THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

MAGNIFICENT HOTEL INVESTMENTS LIMITED
華大酒店投資有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 201)

VERY SUBSTANTIAL DISPOSAL
DISPOSAL OF A SUBSIDIARY
AND
NOTICE OF EGM

Capitalised terms used in this cover page shall have the same meanings as those defined in the circular. A notice convening the EGM of the Company to be held at 10:00 a.m. (Hong Kong time) on Tuesday, 16 August 2022 at Conference Room, Basement, Best Western Plus Hotel Kowloon, 73-75 Chatham Road South, Tsim Sha Tsui Kowloon, Hong Kong is set out on pages 67 to 68 of this circular. Such form of proxy is also published on the website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk and the Company's website at www.magnificentestatesltd.com.

Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same at the Company's share registrar in Hong Kong, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

PRECAUTIONARY MEASURES FOR THE EGM

Please see page 1 of this circular for measures being taken to try to prevent and control the spread of COVID-19 at the EGM, including:

- **Compulsory body temperature checks**
- **Compulsory wearing of a surgical face mask for each attendee**
- **No distribution of corporate gifts or refreshment**
- **Other measures may be required by the governmental authorities**

Any person who does not comply with the precautionary measures or is subject to any Hong Kong Government prescribed quarantine may be denied entry into the meeting venue. The Company reminds Shareholders that they may appoint the chairman of the meeting as their proxy to vote on the relevant resolution(s) at the meeting as an alternative to attending the meeting in person.

27 July 2022

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In view of the ongoing COVID-19 epidemic and recent requirements for prevention and control of its spread, the Company will implement the following precautionary measures at the EGM to protect attending Shareholders, staff and other stakeholders from the risk of infection:

(i) Compulsory body temperature checks will be conducted on every Shareholder, proxy and other attendee at the entrance of the EGM venue. Any person with a body temperature of over 37.4 degrees Celsius may be denied entry to the EGM venue or be required to leave the EGM venue.

(ii) Attendees are required to wear surgical face masks inside the EGM venue at all times, and to maintain a safe distance between seats. Please note that no masks will be provided at the EGM venue and attendees should bring and wear their own masks.

(iii) No distribution of corporate gifts or refreshments will be served at the EGM.

(iv) Other measures may be required by the governmental authorities.

To the extent permitted under law, the Company reserves the right to deny entry to the EGM venue or require any person to leave the EGM venue in order to ensure the safety of the attendees at the EGM.

In the interest of all stakeholders' health and safety and consistent with recent COVID-19 guidelines for prevention and control, the Company reminds all Shareholders that physical attendance in person at the EGM is not necessary for the purpose of exercising voting rights. As an alternative, by using proxy forms with voting instructions inserted, Shareholders may appoint the Chairman of the EGM as their proxy to vote on the relevant resolutions at the EGM instead of attending the EGM in person.

If Shareholders have any questions relating to the EGM, please contact Tricor Tengis Limited, the Company's Share Registrar, as follows:

Tricor Tengis Limited
Level 54, Hopewell Centre,
183 Queen's Road East, Hong Kong
Email: info@hk.tricorglobal.com
Tel: (852) 2980 1333
Fax: (852) 2810 8185

In this circular, the following words and expressions shall have the following meanings unless the context requires otherwise:

"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Board"	the board of Directors of the Company
"Business Day(s)"	any day(s) (not being a Saturday, Sunday, public holiday or any day on which tropical cyclone warning signal No. 8 or above or black rainstorm warning is in force in Hong Kong at any time from 9:00 a.m. to 5:30 p.m.) on which banks are open in Hong Kong to the general public for business
"Company"	Magnificent Hotel Investments Limited 華大酒店投資有限公司, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange (stock code: 201)
"Completion"	completion of the Disposal under the Sale and Purchase Agreement and the transactions contemplated thereunder
"Completion Accounts"	the audited financial statements of the Target Company (comprising a statement of financial position of the Target Company as at Completion Date and a statement of comprehensive income of the Target Company for the period from 1 January 2022 to the Completion Date)
"Completion Date"	the later of: (a) 27 September 2022; and (b) the 5th Business Day following satisfaction (or where applicable) or waiver of all conditions precedent, or on such other date as the Vendor and the Purchaser may agree in writing
"Director(s)"	director(s) of the Company
"Disposal"	the sale of the Sale Shares to the Purchaser and the assignment of the Sale Loan to the Purchaser as contemplated under the Sale and Purchase Agreement

"EGM"	the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, passing the necessary resolution(s) to approve, among other matters, the entering into of the Sale and Purchase Agreement, the Disposal and the transactions contemplated thereunder
"Government"	the government of Hong Kong
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Hotel Licence"	the hotel licence no. H/5842 in respect of the hotel operating at the Property and commonly known as "Grand City Hotel" granted by the Hotel and Guesthouse Accommodation Authority in favour of the Target Company dated 21 August 2019 as at the Latest Practicable Date and including any renewal thereof
"Independent Third Party(ies)"	an independent third party(ies) which is not connected with the chief executive, directors and substantial shareholders of the Company or any of their respective subsidiaries and their respective associates
"Latest Practicable Date"	22 July 2022, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Long Stop Date"	14 October 2022

"Net Asset Value"	the total assets of the Target Company as at Completion (other than property, plant and equipment (including chattels), deferred tax assets (if any), inventories and trade receivables and insurance proceeds received and/or receivable as contemplated under the Sale and Purchase Agreement (if any)) minus the total liabilities of the Target Company as at Completion (but excluding any deferred tax liabilities and the Sale Loan) to be determined with reference to the Pro Forma Completion Accounts or the Completion Accounts (as the case may be)
"Pro Forma Completion Accounts"	a pro forma statement of financial position of the Target Company as at Completion Date and a pro forma statement of comprehensive income of the Target Company for the period from 1 January 2022 to the Completion Date
"Property"	ALL THOSE pieces or parcels of ground registered in Land Registry as THE REMAINING PORTION OF INLAND LOT NO. 491, SECTION B OF INLAND LOT NO. 491, SECTION C OF INLAND LOT NO. 491, THE REMAINING PORTION OF SECTION A OF INLAND LOT NO. 490 and SUBSECTION 2 OF SECTION A OF INLAND LOT NO. 490 TOGETHER WITH the messuages erections and buildings thereon now known as Grand City Hotel, No. 338 Queen's Road West (formerly known as Nos. 338, 340, 342, 344 and 346 Queen's Road West) Hong Kong subject to: (a) such exceptions and reservations as contained in the Government Leases and the assignments registered in the Land Registry in respect of the Property; (b) such easements and other appurtenant rights as contained in the said assignments; and (c) all easements, rights of way and all other rights (including appurtenant rights) to which the Property is now subject and which have been revealed in the title deeds and documents of the Property made available to the Purchaser and the Purchaser's solicitors as set out in the Sale and Purchase Agreement

"Purchase Price"	an amount equal to the Initial Purchase Price as adjusted
"Purchaser"	SYP Investment Limited
"Remaining Group"	the Group as constituted upon completion of the Disposal
"Sale and Purchase Agreement"	the sale and purchase agreement dated 11 May 2022 entered into between the Vendor, the Purchaser and the Company
"Sale Loan"	the loan owing by the Target Company to the Vendor as at Completion, being approximately HK$274,415,000 as at the Latest Practicable Date
"Sale Shares"	the entire issued share capital of the Target Company, being 10,000 issued ordinary shares of the Target Company
"SFO"	the Securities and Futures Ordinance (Cap.571 of the Laws of Hong Kong)
"Share(s)"	share(s) in the share capital of the Company
"Shareholder(s)"	holder(s) of Shares
"SHH"	Shun Ho Holdings Limited 順豪控股有限公司, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange (stock code: 253)
"SHH EGM"	the extraordinary general meeting of SHH to be convened for the purpose of considering and, if thought fit, passing the necessary resolution(s) to approve, among other matters, the entering into of the Sale and Purchase Agreement, the Disposal and the transactions contemplated thereunder
"SHH Group"	SHH and its subsidiaries
"SHH Share(s)"	share(s) in the share capital of SHH
"SHH Shareholder(s)"	holder(s) of SHH Shares

"SHP"	Shun Ho Property Investments Limited 順豪物業投資有限公司, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange (stock code: 219)
"SHP EGM"	the extraordinary general meeting of SHP to be convened for the purpose of considering and, if thought fit, passing the necessary resolution(s) to approve, among other matters, the entering into of the Sale and Purchase Agreement, the Disposal and the transactions contemplated thereunder
"SHP Group"	SHP and its subsidiaries
"SHP Share(s)"	share(s) in the share capital of SHP
"SHP Shareholder(s)"	holder(s) of SHP Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Company"	Sino Money Investments Limited 華財投資有限公司, a company incorporated in Hong Kong with limited liability and is wholly-owned by the Vendor as at the Latest Practicable Date
"Vendor"	Babenna Limited, a directly wholly-owned subsidiary of the Company
"Warranty(ies)"	the representations, warranties and undertakings, as set out in the Sale and Purchase Agreement given by the Vendor including but not limited to those in respect of the Sale Shares, Sale Loan, accounts and information of the Target Company and the Property
"%"	per cent

This circular in both English and Chinese is available in printed from and published on the respective websites of the Company at "http://www.magnificenthotelinv.com" and Hong Kong Exchanges and Clearing Limited at "http://www.hkexnews.hk". The English version will prevail in case of any inconsistency between the English and Chinese versions of this circular.

MAGNIFICENT HOTEL INVESTMENTS LIMITED
華大酒店投資有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 201)

Executive Directors:
Mr. William CHENG Kai Man *(Chairman)*
Mr. Albert HUI Wing Ho
Madam Kimmy LAU Kam May
Madam NG Yuet Ying
Madam Wendy CHENG Wai Kwan

Non-executive Director:
Madam Mabel LUI FUNG Mei Yee

Independent Non-executive Directors:
Mr. CHAN Kim Fai
Mr. LAM Kwai Cheung
Mr. Warren LIU Yuk Cho

Registered Office:
3rd Floor, Shun Ho Tower
24-30 Ice House Street
Central

27 July 2022

To the Shareholders

Dear Sir/Madam,

VERY SUBSTANTIAL DISPOSAL
DISPOSAL OF A SUBSIDIARY
AND
NOTICE OF EGM

INTRODUCTION

Reference is made to the announcement dated 11 May 2022 of the Company in relation to the Sale and Purchase Agreement and the transactions contemplated thereunder.

On 11 May 2022, the Vendor, the Purchaser and the Company entered into the Sale and Purchase Agreement, pursuant to which, the Purchaser has agreed to acquire the Sale Shares and accept the assignment of the Sale Loan and the Vendor has agreed to sell the Sale Shares and assign the Sale Loan to the Purchaser at the Initial Purchase Price (as defined under the section headed "Consideration"), subject to adjustments. The maximum consideration expected to be payable by the Purchaser after adjustment would not exceed HK$920,000,000. The Target Company is the sole legal and beneficial owner of the Property.

The purpose of this circular is to provide you with, among other things, (a) further details of the Disposal; (b) other information as required by the Listing Rules; and (c) notice of the EGM.

SALE AND PURCHASE AGREEMENT

The principal terms of the Sale and Purchase Agreement are set out below:

Date

11 May 2022

Parties

Vendor	:	Babenna Limited, a directly wholly-owned subsidiary of the Company
Purchaser	:	SYP Investment Limited
Vendor's Guarantor	:	Magnificent Hotel Investments Limited

To the best of the Boards' knowledge, information and belief, having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner(s) are Independent Third Parties.

Subject Matter

Pursuant to the Sale and Purchase Agreement, the Purchaser has agreed to acquire the Sale Shares and accept the assignment of the Sale Loan and the Vendor has agreed to sell the Sale Shares and assign the Sale Loan to the Purchaser at the Initial Purchase Price (as defined under the section headed "Consideration"), subject to adjustments. The maximum consideration expected to be payable by the Purchaser after adjustment would not exceed HK$920,000,000. The Target Company is the sole legal and beneficial owner of the Property. The Company has agreed to guarantee the obligations of the Vendor under the Sale and Purchase Agreement.

Consideration

Pursuant to the Sale and Purchase Agreement, the consideration payable by the Purchaser is HK$900,000,000 plus the amount of the Net Asset Value as set out in the Pro Forma Completion Accounts (if it is a positive amount) or minus the absolute value of the amount of the Net Asset Value as set out in the Pro Forma Completion Accounts (if it is a negative amount) ("**Initial Purchase Price**") (subject to the adjustment mechanism set out in the paragraph headed "Adjustment of consideration" below). The payment arrangement of the consideration is as follows:

(a) an aggregate amount of HK$9,000,000 representing earnest money ("**Earnest Money**") was paid on behalf of the Purchaser to the Vendor's solicitors as stakeholders on 25 February 2022, which shall be applied as initial deposit upon execution of the Sale and Purchase Agreement and represent part payment of the Purchase Price upon Completion;

(b) a further deposit in the amount of HK$136,000,000 (together with the Earnest Money, such balance shall be referred to as the "**Deposit**") has been paid to the Vendor's solicitors upon the execution of the Sale and Purchase Agreement, which shall represent part payment of the Purchase Price upon Completion;

(c) an amount equal to the balance of the Initial Purchase Price after deducting the Deposit (such balance shall be referred to as the "**Completion Payment**") shall be paid by the Purchaser to the Vendor or the Company (being the Vendor's guarantor) at Completion; and

(d) an amount in respect of the adjustment of the Initial Purchase Price shall be paid by the Purchaser or Vendor (as the case may be) in accordance with the section headed "Adjustment of the consideration" below,

provided that the Deposit shall be held by the Vendor's solicitors as stakeholders and not to be released to the Vendor until either upon Completion (in which case the Deposit shall represent part payment of the Purchase Price) or upon its release or forfeiture as described in the section headed "Conditions Precedent" below.

Adjustment of the consideration

The Initial Purchase Price shall be subject to the following adjustments following agreement or determination of the Completion Accounts:

(a) there shall be added to the Initial Purchase Price the amount (if any) by which the Net Asset Value (determined by reference to the Completion Accounts) is more (or less negative) than the Net Asset Value (determined by reference to the Pro Forma Completion Accounts); and

(b) there shall be deducted from the Initial Purchase Price the amount (if any) by which the Net Asset Value (determined by reference to the Completion Accounts) is less (or more negative) than the Net Asset Value (determined by reference to the Pro Forma Completion Accounts).

Within 15 Business Days after agreement or determination of the Completion Accounts in accordance with the terms of the Sale and Purchase Agreement:

(a) if the Initial Purchase Price is increased pursuant to adjustment mechanism mentioned above, the Purchaser shall pay to the Vendor's solicitors as agent for the Vendor the amount of the increase; and

(b) if the Initial Purchase Price is reduced pursuant to adjustment mechanism mentioned above, the Vendor shall pay to the Purchaser's solicitors as agent for the Purchaser the amount of the reduction.

Basis of the Consideration

The consideration under the Sale and Purchase Agreement was determined after arm's length negotiations between the Vendor and the Purchaser, having taken into account of, among other things:

(i) the net asset value of the Target Company as at 31 December 2021;

(ii) the financial statements of the Target Company for the two financial years ended 31 December 2021 and 31 December 2020; and

(iii) the valuation of the Property as at 31 December 2021, being HK$770,000,000 appraised by Cushman & Wakefield, an independent valuer.

Valuation of the Property

Details of the valuation of the Property held by the Target Company appraised by Cushman & Wakefield as at 31 December 2021 are set out below:

Basis of Valuation	:	The valuation of the Property represented its market value which in accordance with the HKIS Valuation Standards 2020 published by the Hong Kong Institute of Surveyors 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.“

Valuation Assumptions	:	The valuation of the Property excluded an estimate price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations granted by anyone associated with the sale, or any element of value available only to a specific owner or purchaser. No allowance has been made in the valuation for any charges, mortgages or amounts owing on the Property nor any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it was assumed that the Property is free from encumbrances, restrictions and outgoings of any onerous nature which could affect their values.
Method of Valuation	:	We have valued the Property as an on-going operational hotel (including its furniture, fixtures and equipment) assuming all relevant statutory and/or mandatory permissions, permits, approvals and licences necessary for hotel operation are property in place. In undertaking our valuation, we have used the Income Approach and made cross reference to comparable sales transactions as available in the market.

An updated valuation report in respect of the Property with the valuation date of 16 May 2022 issued by Cushman & Wakefield Limited, an independent valuer, on 27 July 2022 is included in Appendix V to this circular.

Based on the communication with Cushman & Wakefield Limited, the Directors understand that both the income approach and market approach have been used and (i) income approach is universally considered as the most accepted valuation approach for valuing most forms of on-going operational hotel properties; (ii) the valuer had made cross reference to 3 selected sales comparable transacted in between November 2021 to March 2022. The 3 selected sales comparable were chosen due to their respective similar hotel scale, room size and facilities available to that of the Property; and (iii) relevant adjustments were made by the Valuer for the factors of location (0% to -20%), hotel scale (0%), room size (0%), year built (1% to 4.75%) and facilities (0% to 1%) to reflect the difference between 3 selected sales comparable transacted in between November 2021 to March 2022.

Accordingly, the Directors agree with the valuer that the income approach was appropriate for the valuation of the Property and concurred with the valuer that the selection of those comparable sales transactions as available in the market used in the valuation of the Property and the basis of the adjustments made are fair and reasonable. The Directors note that the valuer also carried out physical site inspections. In the course of the valuations, the valuer has relied to a very considerable extent on the information provided by the Group and have accepted advice given to them on matters such as planning approvals, statutory notices, easements, tenure, identification of property, particulars of occupancy, floor plans, floor areas, trading accounts, number of guestrooms and all other relevant matters. The Directors also note from the valuation report that the valuer has no reason to doubt the truth and accuracy of the information provided to them by the Group and they have relied on the Company's confirmation that no material facts have been omitted from the information provided. The valuer considered that they have been provided with sufficient information for them to reach an informed view.

According to the valuation report, the valuation of the Property excluded an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of value available only to a specific owner or purchaser. No allowance has been made in the valuation for any charges, mortgages or amounts owing on the Property nor any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Property is free from encumbrances, restrictions and outgoings of any onerous nature which could affect its value.

Based on the discussion with the valuer, the Directors are of the view that the adoption of the above key assumptions is reasonable and relevant and they are in line with market practice. After taken into account of the above, the Directors consider that the methodology, together with the underlying bases, and assumptions are fair and reasonable and that the valuation letter and certificate is an appropriate reference for determining the valuation of the Property.

Subsequent to 16 May 2022 and up to the Latest Practicable Date, there had been no material changes in the operation of the Target Company, and the Target Company had not conducted any significant acquisition or disposal of assets other than in the ordinary course of business of the Target Company.

Conditions Precedent

Completion is conditional upon the following conditions precedent being satisfied (or in the case of condition precedent (a) and/or (c), waived by the Purchaser) on the Long Stop Date:

(a) the Hotel Licence remaining valid, effective and subsisting or where the application for its renewal submitted on 8 March 2022 is pending, such application not having been refused;

(b) the transaction(s) contemplated under the Sale and Purchase Agreement having been approved by the SHH Shareholders, SHP Shareholders and the Shareholders at the SHH EGM, SHP EGM and EGM respectively in accordance with the Listing Rules; and

(c) the Target Company being the registered and beneficial owner of the Property.

The Purchaser may, to such extent as it thinks fit and is legally entitled to do so, at any time waive in writing condition precedent (a) and/or (c) on such terms as it may decide.

If any of the conditions precedent (which has not previously been waived by the Purchaser) has not been duly fulfilled to the satisfaction of the Purchaser on or before the Long Stop Date, then:

(i) the Purchaser may on that date, at its option (but without any prejudice to any other right or remedy it may have), by notice to the Vendor waive the conditions precedent which has/have not been satisfied (save as except condition precedent (b) which cannot be waived); or

(ii) the Vendor and the Purchaser may agree to postpone the Long Stop Date to a date (not being a Business Day) falling not more than 20 Business Days after the date set for the Long Stop Date and, if the parties agree to postpone the Long Stop Date, then the provisions of the Sale and Purchase Agreement shall apply as if the Long Stop Date is so postponed; or

(iii) in the absence of either of the events mentioned in (i) or (ii) above occurring, the Sale and Purchase Agreement shall be terminated upon expiry of the period of 10 Business Days after the Long Stop Date and the Vendor shall immediately upon demand by the Purchaser, return or procure to be returned to the Purchaser the Deposit without any interest or costs and, unless the Vendor is in breach of its obligations to use all reasonable endeavours (so far as it lies within its powers) to procure the satisfaction of all the conditions precedent (in which case such termination shall not affect or prejudice the then accrued rights of the Purchaser (including the right to damages for the breach, if any, giving rise to the termination and any other pre-termination breach by any party)), none of the parties shall have any further claim or cause of action against any other party.

If the Vendor elects to terminate the Sale and Purchase Agreement in the event that the Purchaser is unable or unwilling to comply with its obligations under the Sale and Purchase Agreement, the Deposit shall be forfeited to the Vendor without any interest or cost as liquidated damages on the date set for Completion and termination shall not affect or prejudice the then accrued rights of the Vendor. If the Purchaser elects to terminate the Sale and Purchase Agreement in the event that the Vendor is unable or unwilling to comply with its obligations under the Sale and Purchase Agreement, then the Vendor shall immediately upon demand by the Purchaser, return or procure to be returned to the Purchaser the Deposit without any interest or cost, and termination shall not affect or prejudice the then accrued rights of the Purchaser.

As at the Latest Practicable Date, the application for the renewal of the Hotel Licence is still pending and such application has not been refused.

Completion

Completion shall take place on the Completion Date or on such other date as the Vendor and the Purchaser may agree in writing.

Guarantee

The Company has agreed to guarantee to the Purchaser the performance of the Vendor's obligations under the Sale and Purchase Agreement and certain other documents referred to thereunder which include but not limited to the following:

(a) The Vendor's obligations to ensure that the Target Company does not do anything or omits to do anything which would, at any time before or after Completion, be materially inconsistent with the Warranties, breach any Warranty or make any Warranty materially untrue or misleading.

(b) The Vendor's undertaking that it shall from time to time and at any time, whether before or after Completion, promptly disclose in writing to the Purchaser any event, fact or circumstance which may become known to it after the date of the Sale and Purchase Agreement and which is materially inconsistent with any of the Warranties.

The guarantee given by the Company is a continuing guarantee which shall remain in force until all of the Company's and the Vendor's obligations under the Sale and Purchase Agreement and certain other documents referred to thereunder have been fulfilled.

INFORMATION OF THE TARGET COMPANY

The Target Company is a company incorporated in Hong Kong with limited liability and is wholly-owned by the Vendor. The principal business of the Target Company is investment holding. The Target Company is the sole legal and beneficial owner of the Property.

Set out below is an extract of the audited financial statements prepared for the two financial years ended 31 December 2021 and 31 December 2020 respectively of the Target Company prepared in accordance with the Hong Kong Financial Reporting Standards:

	For the year ended	
	31 December 2021	**31 December 2020**
	(HK$'000)	*(HK$'000)*
Revenue	31,887	19,844
Loss before taxation	(3,344)	(4,580)
Loss after taxation	(2,793)	(3,310)

The audited net assets as at 31 December 2021 and 31 December 2020 of the Target Company amounted to approximately HK$7,493,000 and HK$10,286,000 respectively.

INFORMATION OF THE PROPERTY

The Property is situate at No. 338 Queen's Road West (formerly known as Nos. 338, 340, 342, 344 and 346 Queen's Road West), Hong Kong and with a hotel operating at the Property commonly known as "Grand City Hotel". The total gross floor area of the Property is approximately 60,150 square feet. The Property comprises a 29-storey hotel building completed in 2015 and accommodates a total of 214 guestrooms with a restaurant and car parking spaces. The Property is held under various Government leases for the same term of 999 years commencing from 1 September 1857 and the current Government rent payable for the lots (Section B, Section C and the Remaining Portion of Inland Lot No. 491) is HK$50 per annum. As at the Latest Practicable Date, the Property is legally and beneficially owned by the Target Company.

INFORMATION OF THE VENDOR

The Vendor is a company incorporated in Hong Kong with limited liability and is a directly wholly-owned subsidiary of the Company. The principal business of the Vendor is investment holding.

INFORMATION OF THE PURCHASER

The Purchaser is a company incorporated in the British Virgin Islands with limited liability whose principal business is investment holding. As at the Latest Practicable Date, the Purchaser is in turn wholly-owned by SYP Holdings Limited which in turn owned as to 15% by Weave Living Real Estate HK Holdings Limited and 85% by AG SYP (BVI) L.P., a limited partnership formed in the British Virgin Islands, with AG Asia DPF XI Member GP, LLC, a Delaware limited liability company, as the general partner. The general partner is managed by AG Real Estate Manager, Inc, whose sole shareholder is Angelo, Gordon & Co., L.P. The ultimate beneficial owners of AG SYP (BVI) L.P. are Mr. Adam Schwartz and Mr. Joshua Baumgarten based on their control of Angelo, Gordon & Co., L.P.

To the best of the Boards' knowledge, information and belief, having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner(s) are Independent Third Parties.

FINANCIAL IMPACT OF THE DISPOSAL

Upon Completion, the Target Company will cease to be a subsidiary of the Group, and the profit and loss, as well as the assets and liabilities of the Target Company will no longer be consolidated into the consolidated financial statements of the Group.

Upon Completion, based on the financial information of the Group and the Target Company as at 31 December 2021; it is estimated that if the Disposal had taken place on 31 December 2021, the Group will realise a net gain of Disposal of approximately HK$531,105,000 and such gain is calculated with reference to the difference between the Initial Purchase Price (representing the aggregate of HK$900,000,000 and the Net Asset Value as set out in the Pro Forma Completion Accounts (the net asset value of the Target Company based on the audited financial statements of the Target Company as at 31 December 2021 of approximately HK$7,493,000 is used for calculation and estimation purposes)), the Sale Loan in the amount of approximately HK$274,415,000 and the historical acquisition premium at Group level of approximately of HK$87,180,000, after deducting related transaction costs amounting to approximately HK$7,300,000. The actual gain as a result of the Disposal to be recorded by the Group is subject to change based on the Completion Accounts and will be reassessed after Completion. The net gain of Disposal of approximately HK$531,105,000 has considered the adjustments to the Initial Purchase Price and such adjustments are set out on pages 38 to 39 of this circular.

The expected gross proceeds and net proceeds arising from the Disposal had it taken place on 31 December 2021 are expected to be approximately HK$907,493,000 and HK$897,077,000 respectively and are expected to be applied as working capital of the Group. It is expected that 20% of the net proceeds, being approximately HK$179,415,000 will be used as working capital of the Group and the remaining 80% of the net proceeds, being approximately HK$717,662,000, will be used for acquiring a hotel property located in Hong Kong. For details of the acquisition, please refer to the announcement of the Company dated 11 May 2022 in respect of the acquisition of a target company by the Group.

Upon Completion, the Group will continue to be engaged in hotel development and management and property leasing.

Earnings

The audited profit attributable to the owners of the Company for the financial year ended 31 December 2021 was approximately HK$65,522,000 as disclosed in its 2021 annual report.

As set out in the unaudited pro-forma financial information of the Remaining Group in Appendix III to this circular, if the Disposal had taken place on 31 December 2021, the estimated gain on disposal of the Target Company would be approximately HK$531,105,000.

Assets and Liabilities

As set out in the unaudited pro forma financial information of the Remaining Group in Appendix III to this circular, if the Disposal had taken place on 31 December 2021, the Group's total assets would increase from approximately HK$4,451,001,000 to approximately HK$4,970,968,000 and total liabilities would decrease from approximately HK$663,762,000 to approximately HK$652,624,000, representing an increase of total consolidated total net assets position from approximately HK$3,787,239,000 to approximately HK$4,318,344,000.

Further details of the financial effect of the Disposal together with the bases and assumptions taken into account in preparing the unaudited pro forma financial information of the Remaining Group are set out, for illustrative purpose only, in Appendix III to this circular.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Company is a company incorporated in Hong Kong with limited liability, the issued shares of which are listed and traded on the Main Board of the Stock Exchange. The principal activities of the Group include hotel development and management and property leasing.

As mentioned above, the valuation of the Property was HK$770,000,000 as at 31 December 2021, being appraised by Cushman & Wakefield, an independent valuer. As at 16 May 2022, the valuation of the Property was HK$770,000,000, being appraised by Cushman & Wakefield Limited, an independent valuer. The parcels of land where the Property now situates was acquired by the Group back in 2008 at a cost of approximately HK$198,000,000. The Group had then developed the Property and built the current "Grand City Hotel" thereon in 2015. As an illustration, on the basis of comparing the Initial Purchase Price in the amount estimated under the section headed "Financial Impact of the Disposal" above against the historical acquisition cost and development costs of the Property, the Group will in effect recognise a net gain on the Disposal of approximately HK$531,105,000 and HK$531,105,000 respectively, as compared to the two valuations of the Property mentioned above. Therefore, the Group will in effect recognise a gain on the Disposal if it is accounted for on a historical cost basis, which in the view of the Boards a good opportunity to realise the value of the Property. Moreover, it is expected that 20% of the net proceeds from the Disposal, being approximately HK$179,415,000, will be applied as working capital of the Group, this will strengthen the financial position of the Group and provide more flexibility to the Group to better structure its assets portfolio and enable to Group to explore future acquisition opportunities. As of the Latest Practicable Date, the Group has entered into a sale and purchase agreement to acquire a hotel property in Hong Kong and the remaining 80% of the net proceeds, being approximately HK$717,662,000 will be applied towards such acquisition. For details of the acquisition, please refer to the announcement of the Company dated 11 May 2022 in respect of the acquisition of a target company by the Group.

LISTING RULES IMPLICATION

Since one of the applicable percentage ratios for the Disposal exceeds 75%, the Disposal constitutes a very substantial disposal for the Company and is subject to the reporting, announcement, circular and the Shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the Boards' knowledge, information and belief, having made all reasonable enquiries, no shareholder has a material interest in the Disposal as at the Latest Practicable Date and therefore, no Shareholder is required to abstain from voting at the EGM for the relevant resolution(s).

The majority shareholder(s) of the Company have indicated to the Purchaser that they will vote in favour of the resolutions at the EGM respectively to approve the entering into of the Sale and Purchase Agreement, the Disposal and the transactions contemplated thereunder.

THE EGM

An EGM will be convened for the purpose of considering and, if thought fit, passing the necessary resolution(s) to approve, among other matters, the entering into of the Sale and Purchase Agreement, the Disposal and the transactions contemplated thereunder. A notice convening the EGM to be held at 10:00 a.m. (Hong Kong time) on Tuesday, 16 August 2022 at Conference Room, Basement, Best Western Plus Hotel Kowloon, 73-75 Chatham Road South, Tsim Sha Tsui, Kowloon, Hong Kong or any adjournment thereof is set out on pages 67 to 68 of this circular. A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same at the Company's share registrar in Hong Kong, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed, for the purpose of determining the identity of members who are entitled to attend and vote at the EGM, from 11 August 2022 to 16 August 2022, both days inclusive, during which period no transfers of shares will be effected. In order to be eligible to attend and vote at the EGM, all properly completed and duly stamped transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on 10 August 2022.

RECOMMENDATION

The Directors consider the terms of the Sale and Purchase Agreement to be fair and reasonable, and that the entering into of the Sale and Purchase Agreement and the Disposal is in the interest of the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the resolution(s) in relation to the Disposal and the Sale and Purchase Agreement to be proposed at the EGM.

ADDITIONAL INFORMATION

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

Yours faithfully
By Order of the Board
Magnificent Hotel Investments Limited
William CHENG Kai Ma
Chairman

1. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE GROUP FOR THE THREE YEARS ENDED 31 DECEMBER 2019, 2020 AND 2021

The audited consolidated financial statements of the Group (a) for the year ended 31 December 2019 are set out from page 44 to page 112 in the 2019 Annual Report of the Company, which was published on 20 April 2020; (b) for the year ended 31 December 2020 are set out from page 29 to page 94 in the 2020 Annual Report of the Company, which was published on 19 April 2021; and (c) for the year ended 31 December 2021 are set out from page 29 to page 94 in the 2021 Annual Report of the Company, which was published on 13 April 2022.

The aforesaid Annual Reports and results announcement are available on the website of the Stock Exchange (http://www.hkex.com.hk) and the website of the Company (http://www.magnificenthotelinv.com). In particular, the web links of the Annual Reports are as follows:

2019 Annual Report:

https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0420/2020042000283.pdf

2020 Annual Report:

https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0419/2021041900316.pdf

2021 Annual Report:

https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0413/2022041300636.pdf

2. STATEMENT OF INDEBTEDNESS AND CONTINGENT LIABILITIES

As at the close of business on 31 May 2022, being the Latest Practicable Date for the purpose of preparing this statement of indebtedness prior to the printing of this circular, the Group had the following outstanding bank, other borrowings and an amount due to a shareholder:

(i) unguaranteed and unsecured advance from SHP amounting to approximately HK$135.8 million;

(ii) an amount due to a shareholder amounting to approximately HK$5.1 million which is unsecured and unguaranteed; and

(iii) bank borrowings of approximately HK$426.2 million which was guaranteed by subsidiaries of the Group and secured by (a) fixed charges on certain of the Group's properties, (b) equity interests in certain subsidiaries of the Group, (c) assignment of the Group's rental revenue and (d) assignment of insurance on a hotel property and certain investment properties of the Group.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, the remaining Group did not have outstanding at the close of business on 31 May 2022 any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchases commitments, guarantees or material contingent liabilities.

3. FINANCIAL AND TRADING PROSPECT OF THE REMAINING GROUP

Following Completion, the Group will continue to be engaged in investment and operation of hotels, property investment and securities investment carried out by the Remaining Group.

The corporate strategy of the Group is to build hotels on grade B commercial locations which are most suitable for hotel business in terms of low acquisition costs and high yields. The Group benefits from the development of these hotels from good operating incomes, but most importantly is their capital value gain. The Group presently owns and operates six hotels including: (1) Best Western Plus Hotel Kowloon, (2) Best Western Plus Hotel Hong Kong, (3) Ramada Hong Kong Grand, (4) Best Western Hotel Causeway Bay, (5) Ramada Hong Kong Harbour View and (6) Magnificent International Hotel, Shanghai which will continue to be one of the largest hotel groups in Hong Kong.

Set out below are certain financial information of each of the six operating hotels of the Group for each of the two financial years ended 31 December 2021 and 2020:

	Revenue		**EBITA**	
Name of Hotel	**2021**	**2020**	**2021**	**2020**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Best Western Plus Hotel Kowloon	20,566	24,526	1,146	5,492
Best Western Plus Hotel Hong Kong	55,226	35,544	17,377	10,813
Ramada Hong Kong Grand	54,221	36,068	17,994	12,758
Best Western Hotel Causeway Bay	39,260	23,220	9,623	2,992
Ramada Hong Kong Harbour View	64,295	36,385	22,893	10,359
Magnificent International Hotel, Shanghai	18,627	8,272	6,152	395
Total	252,195	164,015	75,185	42,809

Accordingly, having considered the above factors, including, among other things, (i) the performance of the Target Company; (ii) the improvement in financial position of the Group for acquiring a hotel property in Hong Kong as disclosed in the announcement of the Company dated 11 May 2022; and (iii) that the Remaining Group will have sufficient level of operations and assets of sufficient value as required under Rule 13.24 of the Listing Rules upon Completion, the Board (including the independent non-executive directors of the Boards) consider the terms of the Sale and Purchase Agreement to be fair and reasonable, and that the entering into of the Sale and Purchase Agreement and the Disposal is in the interest of the Shareholders as a whole.

4. WORKING CAPITAL

The Directors are of the opinion that, after due and careful enquiry and taking into account the financial resources available to the MHI Group, including internally generated funds and available facility and advance from SHP and a shareholder, and the estimated net proceeds from the Disposal, the MHI Group has sufficient working capital to satisfy the present requirements for its current operation, for at least the next 12 months from the date of this circular.

Set out below are the unaudited financial information of the Target Company which comprises the unaudited statements of financial position of the Target Company as at 31 December 2019, 2020 and 2021 and the unaudited statements of profit or loss and other comprehensive income, unaudited statements of changes in equity and unaudited statements of cash flows of the Target Company for each of the periods then ended and certain explanatory notes ("**Unaudited Financial Information**").

The Unaudited Financial Information has been prepared and presented on the basis as set out in note 2 to the Unaudited Financial Information and Rule 14.68(2)(a)(i)(A) of the Listing Rules and has been prepared by the Directors solely for the purposes of inclusion in this circular in connection with the Disposal.

Deloitte Touché Tohmatsu, the auditor of the Company, was engaged to review the Unaudited Financial Information of the Target Company set out on pages 23 to 28 of this circular in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" and with reference to Practice Note 750 "Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable the auditor to obtain assurance that the auditor would become aware of all significant matters that might be identified in an audit. Accordingly, the auditor does not express an audit opinion.

Based on the review on the Unaudited Financial Information of the Target Company, nothing has come to the auditor's attention that causes them to believe the Unaudited Financial Information of the Target Company is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2 to the Unaudited Financial Information of the Target Company.

UNAUDITED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three years ended 31 December 2019, 2020 and 2021

	Year ended 31 December		
	2019	**2020**	**2021**
	HK$'000	*HK$'000*	*HK$'000*
Revenue	38,867	19,844	31,887
Cost of sales	(226)	(44)	(4,630)
Other service costs	(30,220)	(16,414)	(20,249)
Depreciation of property, plants and equipment	(5,685)	(5,271)	(4,742)
Gross profit (loss)	2,736	(1,885)	2,266
Other income	–	580	200
Administrative expenses	(292)	(356)	(234)
Finance costs	(5,728)	(2,919)	(5,576)
Loss before taxation	(3,284)	(4,580)	(3,344)
Income tax credit	476	1,270	551
Loss and total comprehensive expense for the year	(2,808)	(3,310)	(2,793)

STATEMENT OF FINANCIAL POSITION

	Year ended 31 December		
	2019	**2020**	**2021**
	HK$'000	*HK$'000*	*HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment	298,740	293,616	289,022
Deposit paid for acquisition of property, plant and equipment	81	–	–
	298,821	293,616	289,022
CURRENT ASSETS			
Inventories	69	66	72
Trade receivables	302	45	48
Other deposits and prepayments	811	794	788
Bank balances and cash	2,547	6,092	3,116
	3,729	6,997	4,024
CURRENT LIABILITIES			
Trade and other payables, other deposits received and accruals	2,390	1,458	2,155
Contract liabilities	151	2,058	5,324
Amount due to an intermediate holding company	279,605	281,921	274,415
Bank loan	3,823	3,175	2,495
	285,969	288,612	284,389
NET CURRENT LIABILITIES	(282,240)	(281,615)	(280,365)
TOTAL ASSETS LESS CURRENT LIABILITIES	16,581	12,001	8,657
CAPITAL AND RESERVE			
Share capital	10	10	10
Retained profits	13,586	10,276	7,483
TOTAL EQUITY	13,596	10,286	7,493
NON-CURRENT LIABILITY			
Deferred tax liability	2,985	1,715	1,164
	16,581	12,001	8,657

STATEMENT OF CHANGES IN EQUITY

	Share capital	**Retained profits**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
At 1 January 2019	10	16,394	16,404
Loss and total comprehensive expense for the year	–	(2,808)	(2,808)
At 31 December 2019	10	13,586	13,596
Loss and total comprehensive expense for the year	–	(3,310)	(3,310)
At 31 December 2020	10	10,276	10,286
Loss and total comprehensive expense for the year	–	(2,793)	(2,793)
At 31 December 2021	10	7,483	7,493

STATEMENT OF CASH FLOWS

	Year ended 31 December		
	2019	**2020**	**2021**
	HK$'000	*HK$'000*	*HK$'000*
OPERATING ACTIVITIES			
Loss before taxation	(3,284)	(4,580)	(3,344)
Adjustment for:			
Finance costs	5,728	2,919	5,576
Loss on disposal of property, plant and equipment	13	–*	–
Depreciation of property, plant and equipment	5,685	5,272	4,742
Operating cash flows before movements in working capital	8,142	3,611	6,974
Decrease (increase) in inventories	16	2	(6)
Decrease (increase) in trade receivables	2,003	256	(3)
(Increase) decrease in other deposits and prepayments	(33)	18	6
Increase (decrease) in trade and other payables, other deposits received and accruals	878	(932)	697
(Decrease) increase in contract liabilities	(214)	1,907	3,266
NET CASH FROM OPERATING ACTIVITIES	10,792	4,862	10,934
INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	(84)	(66)	(148)
Deposit paid for acquisition of property, plant and equipment	(81)	–	–
Proceeds from disposal of property, plant and equipment	2	–	–
NET CASH USED IN FINANCING ACTIVITIES	(163)	(66)	(148)
FINANCING ACTIVITIES			
(Repayments to) advances from an intermediate holding company	(8,133)	2,316	(7,506)
Interest paid	(5,728)	(2,919)	(5,576)
Repayments of bank loan	(612)	(648)	(680)
NET CASH USED IN FINANCING ACTIVITIES	(14,473)	(1,251)	(13,762)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(3,844)	3,545	(2,976)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	6,391	2,547	6,092
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, Represented by bank balances and cash	2,547	6,092	3,116

* *Amount less than HK$1,000*

NOTES TO THE UNAUDITED FINANCIAL INFORMATION

1. GENERAL INFORMATION

Sino Money Investments Limited ("**Target Company**") is a private limited company incorporated in Hong Kong. Its immediate holding company is Babenna Limited, a private company incorporated in Hong Kong, and its intermediate holding companies are Magnificent Hotel Investments Limited, Shun Ho Property Investments Limited and Shun Ho Holdings Limited. All of them are public limited companies incorporated in Hong Kong with its shares listed on The Stock Exchange of Hong Kong Limited. The directors consider the Target Company's ultimate holding company to be Trillion Resources Limited, an international business company incorporated in the British Virgin Islands.

The Target Company is principally engaged in hotel investment and operations.

The financial information are presented in Hong Kong dollar ("HK$" or "HKD"), which is also the functional currency of the Target Company.

2. BASIS OF PREPARATION OF THE UNAUDITED FINANCIAL INFORMATION

The unaudited financial information comprises the unaudited statement of financial position of the Target Company as at 31 December 2019, 2020 and 2021 and the unaudited statement of profit or loss and other comprehensive income, unaudited statement of changes in equity and statements of cash flows of the Target Company for each of the years then ended (the "**Unaudited Financial Information**"). The Unaudited Financial Information has been prepared in accordance with Rule 14.68(2)(a)(i) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and solely for the purpose of inclusion in the circular to be issued by Magnificent Hotel Investments Limited ("**Company"**) in connection with the Disposal (as defined in the circular).

The Unaudited Financial Information has been prepared using the same accounting policies as those adopted by the Company in the preparation of the financial statements of the Company and its subsidiaries for the year ended 31 December 2021, which conform with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA"**). The Unaudited Financial Information neither contains sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard 1 "Presentation of Financial Statements" nor a set of financial statements as defined in Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the HKICPA. It should be read in connection with the Company's relevant published annual financial statements.

In preparing the Unaudited Financial Information, the directors have given careful consideration to the future liquidity of the Target Company in light of the fact that the Target Company's current liabilities exceeded its current assets by HK$280,365,000 as at 31 December 2021. In the opinion of the directors, the Target Company has a number of sources of finance available to fund its operations, including internal resources and available unutilised banking facilities. Accordingly, the financial statements have been prepared in conformity with principals applicable to a going concern basis because:

- Management performed the going concern assessment, including the evaluation of the on-going impact of Coronavirus disease 2019 ("**Covid-19**") on the Target Company, the Target Company's access to available sources of liquidity;

- Management prepared the cash flow forecasts and covenant calculations for the going concern period to 31 March 2023. The Target Company has modelled a base case which is consistent with the assumptions used in the Target Company's impairment assessments; downside scenarios which assumes a 10% decrease on room rate and how many additional downside percentage of revenue in hospitality segment could be absorbed before a negative cash balance arised; and

- The Target Company is having a positive operating cash inflow at HK$10,934,000 during the year ended 31st December, 2021. SYP Investment Limited, the purchaser of the Company, agreed to provide adequate funds to enable the Company to meet in full its financial obligations as they fall due for the foreseeable future. Magnificent Hotel Investments Limited, which is the intermediate holding company also agreed not to demand repayment on the amount due to intermediate holding company before the Target Company has the financial ability to do so.

The Unaudited Financial Information contained in this circular does not constitute the Target Company's statutory financial statements for either of the years ended 31st December, 2019, 2020 and 2021 but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows:

As the Target Company is a private company, it is not required to deliver its financial statements to the Registrar of Companies, and has not done so.

Target Company's auditor has reported on these financial statements for all three years. The auditor's reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis; and did not contain a statement under either sections 406(2), 407(2) or (3) of the Companies Ordinance.

The Unaudited Financial Information of the Target Company has been prepared under the historical cost convention. All values are rounded to the nearest thousand (HK$'000) except when otherwise indicated.

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF MAGNIFICENT HOTEL INVESTMENTS LIMITED AND ITS SUBSIDIARIES (HEREINAFTER COLLECTIVELY REFERRED TO AS THE "GROUP") EXCLUDING SINO MONEY INVESTMENTS LIMITED (REFERRED TO AS THE "TARGET COMPANY") (HEREINAFTER REFERRED TO AS THE "REMAINING GROUP")

In connection with the proposed sale of the entire issued share capital of the Target Company (the "**Sale Shares**") to SYP Investment Limited (the **"Purchaser**") and the assignment of the loan owing by the Target Company to Babenna Limited, a directly wholly owned subsidiary of the Company, (the "**Vendor**") as at completion (the "**Completion**") of the disposal (the "**Sale Loan**") to the Purchaser under the sale and purchase agreement dated 11 May 2022 entered into between the Vendor, the Purchaser and the Company (the "**Sale and Purchase Agreement**") (the "**Disposal**"), the unaudited pro forma financial information of the Remaining Group has been prepared by the directors of the Company (the "**Directors**") 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**") to illustrate the effect of the Disposal on the Group's financial position as at 31 December 2021 and on the Group's financial performance and cash flows for the year ended 31 December 2021 as if the Disposal had taken place at 1 January 2021.

The unaudited pro forma consolidated statement of financial position as at 31 December 2021 and the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited prof forma consolidated statement of cash flows for the year ended 31 December 2021 and related notes (hereinafter collectively referred to as the "**Unaudited Pro Forma Financial Information**") of the Remaining Group are prepared based on the audited consolidated statement of financial position of the Group as at 31 December 2021 and the audited consolidated statement of profit or loss and other comprehensive income and the audited consolidated statement of cash flows of the Group for the year ended 31 December 2021 as extracted from the published annual report of the Company for the year ended 31 December 2021.

The Unaudited Pro Forma Financial Information of the Remaining Group is prepared based on the aforesaid historical data after giving effect to the pro forma adjustments described in the accompanying notes. Narrative description of the pro forma adjustments of the proposed Disposal that are (i) directly attributable to the Disposal; and (ii) factually supportable, is summarised in the accompanying notes.

The Unaudited Pro Forma Financial Information of the Remaining Group has been prepared by the Directors based on certain assumptions, estimates and uncertainties for illustrative purposes only and because of its hypothetical nature, the Unaudited Pro Forma Financial Information of the Remaining Group may not purport to predict what the financial performance and cash flows, or financial position of the Remaining Group would have been if the Disposal had been completed on 1 January 2021, or 31 December 2021 nor in any future period or on any future dates.

The Unaudited Pro forma Financial Information of the Remaining Group should be read in conjunction with the financial information of the Group as set out in Appendix I to this circular and the unaudited financial information of the Target Company as set out in Appendix II to this circular and other financial information included elsewhere in this circular.

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	The Group	**Pro forma adjustments**			**Pro forma Remaining Group**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 2*	*Note 3*	*Note 4*	
Revenue					
Contracts with customers	284,082	(31,887)			252,195
Leases	42,316				42,316
Total Revenue	326,398				294,511
Cost of sales	(36,482)	4,630			(31,852)
Other service costs	(165,407)	20,249			(145,158)
Depreciation of property, plant and equipment	(74,525)	4,742	118		(69,665)
Depreciation of right-of-use asset	(880)				(880)
Gross profit	49,104				46,956
Net decrease in fair value of investment properties	62,300				62,300
Other income and gains and losses	2,892	(200)	5,516		2,692
			(5,516)		
Gain on disposal of a subsidiary	–			523,481	523,481
Administrative expenses					
– Depreciation	(2,781)				(2,781)
– Others	(31,139)	234			(30,905)
	(33,920)	234			(33,686)
Finance costs	(6,508)	5,576	(5,516)		(6,448)
Profit before taxation	73,868				595,295
Income tax expense	(8,269)	(551)			(8,820)
Profit for the year	65,599				586,475

	The Group	Pro forma adjustments			Pro forma Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 2*	*Note 3*	*Note 4*	
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss					
Exchange differences arising on translation of foreign operations	(3,767)				(3,767)
Items that will not be reclassified to profit or loss					
Fair value loss on equity instrument at fair value through other comprehensive income	(21,531)				(21,531)
Other comprehensive expense for the year	(25,298)				(25,298)
Total comprehensive income for the year	40,301				561,177
Profit for the year attributable to:					
Owners of the Company	65,522				586,398
Non-controlling interests	77				77
	65,599				586,475
Total comprehensive income attributable to:					
Owners of the Company	40,224				561,100
Non-controlling interests	77				77
	40,301				561,177

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2021

	The Group	**Pro forma adjustments**		**Pro forma Remaining Group**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 5*	*Note 6*	
NON-CURRENT ASSETS				
Property, plant and equipment	2,879,814	(289,022)	(87,180)	2,503,612
Right-of-use asset	27,657			27,657
Investment properties	1,121,905			1,121,905
Equity instruments at fair value through other comprehensive income	146,232			146,232
	4,175,608			3,799,406
CURRENT ASSETS				
Inventories	1,037	(72)		965
Financial assets at fair value through profit or loss	12,450			12,450
Trade and other receivables	6,336	(48)		6,288
Other deposits and prepayments	7,728	(788)		6,940
Bank balances and cash	247,842	(3,116)	907,493	1,144,919
			(7,300)	
	275,393			1,171,562
CURRENT LIABILITIES				
Trade and other payables and accruals	34,448	(2,155)		32,293
Rental and other deposits received	1,877			1,877
Contract liabilities	26,455	(5,324)		21,131
Amount due to ultimate holding company	189,078			189,078
Amount due to shareholder	5,088			5,088
Amount due from Target Company to Remaining Group	–	(274,415)	274,415	–
Tax liabilities	5,159			5,159
Bank loans	310,299	(2,495)		307,804
	572,404			562,430
NET CURRENT (LIABILITIES) ASSETS	(297,011)			609,132
TOTAL ASSET LESS CURRENT LIABILITIES	3,878,597			4,408,538

	The Group	Pro forma adjustments		Pro forma Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 5*	*Note 6*	
CAPITAL AND RESERVES				
Share capital	841,926			841,926
Share premium and reserves	2,937,274		531,105	3,468,379
Equity attributable to owners of the Company	3,779,200			4,310,305
Non-controlling interests	8,039			8,039
	3,787,239			4,318,344
NON-CURRENT LIABILITIES				
Rental deposits received	1,262			1,262
Deferred tax liabilities	90,096	(1,164)		88,932
	91,358			90,194
	3,878,597			4,408,538

PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

	The Group	Pro forma adjustments			Pro forma Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 7*	*Note 8*	*Note 9*	
OPERATING ACTIVITIES					
Profit before taxation	73,868	3,344	518,083		595,295
Adjustment for:					
Interest income from bank deposits	(560)				(560)
Finance costs	6,508	(5,576)	5,516		6,448
Net decrease in fair value of investment properties	(62,300)				(62,300)
Gain on disposal of property, plant and equipment	(707)				(707)
Loss on fair value changes of financial assets at FVTPL	66				66
Gain on disposal of subsidiaries	–		(523,481)		(523,481)
Depreciation of property, plant and equipment	77,306	(4,742)	(118)		72,446
Depreciation of right-of-use asset	880				880
Operating cash flows before movements in working capital	95,061				88,087
Increase in inventories	(20)	6			(14)
Increase in trade and other receivables	(196)	3			(193)
Decrease in other deposits and prepayments	5,109	(6)			5,103
Increase in trade and other payables and accruals	4,063	(697)			3,366
Decrease in rental and other deposits received	(227)				(227)
Increase in contracted liabilities	8,428	(3,266)			5,162
Cash generated from operations	112,218				101,284
Hong Kong Profits Tax paid	531				531
Income tax aid in other jurisdiction	(11,744)				(11,744)
NET CASH FROM OPERATING ACTIVITIES	101,005				90,071

	The Group	Pro forma adjustments			Pro forma Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 7*	*Note 8*	*Note 9*	
INVESTING ACTIVITIES					
Net proceeds from disposal of subsidiaries, net of cash and cash equivalents	–			896,894	896,894
Purchase of financial assets at FVTPL	(13,552)				(13,552)
Proceeds from disposal of financial assets at FVTPL	1,036				1,036
Acquisition of property, plant and equipment	(10,030)	148			(9,882)
Proceed from disposal of property, plant and equipment	2,050				2,050
Interest received	560				560
NET CASH USED IN INVESTING ACTIVITIES	(19,936)				877,106
FINANCING ACTIVITIES					
Interest paid	(3,095)	5,576	(5,516)		(3,035)
Repayments of bank loans	(61,245)	680			(60,565)
New bank loan raised	25,000				25,000
Advances from immediate holding company	51,768	7,506	(7,506)		51,768
Proceeds from disposal of partial interest in a subsidiary	13,050				13,050
NET CASH USED IN FINANCING ACTIVITIES	25,478				26,218

	The Group	Pro forma adjustments			Pro forma Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 7*	*Note 8*	*Note 9*	
NET INCREASE IN CASH AND CASH EQUIVALENT	106,547				993,395
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	143,317				143,317
Effect of foreign exchange rate changes	(2,022)				(2,022)
CASH AND CASH EQUIVALENTS AT 31 DECEMBER 2021	247,842				1,134,690
Analysis of the bank balances of cash and cash equivalents					
Bank balances and cash	247,842				1,134,690

NOTES TO THE PRO FORMA FINANCIAL INFORMATION

FOR THE YEAR ENDED 31 DECEMBER 2021

1. The amounts are extracted from the audited consolidated financial statements of the Group as at and for the year ended 31 December 2021 as set out in the annual report of the Company for the year ended 31 December 2021.

2. The adjustment represents (1) the exclusion of the financial performance of the Target Company for the year ended 31 December 2021 and (2) allocation of loss and total comprehensive expense of the Target Company for the year ended 31 December 2021 to the owners of the Company which hold effective interest of 100%, as if the Disposal had been completed on 1 January 2021. The financial performance of the Target Company are extracted from the unaudited financial information of the Target Company for the year ended 31 December 2021 set out in Appendix II to this circular.

3. The adjustment represents (1) the reinstatement of intragroup transactions between the Target Company and the Remaining Group, (2) de-recognition of additional depreciation of property, plant and equipment of HK$118,000 for the year ended 31 December 2021 arising from the excess of consideration paid by the Group over the identifiable net assets held by the Target Company at the completion of acquisition in 2008 as detailed in note 4(e) below and (3) elimination of interest amounted HK$5,516,000 for the year ended 31 December 2021 on the amount due from Target Company to the Remaining Group due to assignment of Sale Loan to the Purchaser.

4. The adjustment represents estimated gain on the Disposal assuming the Disposal had taken place on 1 January 2021:

	HK$'000	*HK$'000*
Cash Consideration *(note a)*		900,000
Adjustment for Target Company net assets value as at Completion Date *(note a)*:		
Add: Net assets value of the Target Company as at 1 January 2021 *(note b)*		10,286
Adjusted total consideration *(note c)*		910,286
Less net assets disposed of:		
Net assets value of the Target Company to be disposed of as at 1 January 2021 *(note b)*	(10,286)	
Assignment of the Sale Loan to the Purchaser *(note d)*	(281,921)	
Historical acquisition premium on cost of hotel property *(note e)*	(87,298)	(379,505)
Estimated gain on the Disposal before transaction costs		530,781
Less: Expenses directly attributable to the Disposal *(note 10)*		(7,300)
Estimated gain on the Disposal		523,481
Attributable to:		
Owners of the Company		523,481
Non-controlling interests		–
		523,481

Notes:

(a) Pursuant to the Sale and Purchase Agreement, the cash consideration payable by the Purchaser is HK$900,000,000 (the "**Initial Purchase Price")** plus the net assets value (if it is a positive amount) or minus the net assets value (if it is a negative amount) of the Target Company as at the date of completion of the Disposal (the "**Completion Date")**. The final consideration is subject to adjustments and the maximum consideration expected to be payable by the purchaser after adjustment would not exceed HK$920,000,000.

(b) The amount represents the net asset of the Target Company as at 1 January 2021 as extracted from the unaudited statement of financial position of the Target Company set out in Appendix II to this circular.

(c) Adjusted total consideration represents the amount to be received if the Disposal had been completed on 1 January 2021, which has taken into account the net assets value of the Target Company as at 1 January 2021 as the assumed Completion Date. The cash consideration received upon completion of the Disposal as at 1 January 2021 amounting to HK$910,286,000 comprising the Initial Purchase Price of HK$900,000,000 plus the net assets value of the Target Company of HK$10,286,000 as at Completion Date assuming the Disposal is completed on 1 January 2021.

(d) Pursuant to the Sale and Purchase Agreement, the Group has agreed to assign the Sale Loan to the Purchaser. The amount represented the amount due from Target Company due to the Remaining Group as at 1 January 2021 as the Completion Date.

(e) The adjustment on historical acquisition premium of hotel property included in property, plant and equipment of the Group of HK$87,298,000 as at 1 January 2021 represents the net amount comprising (1) HK$87,929,000 arising from the excess of the consideration of HK$198,000,000 paid by the Group over the net identifiable assets of the Target Company of HK$110,071,000 as at completion of acquisition on 21 May 2008, which formed part of the prepaid lease payments for lands and was subsequently transferred to property, plant and equipment upon the completion of development on the Grand City Hotel in August 2015, and (2) corresponding accumulated depreciation of property, plant and equipment for the portion of historical acquisition premium of HK$631,000 charged to the consolidated statements of profit or loss and other comprehensive income of the Group up to 1 January 2021.

Given the carrying amount of the Sale Loan is HK$281,921,000 as at 1 January 2021, the estimated gain of HK$523,481,000 has not taken into account further advances or repayments between the Remaining Group and the Target Company subsequent to 1 January 2021, which would affect the final gain or loss upon the completion of the Disposal.

The final gain or loss on the Disposal may also be affect by the carrying amount of the assets and liabilities of the Target Company on the date of disposal.

5. The adjustment represents the de-recognition of the assets and liabilities of the Target Company as at 31 December 2021 assuming the Disposal had taken place on 31 December 2021. The assets and liabilities of the Target Company are extracted from the unaudited statement of financial position of the Target Company set out in Appendix II to this circular.

6. The adjustment represents (1) de-recognition of the Group's historical acquisition premium in the Target Company included in the carrying amount of the hotel property which is classified as property, plant and equipment and (2) estimated gain on the Disposal assuming the Disposal had taken place on 31 December 2021:

	HK$'000	*HK$'000*
Cash Consideration *(note a)*		900,000
Adjustment for Target Company net assets value as at Completion Date *(note a):*		
Add: Net assets value of the Target Company as at 31 December 2021 *(note b)*		7,493
Adjusted total consideration *(note c)*		907,493
Less net assets disposed of:		
Net assets value of the Target Company to be disposed of as at 31 December 2021 *(note b)*	(7,493)	
Assignment of the Sale Loan to the Purchaser *(note d)*	(274,415)	
Historical acquisition premium on cost of hotel property *(note e)*	(87,180)	(369,088)
Estimated gain on the Disposal before transaction costs		538,405
Less: Expenses directly attributable to the Disposal *(note 10)*		(7,300)
Estimated gain on the Disposal		531,105
Attributable to:		
Owners of the Company		531,105
Non-controlling interests		–
		531,105

Notes:

(a) Pursuant to the Sale and Purchase Agreement, the cash consideration payable by the Purchaser is HK$900,000,000 plus the net assets value (if it is a positive amount) or minus the net assets value (if it is a negative amount) of the Target Company at the Completion Date. The final consideration is subject to adjustments and the maximum consideration expected to be payable by the purchaser after adjustment would not exceed HK$920,000,000.

(b) The amount represents the net asset of the Target Company as at 31 December 2021 as extracted from the unaudited statement of financial position of the Target Company set out in Appendix II to this circular.

(c) Adjusted total consideration represents the amount to be received if the Disposal had been completed on 31 December 2021, which has taken into account the net assets value of the Target Company as at 31 December 2021 as the assumed Completion Date. The cash consideration received upon completion of the Disposal as at 31 December 2021 amounting to HK$907,493,000 comprising the Initial Purchase Price of HK$900,000,000 plus the net assets value of the Target Company of HK$7,493,000 as at Completion Date assuming the Disposal is completed on 31 December 2021.

(d) Pursuant to the Sale and Purchase Agreement, the Group has agreed to assign the Sale Loan to the Purchaser. The amount represented the amount due from Target Company due to the Remaining Group as at 31 December 2021 as the Completion Date.

(e) The carrying amount of the hotel property of the Target Company recognised by the Group is approximately HK$376,202,000 as at 31 December 2021. The adjustment of historical acquisition premium of HK$87,180,000 as at 31 December 2021 represents the net amount of (1) HK$87,929,000 arising from the excess of the consideration of HK$198,000,000 paid by the Group over the net identifiable assets of the Target Company of HK$110,071,000 as at completion of acquisition on 21 May 2008, which formed part of the prepaid lease payments for lands and was subsequently transferred to property, plant and equipment upon the completion of development on the Grand City Hotel in August 2015, and (2) corresponding accumulated depreciation for the portion of historical acquisition premium of HK$749,000 charged to the consolidated statements of profit or loss and other comprehensive income of the Group up to 31 December 2021.

Given the carrying amount of the Sale Loan is HK$274,415,000 as at 31 December 2021, the estimated gain of HK$531,105,000 has not taken into account further advances or repayments between the Remaining Group and the Target Company subsequent to 31 December 2021, which would affect the final gain or loss upon the completion of the Disposal.

The final gain or loss on the Disposal may also be affect by the carrying amount of the assets and liabilities of the Target Company on the date of disposal.

7. The adjustments are to exclude the cash flows of the Target Company incorporated in the consolidated statement of cash flows of the Group for the year ended 31 December 2021 as if the Disposal had been taken place on 1 January 2021. The cash flows of the Target Company are extracted from the unaudited financial information of the Target Company for the year ended 31 December 2021 set out in Appendix II to this circular.

8. The adjustment represents (1) exclusion of payment on interest amounted to HK$5,516,000 for the year ended 31 December 2021 paid by the Target Company to the Remaining Group due to assignment of Sale Loan to the Purchaser upon completion of the Disposal, (2) recognition of estimated gain on Disposal of HK$523,481,000 included in note 4, (3) de-recognition of additional depreciation of property, plant and equipment of HK$118,000 for the year ended 31 December 2021 due to historical acquisition premium in Target Company included in note 3 which is non-cash transaction. For the purpose of preparation of the unaudited pro forma consolidated statement of cash flows of the Remaining Group, the cash flows in relation to advances to and repayments from the Target Company with net amount of HK$7,506,000 paid to the Vendor during the year ended 31 December 2021 were not adjusted.

9. For the purpose of the unaudited pro forma consolidated statement of cash flows of the Remaining Group, the adjustment represents the net cash inflow from the Disposal as if the Disposal have taken place on 1 January 2021. Calculation of the cash inflow from the Disposal as at 1 January 2021 was as follows:

	Notes	*HK$'000*
Gross proceeds from the Disposal	*(a)*	910,286
Less: Estimated transaction costs directly attributable to the Disposal	*(b)*	(7,300)
Cash and cash equivalents of the Target Company	*(c)*	(6,092)
Net cash inflow from the Disposal		896,894

Notes:

(a) The calculation of gross proceed to be received from the Disposal as cash consideration is included in note 4(c).

(b) The basis of transaction costs is included in note 10.

(c) Bank balances and cash of the Target Company of HK$6,092,000 as at 1 January 2021 is extracted from Appendix II to this circular.

10. The estimated transaction costs and other legal and professional fee of HK$7,300,000 expected to be incurred for the Disposal and the actual costs of the Disposal is subject to change at the Completion Date. It is assumed to be paid as incurred for the purpose of this unaudited pro forma financial information.

11. The adjustments to the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows are not expected to have a continuing effect on the Remaining Group.

12. The Unaudited Financial Information contained in this circular does not constitute the Target Company's statutory financial statements for either of the years ended 31 December 2019, 2020 and 2021 but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows:

    As the Target Company is a private company, it is not required to deliver its financial statements to the Registrar of Companies, and has not done so.

    Target Company's auditor has reported on these financial statements for all three years. The auditor's reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis; and did not contain a statement under either sections 406(2), 407(2) or (3) of the Companies Ordinance.

ACCOUNTANTS' REPORT FROM THE REPORTING ACCOUNTANTS ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of the independent reporting accountants' assurance report, in respect of the unaudited pro forma financial information prepared for the purpose of inclusion in this circular, received from the independent reporting accountants, Deloitte Touche Tohmatsu Certified Public Accountants, Hong Kong.

Deloitte. 德勤

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

To the Directors of Magnificent Hotel Investments Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Magnificent Hotel Investments Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") by the directors of the Company (the "**Directors**") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of financial position as at 31 December 2021, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2021, the unaudited pro forma consolidated statement of cash flows for the year ended 31 December 2021 and related notes as set out on pages 29 to 41 of the circular issued by the Company dated 27 July 2022 (the "**Circular**"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages 29 to 41 of the Circular.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the very substantial disposal in relation to the disposal of Sino Money Investments Limited (the "**Target Company**") (the "**Disposal**") on the Group's financial position as at 31 December 2021 and the Group's financial performance and cash flows for the year ended 31 December 2021 as if the transaction had taken place at 31 December 2021 and 1 January 2021 respectively. As part of this process, information about the Group's financial position, financial performance and cash flows has been extracted by the Directors from the Group's consolidated financial statements for the year ended 31 December 2021, on which an auditor's report has been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited 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 (the "**HKICPA**").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the 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 Control 1 "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited 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 unaudited 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 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 unaudited 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 purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited 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 unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on 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 event or transaction at 31 December 2021 or 1 January 2021 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited 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 unaudited 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 unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

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

The engagement also involves evaluating the overall presentation of the unaudited 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 unaudited 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 unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong, 27 July 2022

Set out below is the management discussion and analysis of the Remaining Group for each of the three years ended 31 December 2019, 2020 and 2021 as extracted from the annual reports of the Company for the three years ended 31 December 2019, 2020 and 2021.

FOR THE YEAR ENDED 31 DECEMBER 2019

Results

For the year ended 31 December 2019, revenue of the Remaining Group amounted to approximately HK$388,726,000 (year ended 31 December 2018: HK$523,319,000), representing a decrease of approximately HK$38,867,000 or 26%. The profit for the year ended 31 December 2019 attributable to owners of the Company was approximately HK$31,831,000 (year ended 31 December 2018: HK$260,349,000).

Dividend

The Board did not recommend the payment of a final dividend for the year ended 31 December 2019 (2018: HK0.652 cent per share).

Overview

For the year ended 31 December 2019, the Remaining Group's income was mostly derived from the aggregate of income from operation of hotels and hotel properties rental income. The total income for the Remaining Group decreased by 26% from approximately HK$523,319,000 to HK$388,726,000 compared with the year ended 31 December 2018.

For the year ended 31 December 2019, Hong Kong has been suffering from social disorders and coronavirus in the last several months which has stopped the International/the PRC tourism visiting. Such unforeseeable circumstances have adversely affected the local economy, hospitality, retail and hotel market of Hong Kong which most establishments are either closed or operating on low occupancy with significant losses. It is the management's view that the local social disorders are not easily resolvable and are likely to continue for sometimes that seriously affect the PRC and international visitors. The coronavirus may also take more months to die out for recovery of international travel and leisure tourism. The combination of lengthy damaged economy of Hong Kong, the PRC and global, continuous coronavirus, continuous social disorders and trade wars, the management envisage the hotel operations will be lost making for sometimes. The management will continue to try to maintain high hotel occupancies to compensate hotel operating costs.

Material Acquisitions and Disposal of Subsidiaries, Associates and Joint Venture

The Group did not acquire or dispose of any material subsidiaries, associates or joint ventures during the year ended 31 December 2019.

The Group acquired Wood Street Police Headquarter, 37 Wood Street London EC2 UK (the "**Property**") for a consideration of GBP40,000,000 (equivalent to approximately HK$404,540,000) on 29 January 2020. The total gross internal area of the Property is 117,472 sq.ft. (10,913.3 sq.m.). The Property is 0.18 hectare (approximately 20,000 sq.ft.) island site. The Property is purchased on a new long lease of 151 years commencing from the completion at a peppercorn rent.

The Property is located in the core of the City of London, approximately 350 metres north west of the Bank of England. The Property occupies a prominent corner position at the junction of Wood Street and Love Lane. The Property is located within 6 minutes walk of Liverpool Street Station and Moorgate Crossrail Station.

The Property is the Grade II* listed building. It comprises two primary forms, a four storey building built around a large courtyard, with a 12 storey tower to the north east corner of the site. Constructed between 1963-66 by McMorran and Whitby. It is a striking example of neo-classical architecture. The Property was purpose built for the City of London Police Headquarter.

Given the vibrant economic importance of center district, the City of London, UK and the development prospect of the Property, the Board believes that the Acquisition provides an excellent investment opportunity for the Group (a member of the Shun Ho Property Investments Limited group and Shun Ho Holdings Limited group) to expand and diversify into property investments in the City of London, one of the world's biggest commercial and tourist center. The Board is also of the view that the acquisition will allow the Group to strategically increase its investment in London, UK.

The purchase price of GBP40,000,000 (equivalent to approximately HK$404,540,000) represents a good opportunity for the Group to acquire a sizeable property in the Central London location at a relative low price at GBP341 (equivalent to approximately HK$3,500) per sq.ft. gross based on 117,472 sq.ft. total gross internal area. The acquisition also allows the Group to enter into the London commercial and tourism center and to benefit from considerable refurbishment potential and its future incomes.

Planning consent approval will be applied for any change of use from existing sui generis use to office, retail use or hotel use. The excellent location of the Property being in the center of the City of London is ideal for conversion to a grade A office, and retail and food/beverages mix uses. However, the management considers even more excellent plan to renovate this high profile well located heritage building to become a deluxe heritage hotel of about 200 guest rooms with restaurant, bar, ballroom and spa with gross internal area about 117,472 sq.ft. The management is proud of having this opportunity to renovate this deluxe and heritage building in the center of the City of London.

Liquidity, Capital Resources and Capital Structure

At 31 December, 2019, the overall debts of the Group were approximately HK$419,000,000 (2018: HK$457,000,000), of which approximately HK$391,000,000 (2018: HK$452,000,000) was assets secured bank borrowings and approximately HK$28,000,000 was advances from shareholder (2018: HK$5,000,000). The decrease in overall debts was due to repayment of bank borrowings.

Of these loans, the total interest expenses amounted to approximately HK$8,025,000 (2018: HK$13,759,000), the bank loans interest expenses amounted to approximately HK$7,972,000 (2018: HK$13,747,000) and the shareholder's loan interest expenses amounted to approximately HK$53,000 (2018: HK$12,000). The bank loan interests decreased due to repayment of bank loans during the year. The Group's bank borrowings carry interest at floating rates and are mainly denominated in Hong Kong dollar and Pound Sterling. Accordingly, the Group exposes to exchange risk and management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Gearing ratio

The gearing ratio was 10% (2018: 11%) in terms of overall debts of HK$419 million (2018: HK$457 million) against funds employed of HK$3,991 million before revaluation of all hotel properties (2018: HK$4,062 million).

Foreign exchange risk

The Group's businesses are mainly carried out in Hong Kong and all transactions including major revenue and cost items are denominated in HK$ and the Remaining Group has no material transaction currency exposure. The Group currently does not have a foreign currency hedging policy.

Capital commitments

As at 31 December 2019, the Remaining Group had outstanding commitments contracted for but not provided in the consolidated financial statements in respect of expenditure on property, plant and equipment amounting to HK$706,000 (2018: HK$382,000).

Contingent liabilities

The Remaining Group did not have any material contingent liabilities as at 31 December 2019.

Pledge of assets

At the end of the year ended 31 December 2019, the bank loan facilities of the Remaining Group were secured by the followings:

(a) investment properties and hotel properties of the Remaining Group with carrying amounts as at 31 December 2019 of approximately HK$1,098 million (2018: HK$1,099 million) and HK$2,055 million (2018: HK$2,116 million), respectively;

(b) pledge of shares in certain subsidiaries with an aggregate net asset value as at 31 December 2019 of approximately HK$729 million (2018: HK$706 million);

(c) assignment of property rental of certain subsidiaries;

(d) charge over deposits and securities of a subsidiary; and

(e) assignment of insurance on a hotel property.

Share capital and capital structure

There was no change in the share capital and capital structure of the Company during the year ended 31 December 2019.

Employees

As at 31 December 2019, the Remaining Group's staffing number was 551 (2018: 597), decreased by 8%. Total costs (including Directors' remuneration) of the Remaining Group for the year ended 31 December 2019 was approximately HK$162,507,000.

The remuneration schemes of the Remaining Group are generally structured with reference to market conditions and the qualifications of the employees and the reward packages, including discretionary bonus, for the staff are generally reviewed on an annual basis, depending on the staff's and the Remaining Group's performance. Apart from salary payments and contributions to the retirement benefit schemes and pension schemes, other staff benefits include participation in share option scheme and medical insurance for eligible employees. In-house and external training programs are also provided as and when required.

FOR THE YEAR ENDED 31 DECEMBER 2020

Results

For the year ended 31 December 2020, revenue of the Remaining Group amounted to approximately HK$203,566,000 (year ended 31 December 2019: HK$388,726,000), representing a decrease of approximately HK$185,160,000 or 48%. The loss for the year attributable to owners of the Company for the year ended 31 December 2020 was approximately HK$202,000,000 (profit for the year ended 31 December 2019: HK$31,831,000), decreased by approximately HK$234,000,000.

Dividend

The Board did not recommend the payment of a final dividend for the year ended 31 December 2020 (2019: NIL).

Overview

For the year ended 31 December 2020, the Remaining Group's income was mostly derived from the aggregate of income from operation of hotels and hotel properties rental income. The total income for the Remaining Group decreased by 48% from approximately HK$388,726,000 to HK$203,566,000 compared with the year ended 31 December 2019.

Hong Kong has been suffering from US-Sino trade war and COVID-19 which have stopped international/PRC tourism visiting. Such unforeseeable circumstances have adversely affected the local economy, hospitality, retail and hotel market of Hong Kong with most establishments either closed or operating on low occupancies with significant losses. It is the management's view that in 2020, due to the continuous COVID-19 effect and unstable US-China relationship, it is quite unlikely that overseas/PRC visitors will return to Hong Kong. Hotels in Hong Kong and retail stores will continue to suffer from low occupancies and high operating costs. The management will continue to try to control hotel operating costs. In longer term, the continuous adverse US-China relationship will impact on the geopolitics, which may continue to damage any international tourism and economy recovering.

As at 31st December 2019, the valuation of Royal Scot Hotel, London was GBP95,000,000 against initial purchase cost GBP70,000,000. The Group acquired Wood Street Police Headquarter, 37 Wood Street London EC2 UK (the "**Property**") for a consideration of GBP40,000,000 (equivalent to approximately HK$404,540,000) on 29 January 2020. The total gross internal area of the Property is 117,472 sq.ft. (10,913.3 sq.m.). The Property is 0.18 hectare (approximately 20,000 sq.ft.) island site. The Property is purchased on a new long lease of 151 years commencing from the Completion at a peppercorn rent. The Property is located in the core of the City of London, approximately 350 metres north west of the Bank of England. The Property occupies a prominent corner position at the junction of Wood Street and Love Lane. The Property is located within 6 minutes walk of Liverpool Street Station and Moorgate Crossrail Station. The Property is the Grade II* listed building. It comprises two primary forms, a four storey building built around a large courtyard, with a 12 storey tower to the north east corner of the site. Constructed between 1963-66 by McMorran and Whitby. It is a striking example of neo-classical architecture. The Property was purpose built for the City of London Police Headquarter. Given the vibrant economic importance of center district, the City of London, UK and the development prospect of the Property, the Boards believes that the Acquisition provides an excellent investment opportunity for the Group (a member of the Shun Ho Property Investments Limited group and Shun Ho Holdings Limited group) to expand and diversify into property investments in the City of London, one of the world's biggest commercial and tourist center. The Boards are also of the view that the acquisition will allow the Group to strategically increase its investment in London, UK. The purchase price of

GBP40,000,000 (equivalent to approximately HK$404,540,000), represents a good opportunity for the Group to acquire a sizeable property in the Central London location at a relative low price at GBP341 (equivalent to approximately HK$3,500) per sq.ft. gross based on 117,472 sq.ft. total gross internal area. The acquisition also allows the Groups to enter into the London commercial and tourism center and to benefit from considerable refurbishment potential and its future incomes. Planning consent approval will be applied for any change of use from existing sui generis use to office, retail use or hotel use. The excellent location of the Property being in the center of the City of London is ideal for conversion to a grade A office, and retail and food/beverages mix uses. However, the management consider even more excellent plan to renovate this high profile well located heritage building to become a deluxe heritage hotel of about 200 guest rooms with restaurant, bar, ballroom and spa with gross internal area about 117,472 sq.ft. The management is proud of having this opportunity to renovate this deluxe and heritage building in the center of the City of London.

Material Acquisitions and Disposal of Subsidiaries, Associates and Joint Venture

The Group acquired Wood Street Police Headquarter building in the centre of City of London for GBP40 million on 29 January 2020 which has a gross internal area of 117,472 s.f. on a 20,000 s.f. island site with an intention to refurbish a deluxe hotel of about 210 guest rooms and restaurants, bar and facilities (subject to approval). The management is proud of having this opportunity to renovate this landmark heritage building in the centre of City of London.

Save as the above, the Group did not acquire or dispose of any material subsidiaries, associates or joint ventures during the year ended 31 December 2020.

Liquidity, Capital Resources and Capital Structure

At 31 December 2020, the overall debts of the Group were approximately HK$481,000,000 (2019: HK$419,000,000), of which approximately HK$347,000,000 (2019: HK$391,000,000) was assets secured bank borrowings and approximately HK$134,000,000 was advances from shareholder (2019: HK$28,000,000). The increase in overall debts was due to acquisition of Wood Street Police Headquarter, 37 Wood Street London EC2 UK.

Of these loans, the total interest expenses amounted to approximately HK$8,324,000 (2019: HK$8,025,000), the bank loans interest expenses amounted to approximately HK$6,667,000 (2019: HK$7,972,000) and the shareholder's loan interest expenses amounted to HK$1,657,000 (2019: HK$53,000). The interests increased mainly due to an increase in shareholders' loan during the year. The Group's bank borrowings carry interest at floating rates and are mainly denominated in Hong Kong dollar and Pound Sterling. Accordingly, the Group exposes to exchange risk and management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Gearing ratio

The gearing ratio was 13% (2019: 10%) in terms of overall debts of HK$481 million (2019: HK$419 million) against funds employed of HK$3,739 million before revaluation of all hotel properties (2019: HK$3,991 million).

Foreign exchange risk

The Group's businesses are mainly carried out in Hong Kong and all transactions including major revenue and cost items are denominated in HK$ and the Remaining Group has no material transaction currency exposure. The Group currently does not have a foreign currency hedging policy.

Capital commitments

As at 31 December 2020, the Remaining Group had no outstanding commitments contracted for but not provided in the consolidated financial statements. As at 31 December 2019, the Remaining Group had outstanding commitments contracted for but not provided in the consolidated financial statements in respect of expenditure on property, plant and equipment amounting to HK$706,000.

Contingent liabilities

The Remaining Group did not have any material contingent liabilities as at 31 December 2020.

Pledge of assets

At the end of the reporting period for the year ended 31 December 2020, the bank loan facilities of the Remaining Group were secured by the followings:

(a) investment properties and hotel properties of the Group with carrying amounts as at 31 December 2020 of approximately HK$980 million (2019: HK$1,098 million) and HK$1,993 million (2019: HK$2,055 million), respectively;

(b) pledge of shares in certain subsidiaries of the Company with an aggregate net asset value as at 31 December 2020 of approximately HK$603 million (2019: HK$729 million);

(c) assignment of property rental of certain subsidiaries of the Company; and

(d) assignment of insurance on a hotel property.

Share capital and capital structure

There was no change in the share capital and capital structure of the Company during the year ended 31 December 2020.

Employees

As at 31 December 2020, the Remaining Group's staffing number was 442 (2019: 551), decreased by 20%. Total costs (including Directors' remuneration) of the Remaining Group for the year ended 31 December 2020 was approximately HK$82,307,000.

The remuneration schemes of the Remaining Group are generally structured with reference to market conditions and the qualifications of the employees and the reward packages, including discretionary bonus, for the staff are generally reviewed on an annual basis, depending on the staff's and the Remaining Group's performance. Apart from salary payments and contributions to the retirement benefit schemes and pension schemes, other staff benefits include participation in share option scheme and medical insurance for eligible employees. In-house and external training programs are also provided as and when required.

FOR THE YEAR ENDED 31 DECEMBER 2021

Results

For the year ended 31 December 2021, revenue of the Remaining Group amounted to approximately HK$294,511,000 (year ended 31 December 2020: HK$203,566,000), representing a increase of approximately HK$90,945,000 or 45%. The profit for the year attributable to owners of the Company for the year ended 31 December 2021 was approximately HK$66,000,000 (loss for the year ended 31 December 2020: HK$202,000,000), increased by approximately 268,000,000.

Dividend

The Board did not recommend the payment of a final dividend for the year ended 31 December 2021 (2020: NIL).

Overview

For the year ended 31 December 2021, the Remaining Group's income was mostly derived from the aggregate of income from operation of hotels and hotel properties rental income. The total income for the Remaining Group increased by 45% from approximately HK$203,566,000 to HK$294,511,000 compared with the year ended 31 December 2020.

Hong Kong has been suffering from US-Sino trade war and COVID-19 which have stopped international/PRC tourism visiting. Such unforeseeable circumstances have adversely affected the local economy, hospitality, retail and hotel market of Hong Kong with most establishments either closed or operating on low occupancies with significant losses. It is the management's view that in the remaining 2022, due to the continuous COVID-19 effect, it is quite unlikely that significant overseas/PRC visitors will return to Hong Kong. Hotels in Hong Kong and retail stores will continue to suffer from low occupancies and high operating costs. The management will continue to try to control hotel operating costs. Six of the Group's hotels in Hong Kong and Shanghai are operating as quarantine hotels under short term contracts with Government. Future prospects of the hotel business and rental incomes continue to be most challenging and unstable. Management will continue its effort to increase incomes and control costs.

Material Acquisitions and Disposal of Subsidiaries, Associates and Joint Venture

The Group did not acquire or dispose of any material subsidiaries, associates or joint ventures during the year ended 31 December 2021.

Liquidity, Capital Resources and Capital Structure

At 31 December 2021, the overall debts of the Group were approximately HK$504,000,000 (2020: HK$481,000,000), of which approximately HK$310,000,000 (2020: HK$347,000,000) was assets secured bank borrowings and approximately HK$194,000,000 was advances from shareholder (2020: HK$134,000,000). The increase in overall debts was due to an increase in advance from shareholder.

The bank loan interests decreased due to decrease in interest rate during the year. The Group's bank borrowings carry interest at floating rates and are mainly denominated in Hong Kong dollar and Pound Sterling. Accordingly, the Group exposes to exchange risk and management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Gearing ratio

The gearing ratio was 13% (2020: 13%) in terms of overall debts of HK$504 million (2020: HK$481 million) against funds employed of HK$3,779 million before revaluation of all hotel properties (2020: HK$3,739 million).

Foreign exchange risk

The Group's businesses are mainly carried out in Hong Kong and all transactions including major revenue and cost items are denominated in HK$ and the Remaining Group has no material transaction currency exposure. The Group currently does not have a foreign currency hedging policy.

Capital commitments

As at 31 December 2021, the Remaining Group had no outstanding commitments contracted for but not provided in the consolidated financial statements (2020: Nil).

Contingent liabilities

The Remaining Group did not have any material contingent liabilities as at 31 December 2021.

Pledge of assets

At the end of the reporting period, the bank loan facilities of the Remaining Group were secured by the followings:

(a) investment properties and hotel properties of the Remaining Group with carrying amounts as at 31 December 2021 of approximately HK$1,034 million (2020: HK$980 million) and HK$1,931 million (2020: HK$1,933 million), respectively;

(b) pledge of shares in certain subsidiaries of the Company with an aggregate net asset value as at 31st December 2021 of approximately HK$643 million (2020: HK$603 million);

(c) assignment of property rental of certain subsidiaries of the Company; and

(d) assignment of insurance on an investment property.

Share capital and capital structure

There was no change in the share capital and capital structure of the Company during the year ended 31 December 2021.

Employees

As at 31 December 2021, the Remaining Group's staffing number was 375 (2020: 442), decreased by 15%. Total costs (including Directors' remuneration) of the Remaining Group for the year ended 31 December 2021 was approximately HK$104,759,000.

The remuneration schemes of the Remaining Group are generally structured with reference to market conditions and the qualifications of the employees and the reward packages, including discretionary bonus, for the staff are generally reviewed on an annual basis, depending on the staff's and the Remaining Group's performance. Apart from salary payments and contributions to the retirement benefit schemes and pension schemes, other staff benefits include participation in share option scheme and medical insurance for eligible employees. In-house and external training programs are also provided as and when required.

The following is the text of a letter, and valuation certificate, prepared for the purpose of incorporation in this circular received from Cushman & Wakefield Limited, an independent valuer, in connection with its valuation as at 16 May 2022 of the Property held by the Group.

CUSHMAN & WAKEFIELD
戴德梁行

27/F One Island East
Taikoo Place
18 Westlands Road
Quarry Bay
Hong Kong

27 July 2022

The Directors
Magnificent Hotel Investments Limited
Shun Ho Property Investments Limited
Shun Ho Holdings Limited
3/F, Shun Ho Tower
24-30 Ice House Street
Central
Hong Kong

Dear Sirs,

Re: Grand City Hotel, No.338 Queen's Road West, Sai Ying Pun, Hong Kong (the "Property")

INSTRUCTIONS, PURPOSE & VALUATION DATE

We refer to the instructions from Magnificent Hotel Investments Limited, Shun Ho Property Investments Limited and Shun Ho Holdings Limited and/or its subsidiaries (together the "**Group**") for us to carry out a valuation of the Property in Hong Kong in which the Group has interest. We confirm that we have carried out inspections, 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 value of the Property as at 16 May 2022 (the "**Valuation Date**").

BASIS OF VALUATION

Our valuation of the Property represents its market value which in accordance with the HKIS Valuation Standards 2020 published by the Hong Kong Institute of Surveyors 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".

We confirm that our valuation complies with the requirements set out in Chapter 5 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited published by The Stock Exchange of Hong Kong Limited and the HKIS Valuation Standards 2020 Edition issued by the Hong Kong Institute of Surveyors.

VALUATION ASSUMPTIONS

Our valuation excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of value available only to a specific owner or purchaser.

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

METHOD OF VALUATION

We have valued the Property as an on-going operational hotel (including its furniture, fixtures and equipment) assuming all relevant statutory and/or mandatory permissions, permits, approvals and licences necessary for hotel operation are properly in place. In undertaking our valuation, we have used Income Approach as well as making cross reference to comparable sales transactions as available in the market. Regarding the Income Approach, we have discounted the future net cash flow of the Property over a 10-year investment horizon by using an appropriate discount rate (7.50%) that reflects the rate of return. The anticipated net operating income receivable thereafter from the 11th year onwards was capitalized at an appropriate capitalization rate (3.25%) to its present value.

SOURCE OF INFORMATION

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as planning approvals, statutory notices, easements, tenure, identification of property, particulars of occupancy, floor plans, floor areas, trading accounts, number of guestrooms and all other relevant matters. Dimensions and measurements are based on the copies of documents or other information provided to us by the Group and are therefore only approximations. No on-site measurement has been carried out.

TITLE INVESTIGATION

We have not been provided with copies of the title documents relating to the Property but have caused searches to be made at the Land Registry. However, we have not searched the original documents to verify ownership or to ascertain any amendments. All documents have been used for reference only and all dimensions, measurements and areas are approximate.

SITE INSPECTION

Our Kasey Lam inspected the Property on 10 June 2022. She works under the supervision of KB Wong who is a member of the Royal Institute of Chartered Surveyors, a Fellow of the Hong Kong Institute of Surveyors and a Registered Professional Surveyor. However, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are not, however, able to report whether the Property are free of rot, infestation or any other structural defects. No test was carried out on any of the services.

MARKET UNCERTAINTY

The outbreak of the Novel Coronavirus (COVID-19) has brought high volatility to global financial markets and uncertainty to the property market. It is expected that property values will be very sensitive to development of the pandemic and changes in the financial markets. The extents of impact on different sectors of the market are different and the time for marketing and negotiating sale of a property will be longer than normal. There will be less certainty as to how long a valuation may sustain and property prices may fluctuate rapidly and materially over a short period of time. Our valuation of the property is valid only at the Valuation Date and any subsequent changes in market conditions as well as the resulting impacts on property values after the Valuation Date cannot be taken into account. If any party intends to make reference to our valuation when entering into any transaction, he must bear in mind the high market volatility during this period of time and that property values may or may not have changed since the Valuation Date.

CONFIRMATION OF INDEPENDENCE

We hereby confirm that Cushman & Wakefield Limited and the undersigned have no pecuniary or other interest that could conflict with the proper valuation of the Property or could reasonably be regarded as being capable of affecting our ability to give an unbiased opinion.

We enclose herewith our valuation report for your attention.

Yours faithfully,
For and on behalf of
Cushman & Wakefield Limited

K. B. Wong
MRICS, FHKIS, RPS(GP)
Executive Director
Valuation & Advisory Services, Hong Kong

Note: *Mr. K.B. Wong is a Member of the Royal Institution of Chartered Surveyors, a Fellow of the Hong Kong Institute of Surveyors and a Registered Professional Surveyor who has over 35 years of experience in the professional property valuation and advisory in Hong Kong. Mr. Wong has sufficient knowledge of the market, and the skills and understanding to undertake the valuation competently.*

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 16 May 2022
Grand City Hotel, No. 338 Queen's Road West, Sai Ying Pun, Hong Kong Section B, Section C and the Remaining Portion of Inland Lot No. 491 and the Remaining Portion and Sub-section 2 of Section A of Inland Lot No. 490.	The Property comprises a 29-storey hotel building completed in 2015. The Property accommodates a total of 214 guestrooms, a restaurant and car parking spaces. The total gross floor area of the Property is approximately 60,150 sq.ft. (5,588.07 sq.m.). The locality of the Property is served by public transport services and characterized by a mixture of commercial and residential developments of various ages. The Property is held under various Government Leases for the same term of 999 years commencing from 1 September 1857. The current total Government rent payable for the lots (Section B, Section C and the Remaining Portion of Inland Lot No. 491) is HK$50 per annum.	The Property is operated by the Group under the trade name of "Grand City Hotel".	HK$770,000,000 (HONG KONG DOLLARS SEVEN HUNDRED AND SEVENTY MILLION)

Notes:

(1) The registered owner of the Property is Sino Money Investments Limited.

(2) The Property is subject to an Offensive Trade Licence.

(3) The Property is subject to a Mortgage in favour of Chong Hing Bank Limited.

(4) The Property is granted with a hotel/guesthouse licence for a period from 21 August 2019 to 20 August 2022 under the Hotel and Guesthouse Accommodation Ordinance Cap 349 by the Hotel and Guesthouse Accommodation Authority.

(5) The Property is zoned for "Residential (Group A)7" use under Sai Ying Pun & Sheung Wan Outline Zoning Plan No.S/H3/34.

(6) The major parameters used in our valuation are as below:

Daily Room Rate at the Valuation Date	:	$470
Occupancy Rate at the Valuation Date	:	80%
Discount Rate	:	7.50%
Capitalization Rate	:	3.25%

(7) We have selected 3 recent hotel transactions in the market. In our valuation, we have taken into account the factors of location, hotel scale, room size, year built, facilities etc and have made the appropriate adjustments based on those factors to reflect the differences between the Property and the comparable transactions.

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

Directors and Chief Executive

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance ("**SFO**")) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (b) which were required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO; or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies as set out in appendix 10 of the Listing Rules, were as follows:

(a) The Company

Name of Director	Capacity	Nature of Interests	Number of shares/ Underlying shares held	Approximately % of shareholding
William Cheng Kai Man	Interest of controlled corporations	Corporate	6,360,585,437 *(Note)*	71.09

Note: SHP beneficially owned 2,709,650,873 shares of the Company (the "**Shares**") (30.29%) and was taken to be interested in 395,656,000 Shares (4.42%) held by Good Taylor Limited, 273,579,983 Shares (3.06%) held by South Point Investments Limited, 3,500,000 Shares (0.04%) held by Shun Ho Technology Developments Limited and 2,978,198,581 Shares (33.29%) held by Fastgrow Engineering & Construction Company Limited ("**Fastgrow**"), representing a total of 6,360,585,437 Shares (71.09%). Mr. William Cheng Kai Man had controlling interest in the above-mentioned companies. All the above interests in the Shares are long position.

(b) Interests in associated corporations (within the meaning of Part XV of the SFO) of the Company

Name of Director	Name of associated corporation	Capacity	Nature of Interests	Number of shares/ Underlying shares held	Approximately % of shareholding
William Cheng Kai Man	SHP *(Note 1)*	Beneficial owner and interest of controlled corporations	Personal and Corporate	385,395,999	66.48
William Cheng Kai Man	SHH *(Note 2)*	Beneficial owner and interest of controlled corporations	Personal and Corporate	226,454,825	74.40
William Cheng Kai Man	Trillion Resources (BVI) *(Note 3)*	Beneficial owner	Personal	2	100

Notes:

1. SHP, the Company's immediate holding company, is a public limited company incorporated in Hong Kong, the shares of which are listed on the Stock Exchange.

2. SHH, the Company's intermediate holding company, is a public limited company incorporated in Hong Kong, the shares of which are listed on the Stock Exchange.

3. Trillion Resources Limited ("**Trillion Resources (BVI)**"), the Company's ultimate holding company, is a company incorporated in the British Virgin Islands.

4. All the above interests in the shares of the associated corporations are long position.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in the Shares, underlying Shares and/or debentures (as the case may be) of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be entered in the register required to be kept by the Company under section 352 of the SFO; or (b) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers and none of the Directors or their associates or their spouse or children under the age of 18, had any right to subscribe for the securities of the Company or associated corporations, or had exercised any such right.

Substantial Shareholders

So far as is known by or otherwise notified by any Director and chief executive of the Company, as at the Latest Practicable Date, the particulars of the corporations or individuals (not being Directors or chief executive of the Company), had an interest and/or short position in the Shares or underlying Shares (as the case may be) which would fall to be disclosed to the Company and the Stock Exchange under Divisions 2 and 3 of Part XV of the SFO, or was otherwise interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Name of shareholder	Capacity	Number of shares/underlying shares held	Approximately % of shareholding
SHP *(Note 1)*	Beneficial owner and interest of controlled corporations	6,360,585,437 (L)	71.09
Omnico Company Inc. ("**Omnico**") *(Note 2)*	Interest of controlled corporations	6,360,585,437 (L)	71.09
SHH *(Note 2)*	Interest of controlled corporations	6,360,585,437 (L)	71.09
Trillion Resources (BVI) *(Note 2)*	Interest of controlled corporations	6,360,585,437 (L)	71.09
Liza Lee Pui Ling *(Note 3)*	Interest of Spouse	6,360,585,437 (L)	71.09
Fastgrow	Beneficial owner	2,978,198,581 (L)	33.29
Alef United Holdings Limited *(Note 4)*	Beneficial owner and interest in persons acting in concert	893,612,500 (L)	9.99
Credit Suisse Trust Limited *(Note 4)*	Interests of controlled corporations	893,612,500 (L)	9.99
Hashim Majed Hashim A. *(Note 4)*	Interests of controlled corporations	893,612,500 (L)	9.99
North Salomon Limited *(Note 4)*	Interests of controlled corporations	893,612,500 (L)	9.99
Saray Capital Limited *(Note 4)*	Interests of controlled corporations	893,612,500 (L)	9.99
Saray Value Fund SPC *(Note 4)*	Beneficial owner and interest in persons acting in concert	893,612,500 (L)	9.99
Shobokshi Hussam Ali H. *(Note 4)*	Interests of controlled corporations	893,612,500 (L)	9.99
FMR LLC *(Note 5)*	Interests of controlled corporations	469,451,000 (L)	5.25

Notes:

1. SHP beneficially owned 2,709,650,873 Shares (30.29%) and was taken to be interested in 395,656,000 Shares (4.42%) held by Good Taylor Limited, 273,579,983 Shares (3.06%) held by South Point Investments Limited, 3,500,000 Shares (0.04%) held by Shun Ho Technology Developments Limited and 2,978,198,581 Shares (33.29%) held by Fastgrow, representing a total of 6,360,585,437 Shares (71.09%). The above-mentioned companies were wholly-owned subsidiaries of Shun Ho Property.

2. SHP is directly and indirectly owned as to 60.38% by Omnico, which was in turn owned as to 100% by Shun Ho Holdings, which was in turn directly owned as to 50.60% by Trillion Resources (BVI), which was in turn wholly-owned by Mr. William Cheng Kai Man. Therefore, Omnico, Shun Ho Holdings and Trillion Resources (BVI) were taken to be interested in 6,360,585,437 Shares (71.09%) by virtue of their direct or indirect interests in SHP.

3. Madam Liza Lee Pui Ling was deemed to be interested in 6,360,585,437 Shares (71.09%) by virtue of the interest in such Shares of her spouse, Mr. William Cheng Kai Man, a director of the Company.

4. Alef United Holdings Limited ("Alef United") beneficially held 2,396,000 Shares (0.03%). Saray Value Fund SPC ("Saray Value Fund"), a wholly-owned subsidiary of Saray Capital Limited, beneficially held 882,698,524 Shares (9.87%). Saray Value SPV Asia I disposed of 8,517,976 Shares and ceased to be a concert party on 14 April 2022. Since Alef United and Saray Value Fund are concert parties to an agreement to buy shares under section 317 (1)(a) of SFO, they are deemed to have interest in the Shares held by the other concert parties. Saray Capital Limited was held by Shobokshi Hussam Ali H. as to 26.76% and Hashim Majed Hashim A. as to 50%. Alef United was wholly-owned by Shobokshi Hussam Ali H.. Therefore, the total number of Shares in which Saray Value Fund, Saray Capital Limited, Shobokshi Hussam Ali H. and Hashim Majed Hashim A. were interested under Sections 317 and 318 of SFO was 885,094,524 Shares (9.89%).

   Saray Value Fund was held by North Salomon Limited as to 67.40%. North Salomon Limited was held by Credit Suisse Trust Limited as to 100%. Therefore, the total number of Shares in which North Salomon Limited and Credit Suisse Trust Limited were interested under Sections 317 and 318 of SFO was 885,094,524 Shares (9.89%).

5. Fidelity Management & Research (Japan) Limited beneficially held 220,316,000 Shares (2.46%). Fidelity Management & Research (Hong Kong) Limited beneficially held 90,048,000 Shares (1.01%). FMR Investment Management (UK) Limited beneficially held 159,087,000 Shares (1.78%). Both Fidelity Management & Research (Japan) Limited and Fidelity Management & Research (Hong Kong) Limited were wholly-owned by Fidelity Management & Research Company. FMR Investment Management (UK) Limited was wholly-owned by Fidelity Management & Research Company, Fidelity Management & Research Company was wholly-owned by FMR LLC. Therefore, FMR LLC was deemed to have interest in 469,451,000 Shares (5.25%).

6. *All the above interests are long position.*

   Save as disclosed above, there was no person, other than a director or chief executive of the Company, who has an interest or short position in the Shares and underlying Shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO.

3. DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors or, so far as is known to them, any of their respective close associates, was interested in any business (apart from the Group's business) which competes or is likely to compete either directly or indirectly with the Group's business (as would be required to be disclosed under Rule 8.10 of the Listing Rules if each of them were a controlling shareholder).

4. DIRECTORS' INTERESTS IN THE GROUP'S ASSETS OR CONTRACT OR ARRANGEMENTS SIGNIFICANT TO THE GROUP

As at the Latest Practicable Date, none of the Directors had any interest in any assets which have been, since 31 December 2021 (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 any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement, subsisting at the date of this circular, which is significant in relation to the business of the Group.

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the directors had any existing or was proposing to enter into any service contracts with the Company or any member of the Group (excluding contracts expiring or determinable by the Group within one year without payment of compensation (other than statutory compensation)).

6. LITIGATION

So far as the Directors are aware, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and no litigation or arbitration of material importance was pending or threatened against the Company or any of its subsidiaries as at the Latest Practicable Date.

7. 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 2021 (being the date to which the latest published audited consolidated financial statements of the Group were made up).

8. MATERIAL CONTRACTS

The following contracts (being contracts entered into outside the ordinary course of business carried on by the Company and its subsidiaries) have been entered into by members of the Company and its subsidiaries within the two years immediately preceding the date of this circular:

(a) the Sale and Purchase Agreement; and

(b) the sale and purchase agreement dated 11 May 2022 entered into between Crest Incorporated, Shun Ho Construction (Holdings) Limited and Mr. Tang Yiu Shing in respect of the purchase of the entire issued share capital of Ocean Time Investments Limited (the "**Ocean Time SPA**").

9. CONSENT OF EXPERTS

Each of Cushman & Wakefield Limited and Deloitte Touche Tohmatsu has given and has not withdrawn their written consent to the inclusion of their report in this circular with references to their name in form and context in which they appear.

10. QUALIFICATION OF EXPERTS

The followings are the qualification of the experts who have given opinion or advice, contained in this circular:

Name	Qualifications
Cushman & Wakefield Limited	Professional Valuer (MRICS and FHKIS)
Deloitte Touche Tohmatsu	Certified Public Accountants under the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong) and Registered Public Interest Entity Auditor under the Financial Reporting Council Ordinance (Chapter 588 of the Laws of Hong Kong)

As at the Latest Practicable Date, each of Cushman & Wakefield Limited and Deloitte Touche Tohmatsu did not have any holding, directly or indirectly, of any securities in any member of the Group or any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities of any member of the Group.

As at the Latest Practicable Date, each of Cushman & Wakefield Limited and Deloitte Touche Tohmatsu did not have any direct or indirect interests in any assets which since 31 December 2021 (being the date to which the latest published audited consolidated financial statements of the Group were made up) have been acquired or disposed of by, or leased to, or which are proposed to be acquired or disposed of by, or leased to, any member of the Group.

11. GENERAL

(a) The registered office of the Company is situated at 3rd Floor, Shun Ho Tower, 24-30 Ice House Street, Central, Hong Kong.

(b) The share registrar of the Company is Tricor Tengis Limited of Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.

(c) The secretary of the Company is Ms Koo Ching Fan, an associate of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators. She is also a holder of the Practitioner's Endorsement issued by the Hong Kong Institute of Chartered Secretaries.

(d) In the event of any inconsistency, the English language text of this circular shall prevail over the Chinese language text.

12. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the Stock Exchange website (http://www.hkexnews.hk) and the Company's website (www.magnificentestatesltd.com) up to and including the date which is 14 days from the date of this circular:

(a) the Sale and Purchase Agreement and the Ocean Time SPA;

(b) the annual reports of the Company for each of the financial years ended 31 December 2019, 2020 and 2021;

(c) the review report from Deloitte Touche Tohmatsu on unaudited financial information of the Target Company;

(d) the report from Deloitte Touche Tohmatsu on the unaudited pro forma financial information of the Remaining Group, the text of which is set out in Appendix III to this circular;

(e) the property valuation report rendered by Cushman & Wakefield Limited in respect of the Property, the text of which is set out in Appendix V to this circular; and

(f) the written consents referred to in the paragraph headed "9. CONSENT OF EXPERTS" in this Appendix.

MAGNIFICENT HOTEL INVESTMENTS LIMITED
華大酒店投資有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 201)

NOTICE OF EXTRAORDINARY GENERAL MEETING

PRECAUTIONARY MEASURES FOR THE EGM

Please see page 1 of this circular for measures being taken to try to prevent and control the spread of COVID-19 at the EGM, including:

- **Compulsory body temperature checks**
- **Compulsory wearing of a surgical face mask for each attendee**
- **No distribution of corporate gifts or refreshment**
- **Other measures may be required by the governmental authorities**

Any person who does not comply with the precautionary measures or is subject to any Hong Kong Government prescribed quarantine may be denied entry into the meeting venue. The Company reminds Shareholders that they may appoint the chairman of the meeting as their proxy to vote on the relevant resolution(s) at the meeting as an alternative to attending the meeting in person.

NOTICE IS HEREBY GIVEN THAT an extraordinary general meeting (the "**EGM**") of Magnificent Hotel Investments Limited (the "**Company**") will be held at Conference Room, Basement, Best Western Plus Hotel Kowloon, 73-75 Chatham Road South, Tsim Sha Tsui Kowloon, Hong Kong on Tuesday, 16 August 2022 at 10:00 a.m. to consider, if thought fit, passing the following resolutions as ordinary resolutions of the Company. Unless otherwise indicated, capitalised terms used in this notice and the following resolutions shall have the same meanings as those defined in the circular of the Company dated 27 July 2022 (the "**Circular**") of which the notice convening the EGM forms part.

ORDINARY RESOLUTIONS

1. "**THAT**

   (a) the Sale and Purchase Agreement dated 11 May 2022 entered into between the Vendor, the Purchaser and the Company (a copy of which has been produced to this meeting and marked "A" and signed by the chairman of the meeting (the "**Chairman**") for the purpose of identification) in relation to the Disposal and the transactions contemplated thereby be and are hereby approved, confirmed and ratified; and

(b) the taking of all steps and doing of all things and execution of all documents by the Company and its subsidiaries to implement, give effect to or complete the Sale and Purchase Agreement and the transactions contemplated thereby, and the making and giving of and agreeing to such variations, amendments, modifications, waivers or extensions of the terms of the Sale and Purchase Agreement and the transactions contemplated thereby, as any one of the directors of the Company may consider to be necessary, desirable, appropriate or expedient, be and are hereby approved, confirmed and ratified."

Yours faithfully
By Order of the Board
Magnificent Hotel Investments Limited
William CHENG Kai Man
Chairman

Hong Kong, 27 July 2022

Notes:

1. Any member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend, speak and vote instead of him and a proxy so appointed shall also have the same rights as the member to speak at the meeting. A proxy need not be a member of the Company.

2. To be valid, a form of proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority must be deposited at the Company's share registrar in Hong Kong, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjourned meeting.

3. In order to be eligible to attend and vote at the meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 10 August 2022.

4. Pursuant to the article 79 of the articles of association of the Company, the Chairman of the Board may, with the consent of any general meeting at which a quorum is present, adjourn the meeting, but the Chairman may, with the consent of any general meeting at which a quorum is present, and shall if so directed by the meeting, adjourn any meeting from time to time and from place to place as the meeting shall determine. Whenever a meeting is adjourned for fourteen days or more, at least seven clear days' notice, specifying the place, the day and the hour of the adjourned meeting shall be given in the same manner as in the case of an original meeting but it shall not be necessary to specify in such notice the nature of the business to be transacted at the adjourned meeting. Save as aforesaid, no member shall be entitled to any notice of an adjournment or of the business to be transacted at any adjourned meeting. No business shall be transacted at any adjourned meeting other than the business which might have been transacted at the meeting from which the adjournment took place.

5. The translation into Chinese language of this notice is for reference only. In case of any inconsistency, the English version shall prevail.

6. Due to the constantly evolving COVID-19 pandemic situation in Hong Kong, the Company may be required to change the EGM arrangements at short notice. Shareholders should check the latest policies and notices announced by the Hong Kong Government, the Stock Exchange website (http://www.hkexnews.hk) and the Company's website (www.magnificentestatesltd.com) for future announcements and update on the EGM arrangement.

As at the date of this notice, the board of directors of the Company comprises five Executive Directors, namely Mr. William Cheng Kai Man (Chairman), Mr. Albert Hui Wing Ho, Madam Kimmy Lau Kam May, Madam Ng Yuet Ying and Madam Wendy Cheng Wai Kwan; one Non-executive Director, namely, Madam Mabel Lui Fung Mei Yee; and three Independent Non-executive Directors, namely, Mr. Chan Kim Fai, Mr. Lam Kwai Cheung and Mr. Warren Liu Yuk Cho.