

RNS Number: 3237P

30 August 2017

Asian Growth Properties Limited

**Results for the period ended 30 June 2017**

Asian Growth Properties Limited (the “Company”) (AIM Stock Code: AGP), the Hong Kong based China property development and investment company, announces its unaudited condensed consolidated results for the period ended 30 June 2017. These financial results are the first results since the completion of the disposal of the Company’s non-China properties on 15 May 2017.

**Financial Highlights**

- Profit attributable to the Company’s shareholders of HK\$2,599.4 million (£256.7 million) (2016: HK\$561.3 million (£53.7 million)).
- Profit attributable to the Company’s shareholders (excluding revaluation surplus net of deferred tax) was HK\$2,590.6 million (£255.9 million) (2016: HK\$573.9 million (£54.9 million) excluding revaluation deficit net of deferred tax). The increment was a result of a realized gain of HK\$2,549.9 million (£251.9 million) on the sale of the entire issued share capital of Benefit Strong Group Limited which holds the non-PRC assets pursuant to the sale and purchase agreement dated 31 March 2017 made between the Company and S E A Holdings Limited (“SEA”).
- Earnings per share for profit attributable to the Company’s shareholders of HK293.3 cents (29.0 pence) (2016: HK63.3 cents (6.1 pence)).
- Net asset value per share attributable to the Company’s shareholders as at 30 June 2017 of HK\$4.9 (48.4 pence) (31 December 2016: HK\$14.4 (150.5 pence)).
- The Group’s equity attributable to the Company’s shareholders amounted to HK\$4,295.6 million (£424.3 million) as at 30 June 2017 (31 December 2016 pro forma (unaudited) <sup>Note 1</sup>: HK\$4,263.5 million (£445.5 million)).
- Geographical location of the Group’s property assets were as follows:

	30 June 2017	31 December 2016
Hong Kong	-	HK\$892.2 million (£93.2 million)
United Kingdom	-	HK\$1,494.1 million (£156.1 million)
Mainland China	<b>HK\$2,486.6 million (£245.6 million)</b>	HK\$2,413.1 million (£252.1 million)
<b>Total</b>	<b>HK\$2,486.6 million (£245.6 million)</b>	HK\$4,799.4 million (£501.4 million)

- As at 30 June 2017, bank balances and cash of the Group amounted to HK\$1,724.5 million (£170.3 million). After netting off bank borrowings of HK\$129.0 million (£12.7 million), the Group had a net cash position of HK\$1,595.5 million (£157.6 million) at period end date, compared to a net cash position of HK\$6,320.3 million (£660.4 million) as at 31 December 2016.
- The Board declared a special dividend of HK\$10.35 (£1.06 <sup>Note 2</sup>) per common share to the shareholders of the Company and the special dividend was paid on 15 May 2017.

## Operational Highlights

- On 31 March 2017, the Company entered into a sale and purchase agreement with SEA pursuant to which the Company conditionally agreed to sell the entire issued share capital of Benefit Strong Group Limited, which owns Crowne Plaza Hong Kong Causeway Bay in Hong Kong and a commercial property at 20 Moorgate in UK, at an aggregate consideration of HK\$8,913.4 million (£913.6 million <sup>Note 2</sup>). Completion of the disposal took place on 15 May 2017.
- The sale of Benefit Strong Group Limited realised a gain on disposal of HK\$2,549.9 million (£251.9 million). The consideration of HK\$8,913.4 million (£913.6 million <sup>Note 2</sup>) was settled by offsetting the special dividend of HK\$10.35 (£1.06 <sup>Note 2</sup>) per share that SEA was entitled to receive.
- Prior to the completion of disposal of Benefit Strong Group Limited in May 2017, stable gross rental income was generated from an investment property in UK and the hotel operation results of Crowne Plaza Hong Kong Causeway Bay were in general in line with the weaker hotel business environment in 2017.
- The rental income from investment properties situated in the PRC continued to provide stable returns to the Company.

### Notes:

1. *The unaudited pro forma financial information was disclosed by the Company in the Circular dated 31 March 2017.*
2. *Amounts in Pounds Sterling use the exchange rates which were previously disclosed by the Company in the relevant announcements.*
3. *Other figures in Pounds Sterling are translated from Hong Kong dollars based upon the exchange rates prevailing on the latest practicable business day of the respective accounting periods. The relevant exchange rates adopted are stated as follows:*

<i>For 30 June 2017:</i>	<i>£1 = HK\$10.1244</i>
<i>For 31 December 2016:</i>	<i>£1 = HK\$9.5710</i>
<i>For 30 June 2016:</i>	<i>£1 = HK\$10.4562</i>
4. *For the Company's shareholders' information, the exchange rate on 29 August 2017 was £1 = HK\$10.1375.*

## Miscellaneous

The results included in this announcement are extracted from the unaudited condensed consolidated financial statements of the Company for the period ended 30 June 2017, which have been approved by the Board of Directors on 30 August 2017.

The 2017 Interim Report is expected to be posted to the Company's shareholders and holders of depositary interests in late September 2017.

This announcement contains inside information for the purpose of Article 7 of the Market Abuse Regulation (EU) No. 596/2014.

**For further information, please contact:**

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Attached:-

1. Chairman's Review;
2. Executive Directors' Review;
3. Condensed Consolidated Statement of Profit or Loss;
4. Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income;
5. Condensed Consolidated Statement of Financial Position;
6. Condensed Consolidated Statement of Changes in Equity;
7. Condensed Consolidated Statement of Cash Flows; and
8. Notes to the Condensed Consolidated Financial Statements.

*This announcement can also be viewed on the Company's website at:*  
<http://www.asiangrowth.com/html/eng/news.asp>

## CHAIRMAN'S REVIEW

I am pleased to present the unaudited condensed consolidated financial results of Asian Growth Properties Limited ("AGP" or the "Company", together with its subsidiaries, the "Group") for the first six months of 2017 to the shareholders of the Company.

### Results

AGP reported a profit attributable to the Company's shareholders of HK\$2,599.4 million (£256.7 million) for the period ended 30 June 2017 (2016: HK\$561.3 million (£53.7 million)). The reported profit included a revaluation surplus on investment properties net of deferred taxation of HK\$8.8 million (£0.9 million) (2016: revaluation deficit of HK\$12.6 million (£1.2 million)). By excluding the net effect of such surplus, the Group's net profit attributable to the Company's shareholders was HK\$2,590.6 million (£255.9 million) (2016: HK\$573.9 million (£54.9 million) excluding revaluation deficit net of deferred tax), including a realised gain of HK\$2,549.9 million (£251.9 million) on the sale of the entire issued share capital of Benefit Strong Group Limited which holds the non-PRC assets pursuant to the sale and purchase agreement dated 31 March 2017 made between the Company and SEA.

As at 30 June 2017, the Group's equity attributable to the Company's shareholders amounted to HK\$4,295.6 million (£424.3 million) (31 December 2016 pro forma (unaudited) <sup>Note 1</sup>: HK\$4,263.5 million (£445.5 million)). The net asset value per share attributable to the Company's shareholders as at 30 June 2017 was HK\$4.9 (48.4 pence) as compared with pro forma (unaudited) <sup>Note 1</sup> HK\$4.8 (50.2 pence) as at 31 December 2016.

Unless stated otherwise, figures in Pounds Sterling are translated from Hong Kong dollars based upon the exchange rates prevailing on the latest practicable business day of the respective accounting periods.

### Operations

During the period ended 30 June 2017, the Group has continued to focus on property development and property investment projects. The rental income from investment properties situated in the PRC continued to provide stable returns to the AGP Group.

The Company completed the sale of the entire issued share capital of Benefit Strong Group Limited, which owns the Crowne Plaza Hong Kong Causeway Bay in Hong Kong and a commercial property at 20 Moorgate in UK, at an aggregate consideration of HK\$8,913.4 million (£913.6 million <sup>Note 2</sup>). Completion of the disposal took place on 15 May 2017 and realised a gain on disposal of HK\$2,549.9 million (£251.9 million). The consideration in relation to the sale was satisfied by AGP offsetting an amount equal to the consideration against the proportion of the Company's special dividend of HK\$10.35 (£1.06 <sup>Note 2</sup>) per share that SEA was entitled to receive.

The Group will continue to monitor the property markets of the PRC and other markets closely, in order to identify potential acquisition targets at opportune times.

For details of the Group's operations, please refer to the Executive Directors' Review.

## **Share Exchange and Cash Offer**

Reference is made to the joint announcement dated 28 August 2017 made by the Company and Nan Luen International Limited (“NLI”) regarding the results of the share exchange and cash offer by NLI. Upon the close of the offer on 28 August 2017, NLI had received acceptances totalling 304,264,521 shares in the Company (including all acceptances with cooling-off period and without cooling-off period elected as at 28 August 2017) which represents approximately 34.33% of the entire issued share capital of the Company. If there is no withdrawal in respect of those acceptances which are subject to a cooling-off period, NLI will hold a total of 866,605,133 shares in the Company, representing approximately 97.77% interest therein. The Company and NLI will make further announcement on the results of final acceptances including any remaining withdrawal of acceptances on 11 September 2017.

## **Outlook**

The global economy is likely to improve gradually, given that many advanced economies are poised for sustaining modest to moderate growth. Many countries also adopt a somewhat relaxing fiscal policy stance. However, the downside risks in the external environment such as US interest rate normalization, Brexit-related negotiations & various uncertainties surrounding policy and political developments in the US and Europe, still warrant attention.

China’s economy continued its stabilizing trend with 6.9% GDP growth in the second quarter of 2017 compared with 6.7% in 2016. Growth momentum has stayed pretty high. Infrastructure investment is picking up on the back of regional development initiatives, including the “Belt and Road”. Real estate investment is expected to remain buoyant, private investment growth has bottomed out and consumption growth is expected to remain stable, underpinned by continued strong job creation.

## **Interim Dividend**

The Board does not propose the payment of an interim dividend for the period ended 30 June 2017 (2016: Nil).

## **Acknowledgement**

The Board would like to take this opportunity to thank the executive and management team for the execution of the Board’s strategy and their ongoing support.

Richard Prickett  
Non-executive Chairman  
Hong Kong, 30 August 2017

# EXECUTIVE DIRECTORS' REVIEW

## FINANCIAL SUMMARY

Turnover for the period ended 30 June 2017 amounted to HK\$232.2 million (£22.9 million) (2016: HK\$294.6 million (£28.2 million)). The turnover was principally attributable to the recognition of rental income from investment properties, revenue from hotel operation and the income from financial investment.

Profit attributable to the Company's shareholders for the period amounted to HK\$2,599.4 million (£256.7 million) (2016: HK\$561.3 million (£53.7 million)), equivalent to a basic earnings per share of HK293.3 cents (29.0 pence) (2016: HK63.3 cents (6.1 pence)). The reported profit included a revaluation surplus on investment properties net of deferred taxation of HK\$8.8 million (£0.9 million) (2016: revaluation deficit of HK\$12.6 million (£1.2 million)). By excluding the net effect of such surplus, the Group's net profit attributable to the Company's shareholders was HK\$2,590.6 million (£255.9 million) (2016: HK\$573.9 million (£54.9 million) excluding revaluation deficit net of deferred tax), equivalent to HK292.3 cents (28.9 pence) (2016: HK64.8 cents (6.2 pence)) per share.

As at 30 June 2017, the Group's equity attributable to the Company's shareholders amounted to HK\$4,295.6 million (£424.3 million) (31 December 2016: HK\$12,789.5 million (£1,336.3 million)). The net asset value per share attributable to the Company's shareholders as at 30 June 2017 was HK\$4.9 (48.4 pence) as compared with HK\$14.4 (150.5 pence) as at 31 December 2016.

For the Company's shareholders' information, figures in Pounds Sterling are translated from Hong Kong dollars based upon the exchange rates prevailing on the latest practicable business day of the respective accounting periods and the relevant exchange rates adopted are stated as follows:

For 30 June 2017:	£1 = HK\$10.1244
For 31 December 2016:	£1 = HK\$9.5710
For 30 June 2016:	£1 = HK\$10.4562

## BUSINESS REVIEW

### Property Investment and Development

The Group continues to focus on its development and investment projects. It is the Group's approach to review and optimise the project portfolios from time to time. The Group's projects located in Mainland China are listed below.

Following the disposal of certain properties as summarized in these results, the Group owns four properties in China (one property held for sale and three investment properties).

## ***Chengdu, Sichuan Province***

### Plaza Central

During the period under review, the occupancy rate for the two 30-storey office towers of Plaza Central remained at a high level and its retail podium with a gross floor area of about 29,000 square metres is fully let principally to Chengdu New World Department Store on a long-term lease. As at 30 June 2017, the aggregate occupancy rate for the two office towers and the retail podium was approximately 77% (31 December 2016: 79%) with a weighted average lease length of 10.9 years) (31 December 2016: 10.8 years). Leasing activities for the remaining areas of Plaza Central continue.

### New Century Plaza

The shopping arcade of New Century Plaza with a gross floor area of about 16,300 square metres is fully let to a hotel operator on a long-term lease of approximately 12.5 years (31 December 2016: 12.5 years).

## ***Guangzhou, Guangdong Province***

### Westmin Plaza Phase II, office tower

As at 30 June 2017, the occupancy rate of the 14-storey office tower of Westmin Plaza Phase II of about 16,100 square metres was 100% with more than one-third of the total office space being leased to AIA (31 December 2016: 95%) with a weighted average lease length of 4.2 years) (31 December 2016: 4.3 years).

### Westmin Plaza Phase II, commercial podium (held for sale)

Leasing activities for the 3-storey shopping arcade of Westmin Plaza Phase II with a total gross floor area of about 26,400 square metres are in progress.

## **New Cost Sharing Agreement**

The Company and its various subsidiaries and South-East Asia Investment And Agency Company, Limited (“SEAI”), a wholly-owned subsidiary of SEA, entered into a cost sharing agreement on 29 July 2014 (the “Old Cost Sharing Agreement”) whereby SEAI agreed to provide to AGP and its subsidiaries and associates personnel and facilities.

With respect of the restructuring of the Company and SEA (the “Restructuring”), the Company and SEAI entered into a new cost sharing agreement on 31 March 2017 (the “New Cost Sharing Agreement”) to terminate and replace the Old Cost Sharing Agreement whereby SEAI will continue to provide the Company and its subsidiaries with certain services such as compliance and company secretarial support for a period of up to 1 year from 15 May 2017.

The Company currently has its own administrative, finance and operational staff separate from those of SEA. Furthermore, it operates & manages its own business at separate office premises.

## WORKING CAPITAL AND LOAN FACILITIES

As at 30 June 2017, the Group's total cash balance was HK\$1,724.5 million (£170.3 million) (31 December 2016: HK\$9,778.9 million (£1,021.7 million)) without unutilised facilities (31 December 2016: unutilised facilities of HK\$627.4 million (£65.6 million)).

As at 30 June 2017, after netting off bank borrowings of HK\$129.0 million (£12.7 million), the Group had a net cash position of HK\$1,595.5 million (£157.6 million) (31 December 2016: HK\$6,320.3 million (£660.4 million)).

As at 30 June 2017, the maturity of the Group's outstanding borrowings was as follows:

	<b>30 June 2017</b>	31 December 2016
	<b>HK\$' million</b>	HK\$' million
Due		
Within 1 year	<b>50.4</b>	1,467.8
1-2 years	<b>46.4</b>	97.6
3-5 years	<b>13.8</b>	1,887.1
Over 5 years	<b>21.3</b>	23.5
	<b>131.9</b>	3,476.0
Less: Front-end fee	<b>(2.9)</b>	(17.4)
	<b>129.0</b>	3,458.6

### Pledge of Assets

For the Company's subsidiaries operating in Hong Kong and Mainland China, the total bank loans drawn as at 30 June 2017 amounted to HK\$131.9 million (£13.0 million) (31 December 2016: HK\$3,476.0 million (£363.2 million)) which comprised secured bank loans of HK\$131.9 million (£13.0 million) (31 December 2016: HK\$3,396.0 million (£354.8 million)). The secured bank loans were secured by properties valued at HK\$1,401.9 million (£138.5 million) (31 December 2016: properties valued at HK\$3,747.0 million (£391.5 million)), listed debt securities of HK\$882.1 million (£92.2 million), pledged cash of HK\$533.1 million (£55.7 million) and note receivables of HK\$54.3 million (£5.7 million)).

### Treasury Policies

The Group adheres to prudent treasury policies. As at 30 June 2017, all of the Group's borrowings were raised through its wholly-owned subsidiaries on a non-recourse basis.

### International Financial Reporting Standards ("IFRS")

The Group has adopted IFRS and the unaudited condensed consolidated financial statements accompanying this Review have been prepared in accordance with IFRS.

## OUTLOOK

Mainland China economy growth accelerated to 6.9% in the second quarter of 2017 as compared with a 6.7% GDP growth rate in 2016. It was achieved by implementing a proactive fiscal policy and prudent monetary policy, which was within the China Central Government's targeted range. Steady growth continued in early 2017. The "Belt and Road" initiative has continued to promote development and business co-operation among the participating regions and nations, which is expected to benefit Hong Kong and Mainland China.

The Hong Kong economy expanded 3.8% in the second quarter compared with 4.3% in the first quarter of 2017, after growing by 2% in 2016. Even though the tourism and retail industries are still suffering from structural adjustment, major economies around the world, including the US, China and Eurozone, maintained stable growth and the global political uncertainties did not derail the recovery.

The global economic conditions are solidly improving as healthy global demand and rising consumer spending are propelling economic growth. The global economy is benefiting from accommodative monetary policies and less tight fiscal policies. The downside risks such as political instability in Europe and rising trade protectionism have not disappeared, but have certainly receding. The Group is closely monitoring the evolving market developments and intends to adopt a prudent and effective policy in managing risks associated with the various challenges ahead.

After the completion of the disposal of the non-China assets, the Group is currently focusing on the property developments & investments in Mainland China. However, the Group has not committed to limit its sphere of activities solely to China. The Group's strategy will be determined by the Company's board taking into consideration market opportunities, its financial resources and core competence.

On behalf of the Executive Directors

Lincoln Lu  
Chief Executive Officer and Executive Director  
Hong Kong, 30 August 2017

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
FOR THE SIX MONTHS ENDED 30 JUNE 2017

	NOTES	Six months ended 30 June	
		2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Revenue	4	232,207	294,638
Other income		13,888	10,802
Costs:			
Property and related costs	5	(15,407)	(25,473)
Staff costs		(30,130)	(52,060)
Depreciation and amortisation		(13,746)	(29,646)
Other expenses	6	(105,915)	(164,477)
		(165,198)	(271,656)
Profit from operations before fair value changes on investment properties		80,897	33,784
Fair value changes on investment properties		8,775	(16,813)
Profit from operations after fair value changes on investment properties		89,672	16,971
Gain on disposal of subsidiaries	23	2,549,927	520,974
Finance costs	7	(29,496)	(46,749)
Profit before taxation	8	2,610,103	491,196
Income tax (expense) credit	9	(11,346)	67,234
Profit for the period		2,598,757	558,430
Attributable to:			
Company's shareholders		2,599,387	561,348
Non-controlling interests		(630)	(2,918)
		2,598,757	558,430
		HK cents	HK cents
Earnings per share for profit attributable to the Company's shareholders	10		
- Basic		293.3	63.3
<i>Earnings per share excluding fair value changes on investment properties net of deferred tax</i>			
- Basic	10	292.3	64.8

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
 COMPREHENSIVE INCOME  
 FOR THE SIX MONTHS ENDED 30 JUNE 2017

	<b>Six months ended 30 June</b>	
	<b>2017</b>	2016
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
Profit for the period	<b>2,598,757</b>	558,430
	-----	-----
Other comprehensive income (expense):		
<i>Item that may be subsequently reclassified to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	<b>68,176</b>	(62,379)
Reclassification adjustments for amounts transferred to profit or loss:		
- upon disposal of subsidiaries (note 23)	<b>(5,486)</b>	(6,654)
Fair value change on available-for-sale investments	<b>5,759</b>	-
	-----	-----
Total comprehensive income for the period	<b>2,667,206</b>	489,397
	=====	=====
Total comprehensive income (expense) attributable to:		
Company's shareholders	<b>2,674,102</b>	493,014
Non-controlling interests	<b>(6,896)</b>	(3,617)
	-----	-----
	<b>2,667,206</b>	489,397
	=====	=====

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AT 30 JUNE 2017

	NOTES	30.6.2017 <i>HK\$'000</i> (unaudited)	31.12.2016 <i>HK\$'000</i> (audited)
<b>Non-current assets</b>			
Investment properties	12	2,002,581	3,445,337
Property, plant and equipment		54,500	951,687
Loan receivables		-	3,160
Note receivables		-	38,773
Other receivables	13	-	-
Available-for-sale investments	14	7,806	1,253,243
Restricted bank deposits		5,761	5,589
		<b>2,070,648</b>	<b>5,697,789</b>
<b>Current assets</b>			
Properties held for sale			
Completed properties		436,041	423,061
Inventories		-	1,196
Loan receivables		-	376
Note receivables		-	15,509
Available-for-sale investments	14	3,902	137,204
Receivables, deposits and prepayments	15	525,955	585,379
Tax recoverable		-	3,088
Amounts due from non-controlling interests	16	-	38
Pledged bank deposits		-	533,105
Bank deposits with original maturity over three months		245,654	4,460,201
Bank balances and cash		1,473,098	4,779,967
		<b>2,684,650</b>	<b>10,939,124</b>
<b>Current liabilities</b>			
Payables, rental deposits and accrued charges	17	98,996	157,629
Tax liabilities		7,676	7,424
Amounts due to non-controlling interests	16	90,446	87,754
Bank borrowings - due within one year	18	48,466	1,464,928
		<b>245,584</b>	<b>1,717,735</b>
<b>Net current assets</b>		<b>2,439,066</b>	<b>9,221,389</b>
<b>Total assets less current liabilities</b>		<b>4,509,714</b>	<b>14,919,178</b>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION - continued  
 AT 30 JUNE 2017

	NOTES	<b>30.6.2017</b> <i>HK\$'000</i> <b>(unaudited)</b>	31.12.2016 <i>HK\$'000</i> (audited)
<b>Capital and reserves</b>			
Share capital	19	<b>345,204</b>	345,204
Reserves		<b>3,950,430</b>	12,444,309
		-----	-----
Equity attributable to the Company's shareholders		<b>4,295,634</b>	12,789,513
Non-controlling interests		<b>(87,140)</b>	(80,244)
		-----	-----
<b>Total equity</b>		<b>4,208,494</b>	12,709,269
<b>Non-current liabilities</b>			
Bank borrowings - due after one year	18	<b>80,547</b>	1,993,705
Deferred taxation	20	<b>220,673</b>	216,204
		-----	-----
		<b>301,220</b>	2,209,909
		-----	-----
<b>Total equity and non-current liabilities</b>		<b>4,509,714</b>	14,919,178
		=====	=====

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE SIX MONTHS ENDED 30 JUNE 2017

	Attributable to the Company's shareholders									
	Share capital	Share premium	Contributed surplus	Translation reserve	Other reserves	Investment revaluation reserve	Retained profits	Total	Non-controlling interests	Total
	HK\$'000	HK\$'000	HK\$'000 (note iii)	HK\$'000	HK\$'000 (note i)	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (note ii)	HK\$'000
At 1 January 2016 (audited)	345,204	4,836,225	-	247,899	766,370	-	8,023,060	14,218,758	41,639	14,260,397
Profit for the period	-	-	-	-	-	-	561,348	561,348	(2,918)	558,430
Exchange differences arising on translation of foreign operations	-	-	-	(61,680)	-	-	-	(61,680)	(699)	(62,379)
Disposal of subsidiaries	-	-	-	(6,654)	(340,096)	-	340,096	(6,654)	-	(6,654)
Other comprehensive (expense) income for the period	-	-	-	(68,334)	(340,096)	-	340,096	(68,334)	(699)	(69,033)
Total comprehensive income (expense) for the period	-	-	-	(68,334)	(340,096)	-	901,444	493,014	(3,617)	489,397
Dividends paid	-	-	-	-	-	-	(1,684,061)	(1,684,061)	-	(1,684,061)
At 30 June 2016 (unaudited)	345,204	4,836,225	-	179,565	426,274	-	7,240,443	13,027,711	38,022	13,065,733
Loss for the period	-	-	-	-	-	-	(135,970)	(135,970)	(121,488)	(257,458)
Exchange differences arising on translation of foreign operations	-	-	-	(104,179)	-	-	-	(104,179)	3,569	(100,610)
Disposal of subsidiaries	-	-	-	8,502	(164,726)	-	164,726	8,502	-	8,502
Fair value change on available-for-sale investments	-	-	-	-	-	(6,551)	-	(6,551)	-	(6,551)
Other comprehensive (expense) income for the period	-	-	-	(95,677)	(164,726)	(6,551)	164,726	(102,228)	3,569	(98,659)
Total comprehensive income (expense) for the period	-	-	-	(95,677)	(164,726)	(6,551)	28,756	(238,198)	(117,919)	(356,117)
Transfer from share premium to contribution surplus	-	(4,836,225)	4,836,225	-	-	-	-	-	-	-
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(347)	(347)
At 31 December 2016 (audited)	345,204	-	4,836,225	83,888	261,548	(6,551)	7,269,199	12,789,513	(80,244)	12,709,269
Profit for the period	-	-	-	-	-	-	2,599,387	2,599,387	(630)	2,598,757
Exchange differences arising on translation of foreign operations	-	-	-	70,762	-	-	-	70,762	(2,586)	68,176
Disposal of subsidiaries	-	-	-	(2,598)	(41,243)	792	41,243	(1,806)	(3,680)	(5,486)
Fair value change on available-for-sale investments	-	-	-	-	-	5,759	-	5,759	-	5,759
Other comprehensive income (expense) for the period	-	-	-	68,164	(41,243)	6,551	41,243	74,715	(6,266)	68,449
Total comprehensive income (expense) for the period	-	-	-	68,164	(41,243)	6,551	2,640,630	2,674,102	(6,896)	2,667,206
Dividends declared	-	-	(4,836,225)	-	-	-	(6,331,756)	(11,167,981)	-	(11,167,981)
At 30 June 2017 (unaudited)	345,204	-	-	152,052	220,305	-	3,578,073	4,295,634	(87,140)	4,208,494

Notes:

- (i) Other reserves comprise (i) a discount on acquisition/assumption of certain assets and liabilities from the intermediate holding company prior to the completion of Distribution in Specie (as defined on page 16), S E A Holdings Limited ("SEA"), and the excess of the consideration over the market closing price of the shares issued for the acquisition. The amounts attributable to those assets and liabilities derecognised in subsequent years will be recognised in retained profits; and (ii) the excess of the consideration paid for acquisition of an additional interest in a subsidiary from a non-controlling shareholder over the carrying amount of the non-controlling interests acquired.
- (ii) Based on the cooperation agreement, profit and loss of the subsidiaries should be shared by the Group and the counterparties in proportion to the capital contribution of respective parties. Thus, the deficit balance represents the losses attributable to the non-controlling interest.
- (iii) Pursuant to a special resolution passed on 10 November 2016, the Company has changed its domicile from the British Virgin Islands to Bermuda with effect from 5 December 2016. The balance of approximately HK\$4,836 million, which was formerly known as "Share Premium" has been transferred to "Contributed Surplus" under the Laws of Bermuda, Amended Bye-laws and the Companies Act.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE SIX MONTHS ENDED 30 JUNE 2017

	NOTE	Six months ended 30 June	
		2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
<b>Net cash from operating activities</b>		<b>39,048</b>	16,671
<b>Investing activities</b>			
Purchase of property, plant and equipment		(7,549)	(854)
Acquisition of and additional costs on properties for development		-	(44,946)
Fixed deposits placement		(245,654)	(7,929,290)
Pledged bank deposits placement		(27,783)	-
Fixed deposits released		4,460,201	364,164
Purchase of available-for-sale investments		(559,898)	-
Decrease in note receivables		15,542	-
Decrease in loan receivables		402	461
Interest received		1,495	10,528
Net cash (outflow) inflow on disposal of subsidiaries	23	(4,873,173)	10,486,748
<b>Net cash (used in) from investing activities</b>		<b>(1,236,417)</b>	2,886,811
<b>Financing activities</b>			
Draw down of bank loans		283,508	11,924
Repayments of bank loans		(140,138)	(2,410,088)
Dividend paid		(2,254,627)	(1,684,061)
Advances to non-controlling interests		(208)	(272)
<b>Net cash used in financing activities</b>		<b>(2,111,465)</b>	(4,082,497)
<b>Net decrease in cash and cash equivalents</b>		<b>(3,308,834)</b>	(1,179,015)
<b>Cash and cash equivalents at beginning of period</b>		<b>4,779,967</b>	3,298,440
Effect of foreign exchange rate changes		1,965	(8,468)
<b>Cash and cash equivalents at end of period</b>		<b>1,473,098</b>	2,110,957
Represented by:			
Bank balance and cash		1,473,098	2,110,957

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2017

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1. GENERAL

The Company is a public company incorporated in the British Virgin Islands and migrated to Bermuda on 5 December 2016 with limited liability and its shares are admitted for trading on the AIM Market of The London Stock Exchange plc..

On 15 May 2017, pursuant to the distribution in specie by the Company's intermediate holding company, SEA, a limited liability company incorporated in Bermuda with its shares listed on the Stock Exchange of Hong Kong Limited, the shares of the Company held by SEA have been distributed to the SEA's shareholders ("Distribution in Specie"). After the completion of Distribution in Specie, the Company ceased to be a subsidiary of SEA and SEA is no longer the Company's immediate holding company. The Company's immediate holding company become Nan Luen International Limited, a company incorporated in Bermuda as exempted company with limited liability. The directors of the Company considered that the Company's ultimate holding company is JCS Limited, a company incorporated in Bermuda as exempted company with limited liability.

The addresses of the registered office and the principal place of business of the Company are Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and Suites 2506–10, 25/F., Everbright Centre, 108 Gloucester Road, Wanchai, Hong Kong, respectively.

The Company acts as an investment holding company. The principal subsidiaries of the Company are engaged in property investment, property development and hotel operation.

2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" issued by the International Accounting Standards Board (the "IASB").

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties, which are measured at fair values, as appropriate.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2017 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2016.

In the current interim period, the Group has applied, for the first time, the following new and amendments to International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board that are mandatorily effective for an accounting period that begins on or after 1 January 2017:

Amendments to IAS 7	Disclosure Initiative
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to IFRS 12	As part of the Annual Improvements to IFRSs 2014–2016 Cycle

### 3. PRINCIPAL ACCOUNTING POLICIES - continued

The application of the above new and amendments to IFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements, but additional disclosures about changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes on application of amendments to IAS 7 will be provided in the consolidated financial statements for the year ending 31 December 2017.

### 4. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision makers, for the purposes of resource allocation and assessment of segment performance is mainly focused on the property development, property investment, hotel operation and financial investment. No operating segments identified by the chief operating decision makers have been aggregated in arriving at the reportable segments of the Group.

Property investment activity is in the People's Republic of China (the "PRC"). The Group has disposed of an investment property in United Kingdom (the "UK") and the hotel operation in Hong Kong as set out in note 23 during the period.

The financial investment segment includes investment income from bank balances and investment income from equity or bond investments under investment portfolio.

The following is an analysis of the Group's revenue and results by reportable segment:

#### Six months ended 30 June 2017

	<u>Property development</u> <i>HK\$'000</i>	<u>Property investment</u> <i>HK\$'000</i>	<u>Hotel operation</u> <i>HK\$'000</i>	<u>Financial investment</u> <i>HK\$'000</i>	<u>Consolidated</u> <i>HK\$'000</i>
<b>SEGMENT REVENUE</b>					
External revenue	-	86,964	80,965	64,278	232,207
<b>SEGMENT RESULTS</b>					
Segment (loss) profit	(17,214)	61,824	(8,563)	66,922	102,969
Unallocated interest income					1,158
Corporate income less expenses					(14,455)
Gain on disposal of subsidiaries					2,549,927
Finance costs					(29,496)
Profit before taxation					2,610,103

#### 4. SEGMENT INFORMATION - continued

Six months ended 30 June 2016

	<u>Property development</u> <i>HK\$'000</i>	<u>Property investment</u> <i>HK\$'000</i>	<u>Hotel operation</u> <i>HK\$'000</i>	<u>Financial investment</u> <i>HK\$'000</i>	<u>Consolidated</u> <i>HK\$'000</i>
SEGMENT REVENUE					
External revenue	6,681	168,935	107,275	11,747	294,638
SEGMENT RESULTS					
Segment (loss) profit	(168,681)	698,713	6,650	12,152	548,834
Unallocated interest income					3,312
Corporate income less expenses					(14,201)
Finance costs					(46,749)
Profit before taxation					491,196

Segment profit of the property investment division for the six months ended 30 June 2017 included an increase in fair value of investment properties of HK\$8,775,000 (1.1.2016 – 30.6.2016: a decrease in fair value of investment properties of HK\$16,813,000).

The Group does not allocate general interest income, corporate income less expenses, gain on disposal of subsidiaries in current period and finance costs to individual reportable segment profit or loss for the purposes of resource allocation and performance assessment by the chief operating decision makers.

The accounting policies adopted in preparing the reportable segment information are the same as the Group's accounting policies.

No segment assets and liabilities are presented as the information is not reportable to the chief operating decision makers in the resource allocation and assessment of performance.

#### 5. PROPERTY AND RELATED COSTS

	<b>Six months ended 30 June</b>	
	<b>2017</b>	<b>2016</b>
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
Cost of properties sold and related expenses	-	5,007
Selling and marketing expenses	<b>428</b>	2,587
Direct operating expenses on investment properties	<b>14,979</b>	17,879
	<b>15,407</b>	25,473

6. OTHER EXPENSES

	<b>Six months ended 30 June</b>	
	<b>2017</b>	<b>2016</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Included in other expenses are:		
Fees paid to a related company (note 22 (a))	<b>66,621</b>	108,200
Hotel operating expenses	<b>19,976</b>	30,195
Legal and professional fees	<b>7,115</b>	1,443
	=====	=====

7. FINANCE COSTS

	<b>Six months ended 30 June</b>	
	<b>2017</b>	<b>2016</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Interest on bank borrowings	<b>26,880</b>	43,150
Less: Amount capitalised to property development project	-	(376)
	-----	-----
	<b>26,880</b>	42,774
Front end fee	<b>1,308</b>	2,311
Other charges	<b>1,308</b>	1,664
	-----	-----
	<b>29,496</b>	46,749
	=====	=====

8. PROFIT BEFORE TAXATION

	<b>Six months ended 30 June</b>	
	<b>2017</b>	<b>2016</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Profit before taxation has been arrived at after crediting:		
Net exchange gain	<b>4,254</b>	1,083
Interest earned on bank deposits	<b>36,359</b>	14,916
Interest income from second mortgage loans	<b>63</b>	97
	=====	=====

## 9. INCOME TAX (EXPENSE) CREDIT

	<b>Six months ended 30 June</b>	
	<b>2017</b>	<b>2016</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Current tax		
Hong Kong Profits Tax	<b>(546)</b>	(9,995)
PRC Enterprise Income Tax	<b>(7,173)</b>	(5,652)
UK Profit Tax	<b>(2,203)</b>	-
	<b>(9,922)</b>	(15,647)
Over(under)provision in prior years		
Hong Kong Profits Tax	<b>53</b>	-
PRC Enterprise Income Tax	<b>(8)</b>	-
PRC Land Appreciation Tax	-	80,848
	<b>45</b>	80,848
Deferred tax	<b>(9,877)</b>	65,201
	<b>(1,469)</b>	2,033
	<b>(11,346)</b>	67,234

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for each of the periods.

PRC Enterprise Income Tax is calculated at 25% of the estimated assessable profits for each of the periods.

UK Profit Tax is calculated at 20% of the estimated assessable profits for the period.

## 10. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the Company's shareholders is based on the following data:

	<b>Six months ended 30 June</b>	
	<b>2017</b>	<b>2016</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Earnings for the purpose of basic earnings per share		
Profit for the period attributable to the Company's shareholders	<b>2,599,387</b>	561,348
	<b>2017</b>	<b>2016</b>
Number of common shares for the purpose of basic earnings per share (Note: change from ordinary shares to common shares after migration on 5 December 2016)	<b>886,347,812</b>	886,347,812

## 10. EARNINGS PER SHARE - continued

No diluted earnings per share is presented as the Company did not have any potential ordinary shares in issue during both periods or at the end of each reporting period.

For the purpose of assessing the performance of the Group, the directors of the Company are of the view that the profit for the period should be adjusted for the fair value changes on investment properties recognised in profit or loss and the related deferred taxation in arriving at the “adjusted profit attributable to the Company’s shareholders”. A reconciliation of the adjusted earnings is as follows:

	<b>Six months ended 30 June</b>	
	<b>2017</b>	<b>2016</b>
	<b>HK\$’000</b>	<b>HK\$’000</b>
Profit for the period attributable to the Company’s shareholders as shown in the condensed consolidated statement of profit or loss	<b>2,599,387</b>	561,348
Fair value changes on investment properties	<b>(8,775)</b>	16,813
Deferred tax thereon	-	(4,203)
	-----	-----
Adjusted profit attributable to the Company’s shareholders	<b>2,590,612</b>	573,958
	=====	=====
Basic earnings per share excluding fair value changes on investment properties net of deferred tax	<b>HK292.3 cents</b>	HK64.8 cents
	=====	=====

The denominators used in the calculation of adjusted earnings per share are the same as those detailed above.

## 11. DIVIDENDS

	<b>Six months ended 30 June</b>	
	<b>2017</b>	<b>2016</b>
	<b>HK\$’000</b>	<b>HK\$’000</b>
Dividends recognised as a distribution during the period:		
Special dividend of HK\$2.25 per share (1.1.2016 – 30.6.2016: HK\$1.90 per share)	<b>1,994,281</b>	1,684,061
	=====	=====
Special dividend of HK\$10.35 per share (1.1.2016 – 30.6.2016: HK\$Nil per share)	<b>9,173,700</b>	-
	=====	=====

The directors of the Company do not recommend the payment of any interim dividend.

## 12. INVESTMENT PROPERTIES

In estimating the fair value of investment properties, the Group uses market-observable data to the extent it is available. The Group engages third party qualified valuers to perform the valuation of the Group's investment properties. At the end of each reporting period, the Group works closely with the qualified external valuers to establish and determine the appropriate valuation techniques and inputs to the model.

The fair values of investment properties as at 30 June 2017 and 31 December 2016 were arrived at on the basis of valuations carried out at those dates by Savills Valuation and Professional Services Limited ("Savills"), a firm of Chartered Surveyors not connected to the Group, recognised by The Hong Kong Institute of Surveyors, that has appropriate qualifications and recent experience in the valuation of properties in the relevant locations.

The valuation, which conforms to the appropriate sections contained in "The HKIS Valuation Standards (2012 Edition)" published by The Hong Kong Institute of Surveyors in Hong Kong, was arrived at by reference to market evidence of transaction prices of similar properties at similar location or by capitalisation of future rental which is estimated by reference to comparable rental as available in the relevant markets. In the valuation, which falls under Level 3 of the fair value hierarchy, the market rentals of all lettable units as well as those of similar properties are made by reference to the rentals achieved by the Group in the lettable units as well as those of similar properties in the neighbourhood. The capitalisation rate adopted is by reference to the yield rates observed by the valuer for similar properties in the locality and adjusted for the valuer's knowledge of factors specific to the respective properties.

The resulting increase in the fair value of investment properties of HK\$8,775,000 (1.1.2016–30.6.2016: decrease in the fair value of investment properties of HK\$16,813,000) has been recognised directly in the condensed consolidated statement of profit or loss.

## 13. OTHER RECEIVABLES

At 30 June 2017, the Group incurred a total amount of RMB321,060,000 (31.12.2016: RMB321,060,000) equivalent to HK\$369,925,000 (31.12.2016: HK\$358,913,000) for the tenant relocation arrangements, excavation and infrastructure work on certain pieces of land in Nanjing, the PRC. The amount, together with further costs to complete the work, are wholly refundable from the relevant PRC local government either by deduction against the consideration payable if the Group is successful in bidding for the land or out of the proceeds received by the relevant PRC local government from another successful tenderer.

During the year ended 31 December 2016, the Group recognised a full impairment of other receivables. Management reviews the status of the underlying project annually. Since there had been a substantial delay of the time schedule from the original plan, management was of the view that the release of the land for auction and amount to be recovered in the foreseeable future is unlikely, and therefore a full impairment has been made for the amount as at 30 June 2017 and 31 December 2016.

## 14. AVAILABLE-FOR-SALE INVESTMENTS

	<b>30.6.2017</b> <i>HK\$'000</i>	31.12.2016 <i>HK\$'000</i>
Unlisted investments at cost:		
- Equity securities (Note a)	<b>5,854</b>	5,817
- Convertible loan (Note b)	<b>5,854</b>	5,817
Unlisted investments at fair value:		
- Debt securities (Note c)	-	496,719
	<b>11,708</b>	508,353
Listed investments at fair value:		
- Debt securities maturing between January 2017 to September 2019 with fixed interests ranging from 1.9% to 8.0% per annum (Note d)	-	882,094
Total	<b>11,708</b>	1,390,447
Analysed for reporting purposes as:		
Current assets	<b>3,902</b>	137,204
Non-current assets	<b>7,806</b>	1,253,243
	<b>11,708</b>	1,390,447

(a) As at 30 June 2017, unlisted equity securities classified as available-for sale held by the Group amounting to US\$750,000 (equivalent to HK\$5,854,000) (31.12.2016: US\$750,000 (equivalent to HK\$5,817,000)), representing approximately 8% (31.12.2016: 8%) equity interest of the investee company, were measured at cost less impairment at the end of the reporting period because the range of reasonable fair value estimates is so significant that the directors of the Company were of the opinion that the fair value cannot be measured reliably.

(b) The Group committed and contributed an unsecured interest-free loan in the sum of US\$750,000 (equivalent to HK\$5,854,000) (31.12.2016: US\$750,000 (equivalent to HK\$5,817,000)) to the party set out in note (a) which was measured at cost less impairment at the end of the reporting period.

The party is scheduled to repay the convertible loan at its principal amount of US\$500,000 on 14 October 2017 and US\$250,000 on 30 July 2018 (the "Maturity date"). The Group has the right to convert into shares representing not more than a 7% (31.12.2016: 7%) equity interest of the investee company.

The conversion option feature is regarded as a derivative embedded in but not closely related to the convertible loan in accordance with IAS 39 Financial Instruments: Recognition and Measurement. However, in the opinion of the directors of the Company, the fair value of the embedded derivative at the end of the reporting period is insignificant and therefore it has not been accounted for it as a separate component in the consolidated financial statements.

(c) In December 2016, the Group subscribed for a note issued by an independent third party in an aggregate principal amount of HK\$500 million with a maturity date in December 2018 at a coupon rate of 7% per annum for the first year and 8% per annum for the second year (the "Note"). The Note entitles the issuer to early redeem on the first anniversary of the issue date of the Note, in whole but not in part, at 100% of the principal amount outstanding, together with the accrued and unpaid interest at the date fixed for redemption. As at 31 December 2016, the Note was measured at fair value determined based on the valuation conducted by an independent professional valuer.

(d) As at 31 December 2016, the Group's listed debt securities have been pledged as security for the bank borrowings.

The Group's listed investments are measured at fair value for financial reporting purposes. In estimating the fair value, the Group uses market-observable data which falls under Level 1 of the fair value hierarchy.

## 15. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	<b>30.6.2017</b> <i>HK\$'000</i>	31.12.2016 <i>HK\$'000</i>
Trade receivables	<b>3,169</b>	8,001
Amount receivables from disposal of subsidiaries	<b>445,000</b>	445,000
Accrued income	<b>72,924</b>	72,366
Deposits and prepayments	<b>4,862</b>	60,012
	<b>525,955</b>	585,379

Trade receivables mainly represent rental receivables from tenants for the use of the Group's properties. No credit is allowed to tenants. Rentals are payable upon presentation of demand notes.

## 16. AMOUNTS DUE FROM/TO NON-CONTROLLING INTERESTS

The balances are unsecured, interest-free and repayable on demand.

## 17. PAYABLES, RENTAL DEPOSITS AND ACCRUED CHARGES

	<b>30.6.2017</b> <i>HK\$'000</i>	31.12.2016 <i>HK\$'000</i>
Trade payables	-	2,432
Rental deposits	<b>32,130</b>	37,739
Rental received in advance	<b>11,336</b>	30,657
Other payables, other deposits and accrued charges	<b>55,530</b>	86,801
	<b>98,996</b>	157,629

Included in other payables is an aggregate amount of HK\$28,584,000 (31.12.2016: HK\$24,609,000) payable to contractors for the cost in relation to the tenant relocation arrangements, excavation and infrastructure work on certain pieces of land as detailed in note 13.

As at 30 June 2017, rental deposits to be settled after twelve months from the end of the reporting period based on the respective lease terms amounted to HK\$23,105,000 (31.12.2016: HK\$25,610,000).

## 18. BANK BORROWINGS

During the current interim period, the Group repaid bank loans amounting to HK\$140,138,000 (1.1.2016 – 30.6.2016: HK\$2,410,088,000) and drew bank loans which carry interest at variable rates amounting to HK\$283,508,000 (1.1.2016 – 30.6.2016: HK\$11,924,000).

## 19. SHARE CAPITAL

	<b>30.6.2017</b> <i>US\$'000</i>	31.12.2016 <i>US\$'000</i>
<b>Authorised:</b>		
1,300,000,000 common shares of US\$0.05 each	<b>65,000</b>	65,000
	=====	=====
	<i>US\$'000</i>	<i>US\$'000</i>
<b>Issued and fully paid:</b>		
886,347,812 common shares of US\$0.05 each	<b>44,317</b>	44,317
	=====	=====
	<i>HK\$'000</i>	<i>HK\$'000</i>
Shown in the condensed consolidated financial statements as	<b>345,204</b>	345,204
	=====	=====

## 20. DEFERRED TAXATION

The balance at the end of reporting period mainly represents deferred tax liabilities recognised on the fair value changes of the investment properties amounting to HK\$203,756,000 (31.12.2016: HK\$197,690,000).

## 21. PLEDGE OF ASSETS

At the end of the reporting period, the Group had pledged the following assets to secure banking facilities granted to the Group:

- (a) Fixed charges on investment properties and property, plant and equipment with an aggregate carrying value of HK\$1,401,907,000 (31.12.2016: HK\$2,854,807,000) together with a floating charge over all the assets of the properties owning subsidiaries and benefits accrued to the relevant properties.
- (b) Fixed charges on hotel properties with an aggregate carrying value of HK\$892,175,000 as at 31 December 2016 together with a floating charge over all the assets of the property owning subsidiaries and benefits accrued to the relevant properties, which were released in the current period.
- (c) Note receivables of HK\$54,282,000 as at 31 December 2016, which were released in the current period.
- (d) Pledged cash of HK\$533,105,000 as at 31 December 2016, which were released in the current period.
- (e) Listed debt securities of HK\$882,094,000 as at 31 December 2016, which were released in the current period.

## 22. RELATED PARTY BALANCES AND TRANSACTIONS

- (a) For the six months ended 30 June 2017, the Group paid fees of HK\$66,621,000 (1.1.2016 –30.6.2016: HK\$108,200,000) to South-East Asia Investment and Agency Company, Limited (“SEAI”), a wholly-owned subsidiary of SEA (an fellow subsidiary of the Company), pursuant to the agreement entered into between the Company, certain subsidiaries of the Company and SEAI for using SEAI’s personnel and facilities on a cost-sharing basis to carry out the Group’s business activities.
- (b) The remuneration of directors of the Company who are the Group’s key management personnel during the period amounted to HK\$2,514,000 (1.1.2016 – 30.6.2016: HK\$12,597,000).

## 23. DISPOSAL OF SUBSIDIARIES

- (a) Disposal of subsidiaries during the current interim period

On 31 March 2017, the Company entered into a sale and purchase agreement with SEA pursuant to which the Company conditionally agreed to sell the entire issued share capital of Benefit Strong Group Limited, which owns Crowne Plaza Hong Kong Causeway Bay in Hong Kong and a commercial property at 20 Moorgate in UK, to SEA at an aggregate consideration of HK\$8,913,354,000. The disposal was completed on 15 May 2017.

SEA has applied its entitlement to HK\$8,913,354,000 of the Company’s special dividend in discharging its obligation to pay the whole amount of the consideration in respect of the acquisition.

23. DISPOSAL OF SUBSIDIARIES - continued

(a) Disposal of subsidiaries during the current interim period - continued

The major classes of assets and liabilities of the disposed subsidiaries at the date of the disposal were as follows:

	<i>HK\$'000</i>
Investment properties	1,580,959
Property, plant and equipment	900,556
Loan receivables	3,134
Note receivables	38,937
Available-for-sale investments	1,963,188
Inventories	934
Receivables, deposits and prepayments	87,438
Tax recoverable	1,824
Amount due from non-controlling interests	246
Pledged bank deposits	560,888
Bank balances and cash	4,868,913
Payables, rental deposits and accrued charges	(81,304)
Tax liabilities	(2,923)
Bank borrowings	(3,554,565)
Deferred tax liabilities	(3,572)
	-----
Net assets disposed of	6,364,653
	=====
Gain on disposal of subsidiaries:	
Cash consideration	8,913,354
Add: Realisation of translation reserve upon disposal	2,598
Add: Non-controlling interests	3,680
Less: Realisation of investment revaluation reserve upon disposal	(792)
Less: Transaction costs incurred	(4,260)
Less: Net assets disposed of	(6,364,653)
	-----
Gain on disposal of subsidiaries	2,549,927
	=====
Cash consideration	8,913,354
Less: Offset by the special dividend declared (note 24)	(8,913,354)
Less: Cash and cash equivalents disposed of	(4,868,913)
Less: Transaction costs paid	(4,260)
	-----
Net cash outflow arising on disposal	(4,873,173)
	=====

## 23. GAIN ON DISPOSAL OF SUBSIDIARIES - continued

### (b) Disposal of subsidiaries during prior interim period

During the period from 1 January 2016 to 30 June 2016, the Group had disposed of certain subsidiaries which owned the following property/projects:

#### (i) Dah Sing Financial Centre (now known as Everbright Centre)

On 25 February 2016, the Group entered into a sale and purchase agreement, pursuant to which the Group agreed to sell the entire issued shares of SEA (BVI) Limited, which wholly owns the issued shares of Wing Siu Company Limited (the sole registered and beneficial owner of Dah Sing Financial Centre (now known as Everbright Centre)), to an independent third party at an aggregate consideration of HK\$10,101 million in cash. The disposal was completed on 24 May 2016.

#### (ii) Kaifeng Nova City

On 19 April 2016, the Group entered into a sale and purchase agreement, pursuant to which the Group agreed to sell the entire issued share of New Insight Holdings Limited, which wholly owns the issued shares of all investment companies (the beneficial owners of a property development project at Kaifeng Nova City, Henan Province, the PRC), to an independent third party at an aggregate consideration of HK\$900 million in cash. The disposal was completed on 26 April 2016.

The major classes of assets and liabilities of the disposed subsidiaries at the respective date of each disposal were as follows:

	<b>Dah Sing Financial Centre</b>	<b>Kaifeng Nova City</b>	<b>Total</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Investment property	8,983,000	-	8,983,000
Property for development	-	531,322	531,322
Property, plant and equipment	390,012	2,129	392,141
Properties held for sale			
Completed properties	-	419,107	419,107
Properties under development	-	148,832	148,832
Trade receivables, deposits and prepayments	18,719	2,360	21,079
Tax recoverable (tax liabilities)	(4,130)	3,449	(681)
Bank balances and cash	44,229	118,580	162,809
Payables, deposits and accrued charges	(86,256)	(52,754)	(139,010)
Sales deposits	-	(17,671)	(17,671)
Bank borrowings	-	(159,078)	(159,078)
Deferred tax liabilities	(17,179)	-	(17,179)
	-----	-----	-----
Net assets disposed of	9,328,395	996,276	10,324,671
	=====	=====	=====

23. GAIN ON DISPOSAL OF SUBSIDIARIES - continued

(b) Disposal of subsidiaries during prior interim period - continued

	<b>Dah Sing Financial Centre</b> <i>HK\$'000</i>	<b>Kaifeng Nova City</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
Gain (loss) on disposal of subsidiaries:			
Cash Consideration	10,100,710	900,000	11,000,710
Add: Realisation of translation reserve upon disposal	-	6,654	6,654
Less: Transaction costs incurred	(150,250)	(903)	(151,153)
Less: Write off of unamortised front end fee	(10,566)	-	(10,566)
Less: Net assets disposed of	(9,328,395)	(996,276)	(10,324,671)
	-----	-----	-----
Gain (loss) on disposal of subsidiaries	611,499	(90,525)	520,974
	=====	=====	=====
Cash consideration	10,100,710	900,000	11,000,710
Less: Cash consideration receivable	-	(200,000)	(200,000)
Less: Cash and cash equivalents disposed of	(44,229)	(118,580)	(162,809)
Less: Transaction costs paid	(150,250)	(903)	(151,153)
	-----	-----	-----
Net cash inflow arising on disposal	9,906,231	580,517	10,486,748
	=====	=====	=====

24. MAJOR NON CASH TRANSACTION

During the period under review, the Group has declared totaling of HK\$11,167,981,000 special dividends in which HK\$8,913,354,000 was settled by way of offsetting the cash consideration receivable of disposal of subsidiaries to SEA as disclosed in note 23(a).

25. COMPARATIVE FIGURES

Bank deposits with original maturity over three months of HK\$4,460,201,000 included in bank balances and cash in the consolidated statement of financial position as at 31 December 2016 has been reclassified to conform with current period's presentation.