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

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

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**MAGNIFICENT ESTATES LIMITED**

**(華大地產投資有限公司)**

*(Incorporated in Hong Kong with limited liability)*

**(Stock code: 201)**

**MAJOR TRANSACTION**  
**DISPOSAL OF SUBSIDIARIES HOLDING INTEREST IN HOTEL**

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A letter from the board of directors of Magnificent Estates Limited is set out on pages 4 to 9 of this circular.

26 February 2014

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## DEFINITIONS

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*In this circular, the following expressions have the following meanings, unless the context requires otherwise:*

“Agreement”	the sale and purchase agreement entered into between Houston Venture as Vendor and Oceanic Leader Investments Limited as Purchaser on 20 December 2013
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors of the Company
“BVI”	the British Virgin Islands
“Company”	Magnificent Estates Limited (華大地產投資有限公司), a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange
“Completion”	the completion of the sale and purchase of the Sale Shares and Sale Loan pursuant to the terms and conditions of the Agreement
“Consideration”	the aggregate consideration payable by the Purchaser for the Sale Shares and Sale Loan under the Agreement
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Shares and Sale Loan by the Vendor to the Purchaser
“Emperor Entertainment”	Emperor Entertainment Hotel Limited (英皇娛樂酒店有限公司), a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange (stock code: 296)
“Grand-Invest”	Grand-Invest & Development Company Limited, a company incorporated in Macau with limited liability, and legally and beneficially owned as to 70% by Himson Enterprises and 30% by Longham Investment as at the Latest Practicable Date
“Group”	the Company and its subsidiaries

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## DEFINITIONS

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“Himson Enterprises”	Himson Enterprises Limited, a company incorporated in BVI with limited liability, an indirect wholly-owned subsidiary of the Company as at the Latest Practicable Date
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hotel”	Best Western Hotel Taipa, Macau (澳門格蘭酒店)
“Houston Venture” or the “Vendor”	Houston Venture Limited, a company incorporated in BVI with limited liability, a wholly-owned subsidiary of the Company as at the Latest Practicable Date
“Independent Third Party(ies)”	an independent third party(ies) which is not connected with (within the meaning of the Listing Rules) any directors, chief executive or substantial shareholders, of the Company or its subsidiaries and their respective associates
“Latest Practicable Date”	21 February 2014, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Longham Investment”	Longham Investment Limited, a company incorporated in BVI with limited liability, an indirect wholly-owned subsidiary of the Company as at the Latest Practicable Date
“Macau”	The Macau Special Administrative Region of the PRC
“percentage ratios”	has the same meaning ascribed to it under the Listing Rules
“PRC”	The People’s Republic of China, which for the purpose of this circular, excludes Hong Kong, Macau and Taiwan
“Purchaser”	Oceanic Leader Investments Limited, a company incorporated in BVI with limited liability and an Independent Third Party

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## DEFINITIONS

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“Remaining Group”	the Group immediately after the Disposal
“Sale Loan”	the shareholder’s loan owed by Himson Enterprises and Longham Investment to the Vendor in the sum of HK\$28,687,000 which is non-interest bearing
“Sale Shares”	the entire issued share capital of Himson Enterprises and Longham Investment
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of Shares
“Shun Ho Resources”	Shun Ho Resources Holdings Limited (順豪資源集團有限公司), a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange
“Shun Ho Technology”	Shun Ho Technology Holdings Limited (順豪科技控股有限公司), a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Trillion Resources”	Trillion Resources Limited, a company incorporated in BVI with limited liability and controlled by Mr. William Cheng Kai Man who is the Chairman of the Board
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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## LETTER FROM THE BOARD

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### MAGNIFICENT ESTATES LIMITED

(華大地產投資有限公司)

(Incorporated in Hong Kong with limited liability)

(Stock code: 201)

*Executive Directors:*

Mr. William CHENG Kai Man (*Chairman*)

Mr. Albert HUI Wing Ho

*Non-executive Directors:*

Madam Mabel LUI FUNG Mei Yee

*Independent Non-executive Directors:*

Mr. Vincent KWOK Chi Sun

Mr. CHAN Kim Fai

Mr. HUI Kin Hing

*Registered Office:*

3rd Floor, Shun Ho Tower

24-30 Ice House Street

Central

Hong Kong

26 February 2014

*To the Shareholders*

Dear Sir or Madam,

### MAJOR TRANSACTION DISPOSAL OF SUBSIDIARIES HOLDING INTEREST IN HOTEL

#### 1. INTRODUCTION

In the announcement dated 23 December 2013, the boards of directors of the Company, Shun Ho Technology and Shun Ho Resources jointly announced that on 20 December 2013 (after trading hours), the Vendor, a wholly-owned subsidiary of the Company entered into the Agreement with the Purchaser, an Independent Third Party for the disposal of the Sale Shares and the Sale Loan at an aggregate Consideration of HK\$900,000,000.

The Company, Shun Ho Technology and Shun Ho Resources are all listed on the Stock Exchange. As at the Latest Practicable Date, Shun Ho Resources controls approximately 52.49% of the total voting rights of Shun Ho Technology, Shun Ho Technology group in turn controls approximately 71.09% of the Company.

The Disposal constitutes a major transaction for the Company under the Listing Rules.

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## LETTER FROM THE BOARD

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The Disposal also constitutes a very substantial disposal for both Shun Ho Technology and Shun Ho Resources under the Listing Rules. Accordingly, the Disposal is subject to approval by the respective shareholders of the Company, Shun Ho Technology and Shun Ho Resources under the Listing Rules.

As no Shareholders are required to abstain from voting at general meeting to approve the Disposal, the Company has already obtained a written approval for the Disposal from Shun Ho Technology and its subsidiaries, which beneficially owns 6,360,585,437 Shares, representing approximately 71.09% of the nominal value of the securities giving the right to attend and vote at general meetings of the Company. Accordingly, no general meeting will be held by the Company for approval of the Disposal.

The purpose of this circular is to provide you with further information of the Disposal and other information in compliance with the requirements of the Listing Rules.

## 2. THE DISPOSAL

### The Agreement

**Date:** 20 December 2013, after trading hours

**Parties:**

- (i) Houston Venture, as the Vendor, a wholly-owned subsidiary of the Company
- (ii) Oceanic Leader Investments Limited, as the Purchaser. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, (a) the Purchaser is an investment holding company and its ultimate beneficial holding company is Emperor Entertainment; and (b) the Purchaser, Emperor Entertainment and its ultimate beneficial owner(s) are Independent Third Parties.

### Assets to be disposed

The Sale Shares comprise the entire issued share capital of Himson Enterprises and Longham Investment. The Sale Loan in the sum of HK\$28,687,000 is currently owed by Himson Enterprises and Longham Investment to the Vendor. Himson Enterprises and Longham Investment respectively hold 70% and 30% interests in Grand-Invest which in turn owns 100% interest in the Hotel.

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## LETTER FROM THE BOARD

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### **Consideration**

The aggregate Consideration for the Sale Shares and the Sale Loan is HK\$900,000,000 payable in cash by the Purchaser as follow:

- (i) an initial deposit in the sum of HK\$180,000,000 has already been paid upon the signing of the Agreement; and
- (ii) the remaining balance of HK\$720,000,000 will be paid upon the Completion.

The Consideration was determined after arm's length negotiations between the parties to the Agreement taking into account the valuation of the Hotel and the prevailing market conditions in Macau. The Consideration of HK\$900,000,000 represents the total value of the Sale Shares and the Sale Loan which reflect the valuation of the Hotel together with the operational assets offered by the Purchaser.

### **Completion**

The Completion date shall be the later of the following:

- (a) 20 March 2014, being a business day which is 3 months after signing of the Agreement; or
- (b) 5 business days after obtaining the approval of the shareholders of Shun Ho Technology and the shareholders of Shun Ho Resources at the extraordinary general meetings on the Disposal, the Agreement and the transactions contemplated thereunder,

provided that the Completion date shall in any event no later than 20 June 2014, being a business day which is 6 months after the signing of the Agreement.



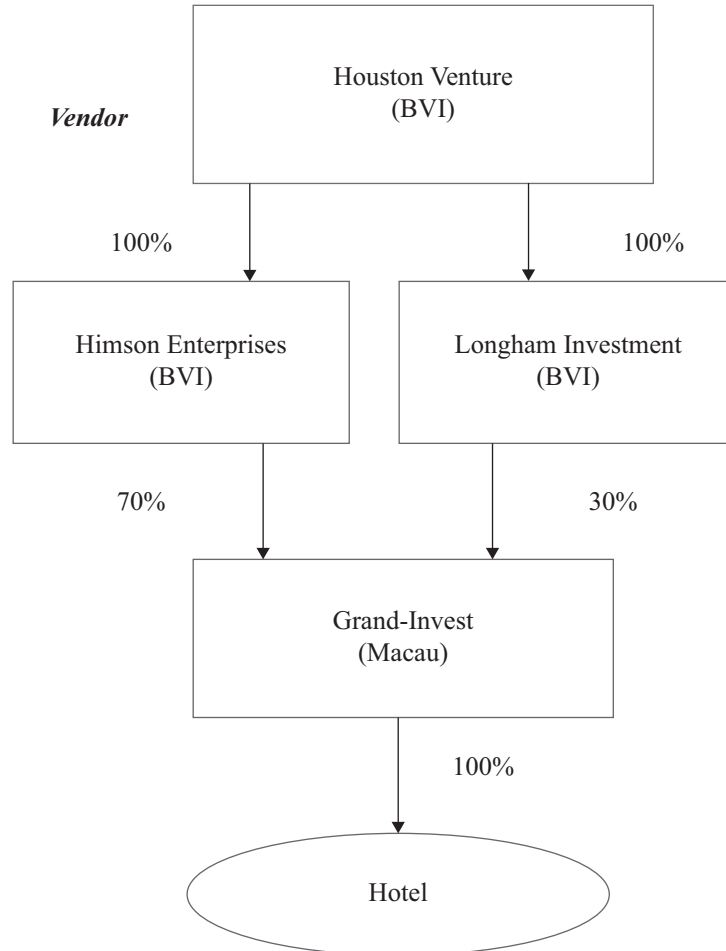
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## LETTER FROM THE BOARD

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### Corporate structure

The following diagram illustrates the shareholding structure of Himson Enterprises and Longham Investment as at the Latest Practicable Date:



*Note:* Himson Enterprises, Longham Investment and Grand-Invest are investment holding companies holding interests in the Hotel.

### The Hotel

The Hotel, namely Best Western Hotel Taipa, Macau (澳門格蘭酒店) is situated at Estrada Governador Nobre De Carvalho No. 822, Taipa, Macau. According to the valuation made by DTZ Debenham Tie Leung Limited, an independent professional valuer, the market value of the Hotel as at 31 December 2013 was HK\$900,000,000. Please refer to Appendix V of this circular for the valuation report of the Hotel issued by DTZ Debenham Tie Leung Limited.

### 3. FINANCIAL EFFECTS OF THE DISPOSAL

Based on the Consideration of HK\$900,000,000, the combined net assets of Himson Enterprises and Longham Investment as at 31 December 2013 of approximately HK\$239,843,000 and the Sale Loan in the sum of HK\$28,687,000, and after taking into account of the estimated legal and professional fees of approximately HK\$11,418,000, **the Vendor estimated that a gain of approximately HK\$620,052,000 will be realized pursuant to the Disposal.**

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## LETTER FROM THE BOARD

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The total assets and liabilities of the Group after Disposal will be reduced by approximately HK\$290 million and HK\$202 million respectively based on the audited consolidated statement of financial position of the Group at 31 December 2013, as a result of which the net assets of the Group after the Disposal will be decreased. However, the net asset of the Group will be increased after receiving the sale proceeds from the Purchaser upon the Completion.

Upon Completion, the Company will no longer hold any interest in Himson Enterprises and Longham Investment which will cease to be subsidiaries of the Group.

#### **4. REASONS FOR AND BENEFITS OF THE DISPOSAL**

The Group is principally engaged in property investment, property development and leasing, investment in and operation of hotels.

Shun Ho Technology is principally an investment holding company. Through its major subsidiary, the Group, Shun Ho Technology is principally engaged in property investment, property development and leasing, investment in and operation of hotels.

Shun Ho Resources is principally an investment holding company. Through its major subsidiaries, Shun Ho Technology and the Group, Shun Ho Resources is principally engaged in property investment, property development and leasing, investment in and operation of hotels.

Emperor Entertainment is principally engaged in hotel and hotel related operations.

The Board strategically plans to focus on the development and expansion of the hotel business of the Group in Hong Kong. The original purchase cost of the Hotel was HK\$242,000,000 in 2005. The Consideration of HK\$900,000,000 is higher than the original purchase costs by HK\$658,000,000. The Board continues to be bullish with the hotel business in Hong Kong which benefits from the fast growth economy of the PRC, therefore the Board aims to significantly increase the Group's investment of hotel or commercial property developments in Hong Kong. The sale proceeds from the Disposal are intended to be used to further expand the business in development and investment of hotel and commercial properties in Hong Kong.

As at the Latest Practicable Date, the Group owns and operates the Ramada Hotel Kowloon, Ramada Hong Kong Hotel, Best Western Hotel Causeway Bay, Best Western Hotel Harbour View, Best Western Grand Hotel, the Hotel and Magnificent International Hotel, Shanghai with 2,085 rooms together with one new hotel under development in Sheung Wan which is expected to operate in 2014. The Hotel has a total of 262 rooms. Upon Completion and after the new hotel in Sheung Wan is operated, the Group plans to have a total of 2,037 hotel rooms. The Disposal would allow the Group to consolidate the resources to develop and expand hotel business in Hong Kong. Save as aforesaid, as at the Latest Practicable Date, the Company had not (as the case may be) entered into or concluded any agreement, arrangement, negotiation or understanding about acquisition of targets or in relation to expansion of hotel and commercial properties business in Hong Kong which is required to be disclosed pursuant to the Listing Rules.

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## LETTER FROM THE BOARD

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### 5. FINANCIAL INFORMATION OF DISPOSED COMPANIES

Set out below are certain combined financial information of Himson Enterprises and Longham Investment for the financial years ended 31 December 2011, 31 December 2012 and 31 December 2013 prepared in accordance with the Hong Kong Financial Reporting Standards:

	<b>For the year ended 31 December 2011</b>	<b>For the year ended 31 December 2012</b>	<b>For the year ended 31 December 2013</b>
	<i>HK\$' million</i>	<i>HK\$' million</i>	<i>HK\$' million</i>
<i>Net profit before taxation</i>	50	53	32
<i>Net profit after taxation</i>	44	47	29

As at 31 December 2013, the combined net assets of Himson Enterprises and Longham Investment (without taking into account the market value of the Hotel of HK\$900 million) was approximately HK\$239,843,000.

The financial statements in respect of each of Himson Enterprises and Longham Investment for the years ended 31 December 2011, 31 December 2012 and 31 December 2013 are respectively set out in Appendix II and Appendix III of this circular. Since Himson Enterprises controls the majority shareholding interest in Grand-Invest which in turn holds 100% interest in the Hotel, the results of the Hotel has been consolidated in the financial statements of Himson Enterprises in which 30% non-controlling interests are attributable to Longham Investment.

### 6. RECOMMENDATION

The Board considers that the Disposal is on normal commercial terms and the terms of the Agreement (including the Consideration) are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. The Board would recommend that all Shareholders to vote in favour of the Disposal and the Agreement if a physical general meeting were to be held.

### 7. ADDITIONAL INFORMATION

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

Yours faithfully,  
By Order of the Board  
**Magnificent Estates Limited**

**William CHENG Kai Man**  
*Chairman*

**AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE GROUP FOR THE THREE YEARS ENDED 31 DECEMBER 2012 AND AUDITED FINAL RESULTS OF THE GROUP FOR THE YEAR ENDED 31 DECEMBER 2013**

The audited consolidated financial statements of the Group (a) for the year ended 31 December 2012 are set out from page 28 to page 87 in the 2012 Annual Report of the Company, which was published on 24 April 2013; (b) for the year ended 31 December 2011 are set out from page 24 to page 81 in the 2011 Annual Report of the Company, which was published on 26 April 2012; and (c) for the year ended 31 December 2010 are set out from page 22 to page 81 in the 2010 Annual Report of the Company, which was published on 27 April 2011.

The announcement in respect of the audited final results of the Group for the year ended 31 December 2013 was published on 19 February 2014.

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

**2010 Annual Report**

[http://www.magnificentstatesltd.com/documents/ar/e\\_201\\_AR%202010\\_2011\\_0427.pdf](http://www.magnificentstatesltd.com/documents/ar/e_201_AR%202010_2011_0427.pdf)

**2011 Annual Report**

<http://www.magnificentstatesltd.com/documents/ar/e%20201MEL%20AR2011%202012%2004-26.pdf>

**2012 Annual Report**

<http://www.magnificentstatesltd.com/documents/ar/e%20201%20AR2012%202013%2004%2024.pdf>

**INDEBTEDNESS****Bank and other borrowings**

As at the close of business on 31 December 2013, being the latest practicable date for the purpose of preparing this statement of indebtedness prior to the printing of this circular, the Group had outstanding (i) loans from shareholders of approximately HK\$83 million and (ii) bank borrowings of approximately HK\$676 million which was secured by (a) fixed charges on certain of the Group's assets, including investment properties, properties under development and property, plant and equipment with carrying amount of approximately HK\$2,272 million, HK\$263 million and HK\$2,070 million respectively, (b) equity interests in and subordination of loans due from subsidiaries with an aggregate carrying amount of approximately HK\$1,294 million and (c) assignment of the Group's rental and hotel revenue.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, the Group did not have outstanding at the close of business on 31 December 2013 any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchases commitments, guarantees or other material contingent liabilities.

**WORKING CAPITAL**

After taking into account the expected completion of the Disposal and the financial resources available to the Group including the net proceeds from the Disposal, the available banking facilities, the advances from shareholders and internal resources of the Group, the Directors are of the opinion that the Group will have sufficient working capital to satisfy its requirements for at least the next 12 months from the date of this circular, in the absence of unforeseeable circumstances.

**LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES****Cash position**

The Group had cash and bank balances of approximately HK\$100 million, HK\$180 million and HK\$319 million as at 31 December 2011, 2012 and 2013 respectively.

**Gearing ratio**

The debt ratio was 14% in term of overall debt including bank loans and shareholders' loan of HK\$1,275 million against the fully revalued assets of the Remaining Group (i.e. excluding Himson Enterprises and Longham Investment) of HK\$8,800 million as at 31 December 2011. The gearing ratio in term of overall debt of HK\$1,275 million against funds employed of HK\$3,836 million as at 31 December 2011 was approximately 33%.

The debt ratio was 11% in term of overall debt of including bank loan and shareholders' loan of HK\$1,269 million against the fully revalued assets of the Remaining Group of HK\$11,537 million as at 31 December 2012. The gearing ratio was approximately 29% in term of overall debt of HK\$1,269 million against funds employed of HK\$4,376 million as at 31 December 2012.

The debt ratio was 6% in term of overall debt of including bank loan and shareholders' loan of HK\$759 million against the fully revalued assets of the Remaining Group of HK\$12,893 million as at 31 December 2013. The gearing ratio was approximately 15% in term of overall debt of HK\$759 million against funds employed of HK\$5,021 million as at 31 December 2013.

**Borrowings**

All the Remaining Group's bank loans are floating rate borrowings, which carry interests at Hong Kong Interbank Offered Rate ("HIBOR") plus a margin of approximately 1% for 2011, 2% for 2012 and 2% for 2013 per annum respectively. The bank loans are secured over certain

of the Remaining Group's properties. Interest rates on the Remaining Group's bank loans are repriced according to the HIBOR monthly. Effective interest rate was 1.3% for 2011, 2.1% for 2012 and 2.1% for 2013 per annum respectively. The Remaining Group's bank borrowings were mainly denominated in Hong Kong dollars. No financial instruments were used by the Remaining Group for hedging purposes during three years from 2011 to 2013.

As at 31 December 2011, 2012, and 2013, the Remaining Group pledged assets to secure bank loan of approximately HK\$5,518 million, HK\$5,471 million and HK\$5,899 million respectively.

The maturity profile of the bank loans are set out below:

	<b>2011</b> <i>HK\$'000</i>	<b>2012</b> <i>HK\$'000</i>	<b>2013</b> <i>HK\$'000</i>
Secured bank loans	<u>1,110,957</u>	<u>1,074,411</u>	<u>676,325</u>
Carrying amounts of bank loans that contain a repayment on demand clause:			
Repayable within one year from the end of the reporting period shown under current liabilities	314,712	298,928	284,592
Not repayable within one year from the end of the reporting period shown under current liabilities	<u>796,245</u>	<u>775,483</u>	<u>391,733</u>
Amounts shown under current liabilities	<u>1,110,957</u>	<u>1,074,411</u>	<u>676,325</u>

There was no material effect of seasonality on the Remaining Group's borrowing requirements.

#### SEGMENTAL ANALYSIS

For the year ended 31 December 2011, 2012 and 2013, the Remaining Group's income was mostly derived from the aggregate of income from operation of hotels and properties rental income, which was analysed as follows:

	<b>2011</b> <i>HK\$'000</i>	<b>2012</b> <i>HK\$'000</i>	<b>2013</b> <i>HK\$'000</i>
Income from operation of hotels	245,878	355,152	518,631
Properties rental income	92,127	97,342	102,306
Other income	<u>15,714</u>	<u>16,739</u>	<u>19,905</u>
Total	<u>353,719</u>	<u>469,233</u>	<u>640,842</u>

The hotel performance enhanced substantially because Best Western Hotel Harbour View commenced business in July 2012 and Best Western Grand Hotel commenced business in December 2012. The Group enjoyed the hotel income derived from their full year operation in 2013.

The properties rental income was derived from office buildings of Shun Ho Tower, 633 King's Road and shops from Ramada Hotel Kowloon, Ramada Hong Kong Hotel, Best Western Hotel Taipa, Macau and Best Western Grand Hotel. The growth over the three years from 2011 to 2013 was mainly derived from 633 King's Road which provided an annual rental income of HK\$80 million (excluding rates and management fee expense).

Other income was mostly property management fee income.

### **DISPOSAL AND ACQUISITION OF MATERIAL SUBSIDIARIES AND ASSOCIATED COMPANIES**

A subsidiary which held houses properties at Gold Coast, New Territories, Hong Kong was disposed for the aggregate consideration of HK\$63 million and a gain of HK\$40 million was attributable to 2013. Save as the aforesaid disposal and the Disposal of Himson Enterprises and Longham Investment, the Remaining Group did not acquire or dispose of any material subsidiaries and associated companies during three years from 2011 to 2013.

### **CONTINGENT LIABILITIES**

As at 31 December 2011, 2012, and 2013, the Remaining Group had no significant contingent liabilities.

### **SIGNIFICANT INVESTMENT**

Save as disclosed in the other paragraphs of this section, the Remaining Group did not hold any other significant investment as at three years ended 31 December 2011, 31 December 2012 and 31 December 2013 respectively.

### **EXCHANGE RISK**

The Group's bank borrowings carry interest at floating rates and are mainly denominated in Hong Kong dollar. Accordingly, the exchange risk of the Group is minimal.

### **STAFF AND REMUNERATION POLICY**

For the year ended 31 December 2011, 2012 and 2013, the numbers of the staff of the Remaining Group were 390, 650 and 660 respectively and the staff remuneration was HK\$71,168,000, HK\$83,394,000 and HK\$145,973,000 respectively. The Remaining Group's remuneration policy is built on principle of equality, motivating, performance-oriented and market-competitive remuneration package to employees. The Company adopted an employee share option scheme (the "Employee Share Option Scheme") for its employees at its extraordinary general meeting held on 14 November 2013. No option was granted under the Employee Share Option Scheme since the date of its adoption up to the Latest Practicable Date.

## FINANCIAL AND TRADING PROSPECTS OF THE GROUP

For the year 2013, the investment properties of the Group such as Shun Ho Tower, 633 King's Road and shops in Ramada Hotel Kowloon, Ramada Hong Kong Hotel and new shops in Best Western Grand Hotel remained almost fully let. The average occupancy rate for each of the hotels of the Group in 2013 is set out below:

<b>Name of Hotel</b>	<b>Average Room Occupancy (%)</b>
Ramada Hotel Kowloon	98
Ramada Hong Kong Hotel	96
Best Western Hotel Causeway Bay	97
Best Western Hotel Harbour View	96
Best Western Grand Hotel	95
Best Western Hotel Taipa, Macau	97
Magnificent International Hotel, Shanghai	75

It is the intention of the Group to build a portfolio of 3-4 stars hotels with significant market shares in Hong Kong. Another new hotel is currently under development in Sheung Wan and is expected in operation in 2014. In 2014, it is envisaged that the hotel business would be improving due to the continuous increase of inbound tourists and devaluation of Hong Kong dollar against Renminbi. The leisure travelling continues to improve due to continuous increase of inbound tour from global interests in Asia and implementation of the CEPA and further relaxation of mainlanders to travel freely. The management of the hotels expects that the high occupancy of the hotels could be maintained in 2014 and room rates could be enhanced in view of the increasing demand.



**UNAUDITED FINANCIAL INFORMATION OF HIMSON ENTERPRISES LIMITED**

Set out below are the unaudited consolidated statements of financial position of Himson Enterprises Limited and its subsidiary (collectively referred to as the “Disposal Group”) as of 31 December 2011, 2012 and 2013 and the related unaudited consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the year ended 31 December 2011, 2012 and 2013 and explanatory notes (collectively referred to as the “Consolidated Financial information”), which have been prepared by the Directors in accordance with Rule 14.68(2)(a)(i)(A) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The auditor of the Company, Deloitte Touche Tohmatsu, has reviewed the Consolidated Financial Information of the Disposal Group in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

*FOR EACH OF THE YEAR ENDED 31 DECEMBER 2011, 2012 AND 2013*

	<b>2011</b>	<b>2012</b>	<b>2013</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	63,642	68,009	67,799
Cost of sales	(1,218)	(1,593)	(854)
Other service costs	(23,664)	(24,085)	(26,121)
Depreciation of property, plant and equipment and release of prepaid lease payments for land	<u>(3,425)</u>	<u>(3,434)</u>	<u>(3,407)</u>
Gross profit	35,335	38,897	37,417
Increase (decrease) in fair value of investment properties	14,100	14,000	(5,200)
Other income	949	927	896
Administrative expenses	<u>(695)</u>	<u>(572)</u>	<u>(880)</u>
Profit before taxation	49,689	53,252	32,233
Income tax expense	<u>(5,813)</u>	<u>(5,842)</u>	<u>(3,271)</u>
Profit and total comprehensive income for the year	<u><u>43,876</u></u>	<u><u>47,410</u></u>	<u><u>28,962</u></u>
Profit and total comprehensive income for the year attributable to:			
Owners of the Company	30,712	33,185	20,272
Non-controlling interests	<u>13,164</u>	<u>14,225</u>	<u>8,690</u>
	<u><u>43,876</u></u>	<u><u>47,410</u></u>	<u><u>28,962</u></u>

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AT 31 DECEMBER 2011, 2012 AND 2013

	2011 HK\$'000	2012 HK\$'000	2013 HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	100,855	98,212	95,529
Prepaid lease payments for land	25,536	24,846	24,156
Investment properties	151,200	165,200	160,000
	<u>277,591</u>	<u>288,258</u>	<u>279,685</u>
<b>CURRENT ASSETS</b>			
Inventories	174	173	192
Prepaid lease payments for land	690	690	690
Trade and other receivables	5,486	6,019	4,525
Deposits and prepayments	351	726	358
Bank balances and cash	5,583	5,941	5,110
	<u>12,284</u>	<u>13,549</u>	<u>10,875</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables and accruals	4,648	5,075	4,051
Rental and other deposits received	1,833	1,446	1,258
Amount due to immediate holding company	105,009	66,922	28,495
Amount due to a fellow subsidiary	–	–	3,690
Tax liabilities	3,419	3,840	3,572
	<u>114,909</u>	<u>77,283</u>	<u>41,066</u>
<b>NET CURRENT LIABILITIES</b>	<u>(102,625)</u>	<u>(63,734)</u>	<u>(30,191)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<u>174,966</u>	<u>224,524</u>	<u>249,494</u>
<b>CAPITAL AND RESERVES</b>			
Share capital	–	–	–
Reserves	103,436	136,621	156,893
Equity attributable to owners of the Company	103,436	136,621	156,893
Non-controlling interests	60,227	74,452	79,452
	<u>163,663</u>	<u>211,073</u>	<u>236,345</u>
<b>NON-CURRENT LIABILITIES</b>			
Rental deposits received	807	952	952
Deferred tax liabilities	10,496	12,499	12,197
	<u>11,303</u>	<u>13,451</u>	<u>13,149</u>
	<u>174,966</u>	<u>224,524</u>	<u>249,494</u>

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR EACH OF THE YEAR ENDED 31 DECEMBER 2011, 2012 AND 2013

	Attributable to owners of the Company				Non- controlling	
	Share capital HK\$'000	Other reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	interests HK\$'000	Total HK\$'000
At 1 January 2011	–	(15,388)	88,112	72,724	47,063	119,787
Profit and total comprehensive income for the year	–	–	30,712	30,712	13,164	43,876
At 31 December 2011	–	(15,388)	118,824	103,436	60,227	163,663
Profit and total comprehensive income for the year	–	–	33,185	33,185	14,225	47,410
At 31 December 2012	–	(15,388)	152,009	136,621	74,452	211,073
Profit and total comprehensive income for the year	–	–	20,272	20,272	8,690	28,962
Dividend distributed to non-controlling interests	–	–	–	–	(3,690)	(3,690)
At 31 December 2013	–	(15,388)	172,281	156,893	79,452	236,345

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

FOR EACH OF THE YEAR ENDED 31 DECEMBER 2011, 2012 AND 2013

	2011 HK\$'000	2012 HK\$'000	2013 HK\$'000
<b>OPERATING ACTIVITIES</b>			
Profit before taxation	49,689	53,252	32,233
Adjustments for:			
(Increase) decrease in fair value of investment properties	(14,100)	(14,000)	5,200
Depreciation of property, plant and equipment and release of prepaid lease payments for land	3,425	3,434	3,407
	<u>39,014</u>	<u>42,686</u>	<u>40,840</u>
Operating cash flows before movements in working capital	39,014	42,686	40,840
Decrease (increase) in inventories	23	1	(19)
(Increase) decrease in trade and other receivables	(1,767)	(533)	1,494
Decrease (increase) in deposits and prepayments	192	(375)	368
Increase (decrease) in trade and other payables and accruals	998	427	(1,024)
Increase (decrease) in rental and other deposits received	523	(242)	(188)
	<u>38,983</u>	<u>41,964</u>	<u>41,471</u>
Cash generated from operations	38,983	41,964	41,471
Macau Profits Tax paid	(2,001)	(3,418)	(3,841)
	<u>36,982</u>	<u>38,546</u>	<u>37,630</u>
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>36,982</b>	<b>38,546</b>	<b>37,630</b>
<b>CASH USED IN INVESTING ACTIVITY</b>			
Additions of property, plant and equipment	(106)	(101)	(34)
	<u>(106)</u>	<u>(101)</u>	<u>(34)</u>
<b>FINANCING ACTIVITIES</b>			
Advance from immediate holding company	107	45	38
Repayment to immediate holding company	(35,170)	(38,132)	(38,465)
	<u>(35,063)</u>	<u>(38,087)</u>	<u>(38,427)</u>
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(35,063)</b>	<b>(38,087)</b>	<b>(38,427)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
	1,813	358	(831)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>			
	<u>3,770</u>	<u>5,583</u>	<u>5,941</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, represented by bank balances and cash</b>			
	<u>5,583</u>	<u>5,941</u>	<u>5,110</u>

**NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION***FOR EACH OF THE YEAR ENDED 31 DECEMBER 2011, 2012 AND 2013***1. GENERAL**

On 20 December 2013, a wholly-owned subsidiary of Magnificent Estates Limited (the “Company”) entered into the sale and purchase agreement with Oceanic Leader Investments Limited, a company incorporated in the British Virgin Islands, for the disposal (the “Disposal”) of entire equity interests in and the loans to Himson Enterprises Limited (and its subsidiary, collectively referred to as the “Disposal Group”) and Longham Investment Limited. The Company is an intermediate holding company of the Disposal Group and is incorporated in Hong Kong, with its shares listed on The Stock Exchange of Hong Kong Limited.

The principal activity of the Disposal Group is the hotel investment and operations.

The consolidated financial information is presented in Hong Kong dollars, which is different from the functional currency of the companies comprising the Disposal Group, as the directors of the Company consider that Hong Kong dollars is the most appropriate presentation currency in view of its place of listing.

**2. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL INFORMATION**

The consolidated financial information of the Disposal Group for each of the year ended 31 December 2011, 2012 and 2013 (collectively referred as to the “Consolidated Financial Information”) has been prepared in accordance with paragraph 68(2)(a)(i) of Chapter 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and solely for the purposes of inclusion in the circular to be issued by the Company in connection with the Disposal.

The amounts included in the Consolidated Financial Information of the Disposal Group have been recognised and measured in accordance with the relevant accounting policies, which conform with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), adopted by the Company and its subsidiaries in the preparation of the consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2013. The Consolidated Financial Information does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard (the “HKAS”) 1 “Presentation of Financial Statements” nor an interim financial report as defined in HKAS 34 “Interim Financial Reporting” issued by the HKICPA. In addition, for the purpose of the preparation of the consolidated Financial Information, the comparative financial information in respect of the year ended 31 December 2010 has not been presented.

In preparing the Consolidated Financial Information of the Disposal Group, the directors of Himson Enterprises Limited (“Himson Enterprises”) have given consideration to the future liquidity of the Disposal Group in light of the fact that the Disposal Group’s current liabilities exceeded its current assets by approximately HK\$30,191,000 as of 31 December 2013. The Company has agreed to provide the Disposal Group with financial support in meeting the Disposal Group’s financial obligations as and when they fall due for the foreseeable future and this financial support will continue up to the effective date of the Disposal. The directors of Himson Enterprises also considered that new banking facilities can be obtained by pledge of the Disposal Group’s investment properties and hotel properties. Accordingly, the directors of Himson Enterprises are satisfied that the Disposal Group will be able to meet in full its financial obligations as and when they fall due in the foreseeable future, and accordingly, the Consolidated Financial Information of the Disposal Group has been prepared on the going concern basis.

## UNAUDITED FINANCIAL INFORMATION OF LONGHAM INVESTMENT LIMITED

Set out below are the unaudited consolidated statements of financial position of Longham Investment Limited and its subsidiary (collectively referred to as the “Disposal Group”) as of 31 December 2011, 2012 and 2013 and the related unaudited consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the year ended 31 December 2011, 2012 and 2013 and explanatory notes (collectively referred to as the “Consolidated Financial information”), which have been prepared by the Directors in accordance with Rule 14.68(2)(a)(i)(A) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The auditor of the Company, Deloitte Touche Tohmatsu, has reviewed the Consolidated Financial Information of the Disposal Group in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

*FOR EACH OF THE YEAR ENDED 31 DECEMBER 2011, 2012 AND 2013*

	<b>2011</b>	<b>2012</b>	<b>2013</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Increase in fair value of investment properties	2,034	2,300	2,870
Other income	–	720	980
Share of result of an associate	13,164	14,225	8,690
Administrative expenses	<u>(55)</u>	<u>(63)</u>	<u>(52)</u>
Profit before taxation	15,143	17,182	12,488
Income tax expense	<u>–</u>	<u>(100)</u>	<u>(112)</u>
Profit and total comprehensive income for the year	<u><u>15,143</u></u>	<u><u>17,082</u></u>	<u><u>12,376</u></u>

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AT 31 DECEMBER 2011, 2012 AND 2013

	2011 HK\$'000	2012 HK\$'000	2013 HK\$'000
<b>NON-CURRENT ASSETS</b>			
Interest in an associate	60,227	74,452	79,452
Investment properties	37,420	39,720	–
	<u>97,647</u>	<u>114,172</u>	<u>79,452</u>
<b>CURRENT ASSETS</b>			
Amount due from an associate	–	–	3,690
Deposits and prepayments	15	16	–
Bank balance	1	–	–
	<u>16</u>	<u>16</u>	<u>3,690</u>
<b>CURRENT LIABILITIES</b>			
Accruals	276	292	–
Amount due to an intermediate holding company	33,770	33,092	–
Amount due to immediate holding company	133	138	192
	<u>34,179</u>	<u>33,522</u>	<u>192</u>
<b>NET CURRENT (LIABILITIES) ASSETS</b>	<u>(34,163)</u>	<u>(33,506)</u>	<u>3,498</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<u><u>63,484</u></u>	<u><u>80,666</u></u>	<u><u>82,950</u></u>
<b>CAPITAL AND RESERVES</b>			
Share capital	–	–	–
Reserves	63,484	80,566	82,950
	<u>63,484</u>	<u>80,566</u>	<u>82,950</u>
<b>NON-CURRENT LIABILITY</b>			
Deferred tax liabilities	–	100	–
	<u>63,484</u>	<u>80,666</u>	<u>82,950</u>



**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

FOR EACH OF THE YEAR ENDED 31 DECEMBER 2011, 2012 AND 2013

	<b>Share capital</b> <i>HK\$'000</i>	<b>Other reserve</b> <i>HK\$'000</i>	<b>Retained profits</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
At 1 January, 2011	–	15,388	32,953	48,341
Profit and total comprehensive income for the year	–	–	15,143	15,143
At 31 December, 2011	–	15,388	48,096	63,484
Profit and total comprehensive income for the year	–	–	17,082	17,082
At 31 December, 2012	–	15,388	65,178	80,566
Profit and total comprehensive income for the year	–	–	12,376	12,376
Deemed distribution to the immediate holding company (note)	–	(9,992)	–	(9,992)
At 31 December, 2013	–	5,396	77,554	82,950

*Note:* During the year ended 31 December 2013, Longham Investment disposed of the entire interest in a subsidiary to its immediate holding company at a consideration with reference to the investment cost in that subsidiary amounted to approximately HK\$69,000. The difference of approximately HK\$9,992,000 between the consideration and the carrying amounts of assets and liabilities of that subsidiary is recognised in other reserve as a deemed distribution to immediate holding company.

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

FOR EACH OF THE YEAR ENDED 31 DECEMBER 2011, 2012 AND 2013

	<b>2011</b>	<b>2012</b>	<b>2013</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>OPERATING ACTIVITIES</b>			
Profit before taxation	15,143	17,182	–
Adjustments for:			
Share of result of an associate	(13,164)	(14,225)	–
Increase in fair value of investment properties	(2,034)	(2,300)	–
	<u>          </u>	<u>          </u>	<u>          </u>
Operating cash flows before movements in working capital	(55)	657	–
Increase in deposits and prepayments	(1)	(1)	–
Increase in accruals	8	16	–
Increase (decrease) in amount due to an intermediate holding company	43	(678)	–
Increase in amount due to immediate holding company	5	5	–
	<u>          </u>	<u>          </u>	<u>          </u>
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<u>          </u>	<u>          </u>	<u>          </u>
	–	(1)	–
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	–	(1)	–
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u>          </u>	<u>          </u>	<u>          </u>
	1	1	–
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, representing bank balance</b>	<u>          </u>	<u>          </u>	<u>          </u>
	<u>          </u>	<u>          </u>	<u>          </u>
	1	–	–

**NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION***FOR EACH OF THE YEAR ENDED 31 DECEMBER 2011, 2012 AND 2013***1. GENERAL**

On 20 December 2013, a subsidiary of Magnificent Estates Limited (the “Company”) entered into the sale and purchase agreement with Oceanic Leader Investments Limited, a company incorporated in the British Virgin Islands, for the disposal (the “Disposal”) of entire equity interests in and the loans to Longham Investment Limited and Himson Enterprises Limited. The Company is an intermediate holding company of Longham Investment Limited (“Longham Investment”) and is incorporated in Hong Kong with its shares listed on The Stock Exchange of Hong Kong Limited.

The principal activity of the associate is the hotel investment and operations.

The consolidated financial information is presented in Hong Kong dollars, which is also the functional currency of Longham Investment.

No consolidated statement of cash flows is presented for the year ended 31 December 2013 as the Group does not have any cash transactions during the year ended 31 December 2013 and the bank account was closed during the year ended 31 December 2012.

**2. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL INFORMATION**

The consolidated financial information of the Longham Investment and its subsidiary (hereinafter collectively referred to as the “Disposal Group”) for each of the year ended 31 December 2011, 2012 and 2013 (collectively referred to as the “Consolidated Financial Information”) has been prepared in accordance with paragraph 68(2)(a)(i) of Chapter 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and solely for the purposes of inclusion in the circular to be issued by the Company in connection with the Disposal.

The amounts included in the Consolidated Financial Information of the Disposal Group have been recognised and measured in accordance with the relevant accounting policies, which conform with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), adopted by the Company and its subsidiaries in the preparation of the consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2013. The Consolidated Financial Information does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard (the “HKAS”) 1 “Presentation of Financial Statements” nor an interim financial report as defined in HKAS 34 “Interim Financial Reporting” issued by the HKICPA. In addition, for the purpose of the preparation of the consolidated Financial Information, the comparative financial information in respect of the year ended 31 December 2010 has not been presented.

**A. PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP**

The pro forma financial information (the “Pro Forma Financial Information”) presented below is prepared to illustrate (a) the financial position of the Remaining Group as if the Disposal has been completed on 31 December 2013; and (b) the results and cash flows of the Remaining Group for the year ended 31 December 2013 as if the Disposal had been completed on 1 January 2013. The Pro Forma Financial Information has been prepared for illustrative purpose only. Because of its hypothetical nature, it may not purport to present the true picture of the financial position of the Remaining Group as at 31 December 2013 or at any future date had the Disposal been completed on 31 December 2013 and the results and cash flows of the Remaining Group for the year ended 31 December 2013 or for any future period had the Disposal been completed on 1 January 2013.

The pro forma financial information is prepared based on the audited consolidated statement of financial position of the Group as at 31 December 2013, the audited consolidated statement of profit or loss and other comprehensive income and audited consolidated statement of cash flows of the Group for the year ended 31 December 2013 extracted from the consolidated financial statements of the Group for the year ended 31 December 2013, after giving effect to pro forma adjustments described in the notes and is prepared in accordance with Rules 4.29 and 14.68(2)(a)(ii) of the Listing Rules.

**APPENDIX IV**
**UNAUDITED PRO FORMA FINANCIAL  
INFORMATION OF THE REMAINING GROUP**
**PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
*AT 31 DECEMBER 2013*

	<b>The Group</b> <i>HK\$'000</i>	<b>Pro forma adjustments</b> <i>HK\$'000</i> <i>(Note 1)</i>	<b>Pro forma Remaining Group</b> <i>HK\$'000</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	2,381,561		2,381,561
Prepaid lease payments for land	35,014		35,014
Investment properties	3,064,000		3,064,000
Properties under development	263,276		263,276
Available-for-sale investments	217,186		217,186
	<u>5,961,037</u>		<u>5,961,037</u>
<b>CURRENT ASSETS</b>			
Inventories	826		826
Prepaid lease payments for land	922		922
Trade and other receivables	23,855		23,855
Other deposits and prepayments	12,124	(5,000)	7,124
Bank balances and cash	314,280	713,582	1,027,862
	<u>352,007</u>		<u>1,060,589</u>
Assets classified as held for sale	290,560	(290,560)	–
	<u>642,567</u>		<u>1,060,589</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables and accruals	31,177		31,177
Rental and other deposits received	18,804		18,804
Advance from immediate holding company	76,557		76,557
Advance from an intermediate holding company	5,973		5,973
Advance from ultimate holding company	405		405
Advance from a fellow subsidiary	4,745		4,745
Tax liabilities	18,525		18,525
Bank loans	676,325		676,325
	<u>832,511</u>		<u>832,511</u>
Liabilities associated with assets classified as held for sale	202,030	(202,030)	–
	<u>1,034,541</u>		<u>832,511</u>
<b>NET CURRENT (LIABILITIES) ASSETS</b>	<u>(391,974)</u>		<u>228,078</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<u><u>5,569,063</u></u>		<u><u>6,189,115</u></u>

**APPENDIX IV****UNAUDITED PRO FORMA FINANCIAL  
INFORMATION OF THE REMAINING GROUP**

	<b>The Group</b> <i>HK\$'000</i>	<b>Pro forma adjustments</b> <i>HK\$'000</i> <i>(Note 1)</i>	<b>Pro forma Remaining Group</b> <i>HK\$'000</i>
<b>CAPITAL AND RESERVES</b>			
Share capital	89,471		89,471
Share premium and reserves	5,200,964	620,052	5,821,016
	<hr/>		<hr/>
Equity attributable to owners of the Company	5,290,435		5,910,487
Non-controlling interests	144,539		144,539
	<hr/>		<hr/>
	5,434,974		6,055,026
	<hr/>		<hr/>
<b>NON-CURRENT LIABILITIES</b>			
Rental deposits received	25,762		25,762
Deferred tax liabilities	108,327		108,327
	<hr/>		<hr/>
	134,089		134,089
	<hr/>		<hr/>
	5,569,063		6,189,115
	<hr/> <hr/>		<hr/> <hr/>

**APPENDIX IV**
**UNAUDITED PRO FORMA FINANCIAL  
INFORMATION OF THE REMAINING GROUP**
**PRO FORMA CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**
*FOR THE YEAR ENDED 31 DECEMBER 2013*

	<b>The Group</b>	<b>Pro forma adjustments</b>		<b>Pro forma Remaining Group</b>
	<i>HK\$'000</i>	<i>HK\$'000</i> <i>(Note 2)</i>	<i>HK\$'000</i> <i>(Note 3)</i>	<i>HK\$'000</i>
Revenue	688,736	(67,799)		620,937
Cost of sales	(4,435)	854		(3,581)
Other service costs	(227,552)	26,121		(201,431)
Depreciation of property, plant and equipment and release of prepaid lease payments for land	<u>(65,480)</u>	3,407		<u>(62,073)</u>
Gross profit	391,269			353,852
Increase in fair value of investment properties	299,213	5,200		304,413
Other income and gains	19,905	(896)		19,009
Gain on disposal of subsidiaries	40,140		610,592	650,732
Administrative expenses				
– Depreciation	<u>(3,065)</u>			<u>(3,065)</u>
– Others	<u>(24,409)</u>	886		<u>(23,523)</u>
	(27,474)	886		(26,588)
Other expenses	(14,973)			(14,973)
Finance costs	<u>(19,435)</u>			<u>(19,435)</u>
Profit before taxation	688,645			1,267,010
Income tax expense	<u>(62,514)</u>	3,271		<u>(59,243)</u>
Profit for the year	<u>626,131</u>			<u>1,207,767</u>

	<b>The Group</b>	<b>Pro forma adjustments</b>		<b>Pro forma Remaining Group</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		<i>(Note 2)</i>	<i>(Note 3)</i>	
<b>Other comprehensive income</b>				
<b>Items that may be subsequently reclassified to profit or loss</b>				
Exchange differences arising on translation of foreign operations	2,043			2,043
Fair value gain on available-for- sale investments	<u>31,323</u>			<u>31,323</u>
Other comprehensive income for the year	<u>33,366</u>			<u>33,366</u>
Total comprehensive income for the year	<u><u>659,497</u></u>			<u><u>1,241,133</u></u>
Profit for the year attributable to:				
Owners of the Company	622,770			1,204,406
Non-controlling interests	<u>3,361</u>			<u>3,361</u>
	<u><u>626,131</u></u>			<u><u>1,207,767</u></u>
Total comprehensive income attributable to:				
Owners of the Company	656,136			1,237,772
Non-controlling interests	<u>3,361</u>			<u>3,361</u>
	<u><u>659,497</u></u>			<u><u>1,241,133</u></u>



## PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2013

	The Group HK\$'000	Pro forma adjustments HK\$'000      HK\$'000 (Note 4)      (Note 5)		Pro forma Remaining Group HK\$'000
<b>OPERATING ACTIVITIES</b>				
Profit before taxation	688,645	(32,227)	610,592	1,267,010
Adjustments for:				
Interest income from bank deposits	(1,616)			(1,616)
Finance costs	19,435			19,435
Increase in fair value of investment properties	(299,213)	(5,200)		(304,413)
Gain on disposal of property, plant and equipment	(1,050)			(1,050)
Gain on disposal of subsidiaries	(40,140)		(610,592)	(650,732)
Depreciation of property, plant and equipment	66,932	(2,717)		64,215
Release of prepaid lease payments for land	1,613	(690)		923
Operating cash flows before movements in working capital	434,606			393,772
Increase in inventories	(55)	19		(36)
Decrease in trade and other receivables	2,194	(1,494)		700
Increase in other deposits and prepayments	(5,189)	(368)	5,000	(557)
(Decrease) increase in trade and other payables and accruals	(790)	1,018		228
Increase in rental and other deposits received	8,989	188		9,177
Cash generated from operations	439,755			403,284
Hong Kong Profits Tax paid	(37,873)			(37,873)
Income tax elsewhere paid	(4,390)	3,841		(549)
Interest from bank deposits received	1,616			1,616
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>399,108</b>			<b>366,478</b>
<b>INVESTING ACTIVITIES</b>				
Deposit received from disposal of subsidiaries	180,000		(180,000)	–
Proceeds from disposal of subsidiaries, net of cash and cash equivalents	62,133		882,641	944,774
Expenditure on properties under development	(47,852)			(47,852)
Acquisition of property, plant and equipment	(5,374)	34		(5,340)
Proceeds from disposal of property, plant and equipment	1,081			1,081
Decrease in pledged bank deposits	110			110
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>190,098</b>			<b>892,773</b>

**APPENDIX IV**
**UNAUDITED PRO FORMA FINANCIAL  
INFORMATION OF THE REMAINING GROUP**

	<b>The Group</b>	<b>Pro forma adjustments</b>		<b>Pro forma Remaining Group</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		<i>(Note 4)</i>	<i>(Note 5)</i>	
<b>FINANCING ACTIVITIES</b>				
Interest paid	(22,347)			(22,347)
Repayments of bank loans	(398,086)			(398,086)
Dividend paid to shareholders	(58,156)			(58,156)
Advance from ultimate holding company	693			693
Repayment to ultimate holding company	(51,360)			(51,360)
Advance from an intermediate holding company	38,440			38,440
Repayment to an intermediate holding company	(805)			(805)
Advance from immediate holding company	235,590			235,590
Repayment to immediate holding company	(193,297)			(193,297)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<u>(449,328)</u>			<u>(449,328)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	139,878			809,923
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	179,759			179,759
Effect of foreign exchange rate changes	(247)			(247)
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u>319,390</u>			<u>989,435</u>
Represented by:				
Bank balances and cash	314,280			989,435
Bank balances and cash classified as held for sale	5,110			—
	<u>319,390</u>			<u>989,435</u>

## NOTES TO THE PRO FORMA FINANCIAL INFORMATION

FOR THE YEAR ENDED 31 DECEMBER 2013

1. The adjustments included the deconsolidation of the Disposal Group, the recognition of net cash inflows from the Disposal of HK\$713,582,000 as determined by the unsettled cash consideration of HK\$720,000,000 less the unsettled direct expenses of HK\$6,418,000 as mentioned in note (c) below and recognition of the estimated gain arising from the disposal of the Disposal Group as if the Disposal has been completed on 31 December 2013:

	<i>HK\$'000</i>
Cash consideration ( <i>note a</i> )	900,000
Net assets of the Disposal Group ( <i>note b</i> )	(239,843)
Sales of the Sale Loan ( <i>note a</i> )	(28,687)
Estimated legal and professional fees directly attributed to the Disposal ( <i>note c</i> )	(11,418)
	<hr/>
Estimated gain on the Disposal	<u>620,052</u>

- (a) In accordance to the sale and purchase agreement entered into between Houston Venture Limited, a wholly-owned subsidiary of the Company, and Oceanic Leader Investments Limited, an independent third party of the Group, the Group proposed to dispose of its entire equity interest in Himson Enterprises Limited (“Himson Enterprises”) and Longham Investment Limited (“Longham Investment”), together with the shareholder’s loans owed by Himson Enterprises and Longham Investment to the Group (the “Sale Loan”) at an aggregate consideration of HK\$900,000,000 of which an amount of HK\$180,000,000 was received by the Group during the year ended 31 December 2013 and had been included in the liabilities associated with assets classified as held for sale in the audited consolidated statement of financial position of the Group as at 31 December 2013. As at 31 December 2013, the carrying amount of the Sale Loan is approximately HK\$28,687,000.
- (b) As at 31 December 2013, the net assets of the Disposal Group is HK\$239,843,000 based on the combined net assets of Himson Enterprises and its subsidiary of HK\$236,345,000, and Longham Investment of HK\$82,950,000 extracted from their respective financial information set out in Appendix II and Appendix III to this circular and the elimination of interest in an associate of Longham Investment (being a non-wholly owned subsidiary of Himson Enterprises) amounted to HK\$79,452,000 against the non-controlling interests of Himson Enterprises.
- (c) The estimated legal and professional fees directly attributed to the Disposal is approximately HK\$11,418,000 of which HK\$5,000,000 was prepaid during the year ended 31 December 2013 and had been included in other deposits and prepayments in the audited consolidated statement of financial position of the Group as at 31 December 2013.

Given the consideration including the sale of Sale Loan is fixed at HK\$900,000,000, and the carrying amount of the Sale Loan is HK\$28,687,000 as at 31 December 2013, the estimated gain of HK\$620,052,000 has not taken into account further advances granted or repayments made between the Remaining Group and the Disposal Group subsequent to 31 December 2013, which would affect the final gain or loss upon the completion of the disposal.

The final gain on the Disposal may also be affected by the carrying amount of the assets and liabilities of the Disposal Group on the date of disposal.

2. The adjustment is to exclude each line item of the Disposal Group that is incorporated in the consolidated statement of profit or loss and other comprehensive income of the Group for the year ended 31 December 2013 as if the Disposal had been taken place on 1 January 2013. The amounts are extracted from the respective financial information set out in Appendix II and Appendix III to this circular, and has excluded the results of a subsidiary disposed of during the year by Longham Investment to its immediate holding company of HK\$3,692,000 which include the increase in fair value of investment properties of HK\$2,870,000, other income of HK\$980,000, administrative expenses of HK\$46,000 and income tax expense of HK\$112,000 and has adjusted the impact of share of result of an associate of Longham Investment.

3. The adjustments represented the recognition of estimated gain arising from the disposal of the Disposal Group as if the Disposal had been completed on 1 January 2013:

	<i>HK\$'000</i>
Cash consideration ( <i>note a</i> )	900,000
Net assets of the Disposal Group ( <i>note b</i> )	(210,930)
Sales of the Sale Loan ( <i>note a</i> )	(67,060)
Estimated legal and professional fees directly attributed to the Disposal ( <i>note c</i> )	(11,418)
 Estimated gain on the Disposal	 610,592

- (a) In accordance to the sale and purchase agreement entered into by Houston Venture Limited, a wholly-owned subsidiary of the Company, and Oceanic Leader Investments Limited, an independent third party of the Group, the Group proposed to dispose of its entire equity interest in Himson Enterprises and Longham Investment, together with the Sale Loan of Himson Enterprises and Longham Investment owing to the Remaining Group at an aggregated consideration of HK\$900,000,000. As at 1 January 2013, the carrying amount of the Sale Loan is approximately HK\$67,060,000.
- (b) As at 1 January 2013, the net assets of the Disposal Group is HK\$210,930,000 based on the combined net assets of Himson Enterprises and its subsidiary of HK\$211,073,000, and Longham Investment of HK\$80,566,000 extracted from their respective financial information set out in Appendix II and Appendix III to this circular, the elimination of interest in an associate of Longham Investment (being a non-wholly owned subsidiary of Himson Enterprises) amounted to HK\$74,452,000 against the non-controlling interests of Himson Enterprises and the exclusion of the net assets as at 1 January 2013 of a subsidiary disposed of during the year ended 31 December 2013 by Longham Investment to its immediate holding company of HK\$6,257,000.
- (c) The estimated legal and professional fees directly attributed to the Disposal is approximately HK\$11,418,000.

Given the consideration including the sale of Sale Loan is fixed at HK\$900,000,000, and the carrying amount of the Sale Loan is HK\$67,060,000 as at 1 January 2013, the estimated gain of HK\$610,592,000 has not taken into account further advances granted or repayments made between the Remaining Group and the Disposal Group subsequent to 1 January 2013, which would affect the final gain or loss upon the completion of the disposal.

The final gain on the Disposal may also be affected by the carrying amount of the assets and liabilities of the Disposal Group on the date of disposal.

4. The adjustments are to exclude the cash flows of the Disposal Group incorporated in the consolidated statement of cash flows of the Group for the year ended 31 December 2013 as if the Disposal had been taken place on 1 January 2013.
5. The net cash inflows of HK\$882,641,000 is calculated by deducting the (i) estimated legal and professional fees for this transaction of approximately HK\$11,418,000 and (ii) bank and cash of the Disposal Group of approximately HK\$5,941,000 as at 1 January 2013 from the cash consideration of HK\$900,000,000 as if the Disposal had been taken place on 1 January 2013. Gain on the disposal of HK\$610,592,000 is adjusted against the profit before taxation in the pro forma consolidated statement of cash flows. The cash inflows of HK\$180,000,000 from deposit received from disposal of subsidiaries and the cash outflow of HK\$5,000,000 for the prepaid legal and professional fees during the year ended 31 December 2013 are reversed as if the Disposal had been taken place on 1 January 2013.
6. The adjustments to the pro forma consolidated statement of profit or loss and other comprehensive income and the pro forma consolidated statement of cash flows are not expected to have a continuing effect on the Remaining Group.

**B. ACCOUNTANTS' REPORT FROM THE REPORTING ACCOUNTANTS ON PRO  
FORMA FINANCIAL INFORMATION**

*The following is the text of a report received from our reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, prepared for the purpose of incorporation in this circular, in respect of pro forma financial information of the Remaining Group.*

**Deloitte.**  
**德勤**

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE  
COMPILATION OF PRO FORMA FINANCIAL INFORMATION****TO THE DIRECTORS OF MAGNIFICENT ESTATES LIMITED**

We have completed our assurance engagement to report on the compilation of pro forma financial information of Magnificent Estates 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 pro forma financial information consisted of the pro forma consolidated statement of financial position as at 31 December 2013, the pro forma consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2013, the pro forma consolidated statement of cash flows for the year ended 31 December 2013 and related notes as set out on pages 26 to 34 of the circular issued by the Company dated 26 February 2014 (the "Circular"). The applicable criteria on the basis of which the Directors have compiled the pro forma financial information are described in section A of Appendix IV of the Circular.

The pro forma financial information has been compiled by the Directors to illustrate the impact of the disposal of entire equity interests in and loans to Himson Enterprises Limited and Longham Investment Limited on the Group's financial position as at 31 December 2013 and its financial performance and cash flows for the year ended 31 December 2013 as if the transaction had taken place at 31 December 2013 and 1 January 2013 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 December 2013, on which an audit report has been issued.

**Directors' Responsibilities for the Pro Forma Financial Information**

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

**Reporting Accountants' Responsibilities**

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

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 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 comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For 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 pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 December 2013 or 1 January 2013 would have been as presented.

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

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

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

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

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

**Opinion**

In our opinion:

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

**Deloitte Touche Tohmatsu***Certified Public Accountants*

Hong Kong

26 February 2014

The following is the text of a letter and valuation certificate prepared for the purpose of incorporation in this document received from DTZ Debenham Tie Leung Limited, an independent property valuer, in connection with its opinion of market value of the Property in Macau as at 31 December 2013.



16th Floor  
Jardine House  
1 Connaught Place  
Central  
Hong Kong

26 February 2014

The Board of Directors  
Magnificent Estates Limited  
Shun Ho Technology Holdings Limited  
Shun Ho Resources Holdings Limited  
3/F, Shun Ho Tower  
24-30 Ice House Street  
Central, Hong Kong

Dear Sirs,

**Re: Best Western Hotel Taipa, Macau, Estrada Governador Nobre De Carvalho No. 822,  
Taipa, Macau**

#### **INSTRUCTIONS, PURPOSE & DATE OF VALUATION**

In accordance with the instruction of Magnificent Estates Limited, Shun Ho Technology Holdings Limited and Shun Ho Resources Holdings Limited (the “Companies”) for us to carry out market valuation of Best Western Hotel Taipa, Macau (the “Property”), we confirm that we have carried out site inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Property as at 31 December 2013 (the “Date of Valuation”).

#### **DEFINITION OF MARKET VALUE**

Our valuation of the Property represents its market value which in accordance with the HKIS Valuation Standards 2012 Edition published by the Hong Kong Institute of Surveyors is defined as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing where the parties had each acted knowledgeably, prudently and without compulsion”.



**VALUATION BASIS AND ASSUMPTION**

Our valuation of the Property excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of special value.

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

**METHODS OF VALUATION**

In valuing the hotel portion of the Property, we have used the Discounted Cash Flow (“DCF”) method which involves discounting future net cash flow to present value by an appropriate discount rate. We have assumed that all relevant statutory and/or mandatory permissions, permits, approvals and licences which are necessary for hotel operation have been obtained.

Regarding the shop and car parking space portions, we have valued them by capitalising the rental income derived from the existing tenancy with due provision for the reversionary income potential of them and/or by making reference to comparable sales transactions as available in the market.

In valuing the Property, we have complied with the requirements set out in Chapter 5 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the HKIS Valuation Standards 2012 Edition published by the Hong Kong Institutes of Surveyors.

**SOURCE OF INFORMATION**

We have relied to a very considerable extent on the information given by the Companies. We have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, identification of Property, particulars of occupancy, trading accounts, site and floor plans, site and floor areas number of guestrooms and all other relevant matters.

Dimension, measurements and areas included in this valuation report are based on the information provided to us and are therefore only approximations. We have had no reason to doubt the truth and accuracy of the information provided to us by the Companies which is material to the valuation. We were also advised that no material facts have been omitted from the information supplied.

**TITLE INVESTIGATION**

We have not been provided with copies of the title documents relating to the Property but have caused searches to be made at the Conservatória do Registo Predial (Real Estate Registry) (物業登記局) in Macau. However, we have not searched the original documents to verify ownership or to ascertain any amendments to any documents. All documents have been used for reference only and all dimensions, measurements and areas are approximate.

**SITE INSPECTION**

Our valuer Mr. Enoch Chan is member of the Hong Kong Institute of Surveyors, inspected the exterior and wherever possible, the interior of the Property on 30 December 2013. However, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are not able to report whether the Property is free of rot, infestation and any other structural defects. No tests were carried out to any of the services.

Unless otherwise stated, we have not been able to carry out detailed on-site measurements to verify the site and floor areas of the Property and we have assumed that the areas shown on the documents handed to us are correct.

Unless otherwise stated, all sums stated in our valuations are in Hong Kong Dollars. The exchange rate adopted in our valuation for the Property is approximately HK\$1 = MOP1.03 which was the approximate exchange rate prevailing as at the Date of Valuation.

We attach herewith the valuation certificate.

Yours faithfully,  
For and on behalf of  
**DTZ Debenham Tie Leung Limited**  
**K B Wong**

*Registered Professional Surveyor*  
*(General Practice)*  
*MRICS, MHKIS*  
*Senior Director*

*Note: Mr. K B Wong is a Registered Professional Surveyor (General Practice) who has over 25 years property valuation experience in Hong Kong and Macau.*

## VALUATION CERTIFICATE

## Property held for sale

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2013
Best Western Hotel Taipa, Macau, Estrada Governador Nobre De Carvalho No. 822, Taipa, Macau.	<p>The Property comprises a 17-storey hotel building erected on an irregular site with a registered site area of approximately 2,274 sq.m. (24,477 sq.ft.).</p> <p>The Property is located in the center of Taipa, Macau where hotels, casino complexes, residential developments and retail shops can be found in the locality.</p> <p>The total gross floor area of the Property is approximately 19,389 sq.m. (208,703 sq.ft.).</p> <p>The Property accommodates a total of 262 guestrooms, a restaurant and a lobby lounge as well as a swimming pool, function rooms and a gymnasium. In addition, there are 48 car parking spaces provided on the M2/F and a shop provided on the G/F.</p> <p>The Property is held under a Government Lease for a term of 25 years commencing from 24 March 1993. We have assumed that the Government Lease can be renewed successfully in accordance with the prevailing government policies till 19 December 2049. The total Government Rent payable for the Property is MOP 285,590 per annum.</p>	<p>As at the Date of Valuation, the shop on the G/F with an area of approximately 11,000 sq.ft. was let for a term of 3 years commencing from 22 September 2012 to 21 September 2015 at a monthly rent of MOP 300,000 exclusive of management fees and all other outgoings.</p> <p>As informed by the Companies, the above tenant ceased operation. However, the owner of the Property is still receiving the monthly rent from the tenant.</p> <p>The remaining portions of the Property were operated by the owner of the Property.</p>	HK\$900,000,000

## Notes:

- (1) The registered owner of the Property is Sociedade De Investimento e Desenvolvimento Grand, Limitada (Grand-Invest & Development Company Limited) (格蘭投資發展有限公司), a company legally and beneficially owned as to 70% by Himson Enterprises Limited and 30% by Longham Investment Limited which are both indirect wholly-owned subsidiaries of Magnificent Estates Limited.
- (2) The use of the Property as hotel purpose is permitted under a Licenca Da Utilizacao No.24/2004 (translated as "Use Permit") (使用准照) dated 27 September 2004 as approved by Direccao Dos Servicos De Solos, Obras Publicas e Transportes (Land, Public Works and Transport Bureau) (土地工務運輸局).

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this document misleading.

## 2. DISCLOSURE OF INTERESTS

### Directors and chief executive

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

#### (i) *Interests in issued shares in the Company*

<b>Name of Director</b>	<b>Capacity</b>	<b>Nature of interests</b>	<b>Number of Shares held</b>	<b>Approximate % of shareholding</b>
William Cheng Kai Man	Interest of controlled corporations	Corporate	6,360,585,437 (Note)	71.09

*Note:*

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

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

<b>Name of Director</b>	<b>Name of associated corporation</b>	<b>Capacity</b>	<b>Nature of interests</b>	<b>Number of Shares held</b>	<b>Approximate % of shareholding</b>
William Cheng Kai Man	Shun Ho Technology (Note 1)	Interest of controlled corporations	Corporate	350,043,999	65.18
William Cheng Kai Man	Shun Ho Resources (Note 2)	Interest of controlled corporations	Corporate	216,608,825	71.02
William Cheng Kai Man	Trillion Resources (Note 3)	Beneficial owner	Personal	1	100

*Notes:*

1. Shun Ho Technology, the Company's immediate holding company, is a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange.
2. Shun Ho Resources, the Company's intermediate holding company, is a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange.
3. Trillion Resources, the Company's ultimate holding company, is a company incorporated in the British Virgin Islands.

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

**Substantial Shareholders**

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

<b>Name of shareholder</b>	<b>Capacity</b>	<b>Number of shares/ underlying shares held</b>	<b>Approximate % of shareholding</b>
Shun Ho Technology <i>(Note 1)</i>	Beneficial owner and interest of controlled corporations	6,360,663,987	71.09
Omnico Company Inc. (“Omnico”) <i>(Note 2)</i>	Interest of controlled corporations	6,360,663,987	71.09
Shun Ho Resources <i>(Note 2)</i>	Interest of controlled corporations	6,360,663,987	71.09
Trillion Resources <i>(Note 2)</i>	Interest of controlled corporations	6,360,663,987	71.09
Liza Lee Pui Ling <i>(Note 3)</i>	Interest of spouse	6,360,663,987	71.09
Fastgrow Engineering & Construction Company Limited	Beneficial owner	2,978,198,581	33.29
Desmarais Paul G. (Passed away on 8 October 2013) <i>(Note 4)</i>	Interest of controlled corporations	808,472,000	9.04

<b>Name of shareholder</b>	<b>Capacity</b>	<b>Number of shares/ underlying shares held</b>	<b>Approximate % of shareholding</b>
Desmarais Paul G.	Interest of controlled corporations	807,060,000	9.02
Desmarais Andre (as trustee of the Desmarais Family Residuary Trust) <i>(Note 5)</i>	Interest of controlled corporations	803,622,000	8.98
Desmarais Jacqueline (as trustee of the Desmarais Family Residuary Trust) <i>(Note 5)</i>	Interest of controlled corporations	803,622,000	8.98
Desmarais Jr. Paul (as trustee of the Desmarais Family Residuary Trust) <i>(Note 5)</i>	Interest of controlled corporations	803,622,000	8.98
Fortin Guy (as trustee of the Desmarais Family Residuary Trust) <i>(Note 5)</i>	Interest of controlled corporations	803,622,000	8.98
Gelco Enterprises Ltd <i>(Note 5)</i>	Interest of controlled corporations	803,622,000	8.98
IGM Financial Inc. <i>(Note 5)</i>	Interest of controlled corporations	803,622,000	8.98
Nordex Inc. <i>(Note 5)</i>	Interest of controlled corporations	803,622,000	8.98

Name of shareholder	Capacity	Number of shares/ underlying shares held	Approximate % of shareholding
Plessis-Belair Michel (as trustee of the Desmarais Family Residuary Trust) (Note 5)	Interest of controlled corporations	803,622,000	8.98
Power Corporation of Canada (Note 5)	Interest of controlled corporations	803,622,000	8.98
Power Financial Corporation (Note 5)	Interest of controlled corporations	803,622,000	8.98

## Notes:

- Shun Ho Technology beneficially owned 2,709,729,423 Shares (30.29%) and was taken to be interested in 395,656,000 Shares (4.42%) held by Good Taylor Limited, 273,579,983 Shares (3.06%) held by South Point Investments Limited, 3,500,000 Shares (0.04%) held by Shun Ho Technology Developments Limited and 2,978,198,581 Shares (33.29%) held by Fastgrow Engineering & Construction Company Limited, representing a total of 6,360,663,987 Shares (71.09%). The above-mentioned companies were wholly-owned subsidiaries of Shun Ho Technology.
- Shun Ho Technology is directly and indirectly owned as to 65.27% by Omnico, which was in turn owned as to 100% by Shun Ho Resources, which was in turn directly and indirectly owned as to 71.20% by Trillion Resources, which was in turn wholly-owned by Mr. William Cheng Kai Man. Therefore, Omnico, Shun Ho Resources and Trillion Resources were taken to be interested in 6,360,663,987 Shares by virtue of their direct and indirect interests in Shun Ho Technology.
- Madam Liza Lee Pui Ling was deemed to be interested in 6,360,663,987 Shares by virtue of the interest in such Shares of her spouse, Mr. William Cheng Kai Man, a director of the Company.
- Mackenzie Financial Corporation ("MFC") and its subsidiaries were interested in the total number of 808,472,000 Shares. MFC was an indirect wholly-owned subsidiary of IGM Financial Inc. (held as to 100%). IGM Financial Inc. was a non-wholly owned subsidiary of Power Financial Corporation (held as to 58.70%) which was in turn an indirect non-wholly owned subsidiary of Power Corporation of Canada (held as to 65.78%). Power Corporation of Canada was 53.61% owned by Gelco Enterprises Ltd, a 94.95% subsidiary of Nordex Inc. Desmarais Paul (passed away on 8 October 2013) was holder of 68% of the interest in Nordex Inc.
- Mackenzie Financial Corporation ("MFC") and its subsidiaries were interested in the total number of 803,622,000 Shares. MFC was an indirect wholly-owned subsidiary of IGM Financial Inc. (held as to 100%). IGM Financial Inc. was a non-wholly owned subsidiary of Power Financial Corporation (held as to 58.63%) which was in turn an indirect non-wholly owned subsidiary of Power Corporation of Canada (held as to 65.78%). Power Corporation of Canada was 53.61% owned by Gelco Enterprises Ltd, a 94.95% subsidiary of Nordex Inc. Desmarais Paul Jr. (as trustee of the Desmarais Family Residuary Trust) was holder of 68% of the interest in Nordex Inc.



Save as disclosed above and so far as is known to the Directors, as at the Latest Practicable Date, no other person (other than the Directors and chief executives) had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

### **3. DIRECTORS' INTERESTS IN COMPETING BUSINESS**

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

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

As at the Latest Practicable Date, none of the Directors had any interest in any assets which have been, since 31 December 2012 (being the date to which the latest published audited financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

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

### **5. DIRECTORS' INTERESTS IN SERVICE CONTRACTS**

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

### **6. LITIGATION**

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

### **7. MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2012 (being the date to which the latest published audited consolidated financial statements of the Group were made up).

## 8. MATERIAL CONTRACTS

No material contract (not being contracts entered into in the ordinary course of business) has been entered into by the Company or its subsidiaries within the two years preceding the Latest Practicable Date.

## 9. CONSENTS

Each of DTZ Debenham Tie Leung Limited and Deloitte Touche Tohmatsu has given and has not withdrawn their respective written consents to the inclusion of their respective report in this circular with references to their name in form and context in which they respectively appear.

## 10. QUALIFICATION OF EXPERTS

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

<b>Name</b>	<b>Qualifications</b>
DTZ Debenham Tie Leung Limited	Professional surveyors and valuer
Deloitte Touche Tohmatsu	Certified Public Accountants

As at the Latest Practicable Date, neither DTZ Debenham Tie Leung Limited nor Deloitte Touche Tohmatsu has any holding, directly or indirectly, of any securities in any member of the Group or any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities of any member of the Group.

As at the Latest Practicable Date, neither DTZ Debenham Tie Leung Limited nor Deloitte Touche Tohmatsu has any direct or indirect interests in any assets which since 31 December 2012 (being the date to which the latest published audited consolidated financial statements of the Group were made up) have been acquired or disposed of by, or leased to, or which are proposed to be acquired or disposed of by, or leased to, any member of the Group.

## 11. GENERAL

- (a) The registered office of the Company is situated at 3rd Floor, Shun Ho Tower, 24-30 Ice House Street, Central, Hong Kong.
- (b) The share registrar of the Company is Tricor Tengis Limited of 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong.

- (c) The secretary of the Company is Mr. Huen Po Wah, an associate of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators. He is also a holder of the Practitioner's Endorsement issued by the Hong Kong Institute of Chartered Secretaries.
- (d) In the event of any inconsistency, the English language text of this circular shall prevail over the Chinese language text.

## **12. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection during normal business hours at the office of the Company at 3rd Floor, Shun Ho Tower, 24-30 Ice House Street, Central, Hong Kong, for a period of 14 days from the date of this circular:

- (a) this circular;
- (b) the Agreement;
- (c) the memorandum of association and articles of association of the Company;
- (d) the published audited consolidated financial statements of the Company for each of the financial years ended 31 December 2011 and 31 December 2012;
- (e) the consent letters of Deloitte Touche Tohmatsu and DTZ Debenham Tie Leung Limited referred to in the section headed "Consents" in this appendix;
- (f) the report from Deloitte Touche Tohmatsu on the pro forma on the Remaining Group, the text of which is set out in Appendix IV to this circular; and
- (g) the letter and valuation certificate prepared by DTZ Debenham Tie Leung Limited in respect of the Hotel, the text of which is set out in Appendix V to this circular.