

28 November 2025

To: *The Independent Shareholders and the Independent Board Committee*

Dear Sirs or Madams,

PROPOSED DISCLOSEABLE AND CONNECTED TRANSACTIONS

(I) ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL IN ARC OF TRIUMPH DEVELOPMENT COMPANY LIMITED; AND (II) LOAN AGREEMENT

INTRODUCTION

We refer to our appointment to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition Agreement and the Loan Agreement and the transactions contemplated thereunder. Details of the aforesaid transactions are set out in the “Letter from the Board” (the “**Letter from the Board**”) contained in the circular of the Company dated 28 November 2025 (the “**Circular**”), of which this letter forms part. Unless otherwise defined, capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

The Board announced that on 20 November 2025 (after trading hours), (i) the Purchasers, each of them being a subsidiary of the Company; (ii) Ms. Leong (as the Guarantor); and (iii) the Vendors, each of them being indirectly wholly-owned by Ms. Leong, entered into the Acquisition Agreement, pursuant to which the Vendors have agreed to sell, and the Purchasers have agreed to acquire, the entire issued share capital of the Target Company. Pursuant to the Acquisition Agreement, and subject to authorisation by the Secretary of Economy and Finance of Macau, prior to Completion, the Loan Agreement will be entered into pursuant to which SJM Resorts intends to advance the Loan in the principal amount of HK\$177,525,000 to Ms. Leong with a term of three years to finance her portion of the repayment of the ICBC Loan.

As one or more of the applicable percentage ratios in respect of the transactions contemplated under the Acquisition Agreement and the Loan Agreement (on an aggregated basis) are more than 5% but less than 25%, the entering into of the Acquisition Agreement and the Loan Agreement constitute a discloseable transaction of the Company which is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Ms. Leong is a connected person of the Company under the Listing Rules by virtue of her being a Director. As at the Latest Practicable Date, each of the Vendors is indirectly wholly-owned by Ms. Leong. Accordingly, the Vendors are connected persons of the Company under the Listing Rules by virtue of them being associates of Ms. Leong and the Acquisition and the Loan (on an aggregated basis) would thus constitute a connected transaction for the Company under Chapter 14A of the Listing Rules. The Acquisition Agreement and the Loan Agreement are subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Each of STDM and its indirect wholly-owned subsidiary, Konrad Investments Limited has given an undertaking to vote in favour of the resolutions to be proposed at the EGM in relation to the proposed transactions set out in the Circular. Based on the information available to the Company as at the Latest Practicable Date, the aforesaid Shareholders hold or otherwise control an aggregate of over 50% of the voting rights of the Company.

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders as to whether the terms of the Acquisition Agreement and the Loan Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and Shareholders as a whole and to advise the Independent Shareholders on how to vote at the EGM in respect of the Acquisition Agreement and the Loan Agreement and the transactions contemplated thereunder. We, Amasse Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

OUR INDEPENDENCE

As at the Latest Practicable Date, we did not have any relationships or interests with the Company, Ms. Leong, the Vendors or any other parties in connection with the Acquisition Agreement and the Loan Agreement that could reasonably be regarded as relevant to our independence. In the last two years, we have not acted as an independent financial adviser to the Independent Board Committee and the Independent Shareholders for any transaction.

With regard to our independence from the Company, it is noted that, apart from normal professional fees paid or payable to us in connection with the current appointment as the Independent Financial Adviser, no arrangements exist whereby we had received or will receive any fees or benefits from the Company or any other parties that could reasonably be regarded as relevant to our independence, we consider that we are independent pursuant to Rule 13.84 of the Listing Rules.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have reviewed, among others, (i) the annual report (the “**2024 Annual Report**”) of the Company for the year ended 31 December 2024 (“**FY2024**”), the interim report (the “**2025 Interim Report**”) of the Company for the six months ended 30 June 2025 (“**1H2025**”) and the announcement of the Company dated 12 November 2025 setting out selected unaudited key performance indicators of the Group for the nine months ended 30 September 2025 in relation to the information of the Group; (ii) the information contained or referred to in the Circular; and (iii) relevant public information. We have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors and the management of the Company (collectively, the “**Management**”). We have assumed that all information and representations that have been provided by the Management, for which the Directors are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. Our opinion is based on the representation and confirmation of the Management that there are no undisclosed private agreements/arrangements or implied understanding with anyone concerning the Acquisition Agreement and the Loan Agreement. We have reviewed and discussed with the Company on the information provided as well as sought and received confirmation from the Management that all information and representations provided to us by the Management are true, accurate, complete and not misleading in all respects at the time they were made and as at the Latest Practicable Date. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with the Listing Rules.

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, which to the best of their knowledge and belief, that the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in the Circular or the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, carried out any independent verification of the information provided by the Management, nor have we conducted any independent in-depth investigation into the business and affairs of any members of the Group, the counter party(ies) to the Acquisition Agreement and the Loan Agreement or their respective subsidiaries or associates. We also have not considered the taxation implication on the Group or the Shareholders as a result of the Acquisition Agreement and the Loan Agreement and the transactions contemplated thereunder. We have not carried out any feasibility study on the past, and forthcoming investment decision, opportunity or project undertaken or to be undertaken by the Group. Our opinion has been formed on the assumption that any analysis, estimation, anticipation, condition and assumption provided by the Group are feasible and sustainable. Our opinion shall not be constructed as to give any indication to the validity, sustainability and feasibility of any past, existing and forthcoming investment decision, opportunity or project undertaken or to be undertaken by the Group.

Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company. We expressly disclaim any liability and/or any loss arising from or in reliance upon the whole or any part of the contents of this letter.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, we are not obligated to conduct any independent in-depth investigation into the accuracy and completeness of those information.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendation regarding the Acquisition and the Loan, we have considered the following principal factors and reasons:

1. Information on the Group and the Purchasers

1.1 Principal business of the Group and the Purchasers

The principal activity of the Company is investment holding whilst its operating subsidiaries are principally engaged in the development and operations of casinos and related facilities, and hotel, catering, retail, leasing and related services in Macau.

SJM Resorts, one of the Purchasers, is a limited liability company by shares incorporated under the laws of Macau and a subsidiary of the Company. SJM Resorts is one of the six concessionaires in Macau, authorised by the Macau Government to operate casinos and gaming areas.

SJM Investment, one of the Purchasers, is a limited liability company by quotas incorporated under the laws of Macau and a wholly-owned subsidiary of SJM Resorts and an indirect subsidiary of the Company. Its principal business is investment holding.

1.2 Unaudited key performance indicators of the Group for the nine months ended 30 September 2025 (“3Q2025”)

Reference is made to the announcement of the Company dated 12 November 2025, setting out selected unaudited key performance indicators of the Group for 3Q2025 (the “3Q2025 Announcement”).

As set out in the 3Q2025 Announcement, for 3Q2025, the Group recorded a total net revenue of approximately HK\$21,674.0 million and performed steadily as compared to that of approximately HK\$21,300.0 million for the corresponding period in 2024. For 3Q2025, the Group recorded a loss attributable to owners of the Company of approximately HK\$173.0 million, representing an increase of approximately 183.6%, as compared to that of approximately HK\$61.0 million for the corresponding period in 2024, which was mainly attributable to increase in staff cost.

1.3 Financial information of the Group

Set out below is the summary of the Group’s (i) audited financial performance for the year ended 31 December 2023 (“FY2023”) and FY2024 as extracted from the 2024 Annual Report; and (ii) unaudited financial performance for the six months ended 30 June 2024 (“1H2024”) and 1H2025 as extracted from the 2025 Interim Report:

	1H2025	1H2024	FY2024	FY2023
	HK\$ million	HK\$ million	HK\$ million	HK\$ million
	(unaudited)	(unaudited)	(audited)	(audited)
Gaming, hotel, catering, retail, leasing and related services revenues	14,639.3	13,801.3	28,768.9	21,623.2
Profit/(Loss) before tax	(107.1)	(85.2)	158.8	(1,838.9)
Profit/(Loss) for the period/year	(138.1)	(108.6)	106.5	(1,875.0)
<i>Profit/(Loss)</i>				
<i>Attributable to:</i>				
Owners of the Company	(182.2)	(162.4)	3.2	(2,009.8)
Non-controlling interests	44.1	53.8	103.3	134.8

1H2025 vs 1H2024

For 1H2025, the Group recorded revenue of approximately HK\$14,639.3 million, representing an increase of approximately 6.1% as compared to that of approximately HK\$13,801.3 million for 1H2024. The increase in revenue was mainly driven by the increase in gaming revenue from the Group's non-rolling gaming and electronic gaming, while partially offsetting by the decrease in gaming revenue from rolling gaming.

For 1H2025, the Group's loss attributable to owners of the Company was approximately HK\$182.2 million, representing an increase of approximately 12.2% when compared to that of approximately HK\$162.4 million for 1H2024, which was mainly attributable to increase in marketing and promotional expenses and operating and administrative expenses partly offset by increase in gaming revenue.

FY2024 vs FY2023

For FY2024, the Group recorded revenue of approximately HK\$28,768.9 million, representing an increase of approximately 33.0% as compared to that of approximately HK\$21,623.2 million for FY2023. The increase was driven by the increase in gaming revenue from the Group's rolling gaming, non-rolling gaming as well as electronic gaming.

For FY2024, the Group recorded a profit attributable to owners of the Company of approximately HK\$3.2 million as compared to a loss attributable to owners of the Company of approximately HK\$2,009.8 million for FY2023, which was mainly attributable to the increase in the revenue of the Group as discussed above.

Financial position

Set out below is the summary of the Group's financial position as at 31 December 2024 and 30 June 2025 as extracted from the 2025 Interim Report:

	As at 30 June 2025 HK\$ million (unaudited)	As at 31 December 2024 HK\$ million (audited)
Non-current assets	45,306.4	45,463.4
Current assets	<u>3,634.4</u>	<u>3,261.5</u>
Total assets	<u>48,940.8</u>	<u>48,724.9</u>
Non-current liabilities	20,922.2	27,615.5
Current liabilities	<u>13,993.9</u>	<u>6,933.4</u>
Total liabilities	<u>34,916.1</u>	<u>34,548.9</u>
Net current liabilities	<u>(10,359.5)</u>	<u>(3,671.9)</u>
Net assets	<u>14,024.7</u>	<u>14,176.0</u>
Net assets attributable to owners of the Company	<u>13,728.7</u>	<u>13,924.1</u>

As at 30 June 2025, the Group recorded net current liabilities of approximately HK\$10,359.5 million, representing an increase of approximately 182.1% as compared to that of approximately HK\$3,671.9 million as at 31 December 2024. Such increase was mainly attributable to the reclassification of unsecured notes of the Group from non-current liabilities to current liabilities.

The Group recorded the net assets attributable to owners of the Company of approximately HK\$13,728.7 million as at 30 June 2025, which remained stable as compared to that of approximately HK\$13,924.1 million as at 31 December 2024.

2. Information on the Vendors and the Guarantor

Goldarch Holdings Limited is a company incorporated in the British Virgin Islands with limited liability on 3 January 2012, with its principal business being investment holding.

Solar King Investments Limited is a company incorporated in the British Virgin Islands with limited liability on 30 November 2011, with its principal business being investment holding.

Each of the Vendors is indirect wholly-owned by Ms. Leong, being a Director and the Guarantor.

3. Information of the Target Group and the L'Arc Hotel

The Target Group will comprise Arc of Triumph Development, Arc of Triumph Hotel Management and LRA Property Management. Each of Arc of Triumph Hotel Management and LRA Property Management is a wholly-owned subsidiary of Arc of Triumph Development.

Arc of Triumph Development

Arc of Triumph Development is a company incorporated in Macau held as to 96% and 4% equity interests by Goldarch Holdings Limited and Solar King Investments Limited respectively. Each of Arc of Triumph Hotel Management, and LRA Property Management is a wholly-owned subsidiary of Arc of Triumph Development. Arc of Triumph Development, being the owner of the L'Arc Hotel, is principally engaged in property construction and real estate development and property acquisition and management. The principal business of the Target Group as a whole is hotel operation and provision of property management businesses.

Set out below is the audited financial information of Arc of Triumph Development for the years ended 31 December 2023 and 2024 respectively prepared in accordance with General Auditing Standards of Macau:

	For the year ended 31 December	
	2023	2024
	MOP million	MOP million
Net (loss) before taxation	(117.0)	(99.0)
Net (loss) after taxation	(117.0)	(99.0)

As at 31 August 2025, the unaudited net liabilities of Arc of Triumph Development was approximately MOP728.2 million (equivalent to approximately HK\$707.0 million).

Arc of Triumph Hotel Management

Arc of Triumph Hotel Management is a company incorporated in Macau which 100% equity interests are held directly and indirectly by Arc of Triumph Development. Arc of Triumph Hotel Management is principally engaged in hotel business.

Set out below is the audited financial information of Arc of Triumph Hotel Management for the years ended 31 December 2023 and 2024 respectively prepared in accordance with General Auditing Standards of Macau:

	For the year ended 31 December	
	2023	2024
	MOP million	MOP million
Net profit/(loss) before taxation	3.3	(28.7)
Net profit/(loss) after taxation	3.3	(28.7)

The decrease in net profit before and after taxation reported for the year ended 31 December 2024 was mainly attributable to the decrease in revenue derived from hotel rooms and sales of food and beverage. As at 31 August 2025, the unaudited net liabilities of Arc of Triumph Hotel Management was approximately MOP150.1 million (equivalent to approximately HK\$145.7 million).

LRA Property Management

LRA Property Management is a company incorporated in Macau which 100% equity interests are held directly and indirectly by Arc of Triumph Development. LRA Property Management is principally engaged in providing property management services to the owners in residential apartments of Le Royal Arc.

Set out below is the audited financial information of LRA Property Management for the years ended 31 December 2023 and 2024 respectively prepared in accordance with General Auditing Standards of Macau:

	For the year ended 31 December	
	2023	2024
	MOP million	MOP million
Net profit before taxation	0.2	0.1
Net profit after taxation	0.3	0.1

As at 31 August 2025, the unaudited net asset value of LRA Property Management was approximately MOP3.3 million (equivalent to approximately HK\$3.2 million).

As at 31 August 2025, the unaudited consolidated net liabilities of the Target Group was approximately MOP875.3 million (equivalent to approximately HK\$849.8 million).

The L'Arc Hotel

The L'Arc Hotel is situated at Nos. 238 – 320 Avenida 24 de Junho, NAPE, Macau with gross floor area of approximately 86,438 square meters and it comprises the hotel and commercial portion from G/F to 22/F and carpark facilities from B1/F to B3/F. Casino L'Arc Macau, located on the ground and first floors of the L'Arc Hotel, is currently operated by SJM Resorts under the L'Arc Services Agreement.

4. Reasons for and benefits of the Acquisition and the Loan

The Acquisition

The Acquisition aligns with SJM Resorts' strategic objective to consolidate and focus resources on locations that offer long-term value and synergies. The L'Arc Hotel is located within the Macau Peninsula, closely connected to the heart of the city and conveniently accessible by 5-minute drive from the Macau Ferry Terminal. Through the Acquisition, the Group will benefit from the synergies of operating the entire L'Arc Hotel with hotel accommodation, as well as food and beverage operations. The Acquisition is also expected to offer synergy with the existing operations of the Group given the proximity of the L'Arc Hotel to the Group's existing casinos such as Casino Lisboa, which will further strengthen the Group's foundation for sustainable growth and reinforce SJM Resort's market positioning in the Macau Peninsula. The L'Arc Hotel's central location and established operations make it an attractive asset, which is expected to enhance operational efficiency. Accordingly, the Board considers that the Acquisition will be of strategic importance to the long-term development of the Group.

In addition to the non-gaming synergistic benefits which the L'Arc Hotel is expected to bring to the Group's existing casinos, SJM Resorts also intends to apply to the Gaming Inspection and Coordination Bureau of Macau (*Direcção de Inspecção e Coordenação de Jogos*) (the "DICJ") for the requisite approval to operate casino games of fortune at Casino L'Arc Macau as a self-owned, self-managed and self-operated casino (the "DICJ Approval") immediately following Completion. As at the Latest Practicable Date, SJM Resorts operates a satellite casino at Casino L'Arc Macau under the profit-sharing model. As set out under the announcement of the Company dated 9 June 2025, under the Macau gaming law revised in 2022, SJM Resorts is allowed to operate satellite casinos under the profit-sharing model for a transition period of three years, ending on 31 December 2025 ("Transition Period"). Upon termination of the Transition Period, such satellite casinos must be directly owned by SJM Resorts or transition to a management agreement structure with no profit-sharing arrangement in order to continue to operate beyond 2025. If SJM Resorts is granted the DICJ Approval, SJM Resorts will be able to operate casino games of fortune at Casino L'Arc Macau beyond the Transition Period. Taking into account factors such as alignment with SJM Resorts' long-term objectives and competitiveness, the strategic location and well-established brand of Casino L'Arc Macau, the Group believes that continuing operations at Casino L'Arc Macau will be beneficial to the Group and in the best interests of the Company and its shareholders as a whole.

As mentioned above, Casino L'Arc Macau is currently operated by SJM Resorts under the L'Arc Services Agreement and a Termination Agreement (as defined below) has been entered into. As per the Acquisition Agreement, the Parties have also agreed that, during the interim period following Completion and until the DICJ Approval has been obtained, L'Arc Entertainment shall not invoice or otherwise charge any Service Fees (as defined below) and SJM Resorts shall be entitled to withhold payment of all amounts that would otherwise become due in respect of such Service Fees (as defined below), without such withholding constituting a breach of any obligation under the existing L'Arc Services Agreement. This would allow SJM Resorts to entitle to greater revenue from the operations at Casino L'Arc Macau from such date. In any event, based on the Termination Agreement (as defined below), the L'Arc Services Agreement will be terminated on the earlier of (i) date of receiving DICJ Approval; or (ii) 31 December 2025.

In accordance with the relevant Macau law, SJM Resorts will submit an application for the DICJ Approval immediately upon Completion and registration of the transfer of the shares in the Target Company. If SJM Resorts is granted the DICJ Approval prior to the end of the Transition Period, the Group expects operations at Casino L'Arc Macau to continue on an uninterrupted basis. If SJM Resorts is not granted the DICJ Approval prior to the end of the Transition Period, the Group intends to redeploy all the gaming tables currently placed at Casino L'Arc Macau to other casinos of SJM Resorts until the DICJ Approval is obtained. As such, the Group does not expect the application for the DICJ Approval to have a material adverse effect on the gaming operations of the Group as a whole. As of the Latest Practicable Date, SJM Resorts has received a written confirmation from the Macau Government of its intention to grant such approval prior to 31 December 2025, subject to the timely receipt of an application from SJM Resorts which complies with all applicable legal and procedural requirements.

The Acquisition also reflects the Group's commitment to its employees and the local community, as it will continue to provide stability and employment opportunities for Macau residents currently employed by the Target Group. If the DICJ Approval is granted, the continued operation of Casino L'Arc Macau is anticipated to be beneficial not only to the Group, but also to its shareholders, by preserving a meaningful revenue stream and ensuring compliance with local regulatory requirements, minimising operational disruption, and supporting the sustainable growth of the Company's Macau portfolio.

Although the Group notes the financial position of the Target Group as at the date of Acquisition Agreement, however, as stated in the sub-section headed "Consideration" in the Letter from the Board, the purchase price for the Target Company was determined on a debt-free basis and in view of the reasons for and benefits of the Acquisition as discussed above, the Acquisition is nevertheless still regarded as being in the interests of the Company and its Shareholders.

In light of the above, the Board (including the independent non-executive Directors whose views are set out in the letter from the Independent Board Committee in the Circular and excluding Ms. Leong) is of the view the terms of the Acquisition Agreement are on normal commercial terms and fair and reasonable and that the Acquisition is in the interests of the Company and the Shareholders as a whole.

The Loan and the Share Charge

As discussed in the sub-section headed "Consideration" in the Letter from the Board, upon completion of the Pre-sale Reorganisation and the Set-off of Intercompany Balances, the principal liabilities of the Target Group companies would comprise the ICBC Loan, which, as at the date of the Acquisition Agreement, has an outstanding balance of approximately HK\$1,927,525,000. As part of the commercial negotiations between the Parties, and as the Parties have determined the purchase price for the Target Company on a debt-free basis, the Parties have agreed that the Purchasers shall upon Completion procure the repayment of the ICBC Loan only up to an amount of HK\$1,749,825,243, which is equal to HK\$1,750,000,000 (being the valuation of the L'Arc Hotel property) less the Share Purchase Price; hence the total amount payable by Purchasers at Completion shall be HK\$1,750,000,000. As such, the Loan is provided to Ms. Leong under the Loan Agreement solely for the purpose of repayment of the Loan Shortfall (as defined below) and to facilitate the Acquisition. Given the reasons for and benefits of the Acquisition to the Group as discussed above, the Company considers it to be in the interests of the Company and its Shareholders to make the Loan to Ms. Leong so as to facilitate the Completion in an effective and efficient manner with minimised uncertainties.

The Loan will be funded by utilisation of credit facility of SJM Resorts (the "Acquisition Facility"). The interest rate of the Loan, which is determined after arm's length negotiation with reference to the finance costs of SJM Resorts, is agreed to be equivalent to the interest rate payable by SJM Resorts from the utilised Acquisition Facility charged by independent third party financial institution, which would safeguard SJM Resorts' interests by ensuring that the interest rates would commensurate with its cost of funding.

In addition, Ms. Leong is required to provide the Share Charge as a security based on a loan-to-value ratio of 50%. As a result, the value of the Share Charge would be greater than the principal amount of the Loan. Despite that the interest payment under the Loan will be accrued and be repaid only upon maturity, given the fact that (i) the interest rate charged under the Loan mirrors the same interest rate under the Acquisition Facility of the Group; and (ii) SJM Resorts will be provided with security by way of Share Charge not only on the principal amount but also on the accrued interest of the Loan, the Board considers the interest payment under the Loan is fair and reasonable.

Taking into account the above, and considering the Group is entitled to sell the pledged Shares and apply the proceeds onto the repayment of any outstanding amounts in the case of default by Ms. Leong, the Directors are of the view that the risk exposure of the Loan is adequately mitigated by the above measures.

Taking into account the above, and after further considering that (i) the expected financial effect of the Acquisition and the Loan to the Group would be immaterial; and (ii) the Loan Agreement is entered into on normal commercial terms after arm's length negotiations and taking into account, among other things, the back-to-back interest rate under the Loan Agreement and the Share Charge, the Board (including the independent non-executive Directors whose views are set out in the letter from the Independent Board Committee in the Circular and excluding Ms. Leong) is of the view that the terms of the Loan Agreement are fair and reasonable, and the Loan and transactions contemplated under the Loan Agreement, although are not in the ordinary and usual course of business, are to be entered into on normal commercial terms, and in the interests of the Company and the Shareholders as a whole.

Our view

The L'Arc Hotel and where Casino L'Arc Macau is located, has strong geographic advantage to compete with its competitors

The L'Arc Hotel, and Casino L'Arc Macau, is located within the Macau Peninsula, closely connected to the heart of the city and conveniently accessible by a 5-minute drive from the Macau Ferry Terminal. With a few minute walking distance from the L'Arc Hotel, top international hotels and casinos, such as Hotel Wynn Macau, MGM Macau, StarWorld Hotel, are located. Through the Acquisition, it provides the Group with a strong geographic advantage to directly compete with its top competitors both in hotel and casino businesses.

Contribution of Casino L'Arc Macau to the Group is significant

Revenue from satellite casinos have been an important revenue source to the Group. Based on the annual report of the Company for the past six years ended 31 December 2024, gross revenue from satellite casinos had contributed approximately 38% to 63% and 38% to 65% of the Group's gross gaming revenue and total revenue respectively.

As set out in the Letter from Board, in order to comply with the Macau gaming law revised in 2022, the properties where such satellite casinos operate must be directly owned by SJM Resorts or transition to a management agreement structure with no profit-sharing arrangement in order to continue to operate beyond 2025. As set out in the announcement of the Company dated 9 June 2025 (the "**June Announcement**"), the Group operated a total of nine satellite casinos, but the Board had decided not to continue gaming operations at the following seven satellite casinos beyond 31 December 2025: namely Casino Casa Real, Casino Emperor Palace, Casino Fortuna, Casino Grandview, Casino Kam Pek Paradise, Casino Landmark, and Casino Legend Palace. Further, as set out in an announcement of the Company dated 20 November 2025, among others, Casino Ponte 16 will officially cease operations ahead of schedule at 23:59 on 28 November 2025. As advised by the Management, following coordination with the relevant government authorities and the relevant service providers, the Group has ceased the operation of four satellite casinos, namely Casino Emperor Palace, Casino Grandview, Casino Legend Palace and Casino Casa Real since the date of the June Announcement. As at the Latest Practicable Date, the Group operated five satellite casinos.

As further advised by the Management, Casino L'Arc Macau was one of the four best performing satellite casinos of the Group. As such, it is considered that Casino L'Arc Macau is one important income source to the Group.

The L'Arc Hotel is a well-established five star hotel

The L'Arc Hotel was officially opened on 21 September 2009. It is noted that it has been operating for a long history of over 16 years. The L'Arc Hotel is rated as a five-star hotel with a total of 283 hotel rooms. The L'Arc Hotel has provided guests with a wide range of room types, including deluxe room, premier room, suite, director suite and duplex room with outdoor garden. Inside the L'Arc Hotel, there are different entertainment facilities, such as swimming pool, gym room, club, sauna and casino. Guests can also enjoy certain shopping experiences in the L'Arc Hotel covering jewellery, healthcare products, fashion and leather products. Last but not least, a variety of cuisines is available, such as Chinese cuisine, coffee shop, bar and restaurant.

As further advised by the Management, the average monthly occupancy rate of the L'Arc Hotel for 2023, 2024 and for the nine months ended 30 September 2025 was approximately 94.3%, 96.7% and 96.9% respectively.

Based on the above, we concur with the Board's view that the L'Arc Hotel, which we consider it is a well-established five-star hotel with long history and comprehensive service offerings to guests, is an attractive asset to enhance the Group's current hotel portfolio as discussed below.

Increase the Group's hotel portfolio and promote its market share in luxury hotel section in Macau

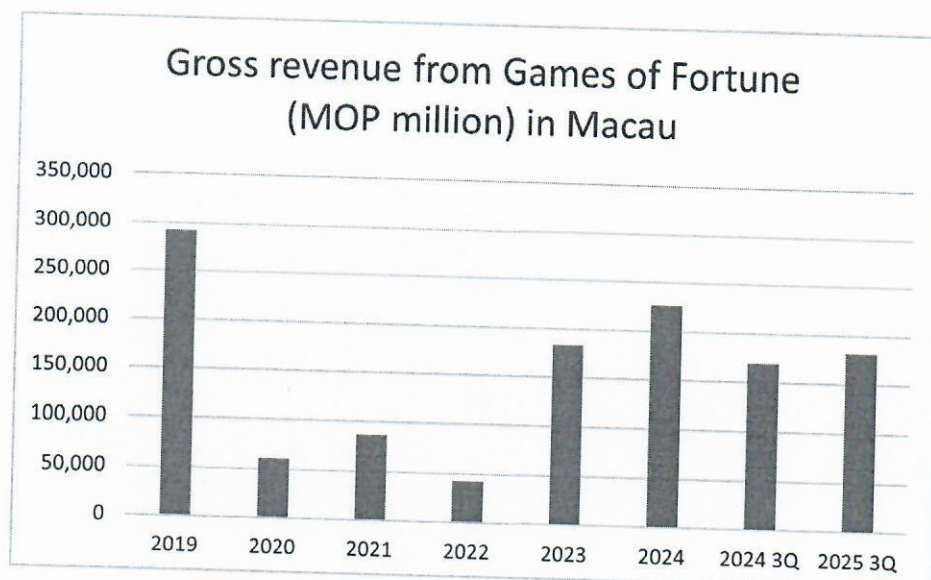
As at the Latest Practicable Date, the Group operated two five-star or above hotels, namely the Grand Lisboa Palace Resort hotel (which is located in Cotai, Macau), and the Grand Lisboa hotel (which is located in the Macau Peninsula). The Macau Peninsula, where the Casino L'Arc Macau is located, is the historic heart of Macau. Certain major landmarks and attractions are located in the Macau Peninsula. It also has geographical advantage that is conveniently accessible by a 5-minute drive from the Macau Ferry Terminal.

Based on the information from Macao Government Tourism Office, we note that there are 17 five-star or above hotels located in the Macau Peninsula. Upon Completion, the Group will own two out of 17 five-star or above hotels in the Macau Peninsula and a total of three five-star or above hotels in Macau.

As such, the Acquisition allows the Company to increase the Group's hotel portfolio and promote its market share position in luxury hotels at prime locations in Macau.

Gaming and hotel industries in Macau are robust

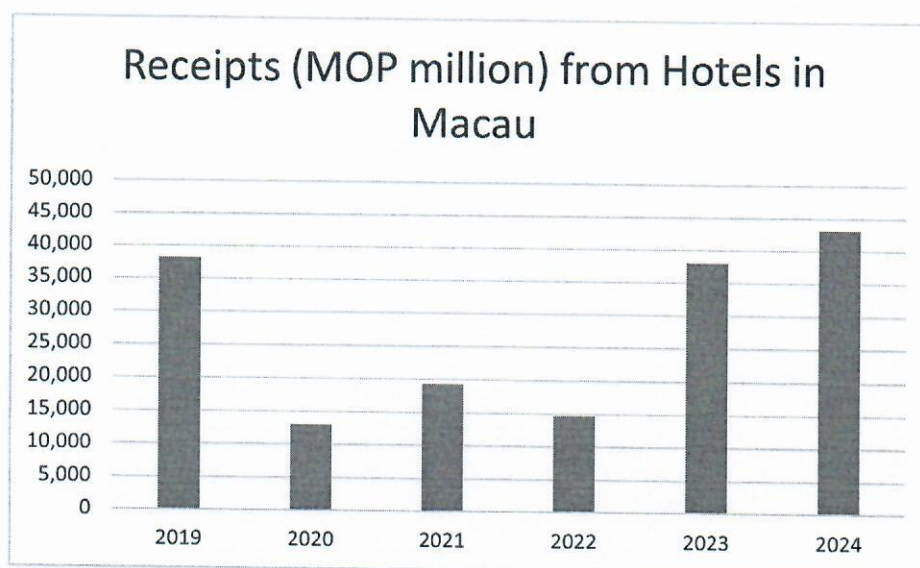
(1) Gaming industry



Source: the DICJ

According to latest statistics published by the DICJ, the gross revenue from games of fortune in Macau had plummeted from approximately MOP292,455 million in 2019 to MOP60,441 million in 2020. It was believed that such decrease was mainly attributable to, among others, the outbreak of coronavirus disease in late 2019. Since 2020, the gross revenue from games of fortune in Macau had showed a general upward trend. As shown in chart above, the gross revenue from games of fortune in Macau increased from approximately MOP60,441 million in 2020 to MOP226,782 million in 2024, representing a compound annual growth rate of approximately 39%. In 2024, the gross gaming revenue from games of fortune in Macau has also reached a peak high. For the third quarter of 2025, the gross gaming revenue from games of fortune in Macau was approximately MOP181,341 million, representing an increase of approximately 7.1%, as compared to that of approximately MOP169,355 million in the corresponding period in 2024.

(2) Hotel industry



Source: Government of Macao Special Administrative Region Statistics and Census Services

According to latest statistics published by the Government of Macao Special Administrative Region Statistics and Census Services, the receipts from hotels in Macau had plummeted from approximately MOP38,271 million in 2019 to MOP13,036 million in 2020. It was believed that such decrease was mainly attributable to, among others, the outbreak of coronavirus disease in late 2019. Since 2020, the receipts from hotels in Macau had showed a general upward trend. As shown in the chart above, the receipts from hotels in Macau increased from approximately MOP13,036 million in 2020 to MOP43,305 million in 2024, representing a compound annual growth rate of approximately 35%. In 2024, the receipts from hotels in Macau has also reached a peak high.

Based on the above, we consider that the gaming industry and hotel industry in Macau are robust and the Acquisition allows the Company to capture the benefit from not only maintaining the casino business but also expanding the hotel business, both of which are being the principal business segments of the Group.

Having considered the above, we concur with the Board that the Acquisition is in the interests of the Company and the Shareholders as a whole.

5. Principal Terms of The Acquisition Agreement

The principal terms of the Acquisition Agreement are set out below:–

- Date: 20 November 2025 (after trading hours)
- Parties: (i) Goldarch Holdings Limited (as a Vendor);
- (ii) Solar King Investments Limited (as a Vendor);
- (iii) Ms. Leong On Kei (as the Guarantor);
- (iv) SJM-Investment Limited (as a Purchaser); and
- (v) SJM Resorts, Limited (as a Purchaser).
- (collectively, the “**Parties**”)

Each of the Vendors is indirectly wholly-owned by Ms. Leong, being a Director.

Subject matter

Subject to the terms and conditions of the Acquisition Agreement, the Vendors have agreed to sell, and the Purchasers have agreed to acquire, the entire issued share capital of the Target Company.

Pre-sale Reorganisation and the Set-off of Intercompany Balances

Pursuant to the terms of the Acquisition Agreement, subject to the terms and conditions thereunder, the Target Group will complete the Pre-sale Reorganisation prior to Completion, such that immediately prior to Completion, the Target Group will only comprise the Target Company and its subsidiaries, Arc of Triumph Hotel Management and LRA Property Management. At the time of entering into the Acquisition Agreement, the Target Group companies consist of the Target Company, Arc of Triumph Hotel Management, LRA Property Management, and other subsidiaries namely L’Arc Consultancy Company Limited, Genius Union Consultant Limited and Arc of Triumph Hotel Management (HK) Limited.

A simplified Target Group structure before and after the Pre-sale Reorganisation are set out in the sub-section headed “Pre-sale Reorganisation and Set-off of Intercompany Balances” in the Letter from the Board. As at the Latest Practicable Date, the Pre-sale Reorganisation has not been completed.

As disclosed in the sub-section headed "Conditions precedent" in the Letter from the Board, under condition (xiii), it was further agreed between the Parties that a Set-off of Intercompany Balances will be completed prior to Completion, such that all loans and current accounts between the Target Group companies and any Vendors' group company or the Guarantor (or any affiliate of any of them) will be repaid and satisfied or otherwise set-off in full, together with all accrued but unpaid interest and any tax exposure arising from the settlement of these loans and current accounts, and all related security being fully and unconditionally discharged, on or before Completion. Based on the latest unaudited consolidated accounts of the Target Group for the eight months ended 31 August 2025, the Set-off of Intercompany Balances involved using outstanding amounts due to the Target Group of approximately MOP3,783,311,676 (or approximately HK\$3,673,118,132) and outstanding amounts payable by the Target Group of approximately MOP3,283,903,026 (or approximately HK\$3,188,255,365).

Upon completion of the Pre-sale Reorganisation and the Set-off of Intercompany Balances:

- (i) the principal assets of the Target Group will comprise the L'Arc Hotel. Based on the property valuation of the L'Arc Hotel issued by CBRE Advisory Hong Kong Limited (an independent professional valuer) for the purposes of the Acquisition, the market value of the L'Arc Hotel was approximately HK\$1,750,000,000 as at 30 September 2025; and
- (ii) the principal liabilities of the Target Group will comprise mainly the ICBC Loan, the outstanding amount of which as at the date of Acquisition Agreement was HK\$1,927,525,000.

Consideration

The Parties have determined the purchase price for the Target Company on a debt-free basis.

Taking into account the net liabilities position of the Target Group and the loss-making performance of the Target Group for the latest financial year, after arm's length negotiations between the Parties, the Parties have agreed that: (i) the purchase price of all the issued shares of the Target Company under the Acquisition Agreement shall be their nominal value, being MOP180,000 (or approximately HK\$174,757) (the "**Share Purchase Price**"); and (ii) the Purchasers shall upon Completion procure the repayment of the ICBC Loan up to an amount of HK\$1,749,825,243 which is equal to HK\$1,750,000,000 (being the valuation of the L'Arc Hotel property) less the Share Purchase Price. Hence the total amount payable by the Purchasers at Completion shall be HK\$1,750,000,000 which is equal to the Valuation of the L'Arc Hotel as at 30 September 2025, and will be funded by the Acquisition Facility of the Group.

Under the terms of the Acquisition Agreement, the Parties have further agreed that Ms. Leong and the Vendors shall procure the repayment, simultaneously with Completion, of (i) the balance of the ICBC Loan, being the sum of HK\$177,525,000 and HK\$174,757 (in aggregate, the “**Loan Balance**”), which will be financed by the Loan and the Share Purchase Price, respectively; and (ii) all interest accrued to the date of Completion and related repayment expenses in relation to the ICBC Loan. As part of the negotiation of the terms of the Acquisition, SJM Resorts has agreed to advance the Loan of HK\$177,525,000 (being the Loan Balance less the Share Purchase Price, hereafter referred to as the “**Loan Shortfall**”) to Ms. Leong to finance her portion of the repayment of the ICBC Loan, in accordance with the terms of the Loan Agreement. For further information on the Loan, please refer to the section headed “(C) THE LOAN” in the Letter from the Board.

The repayment of the Purchaser’s portion of the ICBC Loan and the advancement of the Loan, are expected to be funded by the Group’s Acquisition Facility. As at the Latest Practicable Date, the Group had available Acquisition Facility amount of approximately HK\$3,325 million, which is sufficient to satisfy its portion of the ICBC Loan and the advancement of the Loan.

Based on the information provided by the Vendors, the last acquisition cost of the Target Group in 2020 was based on a valuation of approximately HK\$3.5 billion.

Closing Accounts and Closing Accounts payments

Following the determination of the Cash, Indebtedness and Working Capital which shall be derived from the Closing Accounts:

- (i) the Vendors shall be entitled to receive by way of a Closing Accounts payment of HK\$1 for each HK\$1 by which Cash and Working Capital net of Indebtedness exceeds HK\$0, up to a maximum aggregate amount of HK\$16 million; and
- (ii) the Purchasers shall be entitled to receive by way of a Closing Accounts payment of HK\$1 for each HK\$1 by which Cash and Working Capital net of Indebtedness is less than HK\$0.

Such Closing Accounts payments shall become payable on the Business Day which is or immediately follows the date which is 14 days after the final agreement or determination of Working Capital, Cash and Indebtedness and shall be paid to the Vendors in cash, or such other settlement method agreed by the Parties in writing (including, for the avoidance of doubt, any set-offs or extensions of proportionate amounts due pursuant to the Loan Agreement).

The maximum aggregate amount of HK\$16 million payable to the Vendors is an estimate determined with reference to the unaudited consolidated total asset of the Target Group as at 31 August 2025, excluding the book value of the L’Arc Hotel and assuming completion of the Pre-sale Reorganisation and the Set-off of Intercompany Balances.

Conditions precedent

Completion is conditional on the following conditions being satisfied (or, if applicable, waiver) on or before the Longstop Date:

- (i) the making of such enquiries, investigations and due diligence reviews of the business, affairs, operations, commercial, legal, financial, tax and accounting position of the Target Group by the Purchasers and any of its officers, employees, agents, professional advisers or other persons authorised by the Purchasers which the Purchasers in their absolute discretion deem necessary, desirable or appropriate, and confirmation by the Purchasers that the results of such enquiries, investigations and due diligence reviews are satisfactory to the Purchasers;
- (ii) in relation to each Vendor, the passing, notarisation and legalisation of board resolutions, in a form and content acceptable to the Purchasers, (a) approving the sale of the shares of the Target Company owned respectively by each of those Vendors pursuant to the Acquisition Agreement, and (b) appointing authorised signatories to execute the documents related to the Acquisition;
- (iii) the passing of resolutions by the board of directors of SJM Resorts and resolutions by the shareholders of SJM Investment, (a) approving the purchase of the shares of the Target Company pursuant to the Acquisition Agreement and (ii) appointing authorised signatories to execute the documents related to the Acquisition;
- (iv) the passing of all required resolutions by shareholders of the Company approving the Acquisition in accordance with the Listing Rules;
- (v) the actions and events comprising the Pre-sale Reorganisation being fully and effectively completed to the Purchasers' satisfaction, in accordance with the terms of the Acquisition Agreement;
- (vi) the obtaining of all mandatory or appropriate consents, approvals, clearances and permission by the Vendors, the Purchasers, the Guarantor and any Target Group company in relation to the Acquisition and the Loan Agreement, including but not limited to:
 - (a) the authorisation of the transmission of the hotel property (L'Arc Hotel) by the Chief Executive of Macau as required under Article 154 of the Land Law and Clause 11.2 of the Land Concession Agreement, with no terms and conditions attached which are unacceptable to the Purchasers in their absolute discretion;
 - (b) the authorisation of the Loan Agreement by the Secretary of Economy and Finance of Macau; and
 - (c) the compliance of all applicable requirements imposed by the Stock Exchange in respect to the Acquisition;

- (vii) the termination of all existing agreements between any Target Group company and any affiliate of the Guarantor on terms to the satisfaction of the Purchasers (other than (a) existing agreements among the Target Group companies^{Note 1}; and (b) such other existing agreements which the Purchasers, in their absolute discretion, elect and specify to be maintained in writing);
- (viii) the termination of such occupational agreements^{Note 2} (other than the occupational agreements entered into with the other Target Group companies) in respect of L'Arc Hotel as the Purchasers may specify prior to Completion at the Vendors' costs;
- (ix) completion of the drawdown of bank financing by SJM Resorts for the purpose of partial repayment of the ICBC Loan;
- (x) all requisite consents to the Acquisition having been obtained from the existing lenders of the Target Group companies for the proposed repayment of the ICBC Loan, all indebtedness of the Vendors and the Guarantor and all intra-group indebtedness;
- (xi) the full repayment of all outstanding indebtedness owed by any Target Group company to the existing lenders of the Target Group companies immediately prior to the Completion^{Note 3}, and the discharge and release of all existing encumbrances, other than the ICBC Loan or encumbrances in connection therewith (which will be discharged simultaneously on Completion);
- (xii) a term extension request to be submitted by Arc of Triumph Hotel Management to the Macau Labour Department requesting the extension of the deadline stipulated in the work permits and applicable legislation;
- (xiii) all loans and current accounts between the Target Group companies and any Vendor group company or the Guarantor (or any affiliate of any of them), whether such loans are documented or undocumented, being repaid and satisfied in full, or otherwise set-off or written-off, together with all accrued but unpaid interest and any tax exposure arising from the settlement of these loans and current accounts, and all related security being fully and unconditionally discharged;

Note 1 Existing agreements among the Target Group companies described therein mainly refer to, among others, service agreements for the L'Arc Hotel property. Existing agreements among the Target Group and affiliates of Ms. Leong that the Purchasers intend to maintain include ongoing tenancy agreements.

Note 2 The occupational agreements mentioned therein mainly refer to the existing tenancy agreements between the Target Group companies with other third parties in relation to the leasing of retail/commercial areas of the L'Arc Hotel property.

Note 3 Based on the latest unaudited consolidated accounts of the Target Group for the eight months ended 31 August 2025, outstanding indebtedness owed by the Target Group mentioned therein are mainly relating to account payables, operation expense accruals and provisions as well as fees received in advance. Such amounts are due to independent third parties of the Target Group.

- (xiv) the opening of bank accounts in the name of each Target Group company with mandates issued giving authority to persons nominated by the Purchasers to operate such accounts following Completion; and
- (xv) the Vendor warranties remaining true and accurate and not misleading in any material respect at Completion as if repeated at Completion and at all times between the date of the Acquisition Agreement and Completion.

The Purchasers may, by notice to the Vendors, waive the conditions precedent set out in (i), (ii), (v), (vii), (viii), (ix), (xi), (xii), (xiii), (xiv) and (xv) in whole or in part at any time on or before the Longstop Date.

The right to waive conditions precedent set out above are exercisable only by the Purchasers and exercisable at its sole discretion. The availability of such right to the Company which, if exercised, will be exercised only when it is in the best interest of the Company to do so. This right provides greater flexibility and is considered to be fair, reasonable and in the interests of the Company and its Shareholders. As at the Latest Practicable Date, none of the conditions precedent has been waived and/or fulfilled and the Purchasers do not have current intentions to waive any of the conditions precedent set out above.

Completion

Subject to the satisfaction or (if capable of waiver) waiver of all the conditions, Completion will take place on 18 December 2025 or such other date and time as the Parties shall agree.

Immediately after Completion, each of the Target Group companies will become an indirect subsidiary of the Company.

Post-Completion

Immediately upon Completion and registration of the transfer of shares in the Target Company, SJM Resorts shall apply to the DICJ for the DICJ Approval. Under the terms of the Acquisition Agreement, the Vendors shall use all reasonable endeavours to provide assistance to SJM Resorts in connection with such application.

As of the Latest Practicable Date, SJM Resorts has received a written confirmation from the Macau Government of its intention to grant such approval prior to 31 December 2025, subject to the timely receipt of an application from SJM Resorts which complies with all applicable legal and procedural requirements.

Termination of the L'Arc Services Agreement

Casino L'Arc Macau is currently operated by SJM Resorts under the L'Arc Services Agreement. As a result of the Acquisition, on the same date of the Acquisition Agreement, a termination agreement ("**Termination Agreement**") was entered into between SJM Resorts and L'Arc Entertainment, pursuant to which (i) services under the L'Arc Services Agreement regarding the operation of Casino L'Arc Macau as a satellite casino will cease from the date of Completion; and (ii) the L'Arc Services Agreement will be terminated in its entirety at the earlier of (a) date of receiving DICJ Approval; or (b) 31 December 2025.

Pursuant to the Acquisition Agreement, following Completion and until the DICJ Approval has been obtained, L'Arc Entertainment shall not be entitled to any service fees or other compensation that would otherwise be payable pursuant to the L'Arc Services Agreement (the "**Service Fees**"). The Parties agree that L'Arc Entertainment shall only be entitled to invoice or otherwise charge SJM Resorts for amounts that become due in respect of such Service Fees up to and until 23:59 p.m. on the Completion date.

For further information on the Termination Agreement, please refer to the Announcement.

Termination

The Acquisition Agreement shall automatically terminate with immediate effect and each Party's rights and obligations shall cease to have force and effect:

- (i) if, before Completion, the Purchasers become aware that any of the warranties provided by the Vendors under the Acquisition Agreement that is material to the sale of the shares of the Target Company was at the date of the Acquisition Agreement, or has since become, untrue or misleading or has been breached, whether or not such breach is repudiatory, and the Purchasers give notice to the Vendors that they wish to terminate;
- (ii) if, before Completion, any of the Vendors is in breach, whether repudiatory or not, of any term of the Acquisition Agreement which is material to the sale of the shares of the Target Company and the Purchasers give notice to the Vendors that they wish to terminate;
- (iii) if, before Completion, any event occurs which would have, or could be reasonably expected to have, or be likely to result in, a material adverse effect on the financial position or business prospects of the Target Group and the Purchasers give notice to the Vendors that they wish to terminate;

- (iv) if the Purchasers give notice to the Vendors that they wish to terminate the Acquisition Agreement in the case that one or more of the conditions precedent of the Acquisition Agreement (a) remains unsatisfied on the Longstop Date and has not been waived on or before that date; or (b) becomes impossible to satisfy on or before the Longstop Date and, if it is a condition precedent which can be waived by a Party, has not been waived within five Business Days of such party becoming aware that such condition precedent has become impossible to satisfy;
- (v) if the Vendors have not complied with the requirements of the Vendors' completion obligations under the Acquisition Agreement at the time and on the date set for Completion, and the Purchasers give notice to the Vendors that they wish to terminate the Acquisition Agreement; or
- (vi) if the Parties fail to repay the ICBC Loan in full and fully release all guarantors from liability for the ICBC Loan agreement upon the terms and subject to the conditions set out in the Acquisition Agreement.

6. The Loan

Loan Agreement

Pursuant to the Acquisition Agreement, and subject to authorisation by the Secretary of Economy and Finance of Macau, prior to Completion, the Loan Agreement will be entered into pursuant to which SJM Resorts intends to advance the Loan in the principal amount of HK\$177,525,000 (being the Loan Shortfall) to Ms. Leong with a term of three years to finance her portion of the repayment of the ICBC Loan. Set out below are the principal terms of the Loan Agreement.

Lender	:	SJM Resorts
Borrower	:	Ms. Leong
Principal amount	:	HK\$177,525,000
Use of the Loan	:	Repayment of the Loan Shortfall under the ICBC Loan to ICBC.

Pursuant to the Acquisition Agreement, in the event that, following Completion, any payments that become payable by any Party to another Party in accordance with the terms of the Acquisition Agreement ("**Settlement Amount**"), the Parties agree that:

- (i) if a Settlement Amount becomes payable by any of the Vendors or Ms. Leong to the Purchasers under the terms of the Acquisition Agreement, and the Vendors or Ms. Leong (as the case may be) fails to make such payment on the date when it falls due under the Acquisition Agreement, and the Parties agree that the relevant clause under the Acquisition Agreement and Loan Agreement shall apply, subject to all applicable laws and regulations (including without limitation the Listing Rules), such Settlement Amount (or if applicable, its equivalent in Hong Kong dollar) shall be consolidated to and form part of the Loan on and from its due date. For the avoidance of doubt, subject to all applicable laws and regulations (including without limitation the Listing Rules), such Settlement Amount (or if applicable, its equivalent in Hong Kong dollar) shall be treated as part of the principal amount of the Loan and accrue interest at the applicable interest rate on and from the due date (inclusive), provided that such Settlement Amount (or if applicable, its equivalent in Hong Kong dollar) and any interest accrued thereon shall remain payable by the Vendors to the Purchasers on demand;
- (ii) if a Settlement Amount becomes payable by any of the Purchasers to any Vendor under the Acquisition Agreement, subject to all applicable laws and regulations (including without limitation the Listing Rules), the principal amount of the Loan shall be reduced automatically by an amount equal to that Settlement Amount (or if applicable, its equivalent in Hong Kong dollar) on and from the date on which such Settlement Amount becomes payable by the Purchasers to the Vendors under the Acquisition Agreement and that Settlement Amount should be deemed satisfied by way of set-off; and
- (iii) if any of the Settlement Amount is denominated in a currency other than Hong Kong dollar, the Settlement Amount may be converted at a specified exchange rate or otherwise at a foreign exchange rate reasonably chosen by SJM Resorts.

- Loan term : Three (3) years
- Interest : The interest rate for the Loan shall mirror the same interest rate determined under the Acquisition Facility of the Group.
- Accrued interest on the Loan shall be paid on the date on which the Loan becomes due and payable.
- Repayment period : The Borrower shall repay the Loan on the date of the third anniversary of Completion date.
- Prepayment : Any time prior to the Maturity Date and with at least seven Business Days' prior written notice.
- Security : The initial security level of the Share Charge is determined based on a loan-to-value ratio ("**LTV Ratio**") of 50%, calculated using the following formula:

$$\text{Loan-to-value ratio} = \frac{A}{B}$$

Where:

A = the total sum of principal accrued and interest accrued under the Loan; and

B = the value of the Share Charge

The number of Shares subjected to the Share Charge is calculated based on the weighted average price of the closing price per Share published by the Stock Exchange for the last 30 trading days prior to the date of the Deed of Share Charge.

At any time on or after the occurrence of an event of default under the Loan Agreement, the security created pursuant to the Deed of Share Charge shall be immediately enforceable and SJM Resorts may in its absolute discretion and without notice to Ms. Leong or the prior authorisation of any court:

- (a) enforce all or any part of the security created by the Deed of Share Charge and take possession of or dispose of all or any of the Charged Shares in each case at such times and upon such terms as it sees fit; and
- (b) whether or not it has appointed a receiver, exercise all of the powers, authorities and discretions granted to a receiver by the Deed of Share Charge or by law.

Default interest : If the Borrower fails to pay any amount payable on the due date, interest shall accrue on the unpaid amount from the due date up to the date of actual payment (both before and after judgement) at a rate of 3% per annum above the interest rate which would have been payable if the unpaid amount had, during the period of non-payment, constituted a part of the Loan in the currency of the unpaid amount for successive interest periods, each of a duration selected by the Lender (acting reasonably) ("**Default Interest**"). Such Default Interest mirrors the default interest under the Acquisition Facility of the Group.

Events of default : Upon occurrence of any of the following events, the Lender shall have the right to cancel drawdown and/or declare all or part of the Loan, together with interest and all other amounts accrued or outstanding under the Finance Documents, including any applicable Default Interest, be immediately due and payable, whereupon they shall become immediately due and payable; and/or demand immediate repayment of the Loan together with interest and all other amounts accrued or outstanding under the Finance Documents, including any applicable Default Interest, and/or exercise any or all of its rights, remedies, powers or discretions under the Finance Documents (including enforcing any Transaction Security) or under applicable law:

- (a) The Borrower fails to pay any amount due and payable (other than capitalised interest) by her under a Finance Document at the place/and in the currency in which it is expressed to be payable unless failure to pay is caused by an administrative or technical errors and the payment is made within three Business Days of its due date;
- (b) The Borrower does not comply with any of the provisions of the Finance Documents;
- (c) Any representation or statement made or deemed to be made by the Borrower in any Finance Document or any other document delivered by or on behalf of the Borrower under or in connection with any Finance Document is or proves to have been incorrect or misleading in any material respect when made or deemed to be made;
- (d) The Borrower is presumed or deemed under applicable laws or regulations to be unable to, or admits inability to, pay her debts as they fall due, suspends making payments on any of her debts or, by reason of actual or anticipated financial difficulties, commences negotiations with one or more of its creditors (excluding the Lender in its capacity as such) with a view to rescheduling any of her indebtedness;
- (e) A moratorium is declared in respect of her indebtedness;
- (f) Any action, legal proceedings or other procedure or step is taken in relation to:
 - a. the suspension of payments, a moratorium of any indebtedness, of the Borrower;
 - b. a composition, compromise or arrangement with any creditor of the Borrower, or an assignment for the benefit of creditors generally of the Borrower or a class of such creditors;
 - c. the appointment of a liquidator, bankruptcy officer, receiver, administrator, administrative receiver, compulsory manager, provisional supervisor or other similar officer in respect of the Borrower or any of its assets; or

- d. enforcement of any security over any assets of the Borrower, or any analogous procedure or step is taken in any jurisdiction.
- (g) Any expropriation, attachment, sequestration, distress or execution affects any asset or assets of the Borrower having an aggregate value of not less than HK\$5,000,000 and is not discharged within 15 days;
- (h) It is or becomes unlawful for the Borrower to perform any of her obligations under the Finance Documents or any Transaction Security created or expressed to be created or evidenced by the Transaction Security Documents ceases to be effective;
- (i) Any obligation or obligations of the Borrower under any Finance Documents are not or cease to be legal, valid, binding or enforceable and the cessation individually or cumulatively materially and adversely affects the interests of the finance parties under the Finance Documents;
- (j) Any Finance Document ceases to be in full force and effect or any Transaction Security ceases to be legal, valid, binding, enforceable or effective or is alleged by a party to it (other than a Lender) to be ineffective; or
- (k) The Borrower (or any other relevant party) rescinds or purports to rescind or repudiates or purports to repudiate a Finance Document or any of the Transaction Security or evidences an intention to rescind or repudiate a Finance Document or any Transaction Security.

The Deed of Share Charge has not been entered into as at the Latest Practicable Date. For illustrative purposes only and with reference to the LTV Ratio mechanism outlined above, the current expected number of Charged Shares would be approximately 143,057,717, assuming the calculation based on the weighted average price of the closing price per Share published by the Stock Exchange for the last 30 trading days prior to the date of the Acquisition Agreement.

Our view

As set out in the Letter from the Board, the Loan is expected to be funded by utilisation of the Acquisition Facility of the Group and we noted that the interest rate of the Loan shall mirror the same interest rate determined under the Acquisition Facility.

We have reviewed the loan document in relation to the Acquisition Facility and noted that the amount of loan facilities thereunder is sufficient to cover the Loan.

To further assess the fairness and reasonableness of the terms of the Loan Agreement regarding the Default Interest rate and the accrued interest repayment arrangement, we have conducted our independent research based on comparable analysis through identifying the provision of loan announced by companies listed on the Main Board and GEM of the Stock Exchange between 20 June 2025 and the date of the Announcement (the “**Comparison Review Period**”). We consider that the Comparison Review Period is sufficient as it is intended to identify the most recent loan transactions conducted by companies listed on the Main Board and GEM of the Stock Exchange under the market conditions and sentiment similar to that of the Loan, thus allowing reasonable comparison of their commercial terms. Given that (i) such period would provide us with recent and relevant information to demonstrate the prevailing market practice prior to the Announcement under the prevailing market conditions; and (ii) we are able to identify sufficient and reasonable sample size for selection of comparables within the Comparison Review Period, we consider the Comparison Review Period of approximately 5 months is fair and reasonable. Based on the aforementioned criteria, on a best effort basis, we have noted and reviewed an exhaustive list of 60 similar loan transactions (together the “**Loan Comparables**”).

Notwithstanding that the subject companies constituting the Loan Comparables may have different principal activities, market capitalisation, profitability and financial position as compared with those of the Company, we would still consider, in light of our selection criteria, capturing recent loan transactions by listed companies under similar market conditions and sentiments can provide Shareholders with a broad perspective of recent market trend of this type of transaction which is similar to that of the Loan Agreement.

Default Interest

Under the Loan Agreement, the Default Interest is set at a rate of 3% per annum above the interest rate for the Loan.

Among 60 Loan Comparables, we noted that 7 Loan Comparables have disclosed the term on the default interest in their respective announcements, details of which are set out below:

Date of announcement	Company name	Stock code	Default Interest
17/11/2025	Tianjin Capital Environmental Protection Group Company Limited	1065	a default interest at the agreed interest rate of the Loan plus 30% or 50% (or plus 1.05% or 1.75%) (<i>Note 1</i>)
7/11/2025	Legend Upstar Holdings Limited	459	15% per annum on a day-to-day basis
21/10/2025	Neo-Neon Holdings Limited	1868	0.01% per day on the default amount (or 3.65%) (<i>Note 2</i>)
22/9/2025	Legend Upstar Holdings Limited	459	10% per annum on a day-to-day basis
29/8/2025	China Everbright Limited	165	a daily rate of 0.03% calculated on the number of days in arrears (or 10.95%) (<i>Note 2</i>)
7/7/2025 (<i>Note 3</i>)	Zero Fintech Group Limited	93	additionally 3% per annum

Note 1 The interest rates are calculated based on the interest rate of 3.5% as disclosed in the announcement of Tianjin Capital Environmental Protection Group Company Limited.

Note 2 The interest rates are calculated on a 365-day basis.

Note 3 The announcement of Zero Fintech Group Limited involved two loan agreements, both of which charge a default rate of additional 3% per annum over the interest rate.

The default interests of the Loan Comparables range from 1.05% to 15% above the respective interest rates. The Default Interest under the Loan Agreement at a rate of 3% per annum above the interest rate is within the range of the Loan Comparables.

Accrued interest repayment arrangement

Under the Loan Agreement, the accrued interest on the Loan shall be paid on the date on which the Loan becomes due and payable, being the date of the third anniversary of Completion date (the “**Accrued Interest Repayment Arrangement**”).

Among 60 Loan Comparables, we noted that 3 Loan Comparables have similar interest repayment arrangement as disclosed in their respective announcements, details of which are set out below:

Date of announcement	Company name	Stock code	Interest payment period and arrangement	Term
24/10/2025	Shenzhen Investment Limited	604	The borrowers shall repay the principal amount of each tranche of the loans, together with all accrued interest thereon, in full on the respective maturity date.	36 months
25/6/2025	Allied Group Limited	373	One-off repayment of the outstanding principal	ending on 31 May 2028
	Tian An China Investments Company Limited	28	amount of the shareholder's loan, together with the accrued interest, at the end of the term of the shareholder's loan.	
20/6/2025	China Jinmao Holdings Group Limited	817	In principle, loans are one-off repayment of principal and interest.	36 months

Based on the above, we consider that the Accrued Interest Repayment Arrangement is not uncommon in the market.

In view that (i) the Loan is a part and parcel of the Acquisition to facilitate the Acquisition; (ii) the benefits from the Acquisition as set out in the section headed “4. Reasons for and benefits of the Acquisition and the Loan” above; (iii) the interest rate of the Loan is set to be equivalent to the interest rate of the Acquisition Facility; (iv) the Loan shall be secured by the Share Charge with a LTV Ratio of 50%, and we also noted the number of Shares subjected to the Share Charge shall not only cover the loan principal but also the interest payment; (v) the Default Interest is within the range of the Loan Comparables; and (vi) the Accrued Interest Repayment Arrangement is not uncommon in the market, we consider the terms of the Loan Agreement to be fair and reasonable.

7. The Share Purchase Price

According to the Acquisition Agreement,

- (i) the Target Group will complete the Pre-sale Reorganisation and the Set-off of Intercompany Balances immediately prior to Completion, such that the principal assets of the Target Group will comprise mainly the L'Arc Hotel with the market value of approximately HK\$1,750,000,000 as at 30 September 2025 (details of which are set out in the section headed "8. The Valuation" below) while the principal liabilities of the Target Group will comprise mainly the ICBC Loan of approximately HK\$1,927,525,000 as at the date of the Acquisition Agreement;
- (ii) the Share Purchase Price is agreed at MOP180,000 (or approximately HK\$174,757), to be paid by the Purchasers to the Vendors;
- (iii) as disclosed in paragraph (i) above, the ICBC Loan was approximately HK\$1,927,525,000, which shall be repaid, as to (i) HK\$1,749,825,243 (being the valuation of the L'Arc Hotel of HK\$1,750,000,000 less the Share Purchase Price of HK\$174,757) by the Purchasers upon Completion; and (ii) the balance of the ICBC Loan as to HK\$177,699,757 (being the sum of HK\$177,525,000 and the Share Purchase Price of HK\$174,757) by Ms. Leong and the Vendors simultaneously with Completion; and
- (iv) the Purchasers shall be entitled to receive by way of a Closing Accounts payment of HK\$1 for each HK\$1 by which Cash and Working Capital net of Indebtedness is less than HK\$0, vice versa (details of which are set out in the sub-section headed "Closing Accounts and Closing Accounts payments" above).

We have further discussed with the Management and in assessing the Share Purchase Price, we have also made reference to the reassessed net assets value of the Target Group after considering the effects of (i) the unaudited consolidated net liabilities of the Target Group as at 31 August 2025 of approximately HK\$849.8 million; (ii) completion of the Pre-sale Reorganisation and the Set-off of Intercompany Balances; (iii) Ms. Leong and the Vendors shall procure the repayment of, among others, the ICBC Loan in the amount HK\$177,525,000 simultaneously with Completion; (iv) the market value of the L'Arc Hotel of HK\$1,750,000,000 as at 30 September 2025; and (v) the Closing Accounts payment after Completion.

As advised by the Management, the reassessed value of the Target Group after adjustments of the aforesaid effects are as follows:

Unaudited consolidated net liabilities of the Target Group as at 31 August 2025 (“ Item A ”)	approximately HK\$(849.8) million
Item A after adjustment of completion of the Pre-sale Reorganisation and the Set-off of Intercompany Balances (“ Item B ”)	approximately HK\$(1,334.6) million (Note 1)
Item B after adjustment of the ICBC Loan of HK\$177.525 million to be repaid by Ms. Leong and the Vendors (“ Item C ”)	approximately HK\$(1,157.1) million
Item C after adjustment of the market value of the L’Arc Hotel of HK\$1,750 million as at 30 September 2025 (the “ Reassessed Net Liabilities ”)	approximately HK\$(15.7) million (Note 2)

Note 1 This amount is derived by adjusting (i) the outstanding amounts due to the Target Group of approximately MOP3,783.3 million (or approximately HK\$3,673.1 million) as at 31 August 2025; and (ii) the outstanding amounts payable by the Target Group of approximately MOP3,283.9 million (or approximately HK\$3,188.3 million) as at 31 August 2025.

Note 2 This amount is derived by adjusting the book value of the L’Arc Hotel of approximately HK\$608.6 million as at 31 August 2025 and the market value of the L’Arc Hotel of HK\$1,750 million. This amount is for illustration purpose and shall be determined and derived from the Closing Accounts in accordance with the Acquisition Agreement.

As set out above, on the assumption that Completion had taken place as at 31 August 2025, the Target Group would have recorded the Reassessed Net Liabilities of HK\$15.7 million. As advised by the Management and in accordance with the terms of the Acquisition Agreement, assuming everything being constant and for illustrative purpose only, based on the above, the Vendors are obligated to compensate the Purchasers the balance of HK\$15.7 million (the “**Closing Accounts Payment**”), adjusting the Target Group’s net value to nil pursuant to the terms and conditions of the Acquisition Agreement.

According to the Acquisition Agreement, the Share Purchase Price of MOP180,000 (or approximately HK\$174,757) shall be compensated to the Purchasers by the Vendors in the way that the Purchasers shall procure the repayment of the ICBC Loan up to an amount of HK\$1,749,825,243, which is equal to HK\$1,750,000,000 (being the valuation of the L’Arc Hotel) less the Share Purchase Price, while the Vendors shall bear the exact amount of HK\$174,757 when repaying their portion of the ICBC Loan. Hence the total amount payable by Purchasers at Completion shall be HK\$1,750,000,000, which is equal to the market value of the L’Arc Hotel of HK\$1,750,000,000 as at 30 September 2025.

In view of the above and considering the benefits from the Acquisition as set out in the section headed “4. Reasons for and benefits of the Acquisition and the Loan” above, we consider that the Share Purchase Price of MOP180,000 (or approximately HK\$174,757) to be fair and reasonable.

As illustrated above, the Vendors (being companies wholly owned by Ms. Leong) would have to compensate the Purchasers the Closing Accounts Payment of approximately HK\$15.7 million. We noted that as at the Latest Practicable Date, Ms. Leong beneficially owned 574,269,099 Shares. Excluding expected 143,057,717 Shares to be charged under the Share Charge, the remaining 431,211,382 Shares was valued at approximately HK\$1,138.4 million based on the closing price of the Shares of HK\$2.64 per Share as at the Latest Practicable Date. We consider that the Vendors and Ms. Leong have the financial capability to settle the Closing Accounts Payment.

8. The Valuation

As set out in the Letter from the Board, according to the Acquisition Agreement, the Target Group will complete the Pre-sale Reorganisation and the Set-off of Intercompany Balances immediately prior to Completion such that, the major assets of the Target Group will comprise mainly the L'Arc Hotel. As such, we have focused on the value of the L'Arc Hotel (the "**Property**") in the amount of HK\$1,750 million as at 30 September 2025 (the "**Valuation**") as appraised by CBRE Advisory Hong Kong Limited (the "**Independent Valuer**").

In assessing the Valuation, we have reviewed the report on valuation of the Property prepared by the Independent Valuer (the "**Valuation Report**") and discussed with the Independent Valuer in relation to (i) the methodologies, basis and assumptions used in performing the valuation on the Property; (ii) their scope of work for conducting the valuation on the Property; and (iii) their relevant professional qualifications as a property valuer.

Independence, qualification and scope of work of the Independent Valuer

We have discussed with the engagement team of the Independent Valuer as to their independence, expertise, valuation experience and their scope of work in relation to the Valuation.

Based on the information provided by the Independent Valuer, the responsible person in charge of the Valuation Report, namely Ms. Hannah Jeong, is a fellow of the Hong Kong Institute of Surveyors ("**HKIS**"), a fellow of the Royal Institution of Chartered Surveyors ("**RICS**") and Registered Professional Surveyors (General Practice) and RICS Registered Valuer. She has over 19 years' experience in real estate valuation in Hong Kong. The Valuation was also assisted by Mr. Terence Yeung, who is a member HKIS and a member of RICS. He has over 10 years of experience in conducting valuation of assets.

The Independent Valuer confirmed that it is independent of and does not have any present or prospective interests with the Company, Ms. Leong and the Vendors.

By reviewing the terms of engagement of the Independent Valuer with the Company, we noted that the scope of work performed was appropriate for the Independent Valuer to form a reliable opinion in the Valuation Report and there were no limitations on the scope of work which may adversely impact the degree of the Valuation. As such, we are not aware of any major factor which caused us to doubt the fairness and reasonableness of the assumptions and methodologies adopted for the Valuation Report.

Nothing has come to our attention that the Company or any party to the Acquisition Agreement has made formal or informal representations to the Independent Valuer that contravenes our understanding of the Valuation.

Basis and assumptions of the Valuation

We noted that the Valuation Report has been prepared in accordance with all the requirements set out in Chapter 5 and Practice Note 12 of the Listing Rules, the RICS Valuation – Global Standards 2025 and IVSC valuation standards (IVS, effective from 31 January 2025). The Valuation was prepared based on market value, which follows the definition of market value as stipulated in the RICS Valuation – Global Standards 2025 as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion”.

Furthermore, the Valuation has been made on the assumptions that (i) Arc of Triumph Development has a good legal title to the Property and has free and uninterrupted rights to occupy, use, transfer, lease or assign the Property for the whole unexpired term granted without legal impediment; (ii) upon the expiration of the term, the legal title is renewable for further consecutive of 10 years without extra land premium, subject to applicable legislation in Macau; (iii) the owner sells the Property on the open market without the benefit and burden of any deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which would serve to affect the value of the Property; (iv) no allowance has been made in the Valuation for any charges, mortgages or amounts owing on the Property nor for any expenses or taxation which may be incurred in effecting a sale; (v) the Property is free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value; (vi) the government lease could be automatically renewed without any land premium payment given that the lessee has fulfilled all the obligations under the land grant document; and (vii) the use of the Property complies with the land lease, license, and all other statutory regulations.

It is also noted that the Independent Valuer has undertaken the Valuation on the basis that the Property is operated with retail and hotel uses only and no gaming revenue is taken into consideration while assessing the market value of the Property. As advised by the Independent Valuer, under the legislative context of Macau’s revised Gaming Law (Law No. 7/2022), all casinos must be located within properties owned by their respective gaming concessionaires. The existing casino operation arrangement between the property owner and the casino operator would represent a special purchaser scenario and would not reflect the current market value as defined under IVS.

We are given to understand from the Independent Valuer that the aforesaid assumptions are commonly adopted in the valuation of properties.

Valuation methodology

As set out in the Valuation Report, the Independent Valuer has adopted income approach for the Valuation. In particular, we are given to understand from the Independent Valuer that it has considered the characteristics of revenue stream from each of the retail, hotel and car park portion of the Property. The retail portion of the Property refers to retail shops subject to various tenancies with contracted rental revenue until the expiry of the relevant leases, valuation has taken into account both passing rental income (i.e. contracted rent) and market rental income upon expiry of such leases, thus a term and reversion method is adopted. While the Property's hotel portion and car park portion do not enjoy a long term tenancy, the Independent Valuer considered that it is appropriate to apply market rates as at valuation date and apply direct capitalization method in arriving at their opinion of market value.

The market approach is not adopted for the Valuation as there are limited sales transactions for properties with similar magnitude and characteristics in Macau. We have reviewed the list of the sales transactions and noted that the Independent Valuer could only identify one comparable sales transaction in recent times, which is the sale of the 13 Hotel, Macau conducted in 2025. This transaction represented a forced-sales situation and hence shall not be considered as an appropriate price benchmark.

We also noted that income approach is a common valuation method and the Property is a revenue generating asset with long operating history and identifiable revenue stream.

In view of the above, we consider that the income approach, in particular the term and reversion method for the retail portion and direct capitalisation method for hotel portion and car park portion, to be fair and reasonable and appropriate.

The Independent Valuer has assessed the market value of the Property in three parts, namely the hotel portion, the retail portion and the car park portion. Details of which are as follows.

(1) The retail portion

The Independent Valuer has valued the retail portion with existing tenancies of the Property with Income Approach – Term and Reversion method. This method is relied on adopting appropriate capitalization rate to capitalize the passing rental income (i.e. contracted rent) and reversionary income (i.e. market rent).

We have discussed with the Independent Valuer on the valuation methodology applied and were given to understand that the valuation of the retail portion is based on the following:

- (i) a passing rent for each retail shop of the Property ranging from MOP16 to MOP484 per square feet per month, which was determined with reference to the actual contracted rent under the respective existing tenancy agreements. A market rent ranging from MOP14 to MOP287 per square feet per month (representing the expected rental income for the retail shop upon expiry of the existing tenancy agreements) is assumed with reference to the market comparables. Details of the aforesaid rents are set out in the “Appendix I – Valuation Report” in the Circular.

We reviewed the comparables provided by the Independent Valuer. For valuation purpose, the Independent Valuer has selected market comparables with the following selection criteria: (Location) retail shops located in the Macau Peninsula; (Transaction Date) retail asking rents or transactions recorded within two years from the date of the Valuation; and (Property Type) property type which is similar to the retail portion of the Property (the “**Retail Comparables**”).

Based on further discussion with the Independent Valuer, we have observed that the Retail Comparables are limited to Freguesia da Sé district, being the southeast part of the Macau Peninsula and the district that the Property is located. With regard to the expected rental income for the retail shop, we were given to understand from the Independent Valuer that it only identified 2 Retail Comparables that were transacted and completed. In view of the limited completed transactions, the Independent Valuer then considered and searched from public property rental websites in Macau, including Centaline Property and MalimaliHome, to obtain additional Retail Comparables. Details of the Retail Comparables are set out in the “Appendix I – Valuation Report” in the Circular.

It is noted that the Independent Valuer has included Chow Tai Fook (comparable 4), a retail unit located within the Property, as one of the Retail Comparables. We noted that this comparable is a completed transaction in September 2025, being a date close to the date of Valuation of 30 September 2025. In view that this comparable is a completed transaction and transacted on a date close to the date of the Valuation, it provides an updated and certain data for assessment, we therefore consider it is appropriate to include this comparable.

It is also noted that the adopted market rents are lower than the passing rent (i.e. contracted rent) for the Property’s respective retail portion.

Considering (i) the Retail Comparables are all located in the Macau Peninsula, of which the Property is situated; (ii) there are 8 Retail Comparables, we are of the view that the selection criteria of the Retail Comparables are fair and representative.

- (ii) The capitalization rates adopted for the passing rent and market rent was 4.75% and 5.0% respectively, which were determined with reference to a quarter three of 2025 Asia Pacific Cap Rate Survey conducted by the Independent Valuer (the “**Cap Rate Survey**”).

We have obtained and reviewed the Cap Rate Survey and noted that the Independent Valuer has made reference to the capitalisation rates for shopping malls in Shenzhen and Hong Kong, such capitalization rates are ranged from 4.4% to 6.75%, the capitalization rates adopted for the passing rent and market rent of 4.75% and 5.0% respectively are within such range.

The Cap Rate Survey has studied the shopping malls from a total of 21 cities across eight countries in Asia Pacific Region. Under Greater China, the Cap Rate Survey has studied cities including Beijing, Shanghai, Guangzhou, Shenzhen, Hong Kong and Taipei. Given that Shenzhen and Hong Kong are considered to have higher similarity to Macau with respect to geographical location and investment sentiment, we consider that reference made to Shenzhen and Hong Kong to be appropriate.

We further understand that appropriate adjustments have been considered and made by the Independent Valuer for relevant factors including transaction nature, location, size, quality, provision of frontage, layout, floor and accessibility to reflect the differences between the Retail Comparables and the retail portion of the Property. In order to assess the fairness and representative of the adjustments applied to the Retail Comparables, we have discussed with the Independent Valuer on the adjustments made to reflect different attributes between the Retail Comparables and the retail portion of the Property. We are given to understand that (i) discount is applied to asking comparables against actual transaction; (ii) units with smaller unit size command a higher unit rent due to larger pool of investor/end-user; (iii) units located with high pedestrian flow and in high street command a higher unit rent; (iv) units with better building quality command a higher unit rent; (v) units with street frontage or provision of return frontage command a higher unit rent due to higher exposure to pedestrians; (vi) units with regular layout generally command a higher unit rent; and (vii) units located on lower floors or with better accessibility with dedicated lift access command a higher unit rent compared with units located on higher floors.

(2) The hotel portion

The Independent Valuer has valued the hotel portion of the Property with direct capitalisation method. This method converts a net operating income of the hotel into a capital value by capitalizing the income by a market-derived capitalization rate.

We have discussed with the Independent Valuer on the valuation methodology applied and were given to understand that the valuation of the hotel portion is based on the followings:

- (i) an assumed average daily rate (“ADR”) of MOP853 per room, which was determined with reference to the market comparables.

We reviewed the comparables provided by the Independent Valuer. For valuation purpose, the Independent Valuer has selected market comparables with the following selection criteria: hotels located in the Macau Peninsula; hotels with four-star to five-star rating which is similar to the Property (the “**Hotel Comparables**”). In particular, the Independent Valuer selected 7 hotels, namely New Orient Landmark Hotel, Hotel Lisboa Macau, Ascott Macau, Metropark Hotel Macau, Grand Emperor Hotel, Hotel Presidente and Grand Lisboa Hotel Macau.

Based on further discussion with the Independent Valuer, we have observed that the Hotel Comparables are limited to Freguesia da Sé district, being the southeast part of the Macau Peninsula and the district that the Property is located. We have also observed that the Hotel Comparables are all four-star to five-star hotels. We also understood that the Independent Valuer obtained the room rate of the Hotel Comparables from public online travel agency websites, including booking.com and trip.com.

Considering (i) the Hotel Comparables are all located in the Macau Peninsula, of which the Property is situated; and there are 7 Hotel Comparables, we are of the view that the selection criteria of the Hotel Comparables are fair and representative.

- (ii) an assumed occupancy rate of 95%, which was determined with reference to actual historical occupancy rate of the Property and industry average rate published by the Macao Government Tourism Office.

Based on the information obtained, we noted that the average historical occupancy rate of the Property’s hotel portion for the year ended 31 December 2024 and for the nine months ended 30 September 2025 was approximately 96.7% and 96.9% respectively. We have also obtained and reviewed the information published by Macau Hotel Association which indicated the average occupancy rate of four-star and five-star hotels in Macau from January to September 2025 was 96.9% and 94.4%. The assumed occupancy rate adopted of 95% is within such range.

- (iii) an assumed revenue from food and beverage of approximately MOP87.0 million per annum, which was determined with reference to the historical revenue from the Property’s food and beverage for the nine months ended 30 September 2025.

Based on the information provided, we noted that the revenue from the Property's food and beverage was approximately MOP70.7 million for the nine months ended 30 September 2025 and would have been approximately MOP94.3 million on an annualised basis. It is noted that the Independent Valuer has assumed a lower annual revenue from such food and beverage.

- (iv) an assumed net operating income margin of 12.7%, which was determined with reference to statistics on Macau hotel sector published by the Government of Macao Special Administrative Region Statistics and Census Services.

Based on the information provided, we noted that the Independent Valuer has made reference to the gross surplus ratio (calculated by the receipts and expenditure of hotel sector in Macau) of approximately 22.0% and 18.7% for 2023 and 2024 respectively. It is noted that the Independent Valuer has assumed a lower ratio of 12.7%.

- (v) the capitalization rate adopted was 5.0%, which was determined with reference to the Cap Rate Survey.

We have obtained and reviewed the Cap Rate Survey and noted the Independent Valuer has made reference to capitalisation rates for hotels in Shenzhen and Hong Kong, and such rates are ranged from 4.5% to 6.5%. The adopted capitalisation rate adopted of 5.0% is within such range.

The Cap Rate Survey has studied the hotels from a total of 21 cities across nine countries in Asia Pacific Region. Under Greater China, the Cap Rate Survey has studied cities including Beijing, Shanghai, Guangzhou, Shenzhen and Hong Kong. Given that Shenzhen and Hong Kong are considered to have higher similarity to Macau with respect to geographical location and investment sentiment, we consider that reference made to Shenzhen and Hong Kong to be appropriate.

We further understand that appropriate adjustments have been considered and made by the Independent Valuer in deriving the market level ADR of the Property for relevant factors including star rating, location, operator, room size, building age and quality to reflect the differences between the Hotel Comparables and the hotel portion of the Property. In order to assess the fairness and representative of the adjustments applied to the Hotel Comparables, we have discussed with the Independent Valuer on the adjustments made to reflect different attributes between the Hotel Comparables and the hotel portion of the Property. We are given to understand that (i) hotels with higher star rating command a higher room rate; (ii) hotels with a better and more convenient location command a higher room rate; (iii) hotels with a renowned operator command a higher room rate; (iv) hotels with larger typical room command a higher room rate; (v) hotels that are built more recently command a higher room rate; and (vi) hotels with better quality command a higher room rate.

(3) *The car park portion*

The Independent Valuer has valued the car park portion of the Property with direct capitalisation method. This method converts a rental income into a capital value by capitalizing the income by a market-derived capitalization rate.

We have discussed with the Independent Valuer on the valuation methodology applied and were given to understand that the valuation of the car park portion (i.e. private car parking space and motorcycle parking space) is based on:

- (i) an assumed monthly rental rate for private car parking space and motorcycle parking space of MOP2,500 and MOP900 respectively, which were determined with reference to their respective actual rental rate for the nine months ended 30 September 2025, being the date of the Valuation.

Based on the information provided, we noted that the monthly rental rate for private car parking space and motorcycle parking space is fixed at MOP2,500 and MOP900 during the nine months ended 30 September 2025.

- (ii) an assumed occupancy rate for each of private car parking space and motorcycle parking space of 45% and 25% respectively. The aforesaid occupancy rates were assumed with reference to their respective historical occupancy rate of the Property's parking space for the nine months ended 30 September 2025.

Based on the information provided, we noted that the historical occupancy rate for private car parking space was ranged from 45% to 47% and was 45% for September 2025. While the historical occupancy rate for motorcycle parking space was ranged from 20% to 27% and was 27% for September 2025. The assumed occupancy rates are within such ranges.

- (iii) the capitalization rate adopted was 5.25%, which was determined with reference to research conducted by on the Independent Valuer on large scale car parking space transactions in Hong Kong (the "**Research**").

Further to discussion with the Independent Valuer, it has first attempted to draw reference to large scale car parking transactions in Macau, but no such transaction was identified, and therefore expanded to those in Hong Kong. Given that Hong Kong is considered to have higher similarity to Macau with respect to geographical location and investment sentiment, we consider that reference made to Hong Kong to be appropriate. We have obtained and reviewed the results on the Research and noted that there are five transactions identified by the Independent Valuer and the estimated capitalisation rates are ranged from 3.6% to 6.0%. The capitalisation rate adopted of 5.25% is within the aforesaid range.

As advised by the Independent Valuer, no adjustment has been considered and made in relation to the valuation of the car park portion of the Property.

With respect to the adjustment factors considered and made in relation to the valuation of the hotel portion and retail portion of the Property, we have obtained and reviewed IVSC valuation standards (effective from 31 January 2025), under which a valuer should analyse and make adjustments for any significant differences between the comparable transaction and the subject asset. Examples of common differences include, but not limited to, material characteristics (age, size, specification, etc) and geographical location. Based on our research, we also noted that it is not uncommon in the market to apply adjustment factors in property valuation. With respect to each adjustment factor considered by the Independent Valuer for the Property's retail portion and hotel portion as mentioned above, we are given to understand that those adjustments are based on the professional judgement and experience of the Independent Valuer leveraging on its expertise and experience, in particular Ms. Hannah Jeong is a qualified valuer with over 19 years' experience in real estate valuation. In addition, we consider that the direction of adjustment of each factor to be logical. As such, we consider that the adjustments applied in the Valuation to be fair, reasonable and appropriate.

Our view

Based on our analysis and work performed, we consider that the Valuation as set out in the Valuation Report determined by the Independent Valuer after their work performed, is an appropriate reference point to assess the fairness and reasonableness of the Share Purchase Price under the Acquisition Agreement.

9. Possible financial effects of the Acquisition and the Loan

Earnings

As set out in the Letter from the Board, it is expected that the L'Arc Hotel will contribute rental income to the Group following Completion. The Company further expects that there will be no material gain or loss arising from the Acquisition for the Group immediately upon Completion.

Assets

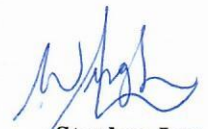
As set out in the Letter from the Board, upon Completion, each company of the Target Group shall become a subsidiary of the Company, and the Target Group's results will be consolidated into the financial statements of the Group. As the purchase price for the shares of the Target Company will be settled in full in cash funded by the Acquisition Facility of the Group upon Completion, the Group expects that there will be no material change on the net assets of the Group immediately upon Completion.

We draw attention to the Shareholders and the Independent Board Committee that the aforementioned analyses are for illustrative purpose only and do not purport to represent how the financial performance and position of the Group will be upon Completion.

RECOMMENDATION

Having considered the above principal factors and reasons, we consider that although the Acquisition Agreement and the Loan Agreement are not in the ordinary and usual course of business, the terms of the Acquisition Agreement and the Loan Agreement and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned, and is in the interest of the Company and the Shareholders as a whole. We therefore advise that the Independent Shareholders, and the Independent Board Committee to recommend the Independent Shareholders, to vote in favour of the ordinary resolution to be proposed at the EGM.

Yours faithfully,
for and on behalf of
AMASSE CAPITAL LIMITED



Stephen Lau
Director

Mr. Stephen Lau ("Mr. Lau") is a licensed person registered with the SFC and a responsible officer of Amasse Capital Limited to carry out Type 6 (advising on corporate finance) and a representative of Amasse Capital Limited to carry out Type 1 (dealing in securities) regulated activities under the SFO. Mr. Lau is also a representative of Amasse Asset Management Limited licensed to carry out Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO. He has over 10 years of experience in the finance industry.