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HENDERSON INVESTMENT LIMITED
恒基兆業發展有限公司
Incorporated in Hong Kong with limited liability
(Stock Code : 97)

MAJOR TRANSACTION, DISCLOSEABLE TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS IN RELATION TO NEW LEASING AND LICENSING FRAMEWORK AGREEMENT AND NOTICE OF THE EGM

Independent Financial Adviser to the Independent Shareholders

CENTURION CORPORATE FINANCE LIMITED

Capitalised terms used on this cover page have the same meanings as defined in the section headed "Definitions" in this circular, unless the context requires otherwise.

A letter from the Board is set out on pages 6 to 23 of this circular. A letter from Centurion, the Independent Financial Adviser to the Independent Shareholders, is set out on pages 24 to 50 of this circular.

A notice convening the EGM to be held at Cloud 39, 39th Floor, The Henderson, 2 Murray Road, Central, Hong Kong on Tuesday, 2 June 2026 at 11:15 a.m. (or immediately after the conclusion of the annual general meeting of the Company to be held at the same venue and on the same day) is set out on pages N-1 and N-2 of this circular. A form of proxy for use by the Independent Shareholders at the EGM is also enclosed. Whether or not you are able to attend the meeting, you are encouraged to complete the form of proxy in accordance with the instructions printed thereon and return the same and the power of attorney or other authority, if any, under which it is signed (or a notarially certified copy of that power or authority) to the share registrar of the Company, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not less than 48 hours (excluding any part of a day that is a public holiday) before the time for holding the meeting or adjourned or postponed meeting (as the case may be) at which the person named in such form of proxy proposes to vote or, in the case of a poll taken more than 48 hours after it was demanded, not less than 24 hours (excluding any part of a day that is a public holiday) before the time appointed for the taking of the poll. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjourned or postponed meeting or on the poll concerned, should you so wish.

13 May 2026

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Notice of the EGM N-1

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

"2026 Right-of-Use Assets Acquisitions"	the acquisitions of right-of-use assets by the Group in respect of the Leasing and Licensing Transactions during the period from 1 October 2026 to 31 December 2026;
"2026 Right-of-Use Assets Cap"	the Right-of-Use Assets Cap for the period from 1 October 2026 to 31 December 2026;
"2026-2029 Leasing and Licensing Transaction Caps"	the Right-of-Use Assets Caps and the 2026-2029 Rental Expense Caps;
"2026-2029 Rental Expense Caps"	the Rental Expense Caps in relation to the period commencing on 1 October 2026 and ending on 31 December 2029;
"2026-2029 Rental Expenses Transactions"	the incurring of Rental Expenses by the Group in respect of the Leasing and Licensing Transactions during the period commencing on 1 October 2026 and ending on 31 December 2029;
"2027-2029 Annual Cap Period"	any of the following periods: (a) 1 January 2027 to 31 December 2027; (b) 1 January 2028 to 31 December 2028; and (c) 1 January 2029 to 30 September 2029, and "**2027-2029 Annual Cap Periods**" means all of such periods;
"2027-2029 Right-of-Use Assets Acquisitions"	in relation to a 2027-2029 Annual Cap Period, the acquisitions of right-of-use assets by the Group in respect of the Leasing and Licensing Transactions during such 2027-2029 Annual Cap Period;
"2027-2029 Right-of-Use Assets Caps"	the Right-of-Use Assets Caps for the 2027-2029 Annual Cap Periods;
"2030-2032 Rental Expenses Transactions"	the incurring of Rental Expenses by the Group in respect of the Leasing and Licensing Transactions during the period commencing on 1 January 2030 and ending on 30 September 2032;

"Annual Cap Period"	in relation to the Right-of-Use Assets Caps, any of the following periods: (a) 1 October 2026 to 31 December 2026; (b) 1 January 2027 to 31 December 2027; (c) 1 January 2028 to 31 December 2028; and (d) 1 January 2029 to 30 September 2029; in relation to the Rental Expense Caps, any of the following periods: (a) 1 October 2026 to 31 December 2026; (b) 1 January 2027 to 31 December 2027; (c) 1 January 2028 to 31 December 2028; (d) 1 January 2029 to 31 December 2029; (e) 1 January 2030 to 31 December 2030; (f) 1 January 2031 to 31 December 2031; and (g) 1 January 2032 to 30 September 2032, and "**Annual Cap Periods**" means all of such periods;
"associate"	has the meaning ascribed to it under the Listing Rules;
"Board"	the board of Directors;
"Citistore"	Citistore (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company;
"Company"	Henderson Investment Limited (恒基兆業發展有限公司), a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 97);
"controlling shareholder"	has the meaning ascribed to it under the Listing Rules;

"Director(s)"	the director(s) of the Company;
"EGM"	the extraordinary general meeting of the Company to be held for considering and, if thought fit, approving the New Leasing and Licensing Framework Agreement, the transactions contemplated thereunder and the 2026-2029 Leasing and Licensing Transaction Caps;
"Existing Leasing and Licensing Framework Agreement"	the framework agreement dated 19 April 2023 entered into between the Company and HLD pursuant to which the parties thereto agreed that the members of the Group (as tenants or licensees) might lease and/or license various premises from members of the HLD Group (as landlords or licensors) from time to time for the period from 1 October 2023 to 30 September 2026;
"Group"	the Company and its subsidiaries from time to time;
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong;
"HKFRS"	the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants;
"HLD"	Henderson Land Development Company Limited (恒基兆業地產有限公司), a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 12);
"HLD Group"	HLD and its subsidiaries and associates (but excluding the Group) from time to time;
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China;
"Independent Financial Adviser" or "Centurion"	Centurion Corporate Finance Limited, a corporation licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, being the independent financial adviser appointed to advise the Independent Shareholders in respect of the New Leasing and Licensing Framework Agreement, the transactions contemplated thereunder and the 2026-2029 Leasing and Licensing Transaction Caps;

"Independent Shareholders"	the Shareholders who are not prohibited from voting under the Listing Rules to approve the New Leasing and Licensing Framework Agreement, the transactions contemplated thereunder and the 2026-2029 Leasing and Licensing Transaction Caps at the EGM;
"Latest Practicable Date"	8 May 2026, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein;
"Leasing and Licensing Individual Agreement"	the written agreement to be entered into between a relevant member of the Group (as tenant or licensee) and a relevant member of the HLD Group (as landlord or licensor) in respect of each Leasing and Licensing Transaction;
"Leasing and Licensing Transaction"	any tenancy or licensing transaction (including any subletting or sub-licensing transaction) for any real property between any member of the Group (as tenant or licensee) and any member of the HLD Group (as landlord or licensor);
"Leasing and Licensing Transaction Caps"	collectively, the Right-of-Use Assets Caps and the Rental Expense Caps;
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange;
"New Leasing and Licensing Framework Agreement"	the framework agreement dated 21 April 2026 entered into between the Company and HLD in respect of the Leasing and Licensing Transactions between members of the Group (as tenants or licensees) and members of the HLD Group (as landlords or licensors) for a term of 3 years from 1 October 2026 to 30 September 2029;
"Rental Expense Cap"	in relation to an Annual Cap Period, the cap on the maximum aggregate amount of the Rental Expenses in respect of the Leasing and Licensing Transactions during such Annual Cap Period, and "**Rental Expense Caps**" means all such caps for all Annual Cap Periods;

"Rental Expenses"	the variable amount of lease or licence fee payments linked to revenue generated from the leased or licensed properties, short-term or low-value assets lease payments recognised as expenses in profit or loss by the Group and other fees and expenses (including service charges, air conditioning charges, management fees, promotion levies and other contributions, charges and fees) payable by the relevant members of the Group (as tenants or licensees) to the relevant members of the HLD Group (as landlords or licensors) under the Leasing and Licensing Individual Agreements;
"Right-of-Use Assets Cap"	in relation to an Annual Cap Period, the cap on the maximum aggregate value of the right-of-use assets to be acquired by the Group in respect of the Leasing and Licensing Transactions during such Annual Cap Period, and "**Right-of-Use Assets Caps**" means all such caps for all Annual Cap Periods;
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
"Share(s)"	share(s) in the share capital of the Company;
"Shareholder(s)"	the shareholder(s) of the Company;
"Stock Exchange"	the Stock Exchange of Hong Kong Limited;
"Unicorn"	Unicorn Stores (HK) Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company, and which operates two department stores-cum-supermarkets (namely, "APITA" and "UNY") and two supermarkets under the name of "UNY"; and
"%"	per cent.



HENDERSON INVESTMENT LIMITED
恒 基 兆 業 發 展 有 限 公 司
Incorporated in Hong Kong with limited liability
(Stock Code : 97)

Executive Directors:
Dr. Lee Ka Shing
(Chairman and Managing Director)
Dr. Lee Ka Kit *(Vice Chairman)*
Dr. Lam Ko Yin, Colin *(Vice Chairman)*
Li Ning
Chen Fok Lan

Independent Non-executive Directors:
Kwong Che Keung, Gordon
Professor Ko Ping Keung
Wu King Cheong
Au Siu Kee, Alexander
Helen Zee

Registered Office:
72-76/F, Two International Finance Centre
8 Finance Street, Central
Hong Kong

13 May 2026

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION, DISCLOSEABLE TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS IN RELATION TO NEW LEASING AND LICENSING FRAMEWORK AGREEMENT

1. INTRODUCTION

Reference is made to the announcement of the Company dated 21 April 2026 in relation to the entering into by the Company of the New Leasing and Licensing Framework Agreement with HLD, pursuant to which members of the Group (as tenants or licensees) and members of the HLD Group (as landlords or licensors) may enter into the Leasing and Licensing Transactions during the period from 1 October 2026 to 30 September 2029.

The purpose of this circular is to provide you with, among other things:

(a) further information on the New Leasing and Licensing Framework Agreement, the transactions contemplated thereunder and the 2026-2029 Leasing and Licensing Transaction Caps;

(b) the letter of advice from the Independent Financial Adviser to the Independent Shareholders in relation to the New Leasing and Licensing Framework Agreement, the transactions contemplated thereunder and the 2026-2029 Leasing and Licensing Transaction Caps; and

(c) the notice convening the EGM at which an ordinary resolution will be proposed to consider and, if thought fit, approve the New Leasing and Licensing Framework Agreement, the transactions contemplated thereunder and the 2026-2029 Leasing and Licensing Transaction Caps.

2. THE NEW LEASING AND LICENSING FRAMEWORK AGREEMENT

Introduction

Reference is made to the Company's announcement dated 19 April 2023 and circular of the Company dated 16 May 2023 in respect of, inter alia, the Existing Leasing and Licensing Framework Agreement entered into between the Company and HLD on 19 April 2023, pursuant to which the parties thereto agreed that the members of the Group (as tenants or licensees) might lease and/or license various premises from members of the HLD Group (as landlords or licensors) from time to time during the period from 1 October 2023 to 30 September 2026.

As the Existing Leasing and Licensing Framework Agreement is due to expire, the Company and HLD on 21 April 2026 entered into the New Leasing and Licensing Framework Agreement pursuant to which members of the Group (as tenants or licensees) and members of the HLD Group (as landlords or licensors) may enter into the Leasing and Licensing Transactions during the period from 1 October 2026 to 30 September 2029.

Principal terms

The principal terms of the New Leasing and Licensing Framework Agreement are summarised below:

Date	:	21 April 2026.
Parties	:	(1) The Company; and (2) HLD.
Term	:	The term of 3 years commencing on 1 October 2026 and ending on 30 September 2029 (unless terminated by either party giving not less than one month's prior written notice of termination to the other party).

Condition	:	The New Leasing and Licensing Framework Agreement is conditional upon approval of the same and the transactions contemplated thereunder (including the 2026-2029 Leasing and Licensing Transaction Caps) by the Independent Shareholders at the EGM. If such condition is not satisfied on or before 1 October 2026 (or such other date as the parties may agree in writing), the New Leasing and Licensing Framework Agreement shall forthwith be automatically terminated.
Subject matter	:	HLD shall and shall procure the relevant members of the HLD Group to, and the Company shall and shall procure the relevant members of the Group to, enter into the Leasing and Licensing Transactions on a non-exclusive basis, as and when reasonably requested by members of the Group from time to time.
Leasing and Licensing Individual Agreements	:	In relation to the Leasing and Licensing Transactions, relevant members of the Group and relevant members of the HLD Group shall enter into the Leasing and Licensing Individual Agreements, which shall be in such forms and on such terms and conditions (including but not limited to, where applicable, term of the lease or licence, amounts, calculations and adjustments of rent or licence fees, security deposits, air conditioning charges, management fees, promotion levies and other contributions, charges and fees, payment terms, rent-free period, option terms and provisions for early termination for cause or for convenience) to be agreed upon between the relevant parties from time to time using reasonable endeavours. The term of each such lease or licence shall not exceed 3 years.

As certain substantial existing leases and licences of premises granted by members of the HLD Group to members of the Group under the Existing Leasing and Licensing Framework Agreement are due to expire on 30 September 2026, it is expected that the relevant members of the Group and the relevant members of the HLD Group will enter into Leasing and Licensing Individual Agreements for renewal of a majority of those premises upon expiry, subject to the consolidation, early termination or rationalisation of certain leases and/or licences to align with the Group's business streamlining strategy with the terms thereof commencing on 1 October 2026 (i.e. the commencement date of the New Leasing and Licensing Framework Agreement). A summary of the indicative principal terms of such Leasing and Licensing Individual Agreements is set out in the sub-section headed "Summary of indicative principal terms of initial Leasing and Licensing Individual Agreements" below.

Leasing and Licensing Individual Agreements in respect of other Leasing and Licensing Transactions may also be entered into from time to time during the term of the New Leasing and Licensing Framework Agreement.

Basis of determination of the terms of each Leasing and Licensing Transaction (including the pricing basis of the rent/ licence fees) :

(a) Each Leasing and Licensing Transaction shall be subject to the provisions of the New Leasing and Licensing Framework Agreement and the relevant Leasing and Licensing Individual Agreement(s) (the provisions of the New Leasing and Licensing Framework Agreement shall prevail in case of inconsistencies);

(b) The terms of the Leasing and Licensing Transactions shall be fair and reasonable; and the Leasing and Licensing Transactions shall be on normal commercial terms (or better to the Group). To allow for commercial accommodation under the Leasing and Licensing Individual Agreement(s), the Group may be entitled to a rental concession in certain prescribed circumstances such as pandemic, or may terminate early by giving three months' prior notice, subject to mutual consent; and

(c) The rent or licence fees and other terms of each Leasing and Licensing Transaction shall be determined by arm's length negotiations taking into account, among others, the following main factors (where applicable):

(i) the district and vicinity of the property concerned;

(ii) the business to be carried on at the property concerned;

(iii) the size, location (within the relevant building or shopping mall) and condition of the property concerned;

(iv) the length of the term of the lease or licence; and

(v) the possible contribution, if any, of the tenant or licensee, to the building or shopping mall in which the property concerned is located,

including with reference to, where applicable, terms offered by the HLD Group to existing or potential tenants or licensees of premises within the relevant building or shopping mall or premises similar to the property concerned and market comparables as may be obtained from the Land Registry of Hong Kong or from enquiries with property agencies.

The amount payable by the Group under the Leasing and Licensing Individual Agreements will be funded by internal resources of the Group.

Historical transaction amounts

The historical aggregate values of the right-of-use assets acquired by the Group in respect of the Leasing and Licensing Transactions

The historical aggregate values of the right-of-use assets acquired by the Group from the HLD Group in respect of the Leasing and Licensing Transactions under the Existing Leasing and Licensing Framework Agreement, the corresponding annual caps and their utilisation rates are set out below:

	For the 3-month period which commenced on 1 October 2023 and ended on 31 December 2023 *HK$ (million)*	**For the year ended 31 December 2024** *HK$ (million)*	**For the year ended 31 December 2025** *HK$ (million)*	**For the 3-month period which commenced on 1 January 2026 and ended on 31 March 2026** *HK$ (million)*
Historical aggregate values of the right-of-use assets	453.16	0[1]	0[1]	0[1]
Corresponding annual cap under the Existing Leasing and Licensing Framework Agreement	538	122	122	122
Utilisation rate of the annual cap	84.23%	0%	0%	0%[2]

Notes:

1. *For the two years ended 31 December 2024 and 2025 respectively and the 3-month period which commenced on 1 January 2026 and ended on 31 March 2026, due to changes in retail market conditions as a result of which new store openings were suspended, the Group did not enter into any Leasing and Licensing Transaction which required recognition of right-of-use assets.*

2. *As at the Latest Practicable Date, only the historical aggregate values of the right-of-use assets acquired by the Group from the HLD Group in respect of the Leasing and Licensing Transactions for the 3-month period which commenced on 1 January 2026 and ended on 31 March 2026 were available. The corresponding annual cap, on the other hand, is in relation to the 9-month period which commenced on 1 January 2026 and ending on 30 September 2026.*

The aggregate historical Rental Expenses in respect of the Leasing and Licensing Transactions

The historical Rental Expenses paid by members of the Group to members of the HLD Group in relation to the Leasing and Licensing Transactions under the Existing Leasing and Licensing Framework Agreement, the corresponding annual caps and their utilisation rates are set out below:

	For the 3-month period which commenced on 1 October 2023 and ended on 31 December 2023 *HK$ (million)*	**For the year ended 31 December 2024** *HK$ (million)*	**For the year ended 31 December 2025** *HK$ (million)*	**For the 3-month period which commenced on 1 January 2026 and ended on 31 March 2026** *HK$ (million)*
Historical Rental Expenses	18.26	70.18	28.32[1]	2.43[1]
Corresponding annual cap under the Existing Leasing and Licensing Framework Agreement	30	115	140	128
Utilisation rate of the annual cap	60.87%	61.03%	20.23%	1.9%[2]

Notes:

1. *Historical Rental Expenses paid by members of the Group to members of the HLD Group for the year ended 31 December 2025 and for the 3-month period which commenced on 1 January 2026 and ended on 31 March 2026 decreased due to considerable service charges waiver and relief granted by members of HLD Group (as landlords) to members of the Group (as tenants) in relation to certain store premises.*

2. *As at the Latest Practicable Date, only the historical Rental Expenses paid by members of the Group to members of the HLD Group in respect of the Leasing and Licensing Transactions for the 3-month period which commenced on 1 January 2026 and ended on 31 March 2026 were available. The corresponding annual cap, on the other hand, is in relation to the year ending 31 December 2026.*

The Leasing and Licensing Transaction Caps

The Right-of-Use Assets Caps

The proposed Right-of-Use Assets Caps in respect of the Leasing and Licensing Transactions to be entered into during the term of the New Leasing and Licensing Framework Agreement are set out below:

Period	**Right-of-Use Assets Cap** *HK$ (million)*
For the 3-month period commencing on 1 October 2026 and ending on 31 December 2026	368
For the year ending 31 December 2027	81
For the year ending 31 December 2028	81
For the 9-month period commencing on 1 January 2029 and ending on 30 September 2029	81

The Rental Expense Caps

The proposed Rental Expense Caps in respect of the Leasing and Licensing Transactions to be entered into during the term of the New Leasing and Licensing Framework Agreement are set out below:

Period	**Rental Expense Cap** *HK$ (million)*
For the 3-month period commencing on 1 October 2026 and ending on 31 December 2026	8
For the year ending 31 December 2027	45
For the year ending 31 December 2028	75
For the year ending 31 December 2029	63
For the year ending 31 December 2030	11
For the year ending 31 December 2031	8
For the 9-month period commencing on 1 January 2032 and ending on 30 September 2032	3

Notwithstanding that the term of the New Leasing and Licensing Framework Agreement is only for three years, setting of Rental Expense Caps for six years is required since the term of a Leasing and Licensing Individual Agreement (which may have a fixed term of up to three years) entered into towards the end of the term of the New Leasing and Licensing Framework Agreement (i.e. on or before 30 September 2029) may not expire until towards the end of the three year period after the expiry of the term of the New Leasing and Licensing Framework Agreement (i.e. on or before 30 September 2032).

Basis for determining the Leasing and Licensing Transaction Caps

The proposed Leasing and Licensing Transaction Caps have been determined after taking into account:

(a) the historical value of the right-of-use assets acquired by the Group from the HLD Group in respect of the Leasing and Licensing Transactions and historical Rental Expenses paid by members of the Group to members of the HLD Group in relation to the Leasing and Licensing Transactions under the Existing Leasing and Licensing Framework Agreement (which were lower than the existing annual caps under the Existing Leasing and Licensing Framework Agreement due to external factors including the abovementioned suspension of new store openings and considerable service charges waiver and relief granted as a result of the challenging retail conditions faced by the Group over the past three years), and to independent third party landlords and licensors for similar transactions. It is expected that the retail conditions may improve in the coming years in light of the Government's proactive efforts to promote tourism development and boost market sentiment, as well as the expected increase in employment earnings which may benefit the retail sector;

(b) the expected renewal of certain substantial existing leases and licences granted under the Existing Leasing and Licensing Framework Agreement which are due to expire on 30 September 2026 (the "**Renewal**") (please refer to the sub-section headed "Summary of indicative principal terms of initial Leasing and Licensing Individual Agreements" below for details), and the public information on the market rents and licence fees of the relevant premises;

(c) the current business development plan of the Group in the forthcoming years after the Renewal involving the continuous operation of existing stores which are strategically located in well-established and densely populated residential districts and are in close proximity to local transport hubs, and the relocation/streamlining or downsizing of existing supermarket(s) and department store(s);

(d) the revitalisation plan of the Group involving the possible extension of retail operations from residential districts to commercial hubs through opening of new supermarkets in the premises and potential premises of the HLD Group which could be available for leasing or licensing to the relevant members of the Group in the future;

(e) market comparables obtained from the Land Registry of Hong Kong as well as rents and services charges of the tenancies of the Group with independent third parties as landlords, together with enquiries with property agencies, which were taken into consideration for setting the trends, increments and buffers of the Right-of-Use Assets Caps and the Rental Expense Caps;

(f) the estimated turnover, determined with reference to historical accounting records, for the relevant premises in respect of which turnover rents may be payable; and

(g) a reasonable buffer not exceeding 15% to cater for rent reviews and adjustments, taking into account estimated increase in other fees and expenses (allowing for inflation and increase of labour and other costs) as well as market improvement in the future which might result in year-on-year increase in sales and hence turnover rents.

Internal control procedures

The terms of each Leasing and Licensing Individual Agreement made under the New Leasing and Licensing Framework Agreement will be determined according to the following procedures:

(a) the relevant members of the Group and the relevant members of the HLD Group shall enter into arm's length negotiations with respect to each Leasing and Licensing Transaction, with due regard to the pricing policy as set out in the New Leasing and Licensing Framework Agreement, including the rents or licence fees, and other terms being subject to the particular circumstances of the proposed transactions; and

(b) the renewal of the majority of the existing leases will be pursued by the relevant parties after arm's length negotiations and subject to the provisions of the New Leasing and Licensing Framework Agreement.

The internal audit department of the Company will review the Leasing and Licensing Individual Agreements and the Leasing and Licensing Transactions together with the relevant internal control procedures and monitor the utilisation of the annual caps to ensure compliance with the terms of the New Leasing and Licensing Framework Agreement on a semi-annual basis. The internal audit department of the Company will provide an annual confirmation to the independent non-executive Directors that the Leasing and Licensing Transactions are conducted in accordance with the pricing mechanism and the terms under the respective Leasing and Licensing Individual Agreements. The independent non-executive Directors will review and confirm in the annual reports of the Company that the Leasing and Licensing Transactions are (a) in the ordinary and usual course of business of the Group; (b) on normal commercial terms; and (c) in accordance with the terms of the respective Leasing and Licensing Individual Agreements and are fair and reasonable and in the interests of the Shareholders as a whole. All such reviews and confirmations will be documented and retained for inspection.

Summary of indicative principal terms of initial Leasing and Licensing Individual Agreements

The indicative principal terms of the proposed Leasing and Licensing Individual Agreements with terms commencing on 1 October 2026 are summarised as follows:

Lettable area	Term[Note 1]	Basic rent per month	Turnover rent provisions[Note 2] and miscellaneous monthly charges[Note 3]
(1)	**Tsuen Wan Branch of Citistore at Shop Nos. G9-G29 on Ground Floor, Whole of 1st Floor, Portion of 2nd Floor, Remaining Portion of 2nd Floor and Shop Nos. 301-303 on 3rd Floor of Podium of KOLOUR•Tsuen Wan II, 67-95 Tsuen Wan Market Street, Tsuen Wan, New Territories**		
138,860 sq.ft.	1 October 2026 – 30 September 2029	HK$4,630,130	Turnover rent: 5% of annual turnover Service charges: HK$0
(2)	**Yuen Long Branch of Citistore at Whole of 3rd and 4th Floors, KOLOUR•Yuen Long, 36-46 Tai Tong Road, 1 Kau Yuk Road, Yuen Long, New Territories**		
47,927 sq.ft.	1 October 2026 – 30 September 2029	HK$1,532,630	Turnover rent: 5% of annual turnover Service charges: HK$0
(3)	**Yuen Long Branch of UNY at Whole of Basement 1 Floor, KOLOUR•Yuen Long, 36-46 Tai Tong Road, 1 Kau Yuk Road, Yuen Long, New Territories**		
19,795 sq.ft.	1 October 2026 – 30 September 2029	HK$600,000	Turnover rent: 5% of annual turnover Service charges: HK$0
(4)	**Ma On Shan Branch of Citistore at Shop No. 3101 on Level 3, MOSTown, 18 On Luk Street, Ma On Shan, Shatin, New Territories**		
62,340 sq.ft.	1 October 2026 – 30 September 2029	HK$820,000	Turnover rent: 5% of annual turnover Service charges: HK$842,000

Lettable area	Term[Note 1]	Basic rent per month	Turnover rent provisions[Note 2] and miscellaneous monthly charges[Note 3]
(5)	**Tseung Kwan O Branch of UNY at Shop No. UG036 on Upper Ground Floor, MCP Central, 8 Yan King Road, Tseung Kwan O, New Territories**		
43,038 sq.ft.	1 October 2026 – 30 September 2029		Turnover rent: 5% of annual turnover
	1st part of the Fixed Term: 1 October 2026 – 30 September 2027	HK$471,000	Service charges: HK$229,200
	2nd part of the Fixed Term: 1 October 2027 – 30 September 2028	HK$527,000	
	3rd part of the Fixed Term: 1 October 2028 – 30 September 2029	HK$606,000	
(6)	**Tuen Mun Branch of Citistore at Shop Nos. 1 to 35 on Level 3, North Wing, Trend Plaza, 2 Tuen Lung Street, Tuen Mun, New Territories**		
17,683 sq.ft.	1 October 2026 – 30 September 2029	HK$850,000	Turnover rent: 5% of annual turnover Service charges: HK$108,997
(7)	**The Offices of Citistore at Whole of 8th Floor and 9th Floor, KOLOUR•Tsuen Wan I, 68 Chung On Street, Tsuen Wan, New Territories**		
22,724 sq.ft. (expressed in terms of gross floor area)	1 October 2026 – 30 September 2029	HK$524,798	Turnover rent: Not applicable Service charges: HK$0

Notes:

1. *Each of these proposed Leasing and Licensing Individual Agreements is to include a provision under which either party may early terminate by giving the other party not less than three months' prior notice of termination if so mutually agreed by the parties.*

2. *Where any of these proposed Leasing and Licensing Individual Agreements provides for payment of turnover rent, it will only be payable if it is higher than the basic rent, and in such event turnover rent will be payable instead of basic rent.*

3. *Any monthly service charges which are or may become payable under any of these proposed Leasing and Licensing Individual Agreements will be subject to review from time to time.*

The Company has engaged Cushman & Wakefield Limited, an independent property valuer, to conduct valuation of the market rents of the above premises, the letter and report of which are set out in Appendix II to this circular. The valuation report is made in accordance with Chapter 5 of the Listing Rules as a result of the 2026 Right-of-Use Assets Acquisitions constituting a major transaction. During the arm's length negotiations between the Group and the HLD Group for the proposed Leasing and Licensing Individual Agreements with terms commencing on 1 October 2026, the valuation report has not yet been issued. The Leasing and Licensing Transaction Caps were assessed and determined based on the factors as more particularly described under the section headed "Basis for determining the Leasing and Licensing Transaction Caps" above.

Given that Cushman & Wakefield Limited is an independent valuer and taking into account the professional qualifications of the Senior Director (a Registered Professional Surveyor) of the valuer who signed off on the valuation report, the Board is confident that the valuation report is fair and reasonable, having considered that the valuer has sufficient current notional knowledge of the market, and the skills and understanding to undertake the valuations competently.

3. REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE NEW LEASING AND LICENSING FRAMEWORK AGREEMENT

The Group has been operating supermarkets, department stores and household specialty stores including Citistore and UNY at premises owned by the HLD Group for many years. Those premises are all located in prime locations of various districts in Hong Kong, bringing great convenience to the local community. Relocation of such supermarkets and stores would impact adversely upon the stability of the business of the Group, and also lead to the incurring of significant costs for renovation of new premises.

It is believed that the entering into of the New Leasing and Licensing Framework Agreement is in the best interest of the Company, given that the New Leasing and Licensing Framework Agreement would, after having been approved by the Independent Shareholders, accommodate the existing and future Leasing and Licensing Transactions between the Group and the HLD Group under a common framework agreement, allowing members of the Group to enter into Leasing and Licensing Transactions with members of the HLD Group from time to time within such framework without the need for the Company to further comply with announcement and/or independent shareholders' approval requirements (as applicable) on each occasion when a Leasing and Licensing Individual Agreement is entered into. This would provide the Group with the flexibility and cost effectiveness to make use of opportunities to lease or take up licence of commercial premises of the HLD Group at well-established and densely-populated districts for its operations as and when necessary.

4. ACCOUNTING TREATMENT AND FINANCIAL EFFECTS OF THE TRANSACTIONS CONTEMPLATED UNDER THE NEW LEASING AND LICENSING FRAMEWORK AGREEMENT

In relation to the Leasing and Licensing Transactions where any member of the Group is a tenant or licensee, in accordance with HKFRS 16 "*Leases*", except for certain recognition exemptions (being short-term leases that have lease term of 12 months or less and leases of low-value assets), the Group is required to recognise a right-of-use asset and a lease liability at the lease commencement date.

Effect on assets of the Group

When a lease is capitalised, the right-of-use asset recognised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the lease commencement, and any initial direct costs incurred. Where applicable, the cost of the right-of-use asset also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset on the site at which it is located, discounted to their present value and less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses. Depreciation on the right-of-use asset is determined over the period from the commencement date of the lease to the end of the term of the lease. The Group presents the right-of-use asset separately from the lease liabilities (see below) in its consolidated statement of financial position.

Based on the above, the Group's total consolidated assets are estimated to increase by approximately HK$320 million (before taking into account any buffer amount) on 1 October 2026 upon initial recognition of the right-of-use assets as a result of the Leasing and Licensing Individual Agreements in respect of those premises with the terms thereof commencing on 1 October 2026 as set out in the section headed "2. The New Leasing and Licensing Framework Agreement – Summary of indicative principal terms of initial Leasing and Licensing Individual Agreements" above. If and when other leases are entered into under the New Leasing and Licensing Framework Agreement, the Group's total consolidated assets will increase upon initial recognition of the right-of-use assets arising as a result thereof.

Effect on liabilities of the Group

When a lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest rate method. Variable payments, such as management fees and air-conditioning charges, are charged to profit or loss in the accounting period in which they are incurred. The Group presents the lease liabilities separately from the right-of-use assets (see above) in its consolidated statement of financial position.

Based on the above, the Group's total consolidated liabilities are estimated to increase by approximately HK$320 million on 1 October 2026 upon initial recognition of the lease liabilities as a result of the Leasing and Licensing Individual Agreements in respect of those premises with the terms thereof commencing on 1 October 2026 as referred to above. If and when other leases are entered into under the New Leasing and Licensing Framework Agreement, the Group's total consolidated liabilities will increase upon initial recognition of the lease liabilities arising as a result thereof.

Effect on earnings of the Group

The annual depreciation charges on the right-of-use assets during the initial three-year term of the Leasing and Licensing Individual Agreements in respect of those premises with the terms thereof commencing on 1 October 2026 as referred to above are estimated to be approximately HK$106.5 million per annum. If other leases are entered into under the New Leasing and Licensing Framework Agreement, depreciation charges on the right-of-use assets during the terms of such leases will also be recognised by the Group.

Interest expense on the lease liabilities is currently determined and recognised on the basis of the Group's estimated incremental borrowing rate of 4.8% per annum on the carrying balance of the lease liabilities, adjusted for lease modification/reassessment of the lease term (if any) and after deducting the periodic lease payments.

Both the depreciation charges on the right-of-use assets and the interest expense on the lease liabilities will have the aggregate effect of decrease on the Group's earnings.

5. LISTING RULES IMPLICATIONS

As HLD is the controlling shareholder of the Company interested in approximately 69.27% of the issued Shares, members of the HLD Group are connected persons of the Company under the Listing Rules. Accordingly, the entering into of the New Leasing and Licensing Framework Agreement constitutes continuing connected transactions of the Company.

As the highest applicable percentage ratio in respect of the 2026 Right-of-Use Assets Cap exceeds 25% but is less than 100%, the 2026 Right-of-Use Assets Acquisitions constitute a major transaction of the Company subject to the disclosure and shareholders' approval requirements under Chapter 14 of the Listing Rules. As the highest applicable percentage ratio in respect of each of the 2027-2029 Right-of-Use Assets Caps exceeds 5% but is less than 25%, the 2027-2029 Right-of-Use Assets Acquisitions during each 2027-2029 Annual Cap Period constitute a discloseable transaction of the Company subject to the disclosure requirements under Chapter 14 of the Listing Rules. As non-exempt continuing connected transactions, the acquisitions of the above right-of-use assets by the Company are also subject to the reporting, announcement, annual review, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the 2026-2029 Rental Expenses Transactions exceeds 5%, those transactions also constitute non-exempt continuing connected transactions of the Company subject to the reporting, announcement, annual review, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio in respect of the 2030-2032 Rental Expenses Transactions exceeds 0.1% but is less than 5%, and those transactions are conducted on normal commercial terms or better to members of the Group, they are subject to the reporting, announcement and annual review requirements but are exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

6. DIRECTORS' INTERESTS

Since Dr. Lee Ka Shing, Dr. Lee Ka Kit and Mr. Li Ning are each regarded as having a material interest in the transactions contemplated under the New Leasing and Licensing Framework Agreement by virtue of their deemed interests in the shares of HLD, they have abstained from voting on the relevant board resolutions of the Company to approve the New Leasing and Licensing Framework Agreement, the transactions contemplated thereunder and the Leasing and Licensing Transaction Caps, pursuant to the articles of association of the Company and the Listing Rules. Save as disclosed above, none of the Directors has a material interest in the transactions under those agreements.

As all independent non-executive Directors are also independent non-executive directors of HLD or its subsidiary, they are considered not to be independent to advise the Independent Shareholders on the New Leasing and Licensing Framework Agreement, the transactions contemplated thereunder and the 2026-2029 Leasing and Licensing Transaction Caps or on how to vote on the resolution to be proposed at the EGM. Therefore, no independent board committee of the Company has been formed to make recommendations to the Independent Shareholders in connection therewith. Centurion has been appointed as the Independent Financial Adviser to advise the Independent Shareholders in this regard.

7. INFORMATION ON THE PARTIES INVOLVED

The Group

The Company is a company incorporated in Hong Kong with limited liability and whose shares are listed on the Main Board of the Stock Exchange (stock code: 97). The Company is an investment holding company and the principal business activities of its subsidiaries are investment holding, and supermarket and department store operation.

The HLD Group

HLD is a company incorporated in Hong Kong with limited liability and whose shares are listed on the Main Board of the Stock Exchange (stock code: 12). The HLD Group is principally engaged in property development and investment, construction, project management, property management, hotel operation and investment holding.

8. THE EGM

A notice convening the EGM to be held at Cloud 39, 39th Floor, The Henderson, 2 Murray Road, Central, Hong Kong on Tuesday, 2 June 2026 at 11:15 a.m. (or immediately after the conclusion of the annual general meeting of the Company to be held at the same venue and on the same day) is set out on pages N-1 and N-2 of this circular. An ordinary resolution will be proposed at the EGM to approve the New Leasing and Licensing Framework Agreement, the transactions contemplated thereunder and the 2026-2029 Leasing and Licensing Transaction Caps.

In accordance with Rule 13.39(4) of the Listing Rules, voting at the EGM will be conducted by poll. As at the Latest Practicable Date, Banshing Investment Limited, Markshing Investment Limited, Covite Investment Limited, Gainwise Investment Limited and Darnman Investment Limited (all indirect wholly-owned subsidiaries of HLD) together held 2,110,868,943 Shares (representing approximately 69.27% of the total number of issued Shares as at the Latest Practicable Date). In view of the interest of HLD in the New Leasing and Licensing Framework Agreement and the transactions contemplated thereunder, the said subsidiaries of HLD are required to abstain from voting on the ordinary resolution to be proposed at the EGM to approve the New Leasing and Licensing Framework Agreement, the transactions contemplated thereunder and the 2026-2029 Leasing and Licensing Transaction Caps. Save as disclosed above, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder has a material interest in the New Leasing and Licensing Framework Agreement and the transactions contemplated thereunder that is required to abstain from voting on the said ordinary resolution to be proposed at the EGM.

A form of proxy for use by the Independent Shareholders at the EGM is enclosed with this circular. Whether or not you are able to attend the meeting, you are encouraged to complete the form of proxy in accordance with the instructions printed thereon and return the same and the power of attorney or other authority, if any, under which it is signed (or a notarially certified copy of that power or authority) to the share registrar of the Company, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not less than 48 hours (excluding any part of a day that is a public holiday) before the time for holding the meeting (i.e. at or before 11:15 a.m., 30 May 2026) or adjourned or postponed meeting (as the case may be) at which the person named in such form of proxy proposes to vote or, in the case of a poll taken more than 48 hours after it was demanded, not less than 24 hours (excluding any part of a day that is a public holiday) before the time appointed for the taking of the poll. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjourned or postponed meeting or on the poll concerned, should you so wish.

9. CLOSURE OF REGISTER OF MEMBERS

In order to determine the Independent Shareholders who are entitled to attend and vote at the EGM (or any adjournment or postponement thereof), the register of members of the Company will be closed from Thursday, 28 May 2026 to Tuesday, 2 June 2026, both days inclusive, during which period no transfer of Shares will be registered. All transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, no later than 4:30 p.m. on Wednesday, 27 May 2026. The record date for determining entitlements of Shareholders to attend and vote at the EGM is Tuesday, 2 June 2026.

10. RECOMMENDATIONS

The Directors (including the independent non-executive Directors) consider that the New Leasing and Licensing Framework Agreement and the transactions contemplated thereunder are and will be entered into in the ordinary and usual course of business of the Group and on normal commercial terms, and their terms and the Leasing and Licensing Transaction Caps are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Accordingly, the Board recommends the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the New Leasing and Licensing Framework Agreement, the transactions contemplated thereunder and the 2026-2029 Leasing and Licensing Transaction Caps.

11. ADDITIONAL INFORMATION

Your attention is drawn to:

(a) the letter of advice from the Independent Financial Adviser to the Independent Shareholders in relation to the New Leasing and Licensing Framework Agreement, the transactions contemplated thereunder and the 2026-2029 Leasing and Licensing Transaction Caps, the text of which is set out on pages 24 to 50 of this circular; and

(b) the additional information (including financial information on the Group and rental valuation report) set out in the appendices to this circular.

Yours faithfully,
For and on behalf of the Board
Dr. Lee Ka Shing
Chairman and Managing Director

The following is the text of a letter of advice from Centurion to the Independent Shareholders dated 13 May 2026 in respect of the New Leasing and Licensing Framework Agreement, the transactions contemplated thereunder and the 2026-2029 Leasing and Licensing Transaction Caps, which has been prepared for the purpose of incorporation in this circular:–

CENTURION CORPORATE FINANCE LIMITED
盛百利財務顧問有限公司

7th Floor, Duke Wellington House
14 - 24 Wellington Street
Central, Hong Kong

香港中環
威靈頓街14 - 24號
威靈頓公爵大廈7樓

Telephone : (852) 2525 2128
: (852) 2525 6026
Facsimile : (852) 2537 7622

13 May 2026

To the Independent Shareholders of
Henderson Investment Limited

Dear Sirs,

MAJOR TRANSACTION,
DISCLOSEABLE TRANSACTIONS AND
CONTINUING CONNECTED TRANSACTIONS
IN RELATION TO
NEW LEASING AND LICENSING FRAMEWORK AGREEMENT

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Shareholders with respect to the entering into of the New Leasing and Licensing Framework Agreement between the Company and HLD, the Leasing and Licensing Transactions contemplated thereunder and the 2026-2029 Leasing and Licensing Transaction Caps, details of which are set out in the "Letter From The Board" of the circular dated 13 May 2026 to the Shareholders (the "**Circular**"), of which this letter forms a part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

Reference is made to the circular of the Company dated 16 May 2023 in respect of the Existing Leasing and Licensing Framework Agreement entered into between the Company and HLD on 19 April 2023, pursuant to which the parties thereto agreed that members of the Group (as tenants or licensees) might lease and/or license various premises from members of the HLD Group (as landlords or licensors) from time to time during the period from 1 October 2023 to 30 September 2026.

As the Existing Leasing and Licensing Framework Agreement is due to expire on 30 September 2026, the Company and HLD entered into the New Leasing and Licensing Framework Agreement on 21 April 2026, pursuant to which members of the Group (as tenants or licensees) and members of the HLD Group (as landlords or licensors) may enter into the

Leasing and Licensing Transactions during the period from 1 October 2026 to 30 September 2029. In relation to the Leasing and Licensing Transactions, the 2026-2029 Leasing and Licensing Transaction Caps (among others) are also proposed, details of which are set out in the "Letter From The Board".

LISTING RULES IMPLICATIONS

In view of the fact that HLD is the controlling shareholder of the Company interested in approximately 69.27% of the issued Shares, members of the HLD Group are connected persons of the Company under the Listing Rules. Accordingly, the entering into of the New Leasing and Licensing Framework Agreement constitutes continuing connected transactions of the Company.

As the highest applicable percentage ratio in respect of the 2026 Right-of-Use Assets Cap exceeds 25% but is less than 100%, the 2026 Right-of-Use Assets Acquisitions constitute a major transaction of the Company subject to the disclosure and Shareholders' approval requirements under Chapter 14 of the Listing Rules. As the highest applicable percentage ratio in respect of each of the 2027-2029 Right-of-Use Assets Caps exceeds 5% but is less than 25%, the 2027-2029 Right-of-Use Assets Acquisitions during each 2027-2029 Annual Cap Period constitute a discloseable transaction of the Company subject to the disclosure requirements under Chapter 14 of the Listing Rules. As non-exempt continuing connected transactions, the acquisitions of the above right-of-use assets by the Company are also subject to the reporting, announcement, annual review, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the 2026-2029 Rental Expenses Transactions exceeds 5%, those transactions also constitute non-exempt continuing connected transactions of the Company subject to reporting, announcement, annual review, Circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As all independent non-executive Directors are also independent non-executive directors of HLD or its subsidiary, they are considered not to be independent to advise the Independent Shareholders on the New Leasing and Licensing Framework Agreement, the transactions contemplated thereunder and the 2026-2029 Leasing and Licensing Transaction Caps or on how to vote on the resolution to be proposed at the EGM. Therefore, no independent board committee of the Company has been formed to make recommendations to the Independent Shareholders in connection therewith. Hence, we have been appointed as the Independent Financial Adviser to advise the Independent Shareholders in this regard.

The New Leasing and Licensing Framework Agreement, the Leasing and Licensing Transactions contemplated thereunder together with such transaction amounts which have not exceeded the proposed Leasing and Licensing Transaction Caps will also be subject to the annual review requirements by independent non-executive Directors and by the auditors of the Company under Rules 14A.55 to 14A.59 of the Listing Rules.

INDEPENDENT FINANCIAL ADVISER

We have been appointed to give an independent opinion to the Independent Shareholders as to:–

(A) whether the entering into of the New Leasing and Licensing Framework Agreement is in the ordinary and usual course of business of the Group and is in the interests of the Company and its Shareholders as a whole;

(B) whether the terms of the New Leasing and Licensing Framework Agreement and the Leasing and Licensing Transactions contemplated thereunder are fair and reasonable and on normal commercial terms or better to the Group;

(C) whether the rent or licence fees and other terms of each Leasing and Licensing Transaction will be determined by arm's length negotiations taking into account, among others, main factors (where applicable) such as (i) district and vicinity of the property; (ii) the business to be carried on at the property; (iii) the size, location and condition of the property; (iv) the length of the term of the lease or licence; and (v) the possible contribution, if any, of the tenant or licensee, to the building or shopping mall in which the property is located, including with reference to, where applicable, terms offered by the HLD Group to existing or potential tenants or licensees of premises within the relevant building or shopping mall or premises similar to the property concerned and market comparables as may be obtained from the Land Registry of Hong Kong or from enquiries with property agencies;

(D) whether the proposed 2026-2029 Leasing and Licensing Transaction Caps are fair and reasonable; and

(E) how the Independent Shareholders should vote with respect to the resolution proposed at the EGM to approve the New Leasing and Licensing Framework Agreement, the transactions contemplated thereunder and the 2026-2029 Leasing and Licensing Transaction Caps.

We have not acted as a financial adviser or an independent financial adviser to any member of the Group or the HLD Group in the last two years from the date of the Circular. We acted as the independent financial adviser to the Company in respect of the leasing and licensing transactions arising from the then leasing and licensing framework agreement dated 19 April 2023 and entered into by the Company and HLD, details of which were set out in the Company's circular dated 16 May 2023. Our remuneration for this letter of independent advice is on a normal fixed fee basis only and is not conditional on the successful passing of the resolution to be proposed at the EGM. We are independent of and not associated with members of the Group, their respective substantial shareholders, holding companies or connected persons as defined under the Listing Rules. Accordingly, we are independent pursuant to Rule 13.84 of the Listing Rules to give our independent advice as set out herein.

BASIS OF OUR OPINION

In formulating our opinion and recommendation, we have relied on the accuracy of the information, opinions and representation contained in the Circular and other documents (including but not limited to the New Leasing and Licensing Framework Agreement, existing Leasing and Licensing Individual Agreement(s) entered into under the Existing Leasing and Licensing Framework Agreement, the valuation reports on the market rents, management-prepared financial effects statements and right-of-use assets calculations), which have been provided by the executive Directors and/or management of the Group and to the extent such documents were prepared by the Group, the Directors shall take full responsibility. We have also assumed that all statements, information, opinions and representations made or referred to in the Circular were true at the time they were made and continued to be true at the date of this Circular up to and including the date of the EGM.

We have assumed that all statements of belief, opinion and intention made by the Directors in the Circular are reasonably made after due and careful enquiry. The Directors collectively and individually accept full responsibility for particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company in the Circular. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in the Circular is accurate and complete in all material respects and is not misleading or deceptive, and there are no other matters the omission of which would make any statement in the Circular misleading. We have not conducted any independent or in-depth investigation into the businesses, financial conditions and/or future prospects of the Group nor have we independently verified any of the information supplied to us.

We have no reason to believe that any information, statements, opinions or representations relied on by us in forming our opinion is untrue, inaccurate or misleading. We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion as set out herein. The Company will notify the Shareholders of any material change to the information set out in the Circular after the Latest Practicable Date and up to and including the date of the EGM.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our recommendation, we have taken into consideration the following principal factors and reasons:

1. Background

1.1 Information of the Group

The Company is an investment holding company and the principal business activities of its subsidiaries are investment holding, supermarket and department store operation.

The retailing operation in Hong Kong has become the sole business of the Group since its acquisition of Citistore from the HLD Group in 2014 and its acquisition of UNY (HK) Co., Limited (thereafter renamed as Unicorn) from an independent third party in 2018. The Group's retail operations are principally carried out by these two wholly-owned subsidiaries: (i) Citistore, which operates five department stores operating under the name of "Citistore" and one household specialty store under the name of "Citilife" (collectively as "Citistore"); and (ii) Unicorn, which operates two department stores-cum-supermarkets under the names of "APITA" or "UNY" and two supermarkets under the name of "UNY". "Citistore", "APITA" and "UNY" are established brands with two of them having more than 30 years of operating track record, which are strong brands trusted by consumers in Hong Kong. The Group has been dedicated to integrating the operations of Citistore and Unicorn and at the end of 2024, their common membership loyalty programme CU APP was integrated with H•COINS, the membership loyalty programme of the Group's parent company, HLD. This strategic integration has resulted in CU APP membership exceeding 910,000, thereby establishing a solid foundation for the sustainable development of the Group. Please refer to the section headed "5. Financial And Trading Prospects Of The Group" in Appendix I to the Circular for further details on the trading prospects of the Group.

The Existing Leasing and Licensing Framework Agreement was entered into between the Company and HLD on 19 April 2023 which stipulates the principal terms and conditions governing Leasing and Licensing Transactions entered into between members of each of the Group (as tenants or licensees) and the HLD Group (as landlords or licensors) with respect to certain properties of the HLD Group, details of which were set out in the Company's circular dated 16 May 2023 and in the Company's annual reports.

1.2 Financial highlights, right-of-use assets and lease liabilities of the Group

As set out in the Company's 2024 and 2025 annual reports, for the years ended 31 December 2023, 2024 and 2025 respectively, the following tables highlight the Group's audited revenues, right-of-use assets and lease liabilities recognition:–

Table A : Highlights of the Group's audited revenue

For the year ended 31 December	**2025**	**2024**	**2023**
	(HK$'million)	*(HK$'million)*	*(HK$'million)*
Revenue contribution from Citistore	520	601	676
Revenue contribution from Unicorn	935	934	875
Total revenue	1,455	1,535	1,551

(Source: 2025 and 2024 annual reports of the Company)

Table B : Highlights of the Group's audited right-of-use assets and lease liabilities

As at 31 December	2025 *(HK$'million)*	2024 *(HK$'million)*	2023 *(HK$'million)*
Assets			
Right-of-use assets	415	628	888
Total Assets	2,050	2,277	2,535
% of right-of-use assets to total assets	20.2%	27.6%	35.0%
Liabilities			
Lease liabilities classified as current	201	249	255
Lease liabilities classified as non-current	243	417	669
Total Liabilities	1,046	1,224	1,362
% of total current and non-current lease liabilities to total liabilities	42.5%	54.4%	67.8%

(Source: 2025 and 2024 annual reports of the Company)

As set out in Table A above, for the three years ended 31 December 2025, the Group's department store and department store-cum-supermarket operations carried out under Citistore and Unicorn respectively accounted for all its revenue.

Table B above gives an overview of the historical right-of-use assets and lease liabilities recognised by the Group under HKFRS 16 "*Leases*", and such amounts are to be viewed against total assets and total liabilities of the Group in relation to the possible financial effects on total assets and total liabilities of the Group, as a result of entering into of the Leasing and Licensing Transactions as set out in Section 7 below.

Having considered that (i) the Group is principally engaged in the supermarket and department store operations and physical stores for such operations are necessary; (ii) the store premises with their respective proposed Leasing and Licensing Individual Agreements commencing on 1 October 2026 as summarised on pages 16 to 17 in the "Letter From The Board" were historically leased or licensed from members of the HLD Group; and (iii) the entering into of the Existing Leasing and Licensing Framework Agreement between the Company and HLD on 19 April 2023 was to govern and address this need for store premises, we are of the opinion that the entering into of the New Leasing and Licensing Framework Agreement is in the ordinary and usual course of business of the Group and is in the interests of the Company and its Shareholders as a whole.

2. Terms of the New Leasing and Licensing Framework Agreements

The purpose of the New Leasing and Licensing Framework Agreement is to extend another three years to cater for the Leasing and Licensing Transactions which may be undertaken by any member of the Group as tenant or licensee, in order to ensure the Group's retail store needs are to continue, without any unnecessary disruptions to such operational needs.

2.1 Principal terms

The principal terms of the New Leasing and Licensing Framework Agreement are summarised below:

Parties	:	(A) The Company; and (B) HLD.
Term	:	The term of 3 years commencing on 1 October 2026 and ending on 30 September 2029 (unless terminated by either party giving not less than one month's prior written notice of termination to the other party).
Condition	:	The New Leasing and Licensing Framework Agreement is conditional upon approval of the same and the transactions contemplated thereunder (including the 2026-2029 Leasing and Licensing Transaction Caps) by the Independent Shareholders at the EGM.
Subject matter	:	HLD shall and shall procure the relevant members of the HLD Group to, and the Company shall and shall procure the relevant members of the Group to, enter into the Leasing and Licensing Transactions on a non-exclusive basis, as and when reasonably requested by members of the Group from time to time.
Leasing and Licensing Individual Agreements	:	In relation to the Leasing and Licensing Transactions, relevant members of the Group and relevant members of the HLD Group shall enter into the Leasing and Licensing Individual Agreements, which shall be in such forms and on such terms and conditions to be agreed upon between the relevant parties from time to time using reasonable endeavours. The term of each such lease or licence shall not exceed 3 years. Leasing and Licensing Individual Agreements in respect of other Leasing and Licensing Transactions may also be entered into from time to time during the term of the New Leasing and Licensing Framework Agreement.

Basis of determination of the terms of each Leasing and Licensing Transaction (including the pricing basis of the rent/licence fees) :

(a) Each Leasing and Licensing Transaction shall be subject to the provisions of the New Leasing and Licensing Framework Agreement and the relevant Leasing and Licensing Individual Agreement(s) (the provisions of the New Leasing and Licensing Framework Agreement shall prevail in case of inconsistencies);

(b) The terms of the Leasing and Licensing Transactions shall be fair and reasonable; and the Leasing and Licensing Transactions shall be on normal commercial terms (or better to the Group). To allow for commercial accommodation under the Leasing and Licensing Individual Agreement(s), the Group may be entitled to a rental concession in certain prescribed circumstances such as pandemic, or may terminate early by giving three months' prior notice, subject to mutual consent; and

(c) The rent or licence fees and other terms of each Leasing and Licensing Transaction shall be determined by arm's length negotiations taking into account, among others, the following main factors (where applicable):

(i) the district and vicinity of the property concerned;

(ii) the business to be carried on at the property concerned;

(iii) the size, location (within the relevant building or shopping mall) and condition of the property concerned;

(iv) the length of the term of the lease or licence; and

(v) the possible contribution, if any, of the tenant or licensee, to the building or shopping mall in which the property concerned is located,

including with reference to, where applicable, terms offered by the HLD Group to existing or potential tenants or licensees of premises within the relevant building or shopping mall or premises similar to the property concerned and market comparables as may be obtained from the Land Registry of Hong Kong or from enquiries with property agencies.

Please refer to the "Letter From The Board" for more details on the principal terms of the New Leasing and Licensing Framework Agreement.

2.2 Our views

The term of 3 years for the New Leasing and Licensing Framework Agreement and that the term for the relevant Leasing and Licensing Individual Agreement(s) shall not exceed 3 years are in compliance with Rule 14A.52 of the Listing Rules insofar as the 3-year upper limit is concerned. The termination clause under the New Leasing and Licensing Framework Agreement allows each party to serve not less than one-month prior written notice to terminate the New Leasing and Licensing Framework Agreement. The entering into of the Leasing and Licensing Transactions will be on a non-exclusive basis. These principal terms are to give certain flexibilities to the parties to such an agreement in an equal manner and are considered by us to be fair and reasonable and on normal commercial terms.

Note 1 to the section headed "Summary of indicative principal terms of initial Leasing and Licensing Individual Agreements" on page 17 in the "Letter From The Board" states that each of the proposed Leasing and Licensing Individual Agreements is to include a provision under which either party may early terminate by giving the other party not less than three months' prior notice of termination if so mutually agreed to by the parties. Also as referred to in section "2.1 Principal terms", sub-section (b) above, the Group may be entitled to a rental concession in certain prescribed circumstances such as pandemic.

We are of the view that the followings are beneficial to the Group with commercial consideration:–

(A) rental concession arising from circumstances such as pandemic is fair and reasonable as the previous COVID-19 pandemic outbreak had a material adverse impact on local retail and department store business and as such, highlighted the importance of rental concession for retail/department stores' businesses; and

(B) three months' termination notice is also fair and reasonable as termination under a Leasing and Licensing Individual Agreement would require relocation to a new premises, reinstatement of the existing premises to a "bare shell" condition or a condition mutually agreed by the parties and other necessary actions undertaken by the tenant or licensee, which are most likely to require lead time of up to three months for physical handover of vacant possession.

The section below opines on the fairness and reasonableness of the terms of each Leasing and Licensing Transaction (including the pricing policy of the rent/licence fees).

3. Fair rent valuation report

The Company has engaged Cushman & Wakefield Limited, an independent valuer (the "**Valuer**"), to provide a fair rent valuation report (the "**Valuation Report**") on each of the premises in the section headed "Summary of indicative principal terms of initial Leasing and Licensing Individual Agreements" on pages 16 to 17 in the "Letter From The Board", on the basis of their respective market rents in existing state as at 17 March 2026. The Valuation Report is set out in Appendix II to the Circular.

We have reviewed the Valuation Report and interviewed the Valuer for the purpose of making enquiry into (i) the terms of engagement of the Valuer, its current or prior relationships with the Group, the HLD Group and other core connected persons of either the Group or the HLD Group in order to confirm the Valuer's independence; (ii) the expertise, qualification and experience of the Valuer; (iii) the scope of work of the Valuer's engagement and whether such scope of work is appropriate to the opinion required to be given; and (iv) any limitations on the Valuer's scope of work which might adversely impact on the degree of assurance given by the Valuer's opinion/statement or the Valuation Report. We are also not aware that the Group or the HLD Group or their respective core connected persons has made any formal or informal representations to the Valuer which are not in accordance with our knowledge of this subject matter. Hence, we are satisfied that our review and assessment of the Valuer and the Valuation Report are in compliance with Rule 13.80 of the Listing Rules, details of which are set out below.

The valuation of the market rent of each of the properties represents its market rent which in accordance with the HKIS Valuation Standards 2024 published by the Hong Kong Institute of Surveyors, is defined as "the estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion". The valuation complies with the requirements set out in Chapter 5 of the Listing Rules, the aforesaid HKIS Valuation Standards, the RICS Global Valuation Standards and the International Valuation Standards. The Valuer made assumptions that the landlords of the properties have enforceable title to the properties and that there was no serious structural defect to such properties as none was noted in the course of the Valuer's inspection.

Having reviewed the engagement letter for the appointment of the Valuer and the scope of work as set out in such engagement letter, we are satisfied that the scope of work is sufficient and appropriate for assessing the market rents of the properties upon the renewal of their respective Leasing and Licensing Individual Agreements on or about 1 October 2026, as contemplated under the New Leasing and Licensing Framework Agreement.

The Valuer has adopted the market comparison method of using gathered recent rental transactions and made comparison with the properties set out in the Valuation Report and after analysing each of such comparables based on its unit rent; and the fact that no properties are identical, appropriate adjustments such as location; building age; size; transaction timing etc. where necessary have been made to reflect the difference between the properties that will be the subject of the New Leasing and Licensing Framework Agreement and those of the market comparables. We have reviewed all such comparables and their respective weighting adjustments and having considered the Valuer's experience and qualifications, we are of the view that such adjustments have been made in a fair and reasonable manner in order to arrive at a fair rent valuation of each of the aforesaid premises.

Considering that (i) the professional who signed off on the Valuation Report is a Senior Director and has over 30 years of experience in professional property valuation and advisory services in Hong Kong; and (ii) three representatives of the Valuer had inspected the properties in the Valuation Report, we concur with the Valuer that it has sufficient current knowledge of the market, and the skills and understanding to undertake the works under the Valuation Report competently. Following our interview with the Valuer, we are satisfied that there is no reason for us to doubt the fairness, reasonableness and completeness of the principal basis and assumptions adopted for use in the Valuation Report.

In light of the aforesaid, given our independent review on the principal basis and assumptions adopted by the Valuer, the professional qualifications of the Senior Director who signed off on the Valuation Report, the Valuer has sufficient current notional knowledge of the market, and the skills and understanding to undertake the valuation competently, we are of the opinion that the fair rent valuations as set out in the Valuation Report are fair and reasonable, Having arrived at such an opinion, we are therefore of the view that all Leasing and Licensing Transactions pursuant to the Valuation Report to be entered into, having regard to the pricing policy as set out in the New Leasing and Licensing Framework Agreement, and the fact that their basic rents will be comparable to the prevailing market rents as endorsed by the Valuation Report, will be fair and reasonable.

In light of the above and our review of all existing Leasing and Licensing Individual Agreements expiring on 30 September 2026 as set out in Section 6 below, we are of the view that the rent or licence fees of each Leasing and Licensing Transaction will be on normal commercial terms or better to the Group; and the rent or licence fees and other terms of each Leasing and Licensing Transaction shall be determined by arm's length negotiations taking into account, among others, main factors (where applicable) such as (i) district and vicinity; (ii) business to be carried on at the property; (iii) size, location and condition of the property; (iv) length of the term of the lease or licence; and (v) tenant's contribution to the mall in which the property is located.

4. Challenging retail market conditions faced by the Group

As set out in the Chairman's Statement on page 6 in the Company's 2024 annual report, during the year ended 31 December 2024, changes in the consumption patterns of inbound tourists, as well as trend of Hongkongers to "head north" across the border for shopping and entertainment, continued to weigh on the local retail sector. According to the Census and Statistics Department, the value of total retail sales in Hong Kong for 2024 deceased by 7.3% compared to the previous year. Notably, sales of commodities in department stores decreased by 13.9% in value year-on-year. We have reviewed the same statistics and updated such statistics for the year ended 31 December 2025 as follows:

Table C : Retail sales statistics released by the Census and Statistics Department

For the year ended 31 December	**2025***	**2024**
All retail outlets in Hong Kong:		
Value of sales	HK$380,464 million	HK$376,783 million
Percentage increase or (decrease) year-on-year	1.0%	(7.3%)
All department stores in Hong Kong:		
Value of sales	HK$30,285 million	HK$30,302 million
Percentage (decrease) year-on-year	(0.1%)	(13.9%)

(Note: Provisional statistics are subject to revision later on)*

(Source: The Census and Statistics Department of Hong Kong)

The commentary set out in the press release by the Census and Statistics Department on 3 February 2025, the value of total retail sales declined further in 2024 from a year earlier, partly reflecting the impact of residents' increased outbound trips during the holidays, as highlighted by the aforesaid Chairman's Statement. This "head north" consumption pattern continues to impact on the local retail markets. To illustrate, as set out in the Statistics on Passenger Traffic published by the Immigration Department (i) on 3 April 2026, the first day of the Easter break, 709,837 Hong Kong residents left Hong Kong, including 74,153 residents via the airport; and (ii) on 4 April 2026, the second day of the Easter break, 553,445 Hong Kong residents left Hong Kong, including 51,326 residents via the airport.

Looking ahead, a spokesperson of the Hong Kong Government said in its press release dated 3 February 2025 that "the near term performance of the retail sector would continue to be affected by the change in consumption patterns of visitors and residents. Nevertheless, the introduction of various measures by the Central Government to boost the Mainland economy and benefit Hong Kong, together with the Hong Kong Government's proactive efforts to promote tourism development and boost market sentiment, as well as increasing employment earnings, would benefit the retail sector.". Such Hong Kong Government's effort to deepen Hong Kong "Mega Event Economy" by organizing a series of large-scale cultural and sports events in order to stimulate consumption was also mentioned in the Chairman's Statement in the Company's 2025 annual report. The provisional figures for retail sales and department stores' sales set out in Table C above for the year ended 31 December 2025 appears to support such efforts as these sale values have stabilized, albeit this is for one year period only.

The analyses above and the paragraph below nevertheless illustrate that the difficult retail conditions faced by nearly all department store operators in Hong Kong under the changes in consumption patterns of inbound visitors and Hong Kong residents continuing to travel north for shopping and entertainment, the result of which adversely affected the Group's business.

As set out in the Chairman's Statement in the Company's 2025 annual report, the Group's profitability for the year ended 31 December 2025 was adversely affected by abovementioned changes in consumption patterns of inbound visitors and local residents. Such changes have continued to affect the performance of the local retail sector. To illustrate, as set out in Table A above, for the year ended 31 December 2025, revenue contribution from Citistore declined approximately 13.5% year-on-year whereas revenue contribution from Unicorn was almost unchanged year-on-year. After deducting its operating expenses and for the year ended 31 December 2025, (i) Citistore recorded a profit after taxation of HK$1 million, as compared with a loss after taxation of HK$20 million for the previous year; and (ii) Unicorn recorded a loss after taxation of HK$60 million, as compared with a loss after taxation of HK$96 million for the previous year. The Group's loss attributable to Shareholders for the year ended 31 December 2025 amounted to HK$67 million, compared to the HK$125 million loss attributable to Shareholders for the previous year ended 31 December 2024.

In response to the aforesaid challenging market conditions, both Citistore and Unicorn implemented a number of measures during 2025. Insofar as the former is concerned, these measures include adjusted and downsized its store network; enhanced the use of social media for marketing; refined its procurement strategies and introduced new brands, expanded the range of imported products and organized themed promotional events; and directly relevant to our analyses set out herein, lowered expenses through negotiation with its landlords on rental reduction arrangements. Insofar as Unicorn is concerned, these measures include reconfigured its store layout; offered live culinary demonstrations; launched the popular "Bluefin Tuna Cutting Show" and food fairs etc. For further details of the aforesaid measures and on the Group's audited financial statements, please refer to the Company's 2025, 2024 and 2023 annual reports (see the section headed "1. Summary Of Financial Information" in Appendix I to the Circular for the weblinks of such annual reports).

5. The 2026-2029 Leasing and Licensing Transaction Caps

5.1 Accounting implications

Insofar as the Leasing and Licensing Transactions under the New Leasing and Licensing Framework Agreement are concerned, in accordance with HKFRS 16 "*Leases*", the Group is required to recognise a right-of-use asset and a lease liability at the date of initial adoption of HKFRS 16 "*Leases*" in its consolidated statement of financial position. The right-of-use asset represents the right by members of the Group (as lessees) to use the asset for the duration of the lease term and the lease liability reflects the contractual obligation to make basic rent/licence payments by members of the Group (as lessees) entering into the Leasing and Licensing Individual Agreements. For details on HKFRS 16 "*Leases*" accounting requirements, please refer to the "Letter From The Board" under the section headed "4. Accounting Treatment And Financial Effects Of The Transactions Contemplated Under The New Leasing And Licensing Framework Agreement".

The Group has adopted an estimated incremental borrowing rate of 4.8% per annum as its discount rate for its lease liability calculation and such rate is also set out in Note 24 to the Group's consolidated financial statements for the year ended 31 December 2025 in the Company's 2025 annual report. The carrying amount of the right-of-use assets is based on, among other things, the initial amount of the lease liabilities. For details on how the lease liabilities and right-of-use assets are recognized, please refer to section "2(i) Leased assets" on pages 123 to 124 of the Company's 2025 annual report. We have reviewed the basis and assumptions on which the estimated incremental borrowing rate of 4.8% per annum is determined and are of the view that such basis, which reflects the Group's notional borrowing costs in a combination of secured and unsecured loans over a maturity range analysis of 1-year tenure and 5-year tenure, is fair and reasonable.

5.2 The Right-of-Use Assets Caps

For the 3-month period ended 31 December 2023, each of the two years ended 31 December 2025 and the 3-month period ended 31 March 2026, the historical aggregate right-of-use assets acquired by the Group from the HLD Group in respect of the Leasing and Licensing Transactions under the Existing Leasing and Licensing Framework Agreement were HK$453.16 million, HK$0.00, HK$0.00 and HK$0.00 respectively. Such historical aggregate right-of-use assets acquired by the Group, when viewed against their respective approved annual caps are set out below:

Table D : Historical Right-of-Use Assets and Annual Caps for 2023-2026

	3-month ended 31 December 2023 *(HK$'million)*	**Year ended 31 December 2024** *(HK$'million)*	**Year ended 31 December 2025** *(HK$'million)*	**3-month period ended 31 March 2026** *(HK$'million)*
Total Right-of-Use Assets recognized by the Group	453.16	0.00	0.00	0.00
Annual cap amount approved	538.00	122.00	122.00	122.00*

	3-month ended 31 December 2023 *(HK$'million)*	Year ended 31 December 2024 *(HK$'million)*	Year ended 31 December 2025 *(HK$'million)*	3-month period ended 31 March 2026 *(HK$'million)*
Percentage of under-utilisation of the approved annual caps	15.8%	100.0%	100%	100%

(** Note: Right-of-Use Asset Cap approved for the 9-month period commencing on 1 January 2026 and ending on 30 September 2026)*

(*Note: the Right-of-Use Assets Caps above used a 15% buffer)*

(Source: Company's annual reports and circular dated 16 May 2023)

For the two years ended 31 December 2024 and 2025 respectively and the 3-month period ended 31 March 2026, total right-of-use assets recognized by the Group was HK$0.00. Management of the Company explained that this was due to changes in retail market conditions as a result of which new store openings were suspended, the Group did not enter into any Leasing and Licensing Transaction which required recognition of right-of-use assets.

The proposed Right-of-Use Assets Caps in respect of the Leasing and Licensing Transactions to be entered into during the term of the New Leasing and Licensing Framework Agreement which are subject to the approval by the Independent Shareholders are set out below:

Table E : Proposed Right-of-Use Assets Caps for 2026-2029

Period	Right-of-Use Assets Cap *HK$ (million)*
For the 3-month period commencing on 1 October 2026 and ending on 31 December 2026	368
For the year ending 31 December 2027	81
For the year ending 31 December 2028	81
For the 9-month period commencing on 1 January 2029 and ending on 30 September 2029	81

As set out in the "Letter From The Board", the highest applicable percentage ratio in respect of the 2026 Right-of-Use Assets Cap exceeds 25% but is less than 100%, the 2026 Right-of-Use Assets Acquisitions constitute a major transaction of the Company subject to the disclosure and shareholders' approval requirements under Chapter 14 of the Listing Rules. As the highest applicable percentage ratio in respect of each of the 2027-2029 Right-of-Use Assets Caps exceeds 5% but is less than 25%, the 2027-2029 Right-of-Use Assets Acquisitions during each 2027-2029 Annual Cap Period constitute a discloseable transaction of the Company

subject to the disclosure requirements under Chapter 14 of the Listing Rules. As non-exempt continuing connected transactions, the acquisitions of the above right-of-use assets by the Company are also subject to the reporting, announcement, annual review, Circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

5.3 The Rental Expense Caps

Details of the Rental Expenses are set out in the Definitions section of the Circular which can be broadly categorized into estimated (i) turnover rent; (ii) services charges and others; and (iii) short-term licenses. The historical Rental Expenses paid by members of the Group to members of the HLD Group in relation to the Leasing and Licensing Transactions under the existing Leasing and Licensing Individual Agreements are set out below:

Table F : Historical Rental Expense and Annual Caps for 2023-2026

	3-month period ended 31 December 2023 *(HK$'million)*	**Year ended 31 December 2024** *(HK$'million)*	**Year ended 31 December 2025** *(HK$'million)*	**3-month period ended 31 March 2026** *(HK$'million)*
Total Rental Expenses paid by the Group	18.26	70.18	28.32	2.43
Annual cap amount approved	30.00	115.00	140.00	128.00*
Percentage of under-utilisation of the approved annual caps	39.1%	38.9%	79.8%	98.1%

(** Note: Rental Expense Cap approved for the year commencing on 1 January 2026 and ending on 31 December 2026)*

(*Note: the Rental Expense Caps above used a 15% buffer)*

(Source: Company's annual reports and circular dated 16 May 2023)

For the year ended 31 December 2025 and the 3-month period ended 31 March 2026, total actual Rental Expenses paid by the Group as set out in the table above were considerably less, when viewed against the cap sought for the said year and period. Management of the Company explained that such under-utilisation related to the challenging retail market conditions which resulted in (i) suspension for new store opening for Citistore and Unicorn; and (ii) considerable service charges waiver and relief granted to the Group by the HLD Group for the year ended 31 December 2025 and the 3-month period ended 31 March 2026.

The proposed Rental Expense Caps in respect of the Leasing and Licensing Transactions to be entered into during the term of the New Leasing and Licensing Framework Agreement which are subject to the approval of Independent Shareholders are set out below:

Table G : Proposed Rental Expense Caps for 2026-2029

Period	**Rental Expense Cap** *HK$ (million)*
For the 3-month period commencing on 1 October 2026 and ending on 31 December 2026	8
For the year ending 31 December 2027	45
For the year ending 31 December 2028	75
For the year ending 31 December 2029	63

As set out in the "Letter From The Board", the highest applicable percentage ratio in respect of the 2026-2029 Rental Expenses Transactions exceeds 5%, those transactions constitute non-exempt continuing connected transactions of the Company subject to reporting, announcement, annual review, Circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Please also refer to the "Letter From The Board" on why, notwithstanding the term of the New Leasing and Licensing Framework Agreement is only for three years, setting of Rental Expense Caps for six years is required while the 2030-2032 Rental Expenses Transactions are exempt from the Circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Based on the historical transaction amounts paid under the existing Leasing and Licensing Individual Agreements and taking into account the abovementioned factors and reasons, we are of the view that the challenging retail conditions faced by the Group over the past three years was the reason for the abovementioned suspension of new store openings, considerable service charge relief and waiver granted, which resulted in a lower utilisation of the existing annual caps as set out in the Tables D and F above for 2023 to 2026. Had it not been due to these challenging market conditions faced by the Group, the existing annual caps set out in these two tables would have been better utilised and more in line with their then stated amounts. Hence in our view, the annual caps for 2023 to 2026 and the manner in which they were determined (including their buffer) offer fair and reasonable basis for the determination of the 2026-2029 Leasing and Licensing Transaction Caps going forward.

5.4 Basis for determining the 2026-2029 Leasing and Licensing Transaction Caps

The proposed 2026-2029 Leasing and Licensing Transaction Caps have been determined after taking into account:

(i) the historical value of the right-of-use assets acquired by the Group from the HLD Group in respect of the Leasing and Licensing Transactions and historical Rental Expenses paid by members of the Group to members of the HLD Group in relation to the Leasing and Licensing Transactions under the Existing Leasing and Licensing Framework Agreement (which were lower than the existing annual caps under the Existing Leasing and Licensing Framework Agreement due to external factors including the suspension of new store openings and considerable service charges waiver and relief granted as a result of the challenging retail conditions faced by the Group over the past three years), and to independent third party landlords and licensors for similar transactions. It is expected that the retail conditions may improve in the coming years in light of the Government's proactive efforts to promote tourism development and boost market sentiment, as well as the expected increase in employment earnings which may benefit the retail sector;

(ii) the expected renewal of certain substantial existing leases and licences granted under the Existing Leasing and Licensing Framework Agreement which are due to expire on 30 September 2026 (the "**Renewal**") (please refer to the section headed "Summary of indicative principal terms of initial Leasing and Licensing Individual Agreements" in the "Letter From The Board" for details), and the public information on the market rents and licence fees of the relevant premises;

(iii) the current business development plan of the Group in the forthcoming years after the Renewal involving the continuous operation of existing stores which are strategically located in well-established and densely populated residential districts and are in close proximity to local transport hubs, and the relocation/streamlining or downsizing of existing supermarket(s) and department store(s);

(iv) the revitalisation plan of the Group involving the possible extension of retail operations from residential districts to commercial hubs through opening of new supermarkets in the premises and potential premises of the HLD Group which could be available for leasing or licensing to the relevant members of the Group in the future;

(v) market comparables obtained from the Land Registry of Hong Kong as well as rents and services charges of the tenancies of the Group with independent third parties as landlords, together with enquiries with property agencies, which were taken into consideration for setting the trends, increments and buffers of the Right-of-Use Assets Caps and the Rental Expense Caps;

(vi) the estimated turnover, determined with reference to historical accounting records, for the relevant premises in respect of which turnover rents may be payable; and

(vii) a reasonable buffer not exceeding 15% to cater for rent reviews and adjustments, taking into account estimated increase in other fees and expenses (allowing for inflation and increase of labour and other costs) as well as market improvement in the future which might result in year-on-year increase in sales and hence turnover rents.

In assessing whether the proposed 2026-2029 Leasing and Licensing Transaction Caps have been determined on bases and assumptions which are fair and reasonable, we have discussed with the management of the Group and reviewed its calculations on the proposed 2026-2029 Leasing and Licensing Transaction Caps. Such calculations include the detailed breakdown of the existing and new stores assumed for the right-of-use assets and variable payments for the Rental Expenses as represented by the estimated (i) turnover rents; (ii) services charges and others; and (iii) short-term licenses. The assumptions adopted also include year-on-year percentage increment, the effects of new stores etc. and in particular, the aforesaid 15% buffer. We have also reviewed the information released by the Hong Kong Government on the impact on the local retail sector affected by the change in consumption patterns of visitors and residents as set out under Section 4 above and viewed these against the Group's business development and strategy.

Notwithstanding such difficult trading conditions, we noted the introduction of various measures by the Central Government to boost the Mainland economy and the Hong Kong Government's proactive efforts to promote tourism development and boost market sentiment, the provisional figures for retail sales and department stores' sales set out in Table C above for the year ended 31 December 2025 appears to support a cautiously optimistic outlook for the local retail sector.

In this regard and having analyzed the aforesaid variable payments and their bases and assumptions which made up the Leasing and Licensing Transactions, we take the view that the 15% buffer and other assumptions adopted by the Company to cater for rent reviews and adjustments, taking into account estimated increases in other fees and expenses (allowing for inflation and increase of labour and other costs) as well as market improvement in the future which might result in year-on-year increases in sales and hence turnover rents are fair and reasonable business assumptions for the Group's operations.

Given that a buffer used in determining the existing annual caps in order to account for, among others, inflation and new leases or licences that may be entered into from time to time, as well as the expected recovery of economic activities from the local retail sector going forward, we are therefore of the view that the 15% buffer for the proposed 2026-2029 Leasing and Licensing Transaction Caps and the need for such cap amounts are fair and reasonable.

6. Internal control procedures

The indicative principal terms of the proposed Leasing and Licensing Individual Agreements with terms commencing on 1 October 2026 are summarised on pages 16 to 17 in the "Letter From The Board". The terms of each Leasing and Licensing Individual Agreement made under the New Leasing and Licensing Framework Agreement will be determined according to the following procedures:

(A) the relevant members of the Group and the relevant members of the HLD Group shall enter into arm's length negotiations with respect to each Leasing and Licensing Transaction, with due regard to the pricing policy as set out in the New Leasing and Licensing Framework Agreement, including the rents or licence fees, and other terms being subject to the particular circumstances of the proposed transactions; and

(B) the renewal of the majority of the existing leases will be pursued by the relevant parties after arm's length negotiations and subject to the provisions of the New Leasing and Licensing Framework Agreement.

The internal audit department of the Company will review the Leasing and Licensing Individual Agreements and the Leasing and Licensing Transactions together with the relevant internal control procedures and monitor the utilisation of the annual caps to ensure compliance with the terms of the New Leasing and Licensing Framework Agreement on a semi-annual basis. For more details of the Company's internal control procedures, please refer to the section headed "Internal control procedures" in the "Letter From The Board". We take the view that these internal control procedures were adhered to, based on our review of the existing Leasing and Licensing Individual Agreements.

We have reviewed the New Leasing and Licensing Framework Agreement and have noted that its key principal terms and pricing policy are similar to that under the Existing Leasing and Licensing Framework Agreement, in particular, the following terms and pricing policy:–

(A) Each leasing and licensing transaction under the New Leasing and Licensing Framework Agreement shall be:–

(i) on normal commercial terms or better to the Group;

(ii) in the ordinary and usual course of business of the relevant member of the Group; and

(iii) the historical value of the right-of-use assets acquired by the Group from the HLD Group and historical Rental Expenses paid by members of the Group to members of the HLD Group shall be comparable to that payable to independent third party landlords and/or licensors for similar transactions.

(B) The pricing policy for the aforesaid tenancy or licensing arrangements shall have regard to factors such as the district, vicinity, size and location of the premises concerned, the business to be carried on at such premises, the proposed length of the term of the lease or licence, as well as possible contribution, if any, of the potential tenant to the building or shopping mall in which such relevant premises are located. Such factors shall be with reference to applicable terms offered by the HLD Group to independent third party tenants or licensees and market comparables as may be obtained from the Land Registry of Hong Kong or from enquiries with property agencies.

In light of the fact that none of the new Leasing and Licensing Individual Agreements understandably has yet been entered into given their respective tenancy terms will only commence on 1 October 2026, we have instead reviewed each of the existing Leasing and Licensing Individual Agreements expiring on 30 September 2026 for all the 15 properties set out in the fair rent valuation report in Appendix II to the Company's circular dated 16 May 2023. In particular, we have reviewed these properties' monthly basic rent and viewed them against their respective fair rent valuation as determined by the Valuer in the Company's circular dated 16 May 2023. Based on our review, we noted that the majority of their monthly basic rents payable by the Group under the existing Leasing and Licensing Individual Agreements are on a par with their respective fair rent valuation and a minority of such rental payments were actually below such fair rent valuation, an indication that the HLD Group and the Group are generally adhering and making reference to, but not totally based on, the aforesaid fair rent valuation report, insofar as finalizing the basic rents payable pursuant to existing Leasing and Licensing Individual Agreements is concerned. It should also be noted that the considerable service charges waiver and relief granted to the Group by the HLD Group for the year ended 31 December 2025 and the 3-month period ended 31 March 2026 as mentioned above were relief measures not included in the fair rent valuation report in Appendix II to the Company's circular dated 16 May 2023.

Having undertaken the aforesaid review, we are of the opinion that the rent or licence fees payable by the Group under each of such existing agreements is indeed on terms which are no less favourable to the Group than those offered by members of the HLD Group to existing tenants or licensees of the similar premises which are independent third parties.

As none of the initial Leasing and Licensing Individual Agreements has been entered into yet, we are advised by the Company that the indicative principal terms of these agreements as set out in the section headed "Summary of indicative principal terms of initial Leasing and Licensing Individual Agreements" in the "Letter From The Board" have been verbally confirmed with the HLD Group. The Group will monitor any rental market fluctuations up to the end of September 2026 and if required, will re-visit such indicative principal terms with the Valuer and members of the HLD Group accordingly. We therefore take the view that such indicative terms are appropriate to form the basis of the 2026-2029 Leasing and Licensing Transaction Caps. We have also been informed by the Company that whilst it is the Company's internal control procedures to check fair rent valuation closer to entering into of the Leasing

and Licensing Individual Agreements in around October 2026, the Company may decide to accept a basic rent that is below the fair rent valuation and charged to it by the HLD Group when rental market changes adversely.

We have also sought and reviewed documents in relation to the following requirements under the Listing Rules with respect to the Existing Leasing and Licensing Framework Agreement:–

(A) For each of the three years ended 31 December 2023, 2024 and 2025, copies of the information packages sent to independent non-executive Directors of the Company for their review and approval of the then continuing connected leasing and licensing transactions under the Existing Leasing and Licensing Framework Agreement, details of which were set out in the annual reports of the Company, pursuant to Rule 14A.55 of the Listing Rules; and

(B) Discussed with management and auditor of the Company in respect of copies of the report letters to the Board for each of the three years ended 31 December 2023, 2024 and 2025 from the auditor of the Company regarding its review reports on the aforesaid continuing connected leasing and licensing transactions pursuant to Rule 14A.56 of the Listing Rules.

Having reviewed the above supporting documents, the existing Leasing and Licensing Individual Agreements and the Company's internal control procedures as set out in the "Letter From The Board", we are of the opinion that the existing internal control procedures adopted by the Company are sufficient and effective and have been adhered to, are fair and reasonable and in the interests of the Company and the Shareholders as a whole. We therefore take the view that going forward, the terms of each Leasing and Licensing Individual Agreement to be entered into will also be determined in a manner that will be on normal commercial terms or better and will be fair and reasonable, according to the abovementioned internal control procedures, which are designed to protect the interests of the Shareholders as a whole. We are therefore of the view that such internal control procedures are also fair and reasonable and in the interests of the Company and the Shareholders as a whole.

7. Possible financial effects as a result of entering into of the Leasing and Licensing Transactions

The financial effects of the transactions contemplated under the New Leasing and Licensing Framework Agreement during the Annual Cap Periods would be as follows:

7.1 Effect on assets and liabilities of the Group

The Group's total consolidated assets are estimated to increase by approximately HK$320 million (before taking into account any buffer amount) on 1 October 2026 upon initial recognition of the right-of-use assets which comprise the initial amount of the lease liabilities as determined on the basis referred to below, as a result of the Leasing and Licensing Individual

Agreements in respect of those premises with the terms thereof commencing on 1 October 2026. If and when other lease agreements are entered into under the New Leasing and Licensing Framework Agreement, the Group's total consolidated assets will increase upon initial recognition of the right-of-use assets arising as a result thereof.

The Group's total consolidated liabilities are estimated to increase by approximately HK$320 million on 1 October 2026 upon initial recognition of the lease liabilities, the carrying values of which are determined by adopting the estimated incremental borrowing rate of 4.8% as the discount rate for the lease payments payable over the lease term, as a result of the Leasing and Licensing Individual Agreements in respect of those premises with the terms thereof commencing on 1 October 2026. If and when other lease agreements are entered into under the New Leasing and Licensing Framework Agreement, the Group's total consolidated liabilities will increase upon initial recognition of the lease liabilities arising as a result thereof.

Whilst each of the Group's total consolidated assets and liabilities will be increased by approximately HK$320 million on 1 October 2026, the Group's consolidated net asset value will remain the same, initially as at 1 October 2026. Table B above summarises the historical right-of-use assets and lease liabilities recognised by the Group and viewed them against the total assets and total liabilities of the Group as set out in its consolidated statement of financial positions as at 31 December 2025, 2024 and 2023 respectively. The section headed "2. Statement of Indebtedness" in Appendix I to the Circular discloses that as at 31 March 2026 (i) the Group's total lease liabilities (both current and non-current) recognised under HKFRS 16 "*Leases*" amounted to approximately HK$385 million; (ii) a breakdown of such amount into current and non-current liabilities; and (iii) the principal amount of HK$250 million of the Group's outstanding unsecured bank loan.

7.2 Effect on earnings of the Group

The annual depreciation charge on the right-of-use assets during the initial three-year terms of the Leasing and Licensing Individual Agreements commencing on 1 October 2026 is estimated to be approximately HK$106.5 million per annum. If other lease agreements are entered into under the New Leasing and Licensing Framework Agreement, the depreciation charges on the right-of-use assets during the terms of such leases will also be recognised by the Group.

Finance costs on the lease liabilities are currently determined and recognised on the basis of the Group's estimated incremental borrowing rate of 4.8% per annum on the carrying balance of the lease liabilities, adjusted for lease modification/reassessment of the lease term (if any) and after deducting the periodic lease payments.

Both the depreciation charges on the right-of-use assets and the finance costs on the lease liabilities will have the aggregate effect of decrease on the Group's earnings.

We are of the view that given the business nature of the Group's department store and supermarket operations, the leasing of physical premises for its operation is necessary and the accounting treatment under HKFRS 16 "*Leases*" and the resulting impact on assets, liabilities and earnings of the Group should be considered as commercially necessary.

8. Reasons for and benefits of the entering into of the New Leasing and Licensing Framework Agreement

The reasons for and benefits of the entering into of the New Leasing and Licensing Framework Agreement as set out in the "Letter From The Board" are summarised below:–

(A) The Group has been operating supermarkets, department stores and household specialty stores including Citistore and UNY at premises owned by the HLD Group for many years. Those premises are all located in prime locations of various districts in Hong Kong. Relocation of such supermarkets and stores would impact adversely upon the stability of the business of the Group, and also lead to the incurring of significant costs for renovation of new premises; and

(B) The entering into of the New Leasing and Licensing Framework Agreement is in the best interest of the Company, given that the New Leasing and Licensing Framework Agreement would, after having been approved by the Independent Shareholders, accommodate the existing and future Leasing and Licensing Transactions between the Group and the HLD Group under a common framework agreement, allowing members of the Group to enter into Leasing and Licensing Transactions with members of the HLD Group from time to time within such framework without the need for the Company to further comply with announcement and/or independent shareholders' approval requirements (as applicable) on each occasion when a Leasing and Licensing Individual Agreement is entered into. This would provide the Group with the flexibility and cost effectiveness to make use of opportunities to lease or take up licence of commercial premises of the HLD Group at well-established and densely-populated districts for its operations as and when necessary.

The Directors (including the independent non-executive Directors) therefore consider that the New Leasing and Licensing Framework Agreement and the transactions contemplated thereunder are and will be entered into in the ordinary and usual course of business of the Group and on normal commercial terms, and their terms and the Leasing and Licensing Transaction Caps are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

In formulating our opinion on the aforesaid reasons/benefits and the views of the Directors, we have taken into consideration the following:

(A) The department store locations of Citistore in Tsuen Wan, Yuen Long, Ma On Shan, Tuen Mun and Tseung Kwan O and the supermarket locations of Unicorn in Yuen Long and Tseung Kwan O where their respective Leasing and Licensing Individual Agreements with terms commencing on 1 October 2026 as set out in the "Letter From The Board", are prime locations for the Group to continue to operate its

department store, supermarket and household specialty store operations at such terms and rental rates which will be on normal commercial terms or better to the Group after arm's length negotiations, with reference to public information on the market rents and license fees of the relevant premises;

(B) Having reviewed all the existing leasing and licensing individual agreements expiring on 30 September 2026 of the premises as set out in the Valuation Report in Appendix II to the circular of the Company dated 16 May 2023, we noted that given that such premises are used to operate department stores and supermarkets, the Group had over the past years incurred considerable capital expenditures to carry out specific decoration and fitting out works to such premises to enable the premises to be fitted out and completed for operating such stores in a style and storefront design appropriate to the shopping mall at such locations. Such major decoration and fitting out works include (but not limited to):–

(i) extensive fitting out, alteration and re-decoration specifications for all interior layout, decorations, ceiling, fittings, installations, partitionings and floor loading/coverings;

(ii) alteration and addition works to the electrical, mechanical, plumbing/drainage, fire service and other buildings services and regulatory approvals from the relevant government departments; and

(iii) installing own chiller plants for air-conditioning exclusively for the premises.

We therefore concur with the Directors that relocation of such supermarkets and stores would impact adversely upon the stability of the business of the Group, and would also lead to the incurring of significant costs for renovation of new premises.

(C) Having reviewed all the existing leasing and licensing individual agreements expiring on 30 September 2026, we are of the view that the rent payable will be determined with reference to market rentals of the premises endorsed by the Valuation Report and following arm's length negotiations taking into account main factors such as district, business nature, size, location, length of lease term and contribution as tenant to existing mall etc., and this will protect the interests of the Company and its Shareholders as a whole as the Group's department store and supermarket operations would not be subject to unwanted relocation due to excessive rental increase;

(D) The Group's retail footprint at Tsuen Wan, Yuen Long, Tuen Mun and Tseung Kwan O are part of the initial nine large-scale new town developments in the New Territories, as a result of new town planning by the Town Planning Board; and

(E) As set out in the section headed "5. Financial and Trading Prospects of the Group" in Appendix I to the Circular, over the years, efforts have been made to integrate the businesses of Citistore and Unicorn. The centralised distribution centre has become fully operational, expanding the operational capabilities of the Group's supply chain. The Group will continue to pursue centralised procurement to control costs and increase the proportion of proprietary brands, as well as fresh food products from Japan, so as to achieve brand differentiation. The New Leasing and Licensing Framework Agreement will better enable such initiatives to be undertaken, given that uncertainties and disruptions arising from unwanted and costly store relocation could be avoided.

Having considered all the above reasons and benefits, in particular, the need to maintain the existing department store and supermarket store footprint, we concur with the aforesaid views of the Directors on the New Leasing and Licensing Framework Agreement.

RECOMMENDATION

Having considered the above principal factors and reasons, we are of the opinion that:–

(i) the entering into of the New Leasing and Licensing Framework Agreement is in the ordinary and usual course of business of the Group and is in the interests of the Company and its Shareholders as a whole;

(ii) the terms of the New Leasing and Licensing Framework Agreement and the Leasing and Licensing Transactions contemplated thereunder are fair and reasonable and on normal commercial terms or better to the Group;

(iii) the rent or licence fees and other terms of each Leasing and Licensing Transaction will be determined by arm's length negotiations taking into account, among others, main factors (where applicable) such as (a) district and vicinity of the property; (b) the business to be carried on at the property; (c) the size, location and condition of the property; (d) the length of the term of the lease or licence; and (e) the possible contribution, if any, of the tenant or licensee, to the shopping mall in which the property is located, including with reference to, where applicable, terms offered by the HLD Group to existing or potential tenants or licensees of premises within the relevant building or shopping mall or premises similar to the property concerned and market comparables as may be obtained from the Land Registry of Hong Kong or from enquiries with property agencies; and

(iv) the proposed 2026-2029 Leasing and Licensing Transaction Caps are fair and reasonable.

We therefore recommend the Independent Shareholders to vote in favour of the resolution approving the New Leasing and Licensing Framework Agreement, the transactions contemplated thereunder and the 2026-2029 Leasing and Licensing Transaction Caps at the EGM.

Yours faithfully,
for and on behalf of
Centurion Corporate Finance Limited
Baldwin LEE
Managing Director

(Note: Centurion Corporate Finance Limited is registered with the SFC and is licensed under types 1, 4, 6 and 9 regulated activities under the Securities and Futures Ordinance. Mr. Baldwin Lee, the author of this letter of independent advice, has over 33 years of experience in investment banking and corporate finance. He has been the managing director of our firm since 1994. Prior to his present posting, he was a director at Sun Hung Kai International Limited, the investment banking arm of Sun Hung Kai & Co. Limited. Prior to his return to Hong Kong in early 1991 from Canada, he was a corporate finance professional at the Toronto's head office of Walwyn Stodgell Cochran Murray Limited, an investment banking firm in Canada. He holds an M.B.A. degree and a B. Comm. degree from Canadian universities and he is also a Fellow member of the Institute of Canadian Bankers and a Senior Fellow member of the Hong Kong Securities and Investment Institute.)

1. SUMMARY OF FINANCIAL INFORMATION

The financial information of the Group for the three years ended 31 December 2025 are disclosed in the following documents, which are incorporated by reference into this circular:

(i) annual report of the Company for the year ended 31 December 2023 (pages 99-155), which can be accessed via the link at: https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0424/2024042400900.pdf

(ii) annual report of the Company for the year ended 31 December 2024 (pages 99-155), which can be accessed via the link at: https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0424/2025042401511.pdf

(iii) annual report of the Company for the year ended 31 December 2025 (pages 111-167), which can be accessed via the link at: https://www1.hkexnews.hk/listedco/listconews/sehk/2026/0424/2026042401919.pdf

The said annual reports of the Company are also available on the Company's website at www.hilhk.com.

2. STATEMENT OF INDEBTEDNESS

As at the close of business on 31 March 2026, being the latest practicable date for the purpose of ascertaining certain information contained in this statement of indebtedness prior to the printing of this circular, the lease liabilities of the Group recognised under HKFRS 16 *Leases* amounted to approximately HK$385 million and comprised the following:

(i) an amount of HK$164 million having contractual maturity within one year from 31 March 2026, as classified under current liabilities; and

(ii) an amount of HK$221 million having contractual maturity after one year from 31 March 2026, as classified under non-current liabilities.

Furthermore, as at the close of business on 31 March 2026, the Group had an outstanding bank loan in the principal amount of HK$250 million. Such bank loan is unsecured, interest-bearing and was due for repayment by the Group within twelve months from 31 March 2026. Accordingly, the bank loan was classified under current liabilities at 31 March 2026. The repayment of the bank loan is guaranteed by an intermediate holding company of the Company in favour of the lending bank.

Save as aforesaid and apart from normal trade and other payables in the ordinary course of business, the Group did not have any debt securities, outstanding loan capital, any other borrowings or indebtedness in the nature of borrowing including bank overdrafts and liabilities under acceptances, or similar indebtedness, debentures, mortgages, charges, acceptance credits, hire purchase commitments, guarantees or other contingent liabilities.

3. WORKING CAPITAL STATEMENT

Taking into account the financial effects of the transactions contemplated under the New Leasing and Licensing Framework Agreement and the aggregate financial effects of the transactions contemplated under the New Master Cleaning Services Agreement and the New Master Goods and Gift Certificates Sales Agreement (as defined and referred to in the announcement of the Company dated 21 April 2026), and considering the financial resources available to the Group which include, but not limited to, the expected cashflows from the Group's operations, the Group's available cash and bank balances, the Group's investments in unpledged listed securities which are realisable into cash, the banking facility available to the Group and the funding sources which may arise from the advance from a fellow subsidiary which is unsecured, interest-free and has no fixed repayment terms, the Directors are of the opinion that the Group has sufficient working capital for its present requirements, that is at least for the next 12 months from the date of this circular. The Company has obtained a letter on the working capital statement from its auditor as required under Rule 14.66(12) of the Listing Rules.

4. MATERIAL ADVERSE CHANGE

The Directors confirm that there has been no material adverse change in the financial or trading position of the Group since 31 December 2025, being the date to which the latest published audited consolidated financial statements of the Group were made up, and up to and including the Latest Practicable Date.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group's financing and treasury activities are centrally managed at the corporate level. As at 31 December 2025, the Group was not a contractual party to any arrangements in relation to any derivative financial instruments for speculative or hedging purposes. The Group had no bank borrowings at 31 December 2025 (2024: Nil) and its cash and bank balances amounted to HK$138 million at 31 December 2025 (2024: HK$124 million).

Over the years, efforts have been made to integrate the businesses of Citistore and Unicorn. The centralised distribution centre has become fully operational, expanding the operational capabilities of the Group's supply chain. The Group will continue to pursue centralised procurement to save costs and increase the proportion of proprietary brands, as well as fresh food products from Japan, so as to achieve brand differentiation. In addition, leveraging the strengths of the integrated membership programme (namely, "CU APP"), the Group will strengthen the cross promotions between Citistore and Unicorn and upgrade their online shopping platforms, with the goal of achieving full integration of both online and offline operations.

Looking ahead, the business environment of Hong Kong's retail sector is expected to remain challenging. The Group will continue to streamline its operations and endeavour to control operating expenses. In addition, the Group will continue to closely monitor market trends and adjust its merchandise mix to cater to customers' ever-changing preferences. These strategies, combined with the continuous expansion of its membership base, are expected to drive improvement in the Group's overall performance.

The following is the text of a letter and the valuation report dated 7 May 2026 prepared by Cushman & Wakefield Limited, an independent property valuer, in connection with its opinion on the market rents of the premises proposed to be leased or licensed by the relevant members of the Group from the relevant members of the HLD Group with the terms thereof commencing on 1 October 2026, which has been prepared for the purpose of incorporation in this circular.

CUSHMAN & WAKEFIELD
戴 德 梁 行

7 May 2026

The Board of Directors
Henderson Investment Limited
71-76/F, Two International Finance Centre
8 Finance Street
Central
Hong Kong

Dear Sirs,

Re: Portfolio Valuation

INSTRUCTIONS, PURPOSE & VALUATION DATE

We refer to the instruction from Henderson Investment Limited (the "**Company**") for us to provide our opinion of the market rents of the properties as listed in the Summary of Valuations (the "**Properties**") in Hong Kong for the purpose of public disclosure in relation to certain Connected Transactions and for inclusion in the shareholders' circular (the "**Circular**") issued by the Company under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). 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 valuations as at 17 March 2026 (the "**Valuation Date**").

BASIS OF VALUATION

Our valuation of the market rent of each of the Properties represents its market rent which in accordance with the HKIS Valuation Standards 2024 published by the Hong Kong Institute of Surveyors is defined as "the estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms 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 valuations comply with the requirements set out in Chapter 5 of the Listing Rules, the HKIS Valuation Standards, the RICS Global Valuation Standards and the International Valuation Standards.

VALUATION ASSUMPTIONS

Our valuation of the market rent excludes an estimated rent inflated or deflated by special terms, considerations or concessions granted by anyone associated with the letting, or any element of special value available only to a specific lessor or lessee.

Our valuations have been made on the assumption that the lessors lease the Properties on the open market without the benefit of deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangements, which could serve to affect the market rents of the Properties.

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

METHOD OF VALUATION

In valuing the market rents of the Properties, we have adopted the market comparison method. We have gathered recent rental transactions and made comparison with the Properties. Comparables were selected based on criteria including location, accessibility, property type, building age and quality, size, and transaction timing. We have identified two to four market comparables for the valuation of the Properties. After analysing each comparable based on its unit rent, appropriate adjustments have been made to reflect the differences between the Properties and the comparables. Adjustments were made to reflect differences in location, accessibility, building age and quality, size, and transaction timing and layout.

SOURCE OF INFORMATION

We have relied to a very considerable extent on the information provided by the Company and have accepted advice given to us on such matters as identification of the Properties, particulars of occupancy, floor plans, floor areas, lease details and all other relevant matters. Dimensions and measurements are based on the copies of documents or other information provided to us by the Company and are therefore only approximations. We have not carried out on-site measurements to verify the correctness of the areas of the Properties.

TITLE INVESTIGATION

We have not been provided with copies of the title documents relating to the Properties but have caused searches to be made at the Land Registry. In the course of our valuation, we have assumed that the owner of the Properties have an enforceable title to the Properties and have free and uninterrupted rights to use, occupy, assign or lease the Properties for the whole or part of the unexpired term as granted.

SITE INSPECTION

Our valuers, Cliff Ng (MRICS, MHKIS, R.P.S. (GP)), Angus Tse (MRICS, MHKIS, R.P.S. (GP)) and Karis Lee (Probationer of RICS) inspected the exterior and wherever possible, the interior of the Properties in March 2026. 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 Properties are free of rot, infestation or any other structural defects. No test was carried out on any of the services. Our valuation is prepared on the assumption that these aspects are satisfactory.

OTHER DISCLOSURE

We hereby confirm that Cushman & Wakefield Limited and the valuers conducting the valuations have no pecuniary or other interests that could conflict with the proper valuations of the Properties or could reasonably be regarded as being capable of affecting our ability to give an unbiased opinion.

NON-PUBLICATION & SAVINGS CLAUSE

Neither the whole nor any part of this report or any reference thereto may be included in any document, circular or statement without our prior written approval of the form and context in which it will appear, save and except for the disclosure of this report and its contents in the Circular under the Listing Rules.

Finally and in accordance with our standard practice, we must state that this report is for the use only of the party to whom it is addressed and no responsibility is accepted to any third party for the whole or any part of its contents, save and except for the disclosure of this report and its contents in the Circular under the Listing Rules.

REPORT

We enclose herewith a summary of valuations and our valuation report for your attention.

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

Henry H.Y. Cheng
MRICS, MHKIS, R.P.S. (GP)
Senior Director
Valuation & Advisory Services, Hong Kong

Note: Mr. Henry Cheng is a Member of the Royal Institution of Chartered Surveyors, a Member of the Hong Kong Institute of Surveyors and a Registered Professional Surveyor who has over 30 years of experience in the professional property valuation and advisory in Hong Kong. Mr. Cheng has sufficient current notional knowledge of the market, and the skills and understanding to undertake the valuations competently.

SUMMARY OF VALUATIONS

	Property	Market rent in existing state as at 17 March 2026 (HK$ per month, exclusive of government rent, rates, management fees and utilities charges)
1.	Shop Nos. G9-G29 on Ground Floor, Whole of 1st Floor, Portion of 2nd Floor, Remaining Portion of 2nd Floor and Shop Nos. 301-303 on 3rd Floor of Podium of KOLOUR • Tsuen Wan II, 67-95 Tsuen Wan Market Street, Tsuen Wan, New Territories	4,631,000
2.	Whole of 3rd and 4th Floors, KOLOUR • Yuen Long, 36-46 Tai Tong Road, 1 Kau Yuk Road, Yuen Long, New Territories	1,533,000
3.	Shop No. 3101 on Level 3, MOSTown, 18 On Luk Street, Ma On Shan, Shatin, New Territories	820,000
4.	Shop Nos. 1 to 35 on Level 3, North Wing, Trend Plaza, 2 Tuen Lung Street, Tuen Mun, New Territories	850,000
5.	Whole of 8th Floor and 9th Floor, KOLOUR • Tsuen Wan I, 68 Chung On Street, Tsuen Wan, New Territories	525,000
6.	Whole of Basement 1 Floor, KOLOUR • Yuen Long, 36-46 Tai Tong Road, 1 Kau Yuk Road, Yuen Long, New Territories	600,000
7.	Shop No. UG036 on Upper Ground Floor, MCP Central, 8 Yan King Road, Tseung Kwan O, New Territories	606,000
	Total:	**9,565,000**

VALUATION REPORT

	Property	Description and tenure	Particulars of occupancy	Market rent in existing state as at 17 March 2026
1.	Shop Nos. G9-G29 on Ground Floor, Whole of 1st Floor, Portion of 2nd Floor, Remaining Portion of 2nd Floor and Shop Nos. 301-303 on 3rd Floor of Podium of KOLOUR • Tsuen Wan II, 67-95 Tsuen Wan Market Street, Tsuen Wan, New Territories Part of the shares of and in Tsuen Wan Town Lot No. 301	KOLOUR • Tsuen Wan II is a 4-storey shopping arcade upon which two 29-storey residential blocks are erected. The development was completed in 1989. The property comprises various shop units on the ground floor, 1st, 2nd and 3rd floors and has a total lettable floor area of approximately 138,860 sq.ft. (12,900.41 sq.m.). The property is held from the Government under New Grant No. 6582 for a term commencing from 17 July 1986 and expiring on 30 June 2047. The current Government rent payable for the lot is an amount equal to 3% of the rateable value for the time being of the lot per annum.	As at the Valuation Date, the property was leased to and occupied by the Company.	HK$4,631,000 (HONG KONG DOLLARS FOUR MILLION SIX HUNDRED AND THIRTY ONE THOUSAND) per month exclusive of government rent, rates, management fees and utilities charges. *(see Note (2) below)*

Notes:

(1) The registered owners of the property are Millap Limited (74/100th shares) and Easefine Development Limited (26/100th shares) with them holding as tenants-in-common.

(2) The rental valuation is conducted on the assumption that the property is available for letting on the Valuation Date under normal commercial terms without varying rent, turnover rent or rental incentives.

(3) The property falls within a land use zone for "Residential (Group A) 13" purpose under the Draft Tsuen Wan Outline Zoning Plan No. S/TW/40 dated on 13 February 2026.

VALUATION REPORT

	Property	Description and tenure	Particulars of occupancy	Market rent in existing state as at 17 March 2026
2.	Whole of 3rd and 4th Floors, KOLOUR • Yuen Long, 36-46 Tai Tong Road, 1 Kau Yuk Road, Yuen Long, New Territories Part of the shares of and in Yuen Long Town Lot No. 464	KOLOUR • Yuen Long comprises a 5-storey plus a 2-level basement (the lowest level of the basement provides 51 car parking spaces) shopping arcade completed in 1994. The property comprises the 3rd and 4th floors and has a total lettable floor area of approximately 47,927 sq.ft. (4,452.53 sq.m.). The property is held from the Government under New Grant No. 3913 for a term commencing from 14 November 1989 and expiring on 30 June 2047. The current Government rent payable for the property is an amount equal to 3% of the rateable value for the time being of the property per annum.	As at the Valuation Date, the Property was leased to and occupied by the Company.	HK$1,533,000 (HONG KONG DOLLARS ONE MILLION FIVE HUNDRED AND THIRTY THREE THOUSAND) per month, exclusive of government rent, rates, management fees and utility charges. *(see Note (2) below)*

Notes:

(1) The registered owner of the property is Crown Pioneer Limited.

(2) The rental valuation is conducted on the assumption that the property is available for letting on the Valuation Date under normal commercial terms without varying rent, turnover rent or rental incentives.

(3) The property falls within a land use zone for "Residential (Group A)" purposes under the Draft Yuen Long Outline Zoning Plan No. S/YL/28 dated 11 July 2025.

VALUATION REPORT

	Property	Description and tenure	Particulars of occupancy	Market rent in existing state as at 17 March 2026
3.	Shop No. 3101 on Level 3, MOSTown, 18 On Luk Street, Ma On Shan, Shatin, New Territories Part of the shares of and in Sha Tin Town Lot No. 307	MOSTown is a 4-storey plus basement commercial/car parking/garden podium upon which eight residential blocks are erected. The development was completed in 1994. The property comprises a shop unit on Level 3 and has a lettable floor area of approximately 62,340 sq.ft. (5,791.53 sq.m.). The property is held from the Government under New Grant No. 12291 for a term commencing from 2 February 1990 and expiring on 30 June 2047. The current Government rent payable for the lot is an amount equal to 3% of the rateable value for the time being of the lot per annum.	As at the Valuation Date, the property was leased to and occupied by the Company.	HK$820,000 (HONG KONG DOLLARS EIGHT HUNDRED AND TWENTY THOUSAND) per month exclusive of government rent, rates, management fees and utilities charges. *(see Note (2) below)*

Notes:

(1) The registered owners of the property are Shung King Development Company Limited (54.7%), Evercot Enterprise Company, Limited (29.2%) and Millap Limited (16.1%) with them holding as tenants-in-common.

(2) The rental valuation is conducted on the assumption that the property is available for letting on the Valuation Date under normal commercial terms without varying rent, turnover rent or rental incentives.

(3) The property falls within a land use zone for "Residential (Group A)7" purpose under the Approved Ma On Shan Outline Zoning Plan No. S/MOS/28 dated on 14 May 2024.

VALUATION REPORT

	Property	Description and tenure	Particulars of occupancy	Market rent in existing state as at 17 March 2026
4.	Shop Nos. 1 to 35 on Level 3, North Wing, Trend Plaza, 2 Tuen Lung Street, Tuen Mun, New Territories Part of the shares of and in Tuen Mun Town Lot No. 282	Trend Plaza comprises three levels of arcade shops, the external walls, 78 car parking spaces in the basement and 64 bicycle parking spaces on Level One of two shopping podiums upon which five 25 to 26-storey residential blocks are erected. The development was completed in 1988. The property comprises 35 shop units on Level 3 of North Wing and has a total lettable floor area of approximately 17,683 sq.ft. (1,642.79 sq.m.). The property is held from the Government under New Grant No. 2761 for a term of 99 years less the last 3 days commencing from 1 July 1898 which has been statutorily extended to 30 June 2047. The current Government rent payable for the property is an amount equal to 3% of the rateable value for the time being of the property per annum.	As at the Valuation Date, the Property was leased to and occupied by the Company.	HK$850,000 (HONG KONG DOLLARS EIGHT HUNDRED AND FIFTY THOUSAND) per month, exclusive of government rent, rates, management fees and utility charges. *(see Note (2) below)*

Notes:

(1) The registered owner of the property is Easeluck Development Limited.

(2) The rental valuation is conducted on the assumption that the property is available for letting on the Valuation Date under normal commercial terms without varying rent, turnover rent or rental incentives.

(3) The property falls within a land use zone for "Residential (Group A)9" purposes under the Approved Tuen Mun Outline Zoning Plan No. S/TM/41 dated 3 June 2025.

VALUATION REPORT

	Property	Description and tenure	Particulars of occupancy	Market rent in existing state as at 17 March 2026
5.	Whole of 8th Floor and 9th Floor, KOLOUR • Tsuen Wan I, 68 Chung On Street, Tsuen Wan, New Territories Part of the shares of and in Tsuen Wan Town Lot No. 328	KOLOUR • Tsuen Wan I comprises a 25-storey commercial building with a 2-storey basement car park completed in 1996. Ground floor to sixth floors provide shop units whereas 8th to 24th floors accommodate office units. The property comprises the whole office space on 8th and 9th floors and has a total gross floor area of approximately 22,724 sq.ft. (2,111.11 sq.m.). The property is held from the Government under New Grant No. 6883 for a term commencing from 7 August 1992 and expiring on 30 June 2047. The current Government rent payable for the lot is an amount equal to 3% of the rateable value for the time being of the lot per annum.	As at the Valuation Date, the property was leased to and occupied by the Company.	HK$525,000 (HONG KONG DOLLARS FIVE HUNDRED AND TWENTY FIVE THOUSAND) per month exclusive of government rent, rates, management fees and utilities charges. *(see Note (2) below)*

Notes:

(1) The registered owners of the property are Shung King Development Company Limited (5394/10000th shares), Join Fortune Development Limited (2102/10000th shares), The Yin Nin Savings, Mortgage Loan and Land Investment Company Limited (2504/10000th shares) with them holding as tenants-in-common.

(2) The rental valuation is conducted on the assumption that the property is available for letting on the Valuation Date under normal commercial terms without varying rent, turnover rent or rental incentives.

(3) The property falls within a land use zone for "Residential (Group A) 13" purpose under the Draft Tsuen Wan Outline Zoning Plan No. S/TW/40 dated on 13 February 2026.

VALUATION REPORT

	Property	Description and tenure	Particulars of occupancy	Market rent in existing state as at 17 March 2026
6.	Whole of Basement 1 Floor, KOLOUR • Yuen Long, 36-46 Tai Tong Road, 1 Kau Yuk Road, Yuen Long, New Territories Part of the shares of and in Yuen Long Town Lot No. 464	KOLOUR • Yuen Long comprises a 5-storey plus a 2-level basement (the lowest level of the basement provides 51 car parking spaces) shopping arcade completed in 1994. The property comprises the basement 1 floor and has a total lettable floor area of approximately 19,795 sq.ft. (1,839.00 sq.m.). The property is held from the Government under New Grant No. 3913 for a term commencing from 14 November 1989 and expiring on 30 June 2047. The current Government rent payable for the property is an amount equal to 3% of the rateable value for the time being of the property per annum.	As at the Valuation Date, the Property was leased to and occupied by the Company.	HK$600,000 (HONG KONG DOLLARS SIX HUNDRED THOUSAND) per month, exclusive of government rent, rates, management fees and utility charges. *(see Note (2) below)*

Notes:

(1) The registered owner of the property is Crown Pioneer Limited.

(2) The rental valuation is conducted on the assumption that the property is available for letting on the Valuation Date under normal commercial terms without varying rent, turnover rent or rental incentives.

(3) The property falls within a land use zone for "Residential (Group A)" purposes under the Draft Yuen Long Outline Zoning Plan No. S/YL/28 dated 11 July 2025.

VALUATION REPORT

	Property	Description and tenure	Particulars of occupancy	Market rent in existing state as at 17 March 2026
7.	Shop No. UG036 on Upper Ground Floor, MCP Central, 8 Yan King Road, Tseung Kwan O, New Territories Part of the shares of and in Tseung Kwan O Town Lot No. 27	MCP Central is a 4-storey shopping arcade upon which eleven residential blocks are erected. The development was completed in 1999. The property comprises a shop unit on Upper Ground Floor and has a lettable floor area of approximately 43,038 sq.ft. (3,998.33 sq.m.). The property is held under New Grant No. 8373 for a term commencing from 27 July 1994 and expiring on 30 June 2047. The current Government rent payable for the lot is an amount equal to 3% of the rateable value for the time being of the lot per annum.	As at the Valuation Date, the property was leased to and occupied by the Company.	HK$606,000 (HONG KONG DOLLARS SIX HUNDRED AND SIX THOUSAND) per month exclusive of government rent, rates, management fees and utilities charges. *(see Note (2) below)*

Notes:

(1) The registered owners of the property are Evercot Enterprise Company Limited (45.54%), Shung King Development Company Limited (39.57%), Millap Limited (4.51%), Egeria Investment Limited (0.14%), and Join Fortune Development Limited (10.24%) with them holding as tenants-in-common.

(2) The rental valuation is conducted on the assumption that the property is available for letting on the Valuation Date under normal commercial terms without varying rent, turnover rent or rental incentives.

(3) The property falls within a land use zone for "Other Specified Uses (Commercial/Residential Development with Public Transport Interchange)" purpose under the Approved Tseung Kwan O Outline Zoning Plan No. S/TKO/32 dated on 30 September 2025.

(4) The property is subject to an Order by the Building Authority under S.24(1) of the Buildings Ordinance. In the course of our valuation, we have disregarded the Order and have not taken into account the costs of the remedial/preventive works required by the Order. We are given to understand that the reinstatement works in relation to the Order were carried out and completed, we are of the opinion that the Order will not have effect on the rental value.

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 is not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors' interests

As at the Latest Practicable Date, other than the interests the disclosure of which have been waived by the Stock Exchange as referred to below, the interests and short positions of each Director and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or as recorded in the register required to be kept under Section 352 of the SFO or which were notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers were as follows:

Ordinary Shares (unless otherwise specified)

Long Positions

Name of Company	Name of Director	Note	Personal Interests	Family Interests	Corporate Interests	Other Interests	Total	% Interests
The Company	Lee Ka Kit	1				2,110,868,943	2,110,868,943	69.27
	Lee Ka Shing	1				2,110,868,943	2,110,868,943	69.27
	Li Ning	1		2,110,868,943			2,110,868,943	69.27
HLD	Lee Ka Kit	2				3,509,782,778	3,509,782,778	72.50
	Lee Ka Shing	2				3,509,782,778	3,509,782,778	72.50
	Li Ning	2		3,509,782,778			3,509,782,778	72.50
Miramar Hotel and Investment Company, Limited	Lee Ka Kit	3				345,999,980	345,999,980	50.08
	Lee Ka Shing	3				345,999,980	345,999,980	50.08
	Li Ning	3		345,999,980			345,999,980	50.08

Ordinary Shares (unless otherwise specified) (continued)

Long Positions

Name of Company	Name of Director	Note	Personal Interests	Family Interests	Corporate Interests	Other Interests	Total	% Interests
Henderson Development Limited	Lee Ka Kit	4				8,190 (Ordinary A Shares)	8,190 (Ordinary A Shares)	100.00
	Lee Ka Kit	4				3,510 (Non-voting B Shares)	3,510 (Non-voting B Shares)	100.00
	Lee Ka Kit	5				15,000,000 (Non-voting Deferred Shares)	15,000,000 (Non-voting Deferred Shares)	30.00
	Lee Ka Shing	4				8,190 (Ordinary A Shares)	8,190 (Ordinary A Shares)	100.00
	Lee Ka Shing	4				3,510 (Non-voting B Shares)	3,510 (Non-voting B Shares)	100.00
	Lee Ka Shing	5				15,000,000 (Non-voting Deferred Shares)	15,000,000 (Non-voting Deferred Shares)	30.00
	Li Ning	4		8,190 (Ordinary A Shares)			8,190 (Ordinary A Shares)	100.00
	Li Ning	4		3,510 (Non-voting B Shares)			3,510 (Non-voting B Shares)	100.00
	Li Ning	5		15,000,000 (Non-voting Deferred Shares)			15,000,000 (Non-voting Deferred Shares)	30.00

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or the chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), other than the interests which Dr. Lee Ka Kit, Dr. Lee Ka Shing and

Mr. Li Ning were taken or deemed under Part XV of the SFO to have in unlisted associated corporations of the Company which were solely derived from their interests or deemed interests in Henderson Development Limited ("**HD**"), HLD, Miramar Hotel and Investment Company, Limited and/or the Company, in respect of which an application for waiver from strict compliance with the disclosure requirements under Rules 14.66(3) and 14A.70(14) of the Listing Rules and paragraphs 38(1) and 38(1A) of Appendix D1B to the Listing Rules has been made to, and granted by, the Stock Exchange.

(b) Directors' interests in assets of the Group

As at the Latest Practicable Date, save for the interests of the Directors as described in paragraph 2(c) below, none of the Directors had any direct or indirect interest in any assets which had been, since 31 December 2025 (being the date to which the latest published audited consolidated financial statements of the Company were made up), acquired or disposed of by, or leased to any member of the Group, or were proposed to be acquired or disposed of by, or leased to, any member of the Group.

(c) Directors' interests in contracts of the Group

Save for the interests of the Directors in:

(i) the Existing Leasing and Licensing Framework Agreement (which will expire on 30 September 2026) and the agreements entered into thereunder;

(ii) the New Leasing and Licensing Framework Agreement;

(iii) the master agreement entered into between the Company and a subsidiary of HLD as disclosed in the announcement of the Company dated 19 April 2023 in relation to the provision of cleaning services to members of the Group and the agreements entered into thereunder (which will expire on 30 November 2026);

(iv) the new master agreement entered into between the Company and a subsidiary of HLD as disclosed in the announcement of the Company dated 21 April 2026 in relation to the provision of cleaning services to members of the Group (which will commence on 1 December 2026);

(v) the master agreement entered into between the Company and HLD as disclosed in the announcement of the Company dated 19 April 2023 in relation to the purchase of goods and/or gift certificates by members of the HLD Group from members of the Group and the agreements entered into thereunder (which will expire on 30 June 2026);

(vi) the new master agreement entered into between the Company and HLD as disclosed in the announcement of the Company dated 21 April 2026 in relation to the purchase of goods and/or gift certificates by members of the HLD Group from members of the Group (which will commence on 1 July 2026); and

(vii) the master agreement entered into between the Company and a subsidiary of HLD as disclosed in the announcement of the Company dated 4 June 2024 in relation to transactions for the joint promotion or marketing of the businesses of the Group and the HLD Group and the agreements entered into thereunder (which will expire on 31 December 2026),

all through their interests in the shares of HLD mentioned above, none of the Directors was materially interested in any contract or arrangement subsisting at the Latest Practicable Date and which is significant in relation to the business of the Group.

(d) Substantial Shareholders' and others' interests

As at the Latest Practicable Date, so far as was known to the Directors, the following persons (not being Directors or the chief executive of the Company) had an interest or short position in the Shares and underlying Shares as recorded in the register required to be kept under Section 336 of the SFO:

Long Positions	No. of Shares in which interested	% Interest
Substantial Shareholders:		
Rimmer (Cayman) Limited *(Note 1)*	2,110,868,943	69.27
Riddick (Cayman) Limited *(Note 1)*	2,110,868,943	69.27
Hopkins (Cayman) Limited *(Note 1)*	2,110,868,943	69.27
HD *(Note 1)*	2,110,868,943	69.27
HLD *(Note 1)*	2,110,868,943	69.27
Kingslee S.A. *(Note 1)*	2,110,868,943	69.27
Banshing Investment Limited *(Note 1)*	843,249,284	27.67
Markshing Investment Limited *(Note 1)*	602,398,418	19.77
Covite Investment Limited *(Note 1)*	363,328,900	11.92
Person other than substantial Shareholders:		
Gainwise Investment Limited *(Note 1)*	217,250,000	7.13

(e) Directorships and employment of the Directors with companies having discloseable interests

As at the Latest Practicable Date, so far as was known to the Directors, the Directors who were directors or employees of companies which had interests or short positions in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO were as follows:

Company	Name of Director	Post held
Rimmer (Cayman) Limited	Lee Ka Shing	Director
	Lee Ka Kit	Director
	Lam Ko Yin, Colin	Director
Riddick (Cayman) Limited	Lee Ka Shing	Director
	Lee Ka Kit	Director
	Lam Ko Yin, Colin	Director
Hopkins (Cayman) Limited	Lee Ka Shing	Director
	Lee Ka Kit	Director
	Lam Ko Yin, Colin	Director
HD	Lee Ka Shing	Director
	Lee Ka Kit	Director
	Lam Ko Yin, Colin	Director and Alternate Director
HLD	Lee Ka Shing	Director
	Lee Ka Kit	Director
	Lam Ko Yin, Colin	Director
	Kwong Che Keung, Gordon	Director
	Ko Ping Keung	Director
	Wu King Cheong	Director
	Au Siu Kee, Alexander	Director
Banshing Investment Limited	Lee Ka Shing	Director
	Lam Ko Yin, Colin	Director
Markshing Investment Limited	Lee Ka Shing	Director
	Lam Ko Yin, Colin	Director
Covite Investment Limited	Lee Ka Shing	Director
	Lam Ko Yin, Colin	Director
Gainwise Investment Limited	Lee Ka Shing	Director
	Lam Ko Yin, Colin	Director

Notes:

1. Of these Shares, 843,249,284 Shares, 602,398,418 Shares, 363,328,900 Shares, 217,250,000 Shares and 84,642,341 Shares were respectively owned by Banshing Investment Limited, Markshing Investment Limited, Covite Investment Limited, Gainwise Investment Limited and Darnman Investment Limited, all of which were wholly-owned subsidiaries of Kingslee S.A. which was 100% held by HLD which in turn was 72.44% held by HD. Hopkins (Cayman) Limited ("**Hopkins**") as trustee of a unit trust (the "**Unit Trust**") owned all the issued ordinary shares of HD. Rimmer (Cayman) Limited ("**Rimmer**") and Riddick (Cayman) Limited ("**Riddick**"), as trustees of respective discretionary trusts, held units in the Unit Trust. The entire issued share capital of Hopkins, Rimmer and Riddick were beneficially owned by the late Dr. Lee Shau Kee and each of his sons, Dr. Lee Ka Kit and Dr. Lee Ka Shing will inherit certain shares in Rimmer, Riddick and Hopkins. Rimmer and Riddick (the relevant trustees of the respective discretionary trusts) held units in the Unit Trust of which Hopkins is the trustee as described above, but each is not entitled to any interest in its trust assets which are, in the ordinary course of business, held by Hopkins as trustee of the Unit Trust independently without any reference to shareholders of Hopkins, and each of Dr. Lee Ka Kit, Dr. Lee Ka Shing and Mr. Li Ning's spouse remains to be one of the discretionary beneficiaries of such discretionary trusts. As Directors and discretionary beneficiaries of two discretionary trusts holding units in the Unit Trust, Dr. Lee Ka Kit and Dr. Lee Ka Shing were taken to be interested in these Shares by virtue of the SFO. As Director and the spouse of a discretionary beneficiary of two discretionary trusts holding units in the Unit Trust, Mr. Li Ning was taken to be interested in these Shares by virtue of the SFO.

2. Of these shares, (i) 1,450,788,868 shares were owned by HD; (ii) 475,801,899 shares were owned by Richbond Investment Limited which was a wholly-owned subsidiary of HD; (iii) 371,145,414 shares were owned by Cameron Enterprise Inc.; 797,887,933 shares were owned by Believegood Limited which was wholly-owned by South Base Limited; 152,897,653 shares were owned by Prosglass Investment Limited which was wholly-owned by Jayasia Investments Limited; 140,691,961 shares were owned by Fancy Eye Limited which was wholly-owned by Mei Yu Ltd.; 117,647,005 shares were owned by Spreadral Limited which was wholly-owned by World Crest Ltd.; and Cameron Enterprise Inc., South Base Limited, Jayasia Investments Limited, Mei Yu Ltd. and World Crest Ltd. were wholly-owned subsidiaries of Yamina Investment Limited which in turn was 100% held by HD; and (iv) 2,922,045 shares were owned by Fu Sang Company Limited ("**Fu Sang**"). Hopkins as trustee of the Unit Trust owned all the issued ordinary shares of HD as set out in Note 1 and Fu Sang. As Directors and discretionary beneficiaries of two discretionary trusts holding units in the Unit Trust, Dr. Lee Ka Kit and Dr. Lee Ka Shing were taken to be interested in these shares by virtue of the SFO. As Director and the spouse of a discretionary beneficiary of two discretionary trusts holding units in the Unit Trust, Mr. Li Ning was taken to be interested in these shares by virtue of the SFO.

3. Of these shares, 120,735,300 shares, 128,658,680 shares and 96,606,000 shares were respectively owned by Higgins Holdings Limited, Multiglade Holdings Limited and Threadwell Limited, all of which were wholly-owned subsidiaries of Aynbury Investments Limited which in turn was 100% held by HLD. As Directors and discretionary beneficiaries of two discretionary trusts holding units in the Unit Trust, Dr. Lee Ka Kit and Dr. Lee Ka Shing were taken to be interested in HLD as set out in Note 2 and these shares by virtue of the SFO. As Director and the spouse of a discretionary beneficiary of two discretionary trusts holding units in the Unit Trust, Mr. Li Ning was taken to be interested in HLD as set out in Note 2 and these shares by virtue of the SFO.

4. These shares were held by Hopkins as trustee of the Unit Trust.

5. These shares were held by Fu Sang.

3. DIRECTORS' SERVICE CONTRACTS

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

4. COMPETING INTERESTS

As at the Latest Practicable Date, so far as the Directors were aware, none of the Directors and their respective close associates had any interest in a business which competes or is likely to compete, whether directly or indirectly, with the business of the Group.

5. LITIGATION

As at the Latest Practicable Date, none of the members of the Group was engaged in any litigation or claim of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

6. EXPERTS AND CONSENT

The followings are the qualifications of the experts who have given opinions or advice which are contained in this circular:

Name	Qualification
Centurion	a corporation licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO
Cushman & Wakefield Limited	independent property valuer

As at the Latest Practicable Date, none of the experts have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, none of the experts have any direct or indirect interest in any assets which had been since 31 December 2025 (being the date to which the latest published audited consolidated financial statements of the Company were made up) acquired or disposed of by or leased to, or which were proposed to be acquired or disposed of by or leased to, any member of the Group.

Each of Centurion and Cushman & Wakefield Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its opinions, letters or reports and the references to its name, in the form and context in which they respectively appear.

7. MATERIAL CONTRACTS

The Group did not enter into any contract which was or might be material other than those entered into in the ordinary course of business carried on or intended to be carried on by the Company or any of its subsidiaries within the two years immediately preceding and including the Latest Practicable Date.

8. GENERAL

(a) The company secretary of the Company is Mr. Liu Cheung Yuen, Timon, BEc, FCPA, CA ANZ, FCG, HKFCG.

(b) The registered office of the Company is situate at 72-76/F., Two International Finance Centre, 8 Finance Street, Central, Hong Kong.

(c) The share registrar of the Company is Tricor Investor Services Limited of 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

(d) The English text of this circular shall prevail over the Chinese text to the extent of any inconsistency.

9. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the Company's website at www.hilhk.com and HKEXnews website at www.hkexnews.hk for a period of 14 days from the date of this circular:

(a) the New Leasing and Licensing Framework Agreement;

(b) the valuation report prepared by Cushman & Wakefield Limited, the text of which is set out in Appendix II to this circular;

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

(d) the written consent of Cushman & Wakefield Limited referred to in the section headed "Experts and Consent" of this appendix; and

(e) the written consent of Centurion referred to in the section headed "Experts and Consent" of this appendix.

HENDERSON INVESTMENT LIMITED
恒基兆業發展有限公司
Incorporated in Hong Kong with limited liability
(Stock Code : 97)

NOTICE OF THE EGM

NOTICE IS HEREBY GIVEN THAT the extraordinary general meeting of the Company (the "**EGM**") will be held at Cloud 39, 39th Floor, The Henderson, 2 Murray Road, Central, Hong Kong on Tuesday, 2 June 2026 at 11:15 a.m. (or immediately after the conclusion of the annual general meeting of the Company to be held at the same venue and on the same day) to consider and, if thought fit, pass with or without modifications the following as an ordinary resolution of the Company:

ORDINARY RESOLUTION

"**THAT**:

(a) the entering into of the New Leasing and Licensing Framework Agreement as described in the Circular (a copy of the New Leasing and Licensing Framework Agreement and a copy of the Circular have been produced to the meeting marked "A" and "B" respectively and initialed by the chairman of the meeting for identification purpose) and the transactions contemplated thereunder be and are hereby approved, ratified and confirmed;

(b) the Right-of-Use Assets Caps as set out in the Circular be and are hereby approved;

(c) the 2026-2029 Rental Expense Caps as set out in the Circular be and are hereby approved;

(d) the director(s) of the Company be and are hereby authorised for and on behalf of the Company to, amongst other matters, sign, execute and deliver or to authorise the signing, execution and delivery of all such documents and to do all such things as they may in their absolute discretion consider necessary, expedient or desirable to implement and/or to give effect to or otherwise in connection with the New Leasing and Licensing Framework Agreement, transactions contemplated thereunder, the Right-of-Use Assets Caps and the 2026-2029 Rental Expense Caps and to be in the interests of the Company."

By Order of the Board
Timon LIU Cheung Yuen
Company Secretary

Hong Kong, 13 May 2026

Registered Office:
72-76/F, Two International Finance Centre
8 Finance Street, Central
Hong Kong

Notes:

(1) Words and expressions that are not expressly defined in this notice shall bear the same meaning as that defined in the circular of the Company dated 13 May 2026 (the *"**Circular**"*).

(2) At the EGM, the Chairman will exercise his power under Article 80 of the Articles of Association of the Company to put the above resolution to be voted by way of a poll.

(3) A shareholder of the Company ("**Shareholder**") entitled to attend, speak and (subject to any applicable requirement of the Listing Rules to abstain from voting on any relevant resolution) vote at the EGM is entitled to appoint one proxy or more proxies to attend and speak and on a poll, to vote instead of him at the EGM, and separate proxies may be appointed by a Shareholder to represent the respective number of shares in the Company held by the Shareholder as specified in the relevant form of proxy. A proxy need not be a Shareholder. A form of proxy for use by the Shareholders at the EGM is enclosed with the Circular. The form of proxy and the power of attorney or other authority, if any, under which it is signed (or a notarially certified copy of that power or authority) must be lodged with the share registrar of the Company, Tricor Investor Services Limited (the "**Company's Registrar**"), at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not less than 48 hours (excluding any part of a day that is a public holiday) before the time for holding the EGM or adjourned or postponed meeting (as the case may be) at which the person named in such form of proxy proposes to vote or, in the case of a poll taken more than 48 hours after it was demanded, not less than 24 hours (excluding any part of a day that is a public holiday) before the time appointed for the taking of the poll.

(4) In order to determine the Shareholders who are entitled to attend and vote at the EGM (or any adjournment or postponement thereof), the Register of Members of the Company will be closed from Thursday, 28 May 2026 to Tuesday, 2 June 2026, both days inclusive, during which period no transfer of Shares will be registered. All transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's Registrar at the above address no later than 4:30 p.m. on Wednesday, 27 May 2026. The record date for determining entitlements of Shareholders to attend and vote at the EGM is Tuesday, 2 June 2026.

(5) If a No. 8 typhoon warning signal or above, a black rainstorm warning signal and/or "extreme conditions" announced by the Hong Kong Government is/are (or is/are indicated by the relevant Hong Kong authorities to be) in force at any time between 8:30 a.m. and 11:30 a.m. on the day of the EGM, the EGM will be adjourned or postponed. The Company will post an announcement on the Company's website (www.hilhk.com) and HKEXnews website (www.hkexnews.hk) to notify Shareholders of the date, time and place of the adjourned or postponed meeting.

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

(6) Please indicate in advance, not less than 1 week before the time appointed for holding the EGM, if Shareholders, because of disabilities, need special arrangements to participate in the EGM. Any such request should be made in writing to the Company's Registrar by post at the above address or by email at henderson97-ecom@vistra.com. The Company will endeavour to make the necessary arrangements unless there is unjustifiable hardship in arranging for them.

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