaining 1 share was held by his spouse.

(c) Directors' positions held in companies having discloseable interests

Save as disclosed below, as at the Latest Practicable Date, none of the Directors was a director or an employee of a company who had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of Director	Name of company	Title
Dr. LEE Ka Shing	Henderson Land	Chairman and Managing Director
	Henderson Development	Vice Chairman
	Rimmer	Director
	Riddick	Director
	Hopkins	Director
	Aynbury	Director
	Higgins	Director
	Multiglade	Director
	Threadwell	Director

Name of Director	Name of company	Title
Dr. Colin LAM Ko Yin	Henderson Land	Vice Chairman
	Henderson Development	Director
	Rimmer	Director
	Riddick	Director
	Hopkins	Director
	Aynbury	Director
	Higgins	Director
	Multiglade	Director
	Threadwell	Director
Mr. Wu King Cheong	Henderson Land	Independent non-executive director
Mr. Alexander Au Siu Kee	Henderson Land	Independent non-executive director

Save as disclosed above, as at the Latest Practicable Date, the Company was not notified by any persons (other than Directors or chief executive of the Company as discussed above) who had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. DIRECTORS' INTERESTS IN COMPETING BUSINESSES

The following Directors are considered to have interests in businesses which compete or are likely to compete with the businesses of the Group, other than those business where the Directors were appointed as directors to represent the interests of the Group, pursuant to the Listing Rules:

(a) Dr. Lee and Dr. Lam are also directors of Henderson Development and Henderson Land which, through their subsidiaries, are also engaged in the businesses of property investment and other related services.

(b) Dr. Lam, Mr. Eddie Lau Yum Chuen and Mr. Norman Ho Hau Chong are also directors of Hong Kong Ferry (Holdings) Company Limited ("**HK Ferry**"), the principal activities of this group include property development and property investment.

(c) Dr. Lee is also treated to have deemed interest in Henderson Development, Henderson Land and HK Ferry by virtue of the SFO.

As at the Latest Practicable Date, in so far as the Directors are aware, save as disclosed above, none of the Directors or their respective close associates (as defined in the Listing Rules) had any interest in a business which competes or is likely to compete with the business of the Group as if each of them was treated as a controlling Shareholder under Rule 8.10 of the Listing Rules.

4. DIRECTORS' SERVICE CONTRACTS

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

5. DIRECTORS' INTERESTS IN CONTRACTS OR ASSETS

As at the Latest Practicable Date, except for the S&P Agreement and the Transaction in which Dr. Lee is regarded as having a material interest as disclosed herein, there was no contract or arrangement subsisting in which any Director was materially interested and which was significant in relation to any business of the Enlarged Group.

As at the Latest Practicable Date, save as disclosed below, none of the Directors had any interest, either directly or indirectly, in any assets which have been since 31 December 2023 (being the date to which the latest published audited financial statements of the Group were made up) acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Enlarged Group:

(a) the confirmation of sub-lease dated 5 October 2022 entered into between Shahdan Limited, a wholly-owned subsidiary of the Company, as tenant and IFC Development Limited, an associate of Henderson Land, as landlord in respect of the leasing of certain units in ifc Mall (retail accommodation on Site R of Inland Lot No. 8898) in Hong Kong, details of which were disclosed in the announcement of the Company dated 5 October 2022;

(b) an offer to lease dated 20 May 2024 issued by Intelligent House Limited, an indirect wholly-owned subsidiary of Henderson Land, as landlord and accepted by Mira Moon Limited, a wholly-owned subsidiary of the Company, as tenant in relation to the leasing of Mira Moon Hotel, details of which were disclosed in the announcement of the Company dated 20 May 2024; and

(c) the Group Units were disposed of by the Group to Far Union, an indirect wholly-owned subsidiary of Henderson Land, pursuant to the Compulsory Sale at the consideration of approximately HK$190,050,000 and completion of such disposal took place on 7 February 2024. Subject to the satisfaction (or waiver, where applicable) of the Conditions, the entire issued share capital of Far Union will be indirectly acquired by the Group from the HLD Group pursuant to the S&P Agreement.

Since Dr. Lee, being a Director, through companies indirectly controlled by the private trusts of the family of Dr. Lee Shau Kee, is deemed to be interested in the shares in Henderson Land and Union Medical Centre Limited, Dr. Lee is regarded to have a material interest in all of the above transactions.

6. LITIGATION

As at the Latest Practicable Date, no member of the Enlarged Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against any member of the Enlarged Group.

7. QUALIFICATION AND CONSENTS OF EXPERTS

The following expert has been named in this circular or has given opinion or advice which are contained in this circular.

Name	Qualification
Altus Capital Limited	a corporation licensed to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO
KPMG	Certified public accountants
Colliers International (Hong Kong) Limited	an independent professional valuer

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

(a) has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and/or report (as the case may be) and references to its names, in the form and context in which they respectively appear;

(b) did not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any shares, convertible securities, warrants, options or derivatives, which carry voting rights in any member of the Group; and

(c) did not have any interest, either directly or indirectly, in any assets which have been since 31 December 2023 (being the date to which the latest published audited financial statements of the Group were made up) acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

8. MATERIAL CONTRACTS

As at the Latest Practicable Date, no member of the Enlarged Group had entered into any contracts (not being contracts in the ordinary course of business) within two years immediately preceding the Latest Practicable Date and are or may be material.

9. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Company (www.miramar-group.com) and the Stock Exchange (www.hkexnews.hk) from the date of this circular until 14 days thereafter:

(a) the S&P Agreement;

(b) the Deed of Undertaking;

(c) the Letter from the Board, the text of which is set out on pages 11 to 32 of this circular;

(d) the Letter from the Independent Board Committee, the text of which is set out on pages 33 to 34 of this circular;

(e) the Letter from the Independent Financial Adviser, the text of which is set out on pages 35 to 72 of this circular;

(f) the annual reports of the Company for the three years ended 31 December 2021, 31 December 2022 and 31 December 2023 and the interim report of the Company for the six months ended 30 June 2024;

(g) the accountants' report on the Target Group, the text of which is set out in Appendix II to this circular;

(h) the report on the unaudited pro forma financial information of the Enlarged Group upon Completion, the text of which is set out in Appendix IV to this circular; and

(i) the valuation report on the Target Property, the text of which is set out in Appendix V to this circular.

10. MISCELLANEOUS

(a) The company secretary of the Company is Mr. Lai Ho Man, Dickson, a Certified Public Accountant (Practising) of the Hong Kong Institute of Certified Public Accountants and a Certified Tax Adviser of the Taxation Institute of Hong Kong.

(b) The registered office of the Company is 15/F, Mira Place Tower A, 132 Nathan Road, Tsim Sha Tsui, Kowloon, Hong Kong.

(c) The share registrar of the Company is Computershare Hong Kong Investor Services Limited at Rooms 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.

(d) The English text of this circular shall prevail over its Chinese text in case of inconsistency.

MIRAMAR GROUP

MIRAMAR HOTEL AND INVESTMENT COMPANY, LIMITED

美麗華酒店企業有限公司

(incorporated in Hong Kong with limited liability)

(Stock Code: 71)

NOTICE IS HEREBY GIVEN THAT an extraordinary general meeting of Miramar Hotel and Investment Company, Limited (the "**Company**") will be held at The Ballroom, 18/F, The Mira Hong Kong, 118–130 Nathan Road, Tsim Sha Tsui, Kowloon, Hong Kong on Monday, 31 March 2025 at 3:00 p.m. (the "**EGM**") for the purpose of considering and, if thought fit, passing, with or without amendments, the following ordinary resolution:

ORDINARY RESOLUTION

"**THAT**:

(a) the S&P Agreement (a copy of which has been produced to the EGM and marked "A" and initialed by the chairman of the EGM for identification purpose) and the Transaction be and are hereby approved, confirmed and ratified; and

(b) any one Director, or any two Directors if the affixation of the common seal is necessary, be and is/are hereby authorised to do all such acts and things and to sign, execute and deliver all such documents, instruments, deeds and agreements for and on behalf of the Company as he/she/they may in his/her/their absolute discretion consider necessary, appropriate, desirable or expedient to give effect to or in connection with the S&P Agreement and the Transaction and all matters incidental or ancillary thereto."

By Order of the Board
LAI HO MAN, DICKSON
Company Secretary

Hong Kong, 12 March 2025

Registered Office:
15/F, Mira Place Tower A
132 Nathan Road
Tsim Sha Tsui
Kowloon
Hong Kong

Notes:

(1) Unless otherwise specified, capitalised terms used herein shall have the same meanings as those defined in the circular dated 12 March 2025 issued by the Company.

(2) At the EGM, the Chairman will exercise his power under Article 56 of the Articles of Association to put the above resolution to be voted by way of a poll.

(3) A Shareholder entitled to attend, speak and vote at the EGM is entitled to appoint one proxy or more proxies to attend and speak and on a poll, to vote instead of him at the EGM, and separate proxies may be appointed by a Shareholder to represent the respective number of shares held by the Shareholder as specified in the relevant proxy form. A proxy need not be a Shareholder. Form of proxy and the power of attorney or other authority, if any, under which it is signed (or a notarially certified copy of that power of attorney or authority) must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited (the "**Company's Registrar**") at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not less than 48 hours (excluding any part of a day that is a public holiday) before the time appointed for holding the EGM (i.e. at or before 3:00 p.m., Friday, 28 March 2025) or any adjournment or postponement thereof.

(4) For determining the entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Thursday, 27 March 2025 to Monday, 31 March 2025 (both days inclusive), during which period no transfer of Shares will be registered. In order to qualify for attending and voting at the EGM, unregistered holders of Shares should ensure that all transfer documents together with the relevant share certificates are lodged with the Company's Registrar at Rooms 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, for registration, no later than 4:30 p.m. on Wednesday, 26 March 2025.

(5) If a tropical cyclone warning signal no. 8 or above, or "extreme conditions" caused by a super typhoon, or black rainstorm warning signal is in force at any time between 1:00 p.m. to 3:00 p.m. on the day of the EGM, the EGM will be adjourned or postponed. The Company will post an announcement on the Company's website (www.miramar-group.com) and the HKEXnews website (www.hkexnews.hk) to notify Shareholders of the date, time and place of the adjourned or postponed meeting.

The EGM will be held as scheduled when an amber or a red rainstorm warning signal is in force. Shareholders should decide on their own whether they would attend the EGM under bad weather conditions bearing in mind their own situations.

(6) Please indicate in advance, not less than 1 week before the time appointed for holding the EGM, if Shareholders, because of disabilities, need special arrangements to participate in the EGM. Any such request should be made in writing to the Company's Registrar by post at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong or via online submission at https://www.computershare.com/hk/en/online_feedback. The Company will endeavour to make the necessary arrangements unless there is unjustifiable hardship in arranging for them.

(7) The Chinese translation of this notice is for reference only, and in case of any inconsistency, the English version shall prevail.

As at the date of this notice, (i) the executive directors of the Company are: Dr. Lee Ka Shing, Dr. Colin Lam Ko Yin, Mr. Richard Tang Yat Sun, Mr. Eddie Lau Yum Chuen and Mr. Norman Ho Hau Chong; (ii) the non-executive directors of the Company are: Dr. Patrick Fung Yuk Bun and Mr. Dominic Cheng Ka On; (iii) the independent non-executive directors of the Company are: Dr. Timpson Chung Shui Ming, Mr. Howard Yeung Ping Leung, Mr. Thomas Liang Cheung Biu, Mr. Wu King Cheong, Mr. Alexander Au Siu Kee, Mr. Benedict Sin Nga Yan and Ms. Wong Yeung Fong.