

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

To the Directors of Emperor Entertainment Hotel Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Emperor Entertainment Hotel Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of financial position as at 31 March 2024, the unaudited pro forma statement of profit or loss and other comprehensive income for the year ended 31 March 2024, the unaudited pro forma statement of cash flows for the year ended 31 March 2024 and related notes as set out on pages V-1 to V-11 of Appendix V to the circular issued by the Company dated 3 July 2024 (the "Circular"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages V-1 to V-11 of Appendix V to the Circular.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed acquisition of entire issued share capital of Star Omen Limited ("Star Omen") and its subsidiaries (collectively referred to as "Star Omen Group"), constituting a very substantial acquisition and connected transaction (the "Acquisition") on the Group's financial position as at 31 March 2024 and the Group's financial performance and cash flows for the year ended 31 March 2024 as if the Acquisition had taken place at 31 March 2024 and 1 April 2023 respectively. As part of this process, information about the Group's financial position, financial performance and cash flows has been extracted by the Directors from the Group's financial statements for the year ended 31 March 2024, on which the annual results announcement has been issued.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

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

Our Independence and Quality Management

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

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

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

To the Directors of Emperor Entertainment Hotel Limited – continued

Reporting Accountants' Responsibilities

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

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

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

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 March 2024 or 1 April 2023 would have been as presented.

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

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

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

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

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

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

To the Directors of Emperor Entertainment Hotel Limited – continued

Opinion

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

A handwritten signature in blue ink, appearing to read 'Dimitri For M. K. H.', is written over a faint, light blue background that resembles a stylized signature or logo.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
3 July 2024

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The following is an unaudited pro forma consolidated statement of financial position, unaudited pro forma consolidated statement of profit or loss and other comprehensive income and unaudited pro forma consolidated statement of cash flows of the Group enlarged by acquisition of the Target Group (together the “**Enlarged Group**”) (the “**Unaudited Pro Forma Financial Information**”), which have been prepared by the Directors in accordance with the paragraph 4.2 of the Listing Rules and is solely for the purpose to illustrate the effect of the acquisition of the Sale Share and the Sale Loan (the “**Transaction**”) on the Enlarged Group’s financial position as at 31 March 2024 as if the Transaction had been completed on 31 March 2024, and on the Enlarged Group’s statement of profit or loss and other comprehensive income and statement of cash flows for the year ended 31 March 2024 as if the Transaction had been completed on 1 April 2023.

The unaudited pro forma consolidated statement of financial position of the Enlarged Group has been prepared based on the audited consolidated statement of financial position of the Group as at 31 March 2024 which has been extracted from the annual results announcement of the Group for the year ended 31 March 2024 published on 24 June 2024, and the audited combined statement of financial position of the Target Group as at 31 March 2024 which have been extracted from the Accountants’ Report of the Target Group set out in Appendix IV to this circular, after making certain pro forma adjustments relating to the Transaction that are (i) directly attributable to the Transaction; and (ii) factually supportable, as further described in the accompanying notes.

The unaudited pro forma consolidated statement of profit or loss and other comprehensive income and unaudited pro forma consolidated statement of cash flows of the Enlarged Group have been prepared based on the audited consolidated statement of profit or loss and other comprehensive income and the audited consolidated statement of cash flows of the Group for the year ended 31 March 2024 which have been extracted from the annual results announcement of the Group for the year ended 31 March 2024 published on 24 June 2024, and the audited combined statement of profit or loss and other comprehensive income and the audited combined statement of cash flows of the Target Group for the year ended 31 March 2024 which have been extracted from the Accountants' Report of the Target Group set out in Appendix IV to this circular, after making certain pro forma adjustments relating to the Transaction that are (i) directly attributable to the Transaction; and (ii) factually supportable, as further described in the accompanying notes.

The Unaudited Pro Forma Financial Information is prepared based on a number of assumptions, estimates, uncertainties and currently available information and is provided for illustrative purposes only. As a result of the hypothetical nature of the Unaudited Pro Forma Financial Information, it may not give a true picture of the actual financial position, financial results and cash flows of the Enlarged Group that would be attained had the Transaction been completed on 31 March 2024 and 1 April 2023, respectively. Furthermore, the Unaudited Pro forma Financial Information does not purport to predict the Enlarged Group's future financial position, financial results and cash flows after the completion of the Transaction.

The Unaudited Pro Forma Financial Information should be read in conjunction with the financial information of the Group as set out in Appendix III to this circular, and the Accountant's Report of the Target Group as set out in Appendix IV to this circular, and other financial information included elsewhere in this circular.

Unaudited Pro Forma Consolidated Statement of Financial Position of the Enlarged Group
As at 31 March 2024

	The Group as at 31 March 2024 (Audited) HK\$ '000 (note 1)	The Target Group as at 31 March 2024 (Audited) HK\$ '000 (note 2)	Pro forma adjustments			The Enlarged Group (Unaudited) HK\$ '000 (note 6)	
			(Unaudited) HK\$ '000 (note 3)	(Unaudited) HK\$ '000 (note 4)	(Unaudited) HK\$ '000 (note 5)		
Non-current assets							
Investment properties	1,485,900	=	700,000	1,390	3,610	=	2,190,900
Property, plant and equipment	2,253,841	-	-	-	-	-	2,253,841
Right-of-use assets	384,898	=	=	=	=	=	384,898
Pledged bank deposit	30,811	-	-	-	-	-	30,811
Deposits paid for acquisition of property, plant and equipment	1,563	-	-	-	-	-	1,563
	<u>4,157,013</u>	<u>-</u>	<u>700,000</u>	<u>1,390</u>	<u>3,610</u>	<u>-</u>	<u>4,862,013</u>
Current assets							
Inventories	12,256	-	-	-	-	-	12,256
Property under development for sale	-	705,000	(705,000)	-	-	-	-
Trade and other receivables	78,114	611	-	-	-	-	78,725
Pledged bank deposits	311	-	-	-	-	-	311
Short-term bank deposits	14,900	-	-	-	-	-	14,900
Bank balances and cash	599,790	395	(500,000)	(1,390)	-	-	98,795
	<u>705,371</u>	<u>706,006</u>	<u>(1,205,000)</u>	<u>(1,390)</u>	<u>-</u>	<u>-</u>	<u>204,987</u>
Current liabilities							
Trade and other payables	102,518	45,842	-	-	-	-	148,360
Amounts due to fellow subsidiaries	6,367	637,779	(637,779)	-	-	-	6,367
Amounts due to non-controlling interests of subsidiaries	39,523	-	-	-	-	-	39,523
Taxation payable	51,733	-	-	-	-	-	51,733
Consideration payable to a fellow subsidiary – due within one year	-	-	88,665	-	-	-	88,665
Lease liabilities – due within one year	611	-	-	-	-	-	611
	<u>200,752</u>	<u>683,621</u>	<u>(549,114)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>335,259</u>
Net current assets (liabilities)	<u>504,619</u>	<u>22,385</u>	<u>(655,886)</u>	<u>(1,390)</u>	<u>-</u>	<u>-</u>	<u>(130,272)</u>
Total assets less current liabilities	<u>4,661,632</u>	<u>22,385</u>	<u>44,114</u>	<u>-</u>	<u>3,610</u>	<u>-</u>	<u>4,731,741</u>
Non-current liabilities							
Secured bank borrowings – due after one year	-	265,600	(265,600)	-	-	-	-
Consideration payable to a fellow subsidiary – due after one year	-	-	66,499	-	-	-	66,499
Lease liabilities – due after one year	26,278	-	-	-	-	-	26,278
Deferred taxation	63,200	-	-	-	-	-	63,200
	<u>89,478</u>	<u>265,600</u>	<u>(199,101)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>155,977</u>
Net assets (liabilities)	<u>4,572,154</u>	<u>(243,215)</u>	<u>243,215</u>	<u>-</u>	<u>3,610</u>	<u>-</u>	<u>4,575,764</u>
Capital and reserves							
Share capital	119	-	-	-	-	-	119
Reserves	3,752,578	(243,215)	243,215	-	3,610	(722)	3,755,466
Equity attributable to owners of the Company	<u>3,752,697</u>	<u>(243,215)</u>	<u>243,215</u>	<u>-</u>	<u>3,610</u>	<u>(722)</u>	<u>3,755,585</u>
Non-controlling interests	<u>819,457</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>722</u>	<u>820,179</u>
	<u>4,572,154</u>	<u>(243,215)</u>	<u>243,215</u>	<u>-</u>	<u>3,610</u>	<u>-</u>	<u>4,575,764</u>

Unaudited Pro Forma Consolidated Statement of Profit or Loss and Other Comprehensive Income of the Enlarged Group

For the year ended 31 March 2024

	The Group for for the year ended 31 March 2024	The Target Group for the year ended 31 March 2024	Pro forma adjustments		The Enlarged Group
	(Audited)	(Audited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(note 1)	(note 2)	(note 7)	(note 8)	
Revenue					
Contracts with customers	740,737	-	-	-	740,737
Leases	48,525	-	-	-	48,525
	<u>789,262</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>789,262</u>
Cost of sales	(36,429)	-	-	-	(36,429)
Cost of hotel and gaming operations	(432,154)	-	-	-	(432,154)
Direct operating expenses in respect of investment properties	(12,830)	-	-	-	(12,830)
	<u>307,849</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>307,849</u>
Gross profit	307,849	-	-	-	307,849
Other income	20,741	35	(13,639)	-	7,137
Other gains and losses	(78)	-	-	-	(78)
Write-down recognised of property under development for sale	-	(12,882)	12,882	-	-
Fair value changes of investment properties	(20,300)	-	3,610	-	(16,690)
Selling and marketing expenses	(146,369)	-	-	-	(146,369)
Administrative expenses	(125,360)	(18)	-	-	(125,378)
Finance costs	(1,073)	-	-	-	(1,073)
	<u>35,410</u>	<u>(12,865)</u>	<u>2,853</u>	<u>-</u>	<u>25,398</u>
Profit (loss) before taxation	35,410	(12,865)	2,853	-	25,398
Taxation credit	27,421	-	-	-	27,421
	<u>62,831</u>	<u>(12,865)</u>	<u>2,853</u>	<u>-</u>	<u>52,819</u>
Profit (loss) and total comprehensive income (expense) for the year	<u>62,831</u>	<u>(12,865)</u>	<u>2,853</u>	<u>-</u>	<u>52,819</u>
Profit (loss) for the year attributable to:					
Owners of the Company	60,885	(12,865)	2,853	2,002	52,875
Non-controlling interests	1,946	-	-	(2,002)	(56)
	<u>62,831</u>	<u>(12,865)</u>	<u>2,853</u>	<u>-</u>	<u>52,819</u>
Total comprehensive income (expense) for the year attributable to:					
Owners of the Company	60,885	(12,865)	2,853	2,002	52,875
Non-controlling interests	1,946	-	-	(2,002)	(56)
	<u>62,831</u>	<u>(12,865)</u>	<u>2,853</u>	<u>-</u>	<u>52,819</u>

Unaudited Pro Forma Consolidated Statement of Cash Flows of the Enlarged Group
For the year ended 31 March 2024

	The Group	The Target	Pro forma adjustments			The
	for for the year ended 31 March 2024 (Audited) HK\$'000 (note 1)	Group for the year ended 31 March 2024 (Audited) HK\$'000 (note 2)	(Unaudited) HK\$'000 (note 7)	(Unaudited) HK\$'000 (note 7)	(Unaudited) HK\$'000 (note 7)	Enlarged Group (Unaudited) HK\$'000
Cash flows from operating activities						
Profit (loss) before taxation	35,410	(12,865)	2,853	=	=	25,398
Adjustments for:						
Interest income	(19,311)	(35)	13,639	-	-	(5,707)
Interest expenses	948	-	-	-	-	948
Fair value changes of investment properties	20,300	-	(3,610)	-	-	16,690
Write-down recognised of property under development for sale	-	12,882	(12,882)	=	=	-
Depreciation of property, plant and equipment	120,457	-	-	-	-	120,457
Depreciation of right-of-use assets	17,024	-	-	-	-	17,024
Loss on disposal of property, plant and equipment	54	-	-	-	-	54
Operating cash flows before movements in working capital	174,882	(18)	=	=	=	174,864
Increase in inventories	(944)	-	-	-	-	(944)
Increase in properties under development for sale	-	(111,846)	-	-	-	(111,846)
Increase in trade and other receivables	(24,706)	(573)	-	-	-	(25,279)
Increase in trade and other payables	14,803	45,240	=	=	=	60,043
Decrease in amounts due to fellow subsidiaries	(15,522)	-	-	-	-	(15,522)
Cash generated from (used in) operations	148,513	(67,197)	-	-	-	81,316
Income tax paid	(636)	-	-	-	-	(636)
Net cash from (used in) operating activities	147,877	(67,197)	-	-	-	80,680
Cash flows from investing activities						
Withdrawal of short-term bank deposits	244,234	-	-	-	-	244,234
Withdrawal of a pledged bank deposit	66,555	-	-	-	-	66,555
Interest received	18,048	35	(13,639)	-	-	4,444
Proceeds from disposal of property, plant and equipment	76	-	-	-	-	76
Acquisition of investment properties	-	-	(501,390)	(85,727)	-	(587,117)
Placement of short-term bank deposits	(202,345)	-	-	-	-	(202,345)
Placement of pledged bank deposits	(31,490)	-	-	-	-	(31,490)
Acquisition of property, plant and equipment	(20,994)	-	-	-	-	(20,994)
Deposits paid for acquisition of property, plant and equipment	(1,196)	-	-	-	-	(1,196)
Net cash from (used in) investing activities	72,888	35	(515,029)	(85,727)	-	(527,833)

Unaudited Pro Forma Consolidated Statement of Cash Flows of the Enlarged Group – Continued

For the year ended 31 March 2024

	The Group for for the year ended 31 March 2024 (Audited) HK\$'000 (note 1)	The Target Group for the year ended 31 March 2024 (Audited) HK\$'000 (note 2)	Pro forma adjustments			The Enlarged Group (Unaudited) HK\$'000
			(Unaudited) HK\$'000 (note 7)	(Unaudited) HK\$'000 (note 7)	(Unaudited) HK\$'000 (note 7)	
Cash flows from financing activities						
New bank borrowings raised	-	68,000	-	-	-	68,000
Interest paid	(948)	(14,068)	-	-	14,068	(948)
Advances from a fellow subsidiary	-	13,485	-	-	-	13,485
Repayments of lease liabilities	(357)	-	-	-	-	(357)
Net cash (used in) from financing activities	<u>(1,305)</u>	<u>67,417</u>	<u>-</u>	<u>-</u>	<u>14,068</u>	<u>80,180</u>
Net increase (decrease) in cash and cash equivalents	219,460	255	(515,029)	(85,727)	14,068	(366,973)
Cash and cash equivalent at the beginning of the reporting period	<u>380,330</u>	<u>140</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>380,470</u>
Cash and cash equivalent at the end of the reporting period	<u>599,790</u>	<u>395</u>	<u>(515,029)</u>	<u>(85,727)</u>	<u>14,068</u>	<u>13,497</u>

Notes to the Unaudited Pro Forma Financial Information of the Enlarged Group

1. The audited consolidated statement of financial position of the Group as at 31 March 2024, and the audited consolidated statement of profit or loss and other comprehensive income and the audited consolidated statement of cash flows of the Group for the year then ended are extracted from the annual results announcement of the Group dated 24 June 2024.
2. The audited combined statement of financial position of the Target Group as at 31 March 2024, and the audited combined statement of profit or loss and other comprehensive income and the audited combined statement of cash flows of the Target Group for the year then ended are extracted from the Accountants' Report of the Target Group as set out in Appendix IV to this circular.
3. The management of the Company intends to hold the Property for earning rental income. As a result, the Property is reclassified as investment property of the Enlarged Group as at 31 March 2024 assuming that the Transaction had been completed on 31 March 2024.

The acquisition of the Target Group is not considered as a business combination under Hong Kong Financial Reporting Standard 3 (revised) Business Combinations (“HKFRS 3”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). Instead, it shall be accounted for as asset acquisition through acquisition of an entity. In accordance with HKFRS 3, the consideration shall be allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the completion of the acquisition and such a transaction does not give rise to goodwill.

Pursuant to the SP Agreement, the Consideration payable (subject to adjustments) by the Purchaser to the Vendor shall be determined by the following formula:-

$$\text{Consideration} = \text{A} + \text{B} - \text{C}$$

where:-

“A” HK\$700,000,000, being the agreed value of the Property;

“B” HK\$1,006,000, being the carrying value/book value of the tangible assets of the Target Group (but excluding the Property and the fittings and equipment, if any) at the Completion Date assuming that the Transaction had been completed on 31 March 2024; and

“C” HK\$45,842,000, being the amount of all liabilities of the Target Group, including actual or contingent, accrued and deferred liabilities but excluding the Sale Loan at the Completion Date, assuming that the Transaction had been completed on 31 March 2024.

As a result, the Consideration was HK\$655,164,000, assuming that the Transaction had been completed on 31 March 2024.

Pursuant to the SP Agreement, the Consideration (subject to adjustments) shall be settled as follows:

- (a) An initial deposit of HK\$150,000,000 shall be paid by the Purchaser to the Vendor within 10 Business Days after signing of the SP Agreement;
- (b) A sum of HK\$350,000,000, being part of the Consideration, (the “**Second Payment**”) shall be paid by the Purchaser to the Vendor upon Completion; and
- (c) Subject to the adjustments with reference to the Completion Account, the balance of the Consideration (the “**Balance**”) shall be payable to the Vendor after the Completion Date by seven equal quarterly installments, and the first quarterly installment will be paid on the date which numerically corresponds to the date of Completion in the third calendar month after the Completion Date.

The Consideration (or any part thereof) shall be settled by the Purchaser by cash transfer to the designated bank account(s) of the Vendor or such other method as mutually agreed by the Vendor and the Purchaser from time to time, of which the initial deposit of HK\$150,000,000 and the Second Payment of HK\$350,000,000 (collectively referred to as the “**Partial Consideration**”) are assumed to be settled by the Purchaser through utilisation of bank balances and cash as at 31 March 2024 and the Balance of HK\$155,164,000 (representing the amount of the Consideration of HK\$655,164,000 after the settlement of the Partial Consideration of HK\$500,000,000) assuming to be settled since 30 June 2024 by seven equal quarterly installments represents as consideration payable to the Vendor as at 31 March 2024. As such, the Balance would become a consideration payable to a fellow subsidiary of the Enlarged Group at Completion, of which HK\$88,665,000 is classified as current and HK\$66,499,000 is classified as non-current, which is non-interest bearing.

- 3.1 *As the management of the Company intends to hold the Property for earning rental income, the property under development is reclassified as investment property of the Enlarged Group as at 31 March 2024 assuming the Transaction had been completed on 31 March 2024. The adjustment of HK\$5,000,000 being the difference of the carrying amount of the Property amounting to HK\$705,000,000 (based on the Accountant’s Report) and the agreed value of the Property of HK\$700,000,000 represents the fair value of the Consideration transferred for the Transaction of HK\$655,164,000, net off the carrying amounts of other identifiable assets of HK\$1,006,000 and other identifiable liabilities of HK\$45,842,000.*
- 3.2 *Pursuant to the SP Agreement, the Vendor and the Purchaser agreed that the Property was sold free from encumbrances. Hence, it is assumed that the bank borrowings of the Target Group are settled before Completion as it is mortgage loan and settlement is a pre-condition.*
- 3.3 *Pursuant to the SP Agreement, the Vendor also agreed to sell and assign the Sale Loan to the Group as part of the Transaction.*

4. The adjustment represents the estimated acquisition-related costs of HK\$1,390,000 (the “**Transaction Costs**”) assumed to be paid, including audit, financial advisory, valuation and other professional services relating to the Transaction, which would be settled by bank balances and cash of the Enlarged Group and are recognised as a cost of acquisition of the Property. This adjustment is not expected to have a continuing effect on the Enlarged Group.
5. The adjustment represents the fair value change of HK\$3,610,000 immediately subsequent to the completion of the Transaction to measure the investment property of the Target Group at fair value as at 31 March 2024 of HK\$705,000,000 as determined by Vincorn Consulting and Appraisal Limited, an independent firm of qualified professional property valuers, which is the difference with the acquisition cost of the Property at HK\$701,390,000.
6. The adjustment represents share of the fair value change by non-controlling interests of the Enlarged Group, which is amounted to HK\$722,000.
7. Same as note 3 mentioned above, the following pro forma adjustments have been made to the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows of the Enlarged Group, assuming the Transaction had been completed on 1 April 2023, the Directors have carried out an illustrative consideration allocation exercise in accordance with the requirements of HKFRS 3 (Revised).

	<i>HK\$'000</i>
Consideration at 1 April 2023 <i>(note 7.1)</i>	<u>700,030</u>
Consideration settlement by:	
Bank balances and cash <i>(note 7.2)</i>	500,000
Consideration payable to a fellow subsidiary <i>(note 7.2)</i>	<u>200,030</u>
	<u>700,030</u>
Carrying amount of investment property at 1 April 2023 <i>(note 7.1)</i>	700,000
Add: Transaction Costs incurred in relation to the acquisition of the Property <i>(note 4)</i>	1,390
Fair value of investment property with reference to its property valuation at 31 March 2024	<u>(705,000)</u>
Fair value change of investment property for the year ended 31 March 2024	<u>(3,610)</u>

- 7.1 *The Consideration as at 1 April 2023 amounting to HK\$700,030,000 represents the agreed value of the Property of HK\$700,000,000, plus the carrying amounts of other identifiable assets of HK\$178,000 as at 1 April 2023 and minus the other identifiable liabilities of HK\$148,000 as at 1 April 2023.*
- 7.2 *For the purpose of the Unaudited Pro forma Financial Information of the Enlarged Group, the Partial Consideration of HK\$500,000,000 are assumed to be settled by the Purchaser to the Vendor in cash on 1 April 2023. The Balance of HK\$200,030,000 (representing the amount of the Consideration of HK\$700,030,000 after the settlement of the Partial Consideration of HK\$500,000,000) to be payable to the Vendor after the Completion Date by seven equal quarterly installments would become a consideration payable to a fellow subsidiary of the Enlarged Group at Completion. Three quarterly installments amounting to HK\$85,727,000 of the Balance are assumed to be settled by cash during the year ended 31 March 2024.*
- The estimated direct reduction in interest income of HK\$13,639,000 is based on the assumptions that the Transaction had taken place on 1 April 2023 and there is a reduction in the Group's bank balances for the settlement of the Partial Consideration and the three quarterly installments.*
- 7.3 *HK\$700,000,000, being the agreed value of the Property represents the fair value of the Consideration transferred for the Transaction of HK\$700,030,000, net off the carrying amounts of other identifiable assets of HK\$178,000 as at 1 April 2023 and other identifiable liabilities of HK\$148,000 as at 1 April 2023.*
- 7.4 *The adjustment represents the reversal of write-down recognised of property under development for sale of HK\$12,882,000 in the unaudited pro forma consolidated statement of profit or loss and other comprehensive income of the Enlarged Group for the year ended 31 March 2024 assuming the Transaction had been completed on 1 April 2023 and the property under development for sale was classified as investment property of the Enlarged Group as at 1 April 2023.*
- 7.5 *The adjustment represents the reversal of interest paid of HK\$14,068,000, in the unaudited pro forma consolidated statement of cash flows of the Enlarged Group for the year ended 31 March 2024 assuming the Transaction had been completed on 1 April 2023 and the bank borrowings of the Target Group had been repaid as at 1 April 2023.*

- 8 The adjustment represents the share of loss of the Target Group for the year ended 31 March 2024 and the share of profit or loss effects on the pro forma adjustments based on the assumption that the Transaction had taken place on 1 April 2023 as stated in the above note 7 by the non-controlling interests of the Enlarged Group and the calculation is shown as follows:

	<i>HK\$'000</i>
Loss for the year ended 31 March 2024 of the Target Group based on the Accountant's Report to this circular	(12,865)
Adjust by: Direct reduction in interest income <i>(note 7.2)</i>	(13,639)
Reversal of write-down recognised of property under development for sale <i>(note 7.4)</i>	12,882
Fair value change of investment property <i>(note 7)</i>	<u>3,610</u>
Adjusted loss for the year	<u><u>(10,012)</u></u>
Share of adjusted loss for the year by the non-controlling interests of the Enlarged Group	<u><u>(2,002)</u></u>

- 9 Apart from the above, no other adjustment has been made to reflect any trading results or other transactions entered into by the Group or the Target Group subsequent to 31 March 2024 as if the Transaction had taken place on 31 March 2024 and 1 April 2023, respectively.