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# THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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If you are in doubt as to any aspect of the Offer, this Composite Document and/or the accompanying Form of Acceptance or as to the action you should take, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your AGP Shares, you should at once hand this Composite Document and the accompanying Form of Acceptance to the purchaser(s) or the transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s). This Composite Document should be read in conjunction with the accompanying Form of Acceptance, the provisions of which form part of the terms of the Offer contained herein.

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this Composite Document and the accompanying Form of Acceptance, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Composite Document and the accompanying Form of Acceptance.

This Composite Document has been approved as a financial promotion for the purpose of Section 21 of the Financial Services and Markets Act 2000 by Panmure Gordon (UK) Limited, which is authorised and regulated by the UK Financial Conduct Authority (FRN: 403721).

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**NAN LUEN INTERNATIONAL LIMITED**  
*(Incorporated in Bermuda with limited liability)*

**ASIAN GROWTH PROPERTIES LIMITED**  
*(Registered in Bermuda with limited liability)*  
**(Stock Code: AGP)**

**COMPOSITE DOCUMENT RELATING TO  
THE UNCONDITIONAL VOLUNTARY OFFER  
FOR ALL THE ISSUED SHARES IN  
ASIAN GROWTH PROPERTIES LIMITED  
(OTHER THAN THOSE ALREADY OWNED  
BY NAN LUEN INTERNATIONAL LIMITED  
AND S E A HOLDINGS LIMITED)  
BY AMPLE CAPITAL LIMITED  
ON BEHALF OF NAN LUEN INTERNATIONAL LIMITED**

Financial Adviser to the Offeror

**AmCap**  
*Ample Capital Limited*  
豐盛融資有限公司

Independent Financial Adviser to  
the Independent Board Committee of Asian Growth Properties Limited

**VEDA | CAPITAL**  
智略資本

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Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this Composite Document.

A letter from Ample Capital containing, among other things, the details of the terms of the Offer is set out on pages 11 to 32 of this Composite Document. A letter from the AGP Board is set out on pages 33 to 44 of this Composite Document. A letter from the AGP IBC containing its recommendation in respect of the Offer is set out on pages 45 to 47 of this Composite Document. A letter from the Independent Financial Adviser, Veda Capital Limited, containing its advice to the AGP IBC in respect of the Offer is set out on pages 48 to 83 of this Composite Document.

The procedures for acceptance and settlement of the Offer and other related information are set out on pages I-1 to I-21 in Appendix I to this Composite Document and in the accompanying Form of Acceptance. Acceptances of the Offer should be received by the AGP Share Registrar or the SEA Hong Kong Branch Share Registrar, as the case may be, by no later than 4:00 p.m. Hong Kong time on Monday, 28 August 2017 (9:00 a.m. UK time) or such later time(s) and/or date(s) as the Offeror may determine and announce in accordance with the requirements of the Takeovers Code.

Any persons including, without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward this Composite Document and/or the accompanying Form of Acceptance to any jurisdiction outside Hong Kong should read the details in this regard which are contained in the section entitled "AGP OVERSEAS SHAREHOLDERS" in Appendix I to this Composite Document before taking any action. It is the responsibility of each AGP Overseas Shareholder wishing to accept the Offer to satisfy himself, herself or itself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required and the compliance with other necessary formalities or legal requirements. AGP Overseas Shareholders are advised to seek professional advice on deciding whether to accept the Offer.

28 July 2017

**Attention! This investment falls outside AFM supervision. No prospectus required for this activity.**



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## EXPECTED TIMETABLE

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Below is an indicative timetable showing the key dates of relevant events:

| <b>Event</b>   | <b>Expected date</b><br><i>(Note 1)</i><br>(year 2017) |
|--|--|
| Despatch date of this Composite Document and the accompanying Form of Acceptance .....   | Friday, 28 July  |
| Offer opens for acceptance .....   | Friday, 28 July  |
| Latest time and date for acceptance of the Offer on the Closing Date <i>(Notes 2 and 3)</i> .....  | By 4:00 p.m. on Monday, 28 August                      |
| Closing Date <i>(Note 2)</i> .....   | Monday, 28 August                                      |
| Announcement of the results of the Offer, including any withdrawals of acceptances to date, to be posted on the websites of the Stock Exchange (under SEA's list of announcements), AGP, SEA and the SFC and released through the Regulatory News Service of the LSE <i>(Note 2)</i> ..... | By 7:00 p.m. on Monday, 28 August                      |
| Latest date of posting SEA Share certificates and relevant cheques in respect of the Cash Portion of the Offer to the Independent AGP Shareholders accepting the Offer (and not electing for a Cooling-off Period) <i>(Note 3)</i> .....   | Wednesday, 6 September                                 |
| Latest possible Cooling-off Period expires <i>(Note 3)</i> .....   | Monday, 11 September                                   |
| Announcement of the results of the Offer, including any remaining withdrawals of acceptances, to be posted on the websites of the Stock Exchange (under SEA's list of announcements), AGP, SEA and the SFC and released through the Regulatory News Service of the LSE .....               | By 7:00 p.m. on Monday, 11 September                   |
| Date of posting the AGP Share certificates (pursuant to the Distribution in Specie) for the Independent AGP Shareholders (with a registered address outside Hong Kong) who do not accept the Offer .....   | Thursday, 14 September                                 |

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## EXPECTED TIMETABLE

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- Collection of AGP Share certificates  
(pursuant to the Distribution in Specie)  
for the Independent AGP Shareholders  
(with a registered address in Hong Kong)  
who do not accept the Offer ..... Thursday, 14 September  
to Monday, 18 September
- Date of posting the AGP Share certificates  
(pursuant to the Distribution in Specie)  
to the Independent AGP Shareholders  
(with a registered address in Hong Kong)  
who do not accept the Offer ..... Tuesday, 19 September
- Latest date of posting of SEA share certificates  
and the relevant cheques in respect of  
the Cash Portion of the Offer to the  
Independent AGP Shareholders accepting,  
and not withdrawing their acceptances of,  
the Offer (and electing for a Cooling-off Period) (*Note 3*) ..... Wednesday, 20 September
- Date of posting the AGP Share certificates  
(pursuant to the Distribution in Specie)  
for the Independent AGP Shareholders  
(with a registered address outside Hong Kong)  
who have accepted the Offer and subsequently  
withdrawn their acceptance pursuant  
to the Cooling-off Period after the Offer closes ..... Tuesday, 26 September
- Collection of AGP Share certificates  
(pursuant to the Distribution in Specie)  
for the Independent AGP Shareholders  
(with a registered address in Hong Kong)  
who have accepted the Offer and subsequently  
withdrawn their acceptance pursuant  
to the Cooling-off Period after the Offer closes ..... Tuesday, 26 September  
to Thursday, 28 September
- Date of posting the AGP Share certificates  
(pursuant to the Distribution in Specie)  
to the Independent AGP Shareholders  
(with a registered address in Hong Kong)  
who have accepted the Offer and subsequently  
withdrawn their acceptance pursuant  
to the Cooling-off Period after the Offer closes ..... Friday, 29 September

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## EXPECTED TIMETABLE

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*Notes:*

1. Dates and deadlines stated in this Composite Document and the Form of Acceptance for events in the timetable are indicative only and may be extended or varied. Any changes to the expected timetable will be announced as appropriate. All times and dates refer to Hong Kong local time unless stated otherwise.
2. In accordance with the Takeovers Code, the Offer must initially be opened for acceptance for at least 21 days following the date on which the Composite Document is posted. The Offeror has voluntarily extended the Offer Period and the Offer is opened for acceptance for 31 days following the date on which the Composite Document is posted. The latest time and date for acceptance of the Offer is 4:00 p.m. on Monday, 28 August 2017 unless the Offeror revises or extends the Offer in accordance with the Takeovers Code. An announcement will be issued on the websites of the Stock Exchange (under SEA's list of announcements), AGP, SEA and released through the Regulatory News Service of the LSE by 7:00 p.m. on Monday, 28 August 2017, stating whether the Offer has been extended, revised or expired. In the event that the Offeror decides to extend or revise the Offer and the announcement does not specify the next closing date, at least 14 days' notice by way of an announcement will be given before the Offer is closed to those Independent AGP Shareholders who have not accepted the Offer.
3. Under the Offer, the Offeror has given each Independent AGP Shareholder a right to elect for a Cooling-off Period under which if the Independent AGP Shareholder so elects, the acceptance by the Independent AGP Shareholder will be subject to a cooling-off period of 10 Business Days following the date of receipt by the AGP Share Registrar/SEA Hong Kong Branch Share Registrar (as the case may be) of a valid acceptance of the Offer from that Independent AGP Shareholder during which the Independent AGP Shareholder can elect to withdraw his/her/its acceptance. SEA Share certificates in respect of the consideration for AGP Shares tendered under the Offer and the cheques relating to the Cash Portion of the Offer will be posted to the accepting Independent AGP Shareholder(s) by ordinary mail at his/her/its own risks as soon as possible, but in any event within (a) 17 Business Days (for Independent AGP Shareholders who elect for a Cooling-off Period), or (b) 7 Business Days (for Independent AGP Shareholders who do not elect for a Cooling-off Period), after receipt by the AGP Share Registrar or SEA Hong Kong Branch Share Registrar, as the case may be, of the duly completed Form of Acceptance and other relevant documents (if applicable).
4. If there is a tropical cyclone warning signal number 8 or above, or a "black" rainstorm warning in force in Hong Kong:
  - (a) at any local time before 12:00 noon but no longer in force after 12:00 noon on the latest date for acceptance of the Offer and the despatch date of the certificates for the Consideration Shares and the cheques relating to the Cash Portion of the Offer due under the Offer in respect of valid acceptances, the latest time for acceptance of the Offer and the despatch date of the certificates for the Consideration Shares and the cheques relating to the Cash Portion of the Offer due will remain at 4:00 p.m. on the same Business Day.
  - (b) at any local time between 12:00 noon and 4:00 p.m. on the latest date for acceptance of the Offer and the despatch date of the certificates for the Consideration Shares and the cheques relating to the Cash Portion of the Offer due under the Offer in respect of valid acceptances, the latest time for acceptance of the Offer and the despatch date of the certificates for the Consideration Shares and the cheques relating to the Cash Portion of the Offer due will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

**All time and date references contained in this Composite Document and the Form of Acceptance refer to Hong Kong time and dates unless stated otherwise.**

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## DEFINITIONS

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*In this Composite Document, unless otherwise defined or the context otherwise requires, the following expressions shall have the following meanings. Also, where terms are defined and used in only one section of this Composite Document, these defined terms are not included in the table below:*

|                                |  |
|--------------------------------|--|
| “acting in concert”            | having the meaning ascribed to it under the Takeovers Code   |
| “Alternative Arrangement”      | an unsolicited offer made to the AGP New Zealand Shareholders, as more particularly described in the paragraph headed “Alternative Arrangement for AGP New Zealand Shareholders” in “Letter from Ample Capital” and Appendix I to this Composite Document  |
| “AFM”                          | Dutch Authority for the Financial Markets  |
| “AGP”                          | Asian Growth Properties Limited, a company incorporated in the BVI and re-domiciled to Bermuda with limited liability whose shares are traded on AIM (Stock code: AGP), and a direct subsidiary of the Offeror   |
| “AGP Board”                    | the board of directors of AGP  |
| “AGP Director(s)”              | the director(s) of AGP   |
| “AGP IBC”                      | the independent board committee of AGP formed to approve the appointment of the Independent Financial Adviser and to make recommendations to the Independent AGP Shareholders in respect of the Offer  |
| “AGP Group”                    | AGP and its subsidiaries   |
| “AGP New Zealand Shareholders” | the AGP Overseas Shareholders holding AGP Shares, if any, whose address(es) as shown on the register of members of AGP is/are located in New Zealand   |
| “AGP Non-PRC Assets”           | certain part of the assets owned by AGP, namely (i) bank balances and cash of approximately HK\$5,800 million, (ii) a commercial property in the United Kingdom and a hotel in Hong Kong, and (iii) certain short-term treasury investments of approximately HK\$1,400 million, as more particularly described in the paragraph headed “Further information regarding the Target Group and the AGP Non-PRC Assets” in the Joint Announcement |

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## DEFINITIONS

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|--------------------------------|---|
| “AGP Overseas Shareholders”    | AGP Shareholders with his/her/its address in places other than Hong Kong in the register of members of AGP  |
| “AGP PRC Assets”               | all the assets and liabilities of the AGP Group that are located within the PRC as more particularly described in section (B)1 of Appendix VI to this Composite Document  |
| “AGP Remaining Group”          | AGP and its subsidiaries after the Assets Redistribution and AGP Special Dividend Payment   |
| “AGP Shareholder(s)”           | holder(s) of the AGP Shares from time to time   |
| “AGP Share Registrar”          | Computershare Investor Services (Bermuda) Limited   |
| “AGP Share(s)”                 | common share(s) of par value of US\$0.05 each in the share capital of AGP   |
| “AGP Special Dividend Payment” | the special dividend of HK\$10.35 (£1.06) per AGP Share declared by AGP and approved at the special general meeting of AGP held on 21 April 2017, which was paid on 15 May 2017   |
| “AIM”                          | the AIM Market of the LSE   |
| “AIM Rules”                    | the AIM Rules for Companies published by the LSE  |
| “Ample Capital”                | Ample Capital Limited, a corporation licensed to carry out type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO, being the agent making the Offer on behalf of the Offeror and the financial adviser to the Offeror in respect of the Offer |
| “Assets Redistribution”        | the redistribution of the AGP Non-PRC Assets from AGP to SEA pursuant to the SP Agreement   |
| “Business Day(s)”              | a day on which the Stock Exchange is open for the transaction of business   |
| “BVI”                          | the British Virgin Islands  |
| “Cash Portion of the Offer”    | the cash portion of HK\$3.0 per Consideration Share payable to each Independent AGP Shareholder who accepts the Offer, being an amount equivalent to the SEA Special Cash Dividend  |

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## DEFINITIONS

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|--------------------------|--|
| “Circular”               | the circular of SEA dated 18 April 2017 which contains, among other things, details of the Distribution in Specie and the declaration of the SEA Special Cash Dividend   |
| “Closing Date”           | 28 August 2017, or if the Offer is extended or revised, any subsequent closing date of the Offer as extended and announced by the Offeror and AGP in accordance with the Takeovers Code  |
| “Composite Document”     | this composite offer and response document issued by the Offeror and AGP under the Takeovers Code containing details of the Offer and attaching therewith the Form of Acceptance   |
| “Consideration Shares”   | a maximum of 80,993,150 SEA Shares held by the Offeror for the settlement of the consideration for the Offer   |
| “Cooling-off Period”     | an optional cooling-off period of 10 Business Days after the date when the AGP Share Registrar/SEA Hong Kong Branch Share Registrar (as the case may be) receives an acceptance of the Offer from an Independent AGP Shareholder, during which such Independent AGP Shareholder can choose to withdraw such acceptance if he/she/it has previously elected for a Cooling-off Period in his/her/its Form(s) of Acceptance |
| “CREST”                  | the system for the paperless settlement of trades in securities and the holding of uncertificated securities in accordance with the CREST Regulations operated by Euroclear UK & Ireland Limited   |
| “Distribution in Specie” | the distribution of a special dividend by SEA in the form of distribution in specie of the AGP Shares held by SEA to the Qualifying SEA Shareholders in proportion to their respective shareholdings in SEA, which was completed on 15 May 2017  |
| “Executive”              | Executive Director of the Corporate Finance Division of the SFC, or any delegate of the Executive Director   |
| “Form(s) of Acceptance”  | the form of acceptance and transfer of the AGP Shares in respect of the Offer accompanying the Composite Document  |
| “HK\$”                   | Hong Kong dollars, the lawful currency of Hong Kong  |



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## DEFINITIONS

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|--------------------------------------|--|
| “Independent AGP Shareholders”       | AGP Shareholders other than SEA and the Offeror  |
| “Independent Financial Adviser”      | Veda Capital Limited, a corporation licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO and the independent financial adviser to advise the AGP IBC on the Offer   |
| “Joint Announcement”                 | the joint announcement issued by the Offeror and SEA dated 31 March 2017 in relation to, among other things, the Distribution in Specie, the Offer and the SEA Special Cash Dividend   |
| “Last AGP Trading Day”               | 30 March 2017, being the last trading day of AGP Shares on the LSE before the release of the Joint Announcement  |
| “Last SEA Trading Day”               | 29 March 2017, being the last trading day of SEA Shares on the Stock Exchange before the release of the Joint Announcement   |
| “Latest Practicable Date”            | 25 July 2017, being the latest practicable date prior to the despatch date of this Composite Document for the purpose of ascertaining certain information contained in this Composite Document   |
| “Listing Rules”                      | the Rules Governing the Listing of Securities on the Stock Exchange  |
| “LSE”                                | the London Stock Exchange plc.   |
| “Non-Qualifying SEA Shareholders”    | the SEA Shareholders whose respective addresses as shown on the register of members of SEA as at 4:00 p.m. on the record date on 15 May 2017 were in places outside Hong Kong and located in a jurisdiction the laws of which may prohibit the making of the Distribution in Specie to such SEA Shareholders or otherwise require SEA to comply with additional requirements which are (in the opinion of the SEA Directors, subject to legal advice) unduly onerous or burdensome, having regard to the number of SEA Shareholders involved in that jurisdiction and their shareholdings in SEA |
| “NZ Alternative Arrangement Offeror” | China Rise Securities Asset Management Company Limited, a corporation licensed to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO and the independent buyer/seller of AGP Shares relating to the Alternative Arrangement  |

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## DEFINITIONS

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|-------------------------------|---|
| “Offer”                       | an unconditional voluntary offer by Ample Capital on behalf of the Offeror to acquire all the issued shares in AGP (other than those AGP Shares already owned by the Offeror and SEA), in exchange for (i) the Consideration Shares and (ii) the Cash Portion of the Offer  |
| “Offer Period”                | the period from 31 March 2017, being the date of the Joint Announcement, to the Closing Date, or such later time and/or date to which the Offeror may decide to extend or revise the Offer in accordance with the Takeovers Code  |
| “Offeror”                     | Nan Luen International Limited, an exempted company incorporated in Bermuda with limited liability, is the controlling shareholder of SEA   |
| “Panmure Gordon”              | Panmure Gordon (UK) Limited, a company incorporated in England and Wales with company number 4915201 and whose registered office address is One New Change, London EC4M 94F, and AGP’s nominated adviser and broker for the purposes of the AIM Rules for Companies published by the LSE, a member of the LSE and regulated by the UK Financial Conduct Authority |
| “PRC”                         | the People’s Republic of China, which for the purpose of this Composite Document, excluding Hong Kong, Taiwan and Macau Special Administrative Region of the People’s Republic of China   |
| “Qualifying SEA Shareholders” | the SEA Shareholders whose names appeared on the register of members of SEA as at 4:00 p.m. on 15 May 2017, other than the Non-Qualifying SEA Shareholders  |
| “Relevant Period”             | the period commencing on 30 September 2016, being the date falling six months prior to the date of publication of the Joint Announcement on 31 March 2017 and ending on the Latest Practicable Date   |
| “Restructuring”               | the corporate restructuring which involves, among other things, the Assets Redistribution, the AGP Special Dividend Payment, the Distribution in Specie and the Offer, and all matters respectively relating thereto  |
| “RMB”                         | Renminbi, the lawful currency of the PRC  |

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## DEFINITIONS

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|--|---|
| “SEA”                                  | SEA Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed and traded on the Main Board of the Stock Exchange (Stock code: 251) |
| “SEA Board”                            | the board of SEA Directors  |
| “SEA Director(s)”                      | the director(s) of SEA  |
| “SEA Group”                            | SEA and its subsidiaries  |
| “SEA Share(s)”                         | ordinary share(s) of HK\$0.10 each in the capital of SEA  |
| “SEA Hong Kong Branch Share Registrar” | Tricor Standard Limited, being SEA’s branch share registrar in Hong Kong  |
| “SEA Remaining Group”                  | SEA and its subsidiaries after the Distribution in Specie   |
| “SEA Shareholder(s)”                   | holders of SEA Shares from time to time   |
| “SEA Special Cash Dividend”            | the special dividend of HK\$3.0 per SEA Share as declared by SEA and approved at the special general meeting of SEA held on 4 May 2017 which was paid on 21 June 2017                         |
| “SFC”                                  | the Securities and Futures Commission of Hong Kong  |
| “SFO”                                  | the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong)  |
| “SP Agreement”                         | a sale and purchase agreement entered into between SEA and AGP on 31 March 2017 in relation to the sale and purchase of the AGP Non-PRC Assets  |
| “Stock Exchange”                       | The Stock Exchange of Hong Kong Limited   |
| “Subsidiary(ies)”                      | having the meaning ascribed to it under the Companies Ordinance (Cap. 622, Laws of Hong Kong)   |
| “Takeovers Code”                       | the Code on Takeovers and Mergers as in force in Hong Kong from time to time  |
| “Transfer Agent”                       | the transfer agent for the AGP Shares in respect of the Distribution in Specie, being DBS Vickers (Hong Kong) Limited   |

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## DEFINITIONS

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|---------------------|--|
| “UK”                | the United Kingdom   |
| “UK Takeovers Code” | The City Code on Takeovers and Mergers as in force in the United Kingdom from time to time |
| “US\$”              | United States dollars, the lawful currency of the United States of America                 |
| “£”                 | pound sterling, the lawful currency of the United Kingdom                                  |
| “%”                 | per cent   |

*The English text of this Composite Document and the Form of Acceptance shall prevail over the Chinese text in case of any inconsistency.*

*Hong Kong dollars has been used as the default currency throughout this Composite Document unless otherwise stated. Shareholder returns may increase or decrease due to currency fluctuations.*

*For the purposes of this Composite Document, unless otherwise stated the exchange rate of £1.00 = HK\$9.7559 has been used where applicable, for illustration purposes only, and does not constitute a representation that any amount has been, could have been or may be exchanged at such rates or any other rates or at all on any date.*

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## LETTER FROM AMPLE CAPITAL

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Unit A, 14th Floor  
Two Chinachem Plaza  
135 Des Voeux Road Central,  
Hong Kong

28 July 2017

*To the Independent AGP Shareholders,*

Dear Sir or Madam,

**COMPOSITE DOCUMENT RELATING TO  
THE UNCONDITIONAL VOLUNTARY OFFER  
FOR ALL THE ISSUED SHARES IN  
ASIAN GROWTH PROPERTIES LIMITED  
(OTHER THAN THOSE ALREADY OWNED  
BY NAN LUEN INTERNATIONAL LIMITED  
AND S E A HOLDINGS LIMITED)  
BY AMPLE CAPITAL LIMITED  
ON BEHALF OF NAN LUEN INTERNATIONAL LIMITED**

### **1. INTRODUCTION**

On 31 March 2017, the Offeror and SEA jointly announced that, among other things, Ample Capital would make a voluntary share exchange offer on behalf of the Offeror to acquire the AGP Shares, other than those AGP Shares already owned by the Offeror, in exchange for the Consideration Shares.

On 4 May 2017, the resolution in respect of, among other things, the Distribution in Specie was approved at the special general meeting of SEA. On 15 May 2017, completion of the SP Agreement and the Distribution in Specie took place as set out in the announcement of SEA dated 15 May 2017. Following the Distribution in Specie, AGP ceased to be a subsidiary of SEA. On 21 April 2017, the AGP Board declared the AGP Special Dividend Payment which was paid on 15 May 2017. Details of the event were set out in AGP's announcements dated 31 March 2017 and 21 April 2017.

As at the Latest Practicable Date, the Assets Redistribution, the AGP Special Dividend Payment, and the payment of the SEA Special Cash Dividend have completed.

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## LETTER FROM AMPLE CAPITAL

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As stated in the “Letter from AGP Board” of this Composite Document, the AGP Directors note that the Joint Announcement stated that in view of the fact that the AGP Shares are admitted to trading on AIM, and recognising that some SEA Shareholders who receive AGP Shares pursuant to the Distribution in Specie may not wish to hold AGP Shares (given that they may not wish to hold/trade AIM shares), the Offeror, as a means to provide Independent AGP Shareholders (both existing and arising as a result of the Distribution in Specie) with a liquidity option for the AGP Shares (apart from selling those AGP Shares either on-market or off-market) intended to make an unconditional voluntary share exchange offer to Independent AGP Shareholders to exchange their AGP Shares for SEA Shares held by the Offeror.

Under the original timetable in the Joint Announcement, the original Closing Date of the share exchange offer was expected to be 26 May 2017, and the payment date of the SEA Special Cash Dividend was expected to be 21 June 2017. Based on those dates, Independent AGP Shareholders accepting the share exchange offer would have acquired Consideration Shares from the Offeror together with all rights accruing or attaching thereto (including the SEA Special Cash Dividend), they would have been paid such dividend on 21 June 2017. As disclosed in the joint announcements of the Offeror and AGP dated 5 May 2017, 17 May 2017, 5 June 2017, 16 June 2017 and 7 July 2017, additional time was needed to finalise this Composite Document. Meanwhile the SEA Special Cash Dividend was paid out on 21 June 2017, in accordance with the timetable disclosed in the joint announcement of the Offeror and SEA dated 18 April 2017. To enable accepting Independent AGP Shareholders to retain the same entitlements as under the original proposed timetable, the Offeror revised the terms of the share exchange offer to include the Cash Portion of the Offer, which is an amount equivalent to the SEA Special Cash Dividend.

This letter forms part of this Composite Document which sets out, among other things, the details of the Offer. Further details of the terms and procedures of acceptance of the Offer are set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

Independent AGP Shareholders are strongly advised to consider carefully the information contained in the “Letter from AGP Board”, “Letter from the AGP IBC” and “Letter from the Independent Financial Adviser” to this Composite Document.

Unless the context otherwise requires, terms defined in this Composite Document shall have the same meanings when used in this letter.

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## LETTER FROM AMPLE CAPITAL

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### 2. THE OFFER

#### 2.1 Consideration for the Offer

Ample Capital is making the Offer for and on behalf of the Offeror in accordance with the provisions of the Takeovers Code to the Independent AGP Shareholders to acquire all the AGP Shares (other than those already owned by the Offeror and SEA) on the following basis:

**For every 4 AGP Shares ..... 1 Consideration Share  
(being an issued SEA Share  
held by the Offeror)  
and HK\$3.0 (being an amount equivalent  
to the SEA Special Cash Dividend)**

As at the Latest Practicable Date, save for the 886,347,812 AGP Shares in issue, AGP had no other outstanding securities, options, warrants or derivatives which are convertible into or which confer rights to require the issue of AGP Shares and AGP had no other relevant securities (as defined in Note 4 to the Rule 22 of the Takeovers Code).

As a result of the Distribution in Specie, all 861,278,857 AGP Shares held by SEA (other than 34,598 AGP Shares left undistributed due to fractional entitlements) were distributed to all the Qualifying SEA Shareholders (including the Offeror) in proportion to their respective shareholding in SEA on the basis of 1,268 AGP Shares for every 1,000 SEA Shares held by them. Accordingly, upon completion of the Distribution in Specie on 15 May 2017, 562,340,612 AGP Shares were held by the Offeror, 13,792,397 AGP Shares were held by Mr. Lu Wing Chi, 5,237,854 AGP Shares were held by NYH Limited, 22,390,346 AGP Shares were held by Mr. Lambert Lu, 4,092,442 AGP Shares were held by Mr. Lam Sing Tai and his spouse, 23,432,642 AGP Shares were held by Mr. Lincoln Lu, 34,598 AGP Shares were held by SEA through its wholly-owned subsidiary, 229,957,966 AGP Shares were held by SEA Shareholders who received AGP Shares due to the Distribution in Specie (other than the Offeror, Mr. Lu Wing Chi, Mr. Lambert Lu, Mr. Lam Sing Tai and his spouse, Mr. Lincoln Lu and NYH Limited), and 25,068,955 AGP Shares were held by other AGP Shareholders, representing approximately 63.44%, 1.56%, 0.59%, 2.53%, 0.46%, 2.64%, 0.004%, 25.946% and 2.83% of the total issued share capital of AGP, respectively.

Based on an exchange ratio of 1 Consideration Share for every 4 AGP Shares (not taking into account the Cash Portion of the Offer for the purpose of this paragraph) and 323,972,602 AGP Shares subject to the Offer, being all of the AGP Shares in issue other than the AGP Shares owned by the Offeror and SEA, and assuming that (i) all Independent AGP Shareholders validly accept the Offer; and (ii) there will be no change in the issued share capital of AGP since the Latest Practicable Date and up to the Closing Date, the maximum number of Consideration Shares which may be exchanged for AGP Shares is 80,993,150. This represents approximately 11.88% of the 681,666,726 existing issued SEA Shares as at the Latest Practicable Date. If no AGP Shares are validly accepted under the Offer, then the Offeror will continue to hold 562,340,612 AGP Shares, which is equivalent to approximately 63.44% of the total issued share capital of AGP as at the Latest Practicable Date.

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The exchange ratio of 1 Consideration Share for every 4 AGP Shares (not taking into account the Cash Portion of the Offer for the purpose of this paragraph) was determined by the Offeror based on the Offeror's estimate of (i) the fair market value per AGP Share following the completion of the Restructuring; and (ii) the fair market value per SEA Share following the Restructuring. The fair market values of the AGP Shares and the SEA Shares were calculated by the Offeror based on the following:

- (i) In respect of the AGP Shares, (1) the unaudited net asset value (attributable to AGP Shareholders) extracted from the unaudited pro forma consolidated statement of financial position of the AGP Remaining Group of approximately HK\$6,258 million (as set out on page IV-4 of Appendix IV to this Composite Document) (2) less the Offeror's assumption as to the potential PRC tax liabilities of approximately HK\$601 million were the AGP properties sold at their fair market values on 28 February 2017 (for the avoidance of doubt this amount is not included in AGP's financial statements as it does not meet the requirement of a deferred tax liability under International Financial Reporting Standards); (3) less the special dividend of approximately HK\$1,994 million (equivalent to HK\$2.25 per AGP Share) declared by AGP on 17 March 2017; and (4) plus the difference between the fair value of the PRC properties held by AGP as at 28 February 2017 and the carrying value of the properties held by AGP as at 31 December 2016, equating to HK\$65 million and relating to Westmin Plaza shopping arcade. For the avoidance of doubt, the revaluation of the AGP Non-PRC Assets was reflected in the consideration payable in accordance with the SP Agreement as set out on page IV-9 of Appendix IV to this Composite Document. Taking these adjustments into consideration, the pro forma net asset value per AGP Share is calculated by the Offeror as HK\$4.21. Excluding the Offeror's approximately HK\$601 million adjustment referred to in (2) above, the pro forma net asset value per AGP Share is calculated as HK\$4.88.
- (ii) In respect of the SEA Shares, (1) the unaudited net asset value (attributable to SEA Shareholders) extracted from the unaudited pro forma consolidated statement of financial position of the SEA Remaining Group of approximately HK\$8,253 million (as set out on page V-5 of Appendix V to this Composite Document); (2) plus the difference between the fair value of the properties held by SEA and the AGP Non-PRC Assets acquired from AGP as at 28 February 2017 and the carrying value of the properties held by SEA as at 31 December 2016, equating to HK\$2,854 million and relating to Crowne Plaza Hong Kong Causeway Bay. The Offeror considers that no tax is payable in respect of the properties of SEA if the properties were sold on 28 February 2017 at their fair market value, and as such no deferred tax liability has been included in the Offeror's calculations. Taking these adjustments into consideration, the pro forma net asset value per SEA Share is calculated as HK\$16.37. SEA declared the SEA Special Cash Dividend, which was paid to SEA Shareholders on



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21 June 2017 which would reduce the pro forma net asset value per SEA Share to HK\$13.37. For the avoidance of doubt, when the Offeror determined the exchange ratio above, the SEA Special Cash Dividend had not yet been declared by SEA, and therefore was not included in the Offeror's calculations. Please also refer to page 12 of this Composite Document for background details of the relationship between the SEA Special Cash Dividend and the Cash Portion of the Offer.

According to the board of directors of the Offeror, the exchange ratio is not based on the historical market price per share of either AGP Shares or SEA Shares as their respective market prices per share reflect the pre-Restructuring underlying fair market values of those shares, not the post-Restructuring underlying fair market values.

### **2.2 Value of the Offer**

As at the Latest Practicable Date, the Offeror holds 443,486,289 SEA Shares. The Offer is extended to all Independent AGP Shareholders. Based on the above-mentioned exchange ratio, a maximum of 80,993,150 Consideration Shares would be required to satisfy the consideration for the full acceptance of the Offer (excluding the Cash Portion of the Offer). Based on (i) the Cash Portion of the Offer of HK\$3.0, and (ii) the closing price on the Stock Exchange of HK\$9.30 (approximately £0.95) per Consideration Share as at the Latest Practicable Date, and assuming that there will be no change in the number of the AGP Shares in issue prior to the Closing Date, as at the Latest Practicable Date, the Offer is valued at HK\$996,215,745, which is a 25.51% premium to the value of AGP of approximately HK\$793,732,875 based on the closing price per AGP Share as at the Latest Practicable Date of approximately £0.25 (approximately HK\$2.45) and 323,972,602 AGP Shares subject to the Offer.

### **2.3 Comparison of value**

As set out above, the exchange ratio of 1 Consideration Share for every 4 AGP Shares (not taking into account the Cash Portion of the Offer) was determined based on the fair market value per AGP Share and/or SEA Share following the Restructuring. The historical share prices of AGP and SEA prior to 17 March 2017 have not taken into account the various cash dividends announced by AGP and SEA since 17 March 2017.

However, for the purposes of illustration, set out below are four comparisons of value based on two different ascribed values per AGP Share and per Consideration Share, which respectively (i) do not take into account, and (ii) take into account, the Cash Portion of the Offer.

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### *Comparison of value of AGP Shares not taking into account the Cash Portion of the Offer*

The ascribed value of HK\$4.41 (approximately £0.45) per AGP Share (equivalent to the closing price of each SEA Share of HK\$17.64 as quoted on the Stock Exchange on the Last SEA Trading Day divided by 4 for each AGP Share) represents:

- (i) a discount of approximately 28.9% to the closing price of AGP Shares of £0.635 (approximately HK\$6.2), as quoted on AIM on 30 March 2017, being the Last AGP Trading Day;
- (ii) a discount of approximately 42.7% to the average closing price of approximately £0.79 (approximately HK\$7.7) per AGP Share as quoted on AIM for the five consecutive trading days immediately prior to and including the Last AGP Trading Day;
- (iii) a discount of approximately 38.8% to the average closing price of approximately £0.74 (approximately HK\$7.2) per AGP Share as quoted on AIM for the 10 consecutive trading days immediately prior to and including the Last AGP Trading Day;
- (iv) a discount of approximately 24.0% to the average closing price of approximately £0.59 (approximately HK\$5.8) per AGP Share as quoted on AIM for the 20 consecutive trading days immediately prior to and including the Last AGP Trading Day;
- (v) a discount of approximately 15.2% to the average closing price of approximately £0.53 (approximately HK\$5.2) per AGP Share as quoted on AIM for the 30 consecutive trading days immediately prior to and including the Last AGP Trading Day;
- (vi) a premium of approximately 80.7% over the closing price of approximately £0.25 (approximately HK\$2.44) per AGP Share as quoted on AIM on the Latest Practicable Date;
- (vii) a discount of approximately 69.4% to the audited consolidated net assets per AGP Share attributable to the AGP Shareholders of approximately £1.48 (approximately HK\$14.43) as at 31 December 2016 (being the date to which the latest audited consolidated annual results of AGP were made up), calculated based on AGP's audited consolidated net assets attributable to the AGP Shareholders of approximately £1,310,952,000 (approximately HK\$12,789,513,000) as at 31 December 2016 and 886,347,812 existing AGP Shares in issue as at the Latest Practicable Date; and

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- (viii) a discount of approximately 36.7% to the unaudited pro forma consolidated net assets per AGP Share attributable to the AGP Shareholders of approximately HK\$6.97 as at 31 December 2016 (being the date to which the latest unaudited pro forma consolidated results of the AGP Remaining Group were made up), calculated based on AGP's unaudited pro forma consolidated net assets attributable to the AGP Shareholders of approximately HK\$6,173,880,000 as at 31 December 2016 and 886,347,812 existing AGP Shares in issue as at the Latest Practicable Date.

### *Comparison of value of AGP Shares taking into account the Cash Portion of the Offer*

The ascribed value of HK\$5.16 (approximately £0.53) per AGP Share (equivalent to the closing price of each SEA Share of HK\$17.64 as quoted on the Stock Exchange on the Last SEA Trading Day, plus the Cash Portion of the Offer of HK\$3.0 per Consideration Share, and divided by 4 for each AGP Share) represents:

- (i) a discount of approximately 16.8% to the closing price of AGP Shares of £0.635 (approximately HK\$6.2), as quoted on AIM on 30 March 2017, being the Last AGP Trading Day;
- (ii) a discount of approximately 33.0% to the average closing price of approximately £0.79 (approximately HK\$7.7) per AGP Share as quoted on AIM for the five consecutive trading days immediately prior to and including the Last AGP Trading Day;
- (iii) a discount of approximately 28.3% to the average closing price of approximately £0.74 (approximately HK\$7.2) per AGP Share as quoted on AIM for the 10 consecutive trading days immediately prior to and including the Last AGP Trading Day;
- (iv) a discount of approximately 11.0% to the average closing price of approximately £0.59 (approximately HK\$5.8) per AGP Share as quoted on AIM for the 20 consecutive trading days immediately prior to and including the Last AGP Trading Day;
- (v) a discount of approximately 0.8% to the average closing price of approximately £0.53 (approximately HK\$5.2) per AGP Share as quoted on AIM for the 30 consecutive trading days immediately prior to and including the Last AGP Trading Day;
- (vi) a premium of approximately 111.5% over the closing price of approximately £0.25 (approximately HK\$2.44) per AGP Share as quoted on AIM on the Latest Practicable Date;

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- (vii) a discount of approximately 64.2% to the audited consolidated net assets per AGP Share attributable to the AGP Shareholders of approximately £1.48 (approximately HK\$14.43) as at 31 December 2016 (being the date to which the latest audited consolidated annual results of AGP were made up), calculated based on AGP's audited consolidated net assets attributable to the AGP Shareholders of approximately £1,310,952,000 (approximately HK\$12,789,513,000) as at 31 December 2016, as set out in Appendix II to this Composite Document, and 886,347,812 existing AGP Shares in issue as at the Latest Practicable Date; and
- (viii) a discount of approximately 26.9% to the unaudited pro forma consolidated net assets per AGP Share attributable to the AGP Shareholders of approximately HK\$7.06 as at 31 December 2016 (being the date to which the latest unaudited pro forma consolidated results of the AGP Remaining Group were made up), calculated based on AGP's unaudited pro forma consolidated net assets attributable to the AGP Shareholders of approximately HK\$6,257,798,000 as at 31 December 2016 (taking into account the Restructuring), as set out in Appendix IV to this Composite Document, and 886,347,812 existing AGP Shares in issue as at the Latest Practicable Date.

### ***Comparison of value of Consideration Shares not taking into account the Cash Portion of the Offer***

For the purposes of illustration, the ascribed value of HK\$24.8 (approximately £2.54) per Consideration Share (equivalent to the closing price of each AGP Share of £0.635 (approximately HK\$6.2) as quoted on AIM on the Last AGP Trading Day multiplied by 4 for each Consideration Share) represents:

- (i) a premium of approximately 40.6% over the closing price of SEA Shares of HK\$17.64, as quoted on the Stock Exchange on 29 March 2017, being the Last SEA Trading Day;
- (ii) a premium of approximately 40.0% over the average closing price of approximately HK\$17.71 per SEA Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last SEA Trading Day;
- (iii) a premium of approximately 41.2% over the average closing price of approximately HK\$17.56 per SEA Share as quoted on the Stock Exchange for the 10 consecutive trading days immediately prior to and including the Last SEA Trading Day;

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- (iv) a premium of approximately 44.4% over the average closing price of approximately HK\$17.17 per SEA Share as quoted on the Stock Exchange for the 20 consecutive trading days immediately prior to and including the Last SEA Trading Day;
- (v) a premium of approximately 43.4% over the average closing price of approximately HK\$17.30 per SEA Share as quoted on the Stock Exchange for the 30 consecutive trading days immediately prior to and including the Last SEA Trading Day;
- (vi) a premium of approximately 166.7% over the closing price of approximately HK\$9.30 per SEA Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (vii) a premium of approximately 40.3% over the audited consolidated net assets per SEA Share attributable to SEA Shareholders of approximately HK\$17.68 as at 31 December 2016 (being the date to which the latest audited consolidated annual results of SEA were made up), calculated based on SEA's audited consolidated net assets attributable to SEA Shareholders of approximately HK\$12,050,977,000 as at 31 December 2016 and 681,666,726 existing SEA Shares in issue as at the Latest Practicable Date; and
- (viii) a premium of approximately 104.8% over the unaudited pro forma consolidated net assets per SEA Share attributable to SEA Shareholders of approximately HK\$12.11 as at 31 December 2016 (being the date to which the latest unaudited pro forma consolidated results of the SEA Remaining Group were made up), calculated based on SEA's unaudited pro forma consolidated net assets attributable to SEA Shareholders of approximately HK\$8,256,834,000 as at 31 December 2016 and 681,666,726 existing SEA Shares in issue as at the Latest Practicable Date.

### ***Comparison of value of Consideration Shares taking into account the Cash Portion of the Offer***

The ascribed value of HK\$21.8 (approximately £2.23) per Consideration Share, which is equal to (a) the ascribed value of HK\$24.8 (approximately £2.54) per Consideration Share (equivalent to the closing price of each AGP Share of £0.635 (approximately HK\$6.2) as quoted on AIM on the Last AGP Trading Day multiplied by 4 for each Consideration Share) minus (b) the Cash Portion of the Offer of HK\$3.0 per Consideration Share, represents:

- (i) a premium of approximately 23.6% over the closing price of SEA Shares of HK\$17.64, as quoted on the Stock Exchange on 29 March 2017, being the Last SEA Trading Day;

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- (ii) a premium of approximately 23.1% over the average closing price of approximately HK\$17.71 per SEA Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last SEA Trading Day;
- (iii) a premium of approximately 24.1% over the average closing price of approximately HK\$17.56 per SEA Share as quoted on the Stock Exchange for the 10 consecutive trading days immediately prior to and including the Last SEA Trading Day;
- (iv) a premium of approximately 27.0% over the average closing price of approximately HK\$17.17 per SEA Share as quoted on the Stock Exchange for the 20 consecutive trading days immediately prior to and including the Last SEA Trading Day;
- (v) a premium of approximately 26.0% over the average closing price of approximately HK\$17.30 per SEA Share as quoted on the Stock Exchange for the 30 consecutive trading days immediately prior to and including the Last SEA Trading Day;
- (vi) a premium of approximately 134.4% over the closing price of approximately HK\$9.30 per SEA Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (vii) a premium of approximately 23.3% over the audited consolidated net assets per SEA Share attributable to SEA Shareholders of approximately HK\$17.68 as at 31 December 2016 (being the date to which the latest audited consolidated annual results of SEA were made up), calculated based on SEA's audited consolidated net assets attributable to SEA Shareholders of approximately HK\$12,050,977,000 as at 31 December 2016 and 681,666,726 existing SEA Shares in issue as at the Latest Practicable Date; and
- (viii) a premium of approximately 80.0% over the unaudited pro forma consolidated net assets per SEA Share attributable to SEA Shareholders of approximately HK\$12.11 as at 31 December 2016 (being the date to which the latest unaudited pro forma consolidated results of the SEA Remaining Group were made up), calculated based on SEA's unaudited pro forma consolidated net assets attributable to SEA Shareholders of approximately HK\$8,253,160,000 as at 31 December 2016 and 681,666,726 existing SEA Shares in issue as at the Latest Practicable Date.

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### 2.4 Highest and lowest price of AGP Shares

During the Relevant Period, the highest closing price of the AGP Shares as quoted on AIM was £1.345 (approximately HK\$13.1) on 19 April 2017, 20 April 2017, 21 April 2017 and 26 April 2017, and the lowest closing price of the AGP Shares as quoted on AIM was £0.23 (approximately HK\$2.24) on 19 June 2017. AGP has declared a special cash dividend of HK\$2.25 per common share of AGP on 17 March 2017 and AGP Special Dividend Payment on 31 March 2017.

### 2.5 Sufficient financial resources

The Offer involves a securities exchange for Consideration Shares and the Cash Portion of the Offer. Ample Capital is satisfied that there are sufficient financial resources available to the Offeror to satisfy the consideration in respect of the Offer which would fall to be satisfied upon full acceptance of the Offer.

### 2.6 Effects of accepting the Offer

By accepting the Offer, the relevant Independent AGP Shareholders will (i) sell their respective AGP Shares to the Offeror free from all liens, charges, options, claims, equities, adverse interests, third-party rights or encumbrances whatsoever and together with all rights accruing or attaching thereto, including (without limitation) the right to receive dividends and distributions declared, made or paid, if any, on or after the Closing Date, (ii) acquire Consideration Shares from the Offeror free from all liens, charges, options, claims, equities, adverse interests, third-party rights or encumbrances whatsoever and together with all rights accruing or attaching thereto, including (without limitation) the right to receive dividends and distributions declared, made or paid, if any, on or after the Closing Date, and (iii) be entitled to the Cash Portion of the Offer, being an amount equivalent to the SEA Special Cash Dividend.

Under the terms of the Offer, acceptance of the Offer is irrevocable and once given cannot be withdrawn except in the circumstances set out in the paragraphs headed “Announcement” and “Right of withdrawal” (the latter of which relates to the Cooling-off Period) in Appendix I to this Composite Document. If the Offeror is unable to comply with any of the requirements of making announcements relating to the Offer as described under the paragraph headed “Announcement” in Appendix I to the Composite Document, pursuant to Rule 19.2 of the Takeovers Code, the Executive may require that the Independent AGP Shareholders accepting the Offer be granted a right of withdrawal, on terms acceptable to the Executive, until the requirements under Rule 19 of the Takeovers Code can be met.

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The Offer is an unconditional voluntary securities exchange and cash offer and is not subject to a prescribed level of valid acceptance being received in respect of the Offer. For the avoidance of doubt, AGP is not subject to the UK Takeovers Code.

### 2.7 Irrevocable undertakings to accept the Offer

The Offeror has received irrevocable undertakings from the following Independent AGP Shareholders to accept the Offer in respect of all the AGP Shares they directly or indirectly hold:

| Independent AGP Shareholder<br>(Note 1) | Number of<br>SEA Shares<br>held | Approximate<br>percentage<br>of the issued<br>share capital<br>of SEA<br>(Note 2) | Number of<br>AGP Shares<br>held | Approximate<br>percentage<br>of the issued<br>share capital<br>of AGP<br>(Note 3) |
|---|---------------------------------|---|---------------------------------|---|
| Mr. Lu Wing Chi                         | 17,238,085 (Note 4)             | 2.53%   | 19,030,251 (Note 5)             | 2.15%   |
| Mr. Lambert Lu                          | 17,658,002                      | 2.59%   | 22,390,346                      | 2.53%   |
| Mr. Lam Sing Tai<br>and his spouse      | 3,227,478                       | 0.47%   | 4,092,442                       | 0.46%   |
| Mr. Lincoln Lu                          | 18,480,002                      | 2.71%   | 23,432,642                      | 2.64%   |
| Mr. Walujo Santoso, Wally               | 1,200,000                       | 0.18%   | 1,521,600                       | 0.17%   |
| Mr. Leung Hok Lim                       | 1,856,928                       | 0.27%   | 2,354,584                       | 0.27%   |
| Mr. Chung Pui Lam                       | 656,928                         | 0.10%   | 551,488                         | 0.06%   |
| Mr. David Andrew Runciman               | —                               | —   | 520,000                         | 0.06%   |

*Notes:*

1. Mr. Lu Wing Chi, Mr. Lambert Lu, Mr. Lam Sing Tai, Mr. Lincoln Lu and Mr. David Andrew Runciman are directors of AGP. Mr. Lu Wing Chi, Mr. Lambert Lu, Mr. Lam Sing Tai, Mr. Lincoln Lu, Mr. Walujo Santoso, Wally, Mr. Leung Hok Lim and Mr. Chung Pui Lam are directors of SEA. NYH Limited is wholly owned by Mr. Lu Wing Chi.
2. The total number of issued SEA Shares as at the Latest Practicable Date was 681,666,726.
3. The total number of issued AGP Shares as at the Latest Practicable Date was 886,347,812.
4. Among these SEA Shares, 13,107,285 were held by Mr. Lu Wing Chi and 4,130,800 were held by NYH Limited.
5. Among these AGP Shares, 13,792,397 were held by Mr. Lu Wing Chi and 5,237,854 were held by NYH Limited.

Pursuant to the irrevocable undertakings set out above, the above Independent AGP Shareholders will accept the Offer in accordance with the terms and conditions set out in this Composite Document. The said irrevocable undertakings are not subject to any other condition.



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### 3. OTHER TERMS OF THE OFFER

#### 3.1 Stamp duty

Given that AGP is a company incorporated in the BVI and redomiciled to Bermuda where its register of members is located and maintained, no Hong Kong stamp duty is payable on any transfer of the AGP Shares.

Given that the AGP Shares are (i) admitted to trading on AIM (being a recognised growth market) and (ii) not officially listed on AIM or any other market or exchange, neither United Kingdom stamp duty nor United Kingdom stamp duty reserve tax would be chargeable on (a) a transfer of or agreement to transfer the AGP Shares; or (b) a transfer of or agreement to transfer validly constituted CREST depositary interests representing the AGP Shares.

**The tax treatment mentioned above may be different for each AGP Shareholder and the liability to tax depends on the individual circumstances of each AGP Shareholder, and may be subject to change in the future. If you are in any doubt as to your taxation position, you should consult an appropriate independent professional adviser immediately.**

Sellers' and buyers' ad valorem stamp duty for the SEA Shares arising in connection with the acceptances of the Offer, amounting to HK\$1.00 for every HK\$1,000 or part thereof will be borne by the Offeror.

#### 3.2 AGP Shares

Acceptance of the Offer by any person will be deemed to constitute a warranty by such person to the Offeror, AGP and Ample Capital that the AGP Shares sold by such person under the Offer are free from all liens, charges, options, claims, equities, adverse interests, third-party rights or encumbrances whatsoever and together with all rights accruing or attaching thereto, including (without limitation) the right to receive dividends and distributions declared, made or paid, if any, on or after the Closing Date and such person would acquire Consideration Shares from the Offeror free from all liens, charges, options, claims, equities, adverse interests, third-party rights or encumbrances whatsoever and together with all rights accruing or attaching thereto, including (without limitation) the right to receive dividends and distributions declared, made or paid, if any, on or after the Closing Date.

For the avoidance of doubt, neither Hong Kong Securities Clearing Company Limited nor HKSCC Nominees Limited will give, or be subject to, any of the above representations and warranties.

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### 3.3 AGP Overseas Shareholders

The Offer is in respect of securities of a company registered in Bermuda and will be subject to the procedures and disclosure requirements under the relevant Hong Kong laws and regulations, which may be different from other jurisdictions. The making of the Offer or the acceptance thereof by persons not being residents in Hong Kong or citizens or nationals of jurisdictions outside Hong Kong or with registered addresses in jurisdictions outside Hong Kong may be affected by the laws of the relevant jurisdictions. Independent AGP Shareholders who are citizens or residents or nationals of jurisdictions outside Hong Kong should inform themselves about and observe any applicable legal requirements in their own jurisdictions and where necessary seek independent professional advice.

As at the Latest Practicable Date, AGP had overseas shareholders with his/her/its registered address in Australia, Bermuda, Switzerland, Guernsey, Spain, the Netherlands, the BVI, New Zealand and the United Kingdom.

#### **AGP Shareholders with registered addresses in the United Kingdom**

The Offer would constitute a financial promotion under the Financial Services and Markets Act 2000. This Composite Document has been approved as a financial promotion for the purpose of Section 21 of the Financial Services and Markets Act 2000 by Panmure Gordon (UK) Limited, which is authorised and regulated by the UK Financial Conduct Authority (FRN: 403721).

The price of AGP Shares and SEA Shares may go down as well as up and as such, are an investment which may result in you not being able to realise the full amount of capital you invested.

#### **AGP Shareholders with registered addresses in New Zealand**

The Offeror has sought legal advice from New Zealand legal advisers. Based on the legal opinion provided by New Zealand legal advisers, the extension of the Offer to the AGP New Zealand Shareholders would constitute an offer of financial products for sale in New Zealand regulated by the Financial Markets Conduct Act 2013. This would require the Offeror to prepare a full prospectus-style offer document which would be reviewed by New Zealand regulatory authorities, and which would incur significant legal and accounting costs. The preparation of that document and the associated review process would take significant time. The directors of the Offeror believe that it would be unduly burdensome for the Offeror to comply with the relevant regulatory requirements in New Zealand if the Offer was extended to the AGP New Zealand Shareholders. As such, the Composite Document will be despatched to the AGP New Zealand Shareholders for information only. The Offeror has applied for a waiver pursuant to Note 3 to Rule 8 of the Takeovers Code and the Executive has consented to the exclusion of the AGP New Zealand Shareholders from receiving the Offer, subject to such AGP New Zealand Shareholders being provided the Alternative Arrangement. As such, no offer of financial products is being made to the AGP New Zealand Shareholders in any respect whatsoever. However, the AGP New Zealand Shareholders may choose to participate in the Alternative Arrangement detailed below.

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### *Alternative Arrangement for AGP New Zealand Shareholders*

In order to give AGP New Zealand Shareholders another alternative to monetising their AGP Shares, apart from selling such AGP Shares on the market, an alternative arrangement programme has been established for the AGP New Zealand Shareholders. Further details of the Alternative Arrangement are set out in section headed “Alternative Arrangement for AGP New Zealand Shareholders” of Appendix I to this Composite Document.

### **AGP Shareholders with registered addresses in the Netherlands**

In relation to the Netherlands, the Offer is made to one or more persons residing in the Netherlands (as the case may be) pursuant to an exemption from prospectus requirements under the Prospectus Directive (and more specifically the exemption mentioned under Article 4.1(b) of the Prospectus Directive concerning exchange offers) and this Composite Document has not been approved by a competent authority within the meaning of the Prospectus Directive. The expression “Prospectus Directive” means Directive 2003/71/EC (as amended), and includes any relevant implementing measures in the Netherlands.

### **AGP Shareholders with registered addresses in Australia, Bermuda, the BVI, Guernsey, Spain and Switzerland and any other overseas jurisdiction**

It is the responsibility of any such persons who wish to accept the Offer to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental or other consents which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by the accepting Independent AGP Shareholders in respect of such jurisdiction. Any acceptance by any person will be deemed to constitute a representation and warranty from such person to the Offeror that the local laws and requirements have been fully complied with and paid any issue, transfer or other taxes or other required payments due from him in connection with such acceptance in any territory and that such acceptance shall be valid and binding in accordance with all applicable laws and regulations. Independent AGP Shareholders should consult their professional advisers if in doubt. For the avoidance of doubt, neither Hong Kong Securities Clearing Company Limited nor HKSCC Nominees Limited will give, or be subject to, any of the above representations and warranties.

### **3.4 Closing Date of the Offer**

Unless the Offer has previously been extended or revised, the Offer will close on Monday, 28 August 2017 (being the Closing Date). The latest time for acceptance of the Offer will be at 4:00 p.m. on the Closing Date (Hong Kong time).

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## LETTER FROM AMPLE CAPITAL

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### 3.5 Settlement

Provided that a valid Form of Acceptance, which is complete in every detail and in good order in all respects, together with relevant document(s) has/have been received by the AGP Share Registrar or the SEA Hong Kong Branch Share Registrar, as the case may be, by no later than 4:00 p.m. Hong Kong time (9:00 a.m. UK time) on the Closing Date, certificate(s) for the Consideration Shares in respect of the AGP Shares tendered by you for acceptance under the Offer and the cheques relating to the Cash Portion of the Offer will be despatched to you by ordinary post at your own risk as soon as possible but in any event within (a) 17 Business Days (for Independent AGP Shareholders who elect for a Cooling-off Period), or (b) 7 Business Days (for Independent AGP Shareholders who do not elect for a Cooling-off Period), after receipt by the AGP Share Registrar or the SEA Hong Kong Branch Share Registrar, as the case may be, of the duly completed Form of Acceptance and other relevant documents (if applicable).

Settlement of the consideration to which any Independent AGP Shareholder is entitled under the Offer (which excludes any AGP New Zealand Shareholder) will be implemented in full in accordance with the terms of the Offer, without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Independent AGP Shareholder.

By accepting the Offer, the relevant Independent AGP Shareholders will (i) sell their respective AGP Shares to the Offeror free from all liens, charges, options, claims, equities, adverse interests, third-party rights or encumbrances whatsoever and together with all rights accruing or attaching thereto, including (without limitation) the right to receive dividends and distributions declared, made or paid, if any, on or after the Closing Date, (ii) acquire Consideration Shares from the Offeror free from all liens, charges, options, claims, equities, adverse interests, third-party rights or encumbrances whatsoever and together with all rights accruing or attaching thereto, including (without limitation) the right to receive dividends and distributions declared, made or paid, if any, on or after the Closing Date, and (iii) be entitled to the Cash Portion of the Offer, being an amount equivalent to the SEA Special Cash Dividend.

For those Independent AGP Shareholders (with his/her/its registered address in Hong Kong) who received AGP Shares from the Distribution in Specie and do not accept the Offer, the AGP Share certificate(s) will be available for collection in person for a period of three (3) Business Days at Computershare Hong Kong Investor Services Limited, at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong from Thursday, 14 September 2017 to Monday, 18 September 2017 (both dates inclusive). If such Independent AGP Shareholders do not collect their AGP Share certificate(s) personally within the time specified for collection, their AGP Share certificate(s) will be sent to their registered address on Tuesday, 19 September 2017, by ordinary post at their own risk.

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## LETTER FROM AMPLE CAPITAL

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For those Independent AGP Shareholders (with his/her/its registered address outside of Hong Kong) who received AGP Shares from the Distribution in Specie and do not accept the Offer, the AGP Share Registrar will despatch the AGP Share certificate(s) by Thursday, 14 September 2017.

For those Independent AGP Shareholders (with his/her/its registered address in Hong Kong) who received AGP Shares from the Distribution in Specie and have accepted the Offer and subsequently withdrawn their acceptance pursuant to the Cooling-off Period after the Offer closes, the AGP Share certificate(s) will be available for collection in person for a period of three (3) Business Days at Computershare Hong Kong Investor Services Limited, at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong from Tuesday, 26 September 2017 to Thursday, 28 September 2017 (both dates inclusive). If such Independent AGP Shareholders do not collect their AGP Share certificate(s) personally within the time specified for collection, their AGP Share certificate(s) will be sent to their registered address on Friday, 29 September 2017, by ordinary post at their own risk.

For those Independent AGP Shareholders (with his/her/its registered address outside of Hong Kong) who received AGP Shares from the Distribution in Specie and have accepted the Offer and subsequently withdrawn their acceptance pursuant to the Cooling-off Period after the Offer closes, the AGP Share Registrar will despatch the AGP Share certificate(s) by Tuesday, 26 September 2017. In other words, the relevant Independent AGP Shareholders will technically not be able to provide their AGP Shares to the AGP Share Registrar or the Transfer Agent for dematerialisation into depositary interests to trade them before they receive the AGP Share certificate(s).

### 3.6 Odd lots

Independent AGP Shareholders should be aware that SEA Shares are traded in board lots of 2,000 shares. As such, acceptance of the Offer may result in their holding of odd lots of the SEA Shares. Accordingly, the Offeror has appointed DBS Vickers (Hong Kong) Limited as the designated broker to match sales and purchases of odd lot holdings of the SEA Shares, on a best effort basis, in the market for a reasonable time period following the completion of the Offer to enable such Independent AGP Shareholders to dispose of their odd lots or to top up their odd lots to whole board lots. The proceeds of sale (net of expenses and taxes) will be paid to the Independent AGP Shareholders concerned according to their respective attributable entitlements thereto.

**Holder(s) of SEA Share(s) received under the Offer should note that the successful matching of odd lots of SEA Share(s) and the provision of liquidity referred to above is not guaranteed. SEA Shareholders are advised to consult their own professional advisers if they are in doubt about any of these arrangements.**

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## LETTER FROM AMPLE CAPITAL

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### 3.7 Fractional entitlements

As disclosed in the Circular, any fractional entitlements to AGP Shares and any AGP Shares left undistributed due to fractional entitlements of Qualifying SEA Shareholders pursuant to the Distribution in Specie will be sold in the market as far as practicable and the net proceeds of such sale will be retained for the benefit of SEA.

Any fractional entitlement to the Consideration Shares will be rounded down to the nearest whole number of Consideration Share and be transferred to the accepting Independent AGP Shareholders under the Offer. The full terms and conditions of the Offer is set out in Appendix I to this Composite Document.

## 4. INFORMATION ON AGP

AGP is an investment holding company incorporated in the BVI with limited liability on 17 February 2004 and redomiciled to Bermuda on 5 December 2016. Prior to the Distribution in Specie, AGP was a 97.17%-owned subsidiary of SEA. AGP ceased to be a subsidiary of SEA immediately after the Distribution in Specie (although SEA continues to hold 34,598 AGP Shares which were left undistributed due to fractional entitlements of Qualifying SEA Shareholders).

After Completion of the Asset Redistribution and the Distribution in Specie, the AGP Group is principally engaged in property development and investment in the PRC.

The financial information of the AGP Group for the three years ended 31 December 2014, 2015 and 2016 is set out in Appendix II to this Composite Document. The unaudited pro forma financial information of the AGP Group which illustrates the effect of the Assets Redistribution and the AGP Special Dividend Payment is set out in Appendix IV to this Composite Document.

## 5. INFORMATION OF THE OFFEROR AND SEA

The Offeror was incorporated in Bermuda as an exempted company with limited liability on 30 June 1989 and is an investment holding company. As at the Latest Practicable Date, the Offeror (i) was a controlling shareholder of SEA and held 443,486,289 SEA Shares, representing approximately 65.06% of the issued SEA Shares; and (ii) was interested in 562,340,612 AGP Shares, representing approximately 63.44% of the issued AGP Shares. The registered office of the Offeror is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

SEA is an investment holding company incorporated in Bermuda on 25 April 1989 and is a company listed on the main board of the Stock Exchange. The principal business activities of SEA and its subsidiaries are investment holding, hotel operation, property and asset management as well as property investment and development in Hong Kong, Australia and the United Kingdom.

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## LETTER FROM AMPLE CAPITAL

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### 6. INTENTION OF THE OFFEROR IN RELATION TO THE AGP GROUP

In order to ensure that the strategic leaderships of AGP and SEA are segregated, AGP and SEA are now led by different persons following the completion of the Assets Redistribution. In particular:

- AGP's chief executive officer is Mr. Lincoln Lu;
- SEA's chief executive is Mr. Lambert Lu; and
- With effect from 15 May 2017, Mr. Lincoln Lu has relinquished his executive role in SEA and Mr. Lambert Lu has relinquished his executive role in AGP.

Save as disclosed above, as at the Latest Practicable Date, the Offeror had no intention to change the composition of the AGP Board, and the Offeror had not proposed or nominated any new director to the AGP Board. Further announcement(s) will be made upon any changes to the composition of the AGP Board if and when necessary.

Mr. Lambert Lu and Mr. Lincoln Lu are brothers. Both of them are sons of Mr. Lu Wing Chi. As at the Latest Practicable Date, the Offeror is held as to approximately 63.58% by JCS Limited, 30.00% by Mr. Lu Wing Chi, 3.21% by Mr. Lambert Lu and 3.21% by Mr. Lincoln Lu. JCS Limited is in turn owned by Mr. Lu Wing Chi, Mr. Lambert Lu and Mr. Lincoln Lu (each a director of SEA and AGP) as to approximately 49.00%, 25.50% and 25.50%, respectively. Mr. Lu Wing Chi, Mr. Lambert Lu and Mr. Lincoln Lu are directors of SEA, AGP, JCS Limited and the Offeror.

As disclosed in the "Letter from AGP Board" in this Composite Document, following the completion of the Restructuring, the AGP Group focuses on the business in the PRC, while the SEA Group continues to focus on the non-PRC business. It should be noted however that, while it is the AGP Board's current intention to focus on operations in the PRC, and its property assets following the Restructuring are located solely in the PRC, the AGP Board does not believe that AGP should be restricted in its sphere of activities. Hence, the AGP Board has not committed to limit its sphere of activities solely to the PRC or to property related development and investments. The strategy of AGP will be determined by the AGP Board itself taking into consideration market opportunities, AGP's financial resources and its core competencies. As at the Latest Practicable Date, the Offeror (i) had no definitive plans in relation to the business of the AGP Group other than continuing its existing principal businesses, (ii) had no plan to terminate the employment of the employees or to redeploy assets of the AGP Group other than those in its ordinary and usual course of business, and had no present intention to voluntarily seek to delist AGP from AIM without making a separate offer.

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## LETTER FROM AMPLE CAPITAL

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### 7. SHAREHOLDING STRUCTURE OF AGP

As at the Latest Practicable Date, AGP had 886,347,812 AGP Shares in issue. There were no other classes of securities of the AGP in issue other than the said AGP Shares, and there were no outstanding options, derivatives, warrants or other securities in issue convertible or exchangeable into the AGP Shares as at the Latest Practicable Date.

Assuming that all the Independent AGP Shareholders accept the Offer and that there is no change in the issued share capital of AGP from the Latest Practicable Date up to the Closing Date, the shareholding structure of AGP as at the Latest Practicable Date and immediately after the completion of the Offer, would be as follows:

|  | <b>As at the<br/>Latest Practicable Date</b> |   | <b>Immediately after<br/>completion of the Offer<br/>assuming all Independent<br/>AGP Shareholders<br/>accept the Offer</b> |   |
|--|--|---|---|---|
|  | <i>Number of<br/>AGP Shares<br/>(Note 1)</i> | <i>Approximate<br/>percentage<br/>of the issued<br/>share capital<br/>of AGP<br/>(Note 2)</i> | <i>Number of<br/>AGP Shares</i>   | <i>Approximate<br/>percentage<br/>of the issued<br/>share capital<br/>of AGP<br/>(Note 2)</i> |
| Offeror  | 562,340,612                                  | 63.44%  | 886,313,214   | 99.996%   |
| Mr. Lu Wing Chi  | 13,792,397                                   | 1.56%   | —   | —   |
| NYH Limited (Note 3)   | 5,237,854                                    | 0.59%   | —   | —   |
| Mr. Lambert Lu   | 22,390,346                                   | 2.53%   | —   | —   |
| Mr. Lam Sing Tai and his spouse  | 4,092,442                                    | 0.46%   | —   | —   |
| Mr. Lincoln Lu   | 23,432,642                                   | 2.64%   | —   | —   |
| SEA (Note 4)   | 34,598                                       | 0.004%  | 34,598  | 0.004%  |
| SEA Shareholders who<br>acquired AGP Shares<br>pursuant to the Distribution<br>in Specie (other than<br>the Offeror, Mr. Lu Wing Chi,<br>Mr. Lambert Lu,<br>Mr. Lam Sing Tai and<br>his spouse, Mr. Lincoln Lu<br>and NYH Limited) | 229,957,966                                  | 25.946%   | —   | —   |
| Other AGP Shareholders<br>(Note 5)   | 25,068,955                                   | 2.83%   | —   | —   |
| <b>Total</b>   | <b><u>886,347,812</u></b>                    | <b><u>100.00%</u></b>   | <b><u>886,347,812</u></b>   | <b><u>100.00%</u></b>   |



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## LETTER FROM AMPLE CAPITAL

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*Notes:*

1. The above shareholdings were based on the register of members of AGP as at the Latest Practicable Date.
2. The total number of issued AGP Shares as at the Latest Practicable Date was 886,347,812.
3. Given that the Distribution in Specie was made on the basis of 1,268 AGP Shares for every 1,000 SEA Shares held by the Qualifying SEA Shareholders, if any calculation of a Qualifying SEA Shareholder's entitlement to AGP Shares would result in a fraction of an AGP Share, such entitlement will be rounded down to the nearest whole number of AGP Shares. As at the Latest Practicable Date, there were 34,598 AGP Shares left undistributed due to fractional entitlements of the Qualifying SEA Shareholders. Fractional entitlements to AGP Shares and any AGP Shares left undistributed under the Distribution in Specie will be sold in the market as soon as practicable after completion of the Offer and the net proceeds of such sale will be retained for the benefit of SEA. These AGP Shares are currently held by SEA's wholly-owned subsidiary.
4. NYH Limited is a limited liability company wholly-owned by Mr. Lu Wing Chi, the executive director of both SEA and AGP.
5. As at the Latest Practicable Date, the total number of AGP Shares held by the AGP New Zealand Shareholders was 4,869,554. The AGP New Zealand Shareholders may choose to accept or reject the Alternative Arrangement under which the NZ Alternative Arrangement Offeror will dispose of the SEA Shares in the open market and deliver the proceeds to the AGP New Zealand Shareholders who accept the Alternative Arrangement as consideration for the purchase of their AGP Shares.

### **8. SHAREHOLDING STRUCTURE OF THE OFFEROR**

As at the Latest Practicable Date, the Offeror was held as to approximately 63.58% by JCS Limited, 30.00% by Mr. Lu Wing Chi, 3.21% by Mr. Lambert Lu and 3.21% by Mr. Lincoln Lu. JCS Limited was in turn owned by Mr. Lu Wing Chi, Mr. Lambert Lu and Mr. Lincoln Lu, as to approximately 49.00%, 25.50% and 25.50%, respectively. Mr. Lu Wing Chi, Mr. Lambert Lu and Mr. Lincoln Lu were directors of SEA, AGP, JCS Limited and the Offeror.

### **9. FINANCIAL AND TRADING PROSPECTS OF SEA**

As disclosed in the section headed "Information of the Offeror and SEA" contained in this letter above, after completion of the Assets Redistribution and the Distribution in Specie, the principal business activities of SEA and its subsidiaries are investment holding, hotel operation, property and asset management as well as property investment and development in Hong Kong, Australia and the United Kingdom.

As disclosed in the annual reports of SEA for the years ended 31 December 2015 and 2016, SEA strives to gain market share, improve the hotel operation's efficiency and at the same time look for cost saving measures, so as to maintain the return of the operations, and SEA is closely monitoring the evolving market developments and has equipped itself to face the various challenges ahead by adopting a prudent and effective policy in managing risks. According to the SEA Board, SEA will remain cautiously proactive and continue to monitor the property markets of Hong Kong and overseas countries closely in order to identify potential acquisition targets at opportune times.

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**LETTER FROM AMPLE CAPITAL**

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**10. ADDITIONAL INFORMATION**

Your attention is also drawn to the additional information set out in the appendices to this Composite Document.

Yours faithfully,  
For and on behalf of  
**Ample Capital Limited**  
**H. W. Tang**  
*President*

Yours faithfully,  
For and on behalf of  
**Ample Capital Limited**  
**Jackson Wong**  
*Senior Vice President*

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## LETTER FROM AGP BOARD

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### ASIAN GROWTH PROPERTIES LIMITED

*(Registered in Bermuda with limited liability)*

**(Stock Code: AGP)**

*AGP Directors:*

Richard Öther Prickett *(Non-executive Chairman  
and Independent Non-executive Director)*

Lincoln Lu *(Chief Executive Officer and  
Executive Director)*

Lu Wing Chi *(Executive Director)*

David Andrew Runciman *(Executive Director)*

Lam Sing Tai *(Non-executive Director)*

Lambert Lu *(Non-executive Director)*

John David Orchard Fulton  
*(Independent Non-executive Director)*

*Registered office:*

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

*Principal place of business:*

Suites 2506-10, 25th Floor  
Everbright Centre  
108 Gloucester Road  
Wanchai, Hong Kong

28 July 2017

*To the Independent AGP Shareholders,*

Dear Sir or Madam,

**UNCONDITIONAL VOLUNTARY OFFER  
FOR ALL THE ISSUED SHARES IN ASIAN GROWTH PROPERTIES LIMITED  
(OTHER THAN THOSE ALREADY OWNED  
BY NAN LUEN INTERNATIONAL LIMITED  
AND S E A HOLDINGS LIMITED)  
BY AMPLE CAPITAL LIMITED  
ON BEHALF OF NAN LUEN INTERNATIONAL LIMITED**

#### INTRODUCTION

Reference is made to the Joint Announcement.

On 4 May 2017, the resolution in respect of, among other things, the Distribution in Specie was approved at the special general meeting of SEA. On 15 May 2017, completion of the Distribution in Specie took place. As a result of the Distribution in Specie, AGP ceased to be a subsidiary of SEA.

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## LETTER FROM AGP BOARD

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The making of the Offer is pre-conditional upon the completion of the Distribution in Specie. Accordingly, the pre-condition of the Offer as set out in the Joint Announcement and the Circular had been fulfilled as at the date of this Composite Document. It was announced in the Joint Announcement and the Circular that, after the completion of the Distribution in Specie which would thereby satisfy the pre-condition of the Offer, Ample Capital would, on behalf of the Offeror and pursuant to the Takeovers Code, make a voluntary unconditional securities exchange offer to acquire all the AGP Shares (other than those already owned by the Offeror) on the basis of 1 Consideration Share for every 4 AGP Shares held.

The purpose of this Composite Document is to provide you with, among other things, information on the Offer and the AGP Group as well as the letter from the AGP IBC containing its recommendation and advice to the Independent AGP Shareholders in respect of the Offer and the letter from the Independent Financial Adviser containing its advice to the AGP IBC in respect of the Offer.

### BACKGROUND

Pursuant to the Distribution in Specie, the AGP Shares held by SEA have been distributed to the SEA Shareholders (including the Offeror) by way of a special dividend in specie. Following the completion of the sale of AGP Non-PRC Assets to SEA under the SP Agreement, AGP Group continues to hold the AGP PRC Assets.

The AGP Directors note that the Joint Announcement stated that in view of the fact that the AGP Shares are admitted to trading on AIM, and recognising that some SEA Shareholders who receive AGP Shares pursuant to the Distribution in Specie may not wish to hold AGP Shares (given that they may not wish to hold/trade AIM shares), the Offeror, as a means to provide Independent AGP Shareholders (both existing and arising as a result of the Distribution in Specie) with a liquidity option for the AGP Shares (apart from selling those AGP Shares either on-market or off-market) makes an unconditional voluntary share exchange offer to Independent AGP Shareholders to exchange their AGP Shares for SEA Shares held by the Offeror.

Under the original timetable in the Joint Announcement, the original Closing Date of the share exchange offer was expected to be 26 May 2017, and the payment date of the SEA Special Cash Dividend was expected to be 21 June 2017. As Independent AGP Shareholders accepting the share exchange offer would have acquired Consideration Shares from the Offeror together with all rights accruing or attaching thereto (including the SEA Special Cash Dividend), they would have been paid such dividend on 21 June 2017. As disclosed in the joint announcements of the Offeror and AGP dated 5 May 2017, 17 May 2017, 5 June 2017, 16 June 2017 and 7 July 2017, additional time was needed to finalise this Composite Document. Meanwhile the SEA Special Cash Dividend was paid out on 21 June 2017, in accordance with the timetable disclosed in the joint announcement of the Offeror and SEA dated 18 April 2017. To enable accepting Independent AGP Shareholders to retain the same entitlements as under the original timetable, the Offeror revised the terms of the share exchange offer to include the Cash Portion of the Offer, which is an amount equivalent to the SEA Special Cash Dividend.

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## LETTER FROM AGP BOARD

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The AGP Directors note that: (i) as disclosed in the Joint Announcement, SEA considered that a distribution of AGP Shares to SEA Shareholders would enhance liquidity of the AGP Shares held by SEA by improving the shareholder base of AGP without being dilutive to SEA and the SEA Shareholders; (ii) as disclosed in the Circular, the latest date of posting the AGP Share certificates (pursuant to the Distribution in Specie) to AGP Shareholders who do not accept the Offer was 15 June 2017; (iii) due to the reasons set out above, this date of posting of the AGP Share certificates has been postponed to 14 September 2017; and (iv) as disclosed on page I-5 of this Composite Document, the relevant Independent AGP Shareholders cannot dematerialise their AGP Shares into depositary interests and trade them before receiving the relevant AGP Share certificates. As such, the AGP Directors believe that the Distribution in Specie has had negligible impact on liquidity of AGP Shares between the date of the Distribution in Specie and the Latest Practicable Date.

It should be noted that it is the AGP Board's current intention to focus on operations in the PRC following completion of the Assets Redistribution and Distribution in Specie, and its property assets are located solely in the PRC, however, the AGP Board does not believe that AGP should be restricted in its sphere of activities. Hence, the AGP Board has not committed to limit its sphere of activities solely to the PRC or to property related development and investments. The strategy of AGP will be determined by the AGP Board itself taking into consideration market opportunities, AGP's financial resources and its core competencies.

The AGP Board believes that it would be in the best interests of AGP and AGP Shareholders if it were to:

- focus on AGP as a property investment and development company whose principal operations are in the PRC; and
- distribute back to AGP Shareholders cash excess to its requirements.

### THE OFFER

Ample Capital, on behalf of the Offeror and pursuant to the Takeovers Code, is making the Offer on the following basis:

**For every 4 AGP Shares ..... 1 Consideration Share**  
**(being an issued**  
**SEA Share held**  
**by the Offeror)**  
**and HK\$3.0 per**  
**Consideration Share**  
**(being an amount**  
**equivalent to the SEA**  
**Special Cash Dividend)**

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## LETTER FROM AGP BOARD

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As at the Latest Practicable Date, there were 886,347,812 AGP Shares in issue. As a result of the Distribution in Specie, all 861,278,857 AGP Shares held by SEA (other than 34,598 AGP Shares left undistributed due to fractional entitlements) were distributed to all the Qualifying SEA Shareholders (including the Offeror) in proportion to their respective shareholding in SEA on the basis of 1,268 AGP Shares for every 1,000 SEA Shares held by them. Accordingly, upon completion of the Distribution in Specie on 15 May 2017, 562,340,612 AGP Shares were held by the Offeror, 13,792,397 AGP Shares were held by Mr. Lu Wing Chi, 5,237,854 AGP Shares were held by NYH Limited, 22,390,346 AGP Shares were held by Mr. Lambert Lu, 4,092,442 AGP Shares were held by Mr. Lam Sing Tai and his spouse, 23,432,642 AGP Shares were held by Mr. Lincoln Lu, 34,598 AGP Shares held by SEA through its wholly-owned subsidiary, 229,957,966 AGP Shares were held by SEA Shareholders who received AGP Shares due to the Distribution in Specie (other than the Offeror, Mr. Lu Wing Chi, Mr. Lambert Lu, Mr. Lam Sing Tai and his spouse, Mr. Lincoln Lu and NYH Limited), and 25,068,955 AGP Shares were held by other AGP Shareholders, representing approximately 63.44%, 1.56%, 0.59%, 2.53%, 0.46%, 2.64%, 0.004%, 25.946% and 2.83% of the issued share capital of AGP, respectively.

Based on an exchange ratio of 1 Consideration Share for every 4 AGP Shares (not taking into account the Cash Portion of the Offer for the purpose of this paragraph) and 323,972,602 AGP Shares subject to the Offer, being all of the AGP Shares in issue other than the AGP Shares owned by the Offeror and SEA, and assuming that (i) all Independent AGP Shareholders validly accept the Offer; and (ii) there will be no change in the issued share capital of AGP since the Latest Practicable Date and up to the Closing Date, the maximum number of Consideration Shares which may be exchanged for AGP Shares is 80,993,150. This represents approximately 11.88% of the 681,666,726 existing issued SEA Shares as at the Latest Practicable Date. If no AGP Shares are validly accepted under the Offer, then the Offeror will continue to hold 562,340,612 AGP Shares, which is equivalent to approximately 63.44% of the total issued share capital of AGP as at the Latest Practicable Date.

The exchange ratio of 1 Consideration Share for every 4 AGP Shares (not taking into account the Cash Portion of the Offer for the purpose of this paragraph) was determined by the Offeror based on the Offeror's estimate of (i) the fair market value per AGP Share following the completion of the Restructuring; and (ii) the fair market value per SEA Share following the Restructuring. The fair market values of the AGP Shares and the SEA Shares were calculated by the Offeror based on the following:

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## LETTER FROM AGP BOARD

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- (1) In respect of the AGP Shares, (i) the unaudited net asset value (attributable to AGP Shareholders) extracted from the unaudited pro forma consolidated statement of financial position of the AGP Remaining Group of HK\$6,258 million (as set out on page IV-4 of Appendix IV to this Composite Document); (ii) less the Offeror's assumption as to the potential PRC tax liabilities of approximately HK\$601 million were the AGP properties sold at their fair market values on 28 February 2017 (for the avoidance of doubt this amount is not included in AGP's financial statements as it does not meet the requirement of a deferred tax liability under International Financial Reporting Standards); (iii) less the special dividend of approximately HK\$1,994 million (equivalent to HK\$2.25 per AGP Share) declared by AGP on 17 March 2017; and (iv) plus the difference between the fair value of the PRC properties held by AGP as at 28 February 2017 and the carrying value of the properties held by AGP as at 31 December 2016, equating to HK\$65 million and relating to Westmin Plaza shopping arcade. For the avoidance of doubt, the revaluation of the AGP Non-PRC Assets was reflected in the consideration payable in accordance with the SP Agreement as set out on page IV-9 of Appendix IV to this Composite Document. Taking these adjustments into consideration, the pro forma net asset value per AGP Share is calculated by the Offeror as HK\$4.21. Excluding the Offeror's approximately HK\$601 million adjustment referred to in (ii) above, the pro forma net asset value per AGP Share is calculated as HK\$4.88.
- (2) In respect of the SEA Shares, (i) the unaudited net asset value (attributable to SEA Shareholders) extracted from the unaudited pro forma consolidated statement of financial position of the SEA Remaining Group of HK\$8,253 million (as set out on page V-5 of Appendix V to this Composite Document); (ii) plus the difference between the fair value of the properties held by SEA and the AGP Non-PRC Assets acquired from AGP as at 28 February 2017 and the carrying value of the properties held by SEA as at 31 December 2016, equating to HK\$2,854 million and relating to Crowne Plaza Hong Kong Causeway Bay. The Offeror considers that no tax is payable in respect of the properties of SEA if the properties were sold on 28 February 2017 at their fair market value, and as such no deferred tax liability has been included in the Offeror's calculations. Taking these adjustments into consideration, the pro forma net asset value per SEA Share is calculated as HK\$16.37. SEA declared the SEA Special Cash Dividend, which was paid to SEA Shareholders on 21 June 2017 which would reduce the pro forma net asset value per SEA Share to HK\$13.37. For the avoidance of doubt, when the Offeror determined the exchange ratio above, the SEA Special Cash Dividend had not yet been declared by SEA, and therefore was not included in the Offeror's calculations. Please also refer to page 12 of this Composite Document for background details of the relationship between the SEA Special Cash Dividend and the Cash Portion of the Offer.

Under the Offer, an Independent AGP Shareholder who accepts the Offer is entitled to receive the Cash Portion of the Offer of HK\$3.0 per Consideration Share he/she/it receives, and such amount is equivalent to the SEA Special Cash Dividend.

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## LETTER FROM AGP BOARD

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Save for the 886,347,812 AGP Shares in issue, as at the Latest Practicable Date, AGP had no other outstanding securities, options, warrants or derivatives which are convertible into or which confer rights to require the issue of AGP Shares and AGP had no other relevant securities (as defined in Note 4 to the Rule 22 of the Takeovers Code).

As at the Latest Practicable Date, save for Mr. Lu Wing Chi, Mr. Lambert Lu, Mr. Lam Sing Tai and his spouse, Mr. Lincoln Lu, Mr. Walujo Santoso, Wally, Mr. Leung Hok Lim, Mr. Chung Pui Lam and Mr. David Andrew Runciman (who have given irrevocable undertakings to accept the Offer in respect of the AGP Shares directly or indirectly held by them), the Offeror has not received any indication or irrevocable commitment from any Independent AGP Shareholder that he/she/it will accept or reject the Offer.

### Sufficient financial resources

The Offer involves the securities exchange for Consideration Shares and Cash Portion of the Offer. Ample Capital, the financial adviser to the Offeror, is satisfied that there are sufficient financial resources available to the Offeror to satisfy the consideration in respect of the Cash Portion of the Offer which would fall to be satisfied upon full acceptance of the Offer.

### Irrevocable undertakings to accept the Offer

The Offeror has received irrevocable undertakings from the following Independent AGP Shareholders to accept the Offer in respect of all the AGP Shares they directly or indirectly hold:

| Independent AGP Shareholder<br>(Note 1) | Number of<br>SEA Shares<br>held | Approximate<br>percentage<br>of the issued<br>share capital<br>of SEA<br>(Note 2) | Number of<br>AGP Shares<br>held | Approximate<br>percentage<br>of the issued<br>share capital<br>of AGP<br>(Note 3) |
|---|---------------------------------|---|---------------------------------|---|
| Mr. Lu Wing Chi                         | 17,238,085 (Note 4)             | 2.53%   | 19,030,251 (Note 5)             | 2.15%   |
| Mr. Lambert Lu                          | 17,658,002                      | 2.59%   | 22,390,346                      | 2.53%   |
| Mr. Lam Sing Tai and his spouse         | 3,227,478                       | 0.47%   | 4,092,442                       | 0.46%   |
| Mr. Lincoln Lu                          | 18,480,002                      | 2.71%   | 23,432,642                      | 2.64%   |
| Mr. Walujo Santoso, Wally               | 1,200,000                       | 0.18%   | 1,521,600                       | 0.17%   |
| Mr. Leung Hok Lim                       | 1,856,928                       | 0.27%   | 2,354,584                       | 0.27%   |
| Mr. Chung Pui Lam                       | 656,928                         | 0.10%   | 551,488                         | 0.06%   |
| Mr. David Andrew Runciman               | —                               | —   | 520,000                         | 0.06%   |



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## LETTER FROM AGP BOARD

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*Notes:*

1. Mr. David Andrew Runciman, Mr. Lu Wing Chi, Mr. Lincoln Lu, Mr. Lambert Lu and Mr. Lam Sing Tai are directors of AGP. Mr. Lu Wing Chi, Mr. Lambert Lu, Mr. Lam Sing Tai, Mr. Lincoln Lu, Mr. Leung Hok Lim, Mr. Chung Pui Lam and Mr. Walujo Santoso, Wally are directors of SEA. NYH Limited is wholly owned by Mr. Lu Wing Chi.
2. The total number of issued SEA Shares as at the Latest Practicable Date was 681,666,726.
3. The total number of issued AGP Shares as at the Latest Practicable Date was 886,347,812.
4. Among these SEA Shares, 13,107,285 were held by Mr. Lu Wing Chi and 4,130,800 were held by NYH Limited.
5. Among these AGP Shares, 13,792,397 were held by Mr. Lu Wing Chi and 5,237,854 were held by NYH Limited.

Pursuant to the irrevocable undertakings set out above, the above Independent AGP Shareholders will accept the Offer in accordance with the terms and conditions set out in this Composite Document. The said irrevocable undertakings are not subject to any other condition.

### **Effects of accepting the Offer**

By accepting the Offer, the relevant Independent AGP Shareholders will (i) sell their respective AGP Shares to the Offeror free from all liens, charges, options, claims, equities, adverse interests, third-party rights or encumbrances whatsoever and together with all rights accruing or attaching thereto, including (without limitation) the right to receive dividends and distributions declared, made or paid, if any, on or after the Closing Date, (ii) acquire Consideration Shares from the Offeror free from all liens, charges, options, claims, equities, adverse interests, third-party rights or encumbrances whatsoever and together with all rights accruing or attaching thereto, including (without limitation) the right to receive dividends and distributions declared, made or paid, if any, on or after the Closing Date, and (iii) be entitled to the Cash Portion of the Offer, being an amount equivalent to the SEA Special Cash Dividend.

Under the terms of the Offer, acceptance of the Offer is irrevocable and once given cannot be withdrawn except in the circumstances set out in the paragraphs headed “Announcement” and “Right of withdrawal” (the latter of which relates to the Cooling-off Period) in Appendix I of this Composite Document. If the Offeror is unable to comply with any of the requirements of making announcements relating to the Offer as described under the paragraph headed “Announcement” in Appendix I to this Composite Document, pursuant to Rule 19.2 of the Takeovers Code, the Executive may require that the Independent AGP Shareholders accepting the Offer be granted a right of withdrawal, on terms acceptable to the Executive, until the requirements under Rule 19 of the Takeovers Code can be met.

The Offer is an unconditional voluntary securities exchange and cash offer and is not subject to a prescribed level of valid acceptance being received in respect of the Offer. For the avoidance of doubt, AGP is not subject to the UK Takeovers Code.

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## LETTER FROM AGP BOARD

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Further details of the Offer including, among other things, the terms and conditions of and the procedures for acceptance and settlement for the Offer are set out in the “Letter From Ample Capital” in this Composite Document, Appendix I to this Composite Document and the accompanying Form of Acceptance.

**The AGP Board notes that if the take up under the Offer is significant, it may not improve AGP Shares in public hands position, which may impact AGP’s ability to remain admitted to trading on AIM, in particular if the AGP Shares in public hands following completion of the Offer was below 10%. The AGP Board understands that as at the Latest Practicable Date, the Offeror had no present intention to voluntarily seek to delist AGP from AIM without making a separate offer.**

### INFORMATION ON AGP

AGP was incorporated in the BVI as a limited liability company on 17 February 2004 and redomiciled to Bermuda on 5 December 2016. Prior to the Distribution in Specie, AGP was a 97.17%-owned subsidiary of SEA. AGP ceased to be a subsidiary of SEA immediately after the Distribution in Specie (although SEA continues to hold 34,598 AGP Shares which were left undistributed due to fractional entitlements of Qualifying SEA Shareholders).

AGP is an investment holding company. The AGP Group is principally engaged in property development and investment in the PRC.

The financial information of the AGP Group for the three years ended 31 December 2014, 2015 and 2016 is set out in Appendix II to this Composite Document. The unaudited pro forma financial information of the AGP Group which illustrates the effect of Assets Redistribution and the AGP Special Dividend Payment is set out in Appendix IV to this Composite Document.

### INFORMATION OF THE OFFEROR AND SEA

The Offeror was incorporated in Bermuda as an exempted company with limited liability on 30 June 1989 and is an investment holding company. As at the Latest Practicable Date, the Offeror is held as to approximately 63.58% by JCS Limited, 30.00% by Mr. Lu Wing Chi, 3.21% by Mr. Lambert Lu and 3.21% by Mr. Lincoln Lu. JCS Limited is in turn owned by Mr. Lu Wing Chi, Mr. Lambert Lu and Mr. Lincoln Lu as to approximately 49.00%, 25.50% and 25.50%, respectively. Mr. Lu Wing Chi, Mr. Lambert Lu and Mr. Lincoln Lu are directors of SEA, AGP, JCS Limited and the Offeror.

SEA is an investment holding company incorporated in Bermuda on 25 April 1989 and is a company listed on the main board of the Stock Exchange. As at the Latest Practicable Date, the Offeror (i) is a controlling shareholder of SEA and holds 443,486,289 SEA Shares, representing approximately 65.06% of the issued SEA Shares; and (ii) is interested in 562,340,612 AGP Shares, representing approximately 63.44% of the issued AGP Shares. After completion of the Assets Redistribution and the Distribution in Specie, the principal business activities of SEA and its subsidiaries are investment holding, hotel operation, property and asset management as well as property investment and development in Hong Kong, Australia and the United Kingdom.

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## LETTER FROM AGP BOARD

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### COMPULSORY ACQUISITION

The Offeror does not have any intention to exercise any right which may be available to them under the provisions of the laws of Bermuda to compulsorily acquire any outstanding AGP Shares not acquired pursuant to the Offer after the close of the Offer.

### SHAREHOLDING STRUCTURE OF AGP

As at the Latest Practicable Date, AGP has 886,347,812 AGP Shares in issue. There are no other classes of securities of the AGP in issue other than the said AGP Shares, and there are no outstanding options, derivatives, warrants or other securities in issue convertible or exchangeable into the AGP Shares as at the Latest Practicable Date.

Assuming that all the Independent AGP Shareholders accept the Offer and that there is no change in the issued share capital of AGP from the Latest Practicable Date up to the Closing Date, the shareholding structure of AGP as at the Latest Practicable Date and immediately after completion of the Offer would be as follows:

|  | <b>As at the Latest Practicable Date</b>     |   | <b>Immediately after<br/>completion of the Offer<br/>assuming all Independent AGP<br/>Shareholders accepted the Offer</b> |   |
|--|--|---|---|---|
|  | <i>Number of<br/>AGP Shares<br/>(Note 1)</i> | <i>Approximate<br/>percentage<br/>of the issued<br/>share capital<br/>of AGP<br/>(Note 2)</i> | <i>Number of<br/>AGP Shares</i>   | <i>Approximate<br/>percentage<br/>of the issued<br/>share capital<br/>of AGP<br/>(Note 2)</i> |
| Offeror  | 562,340,612                                  | 63.44%  | 886,313,214   | 99.996%   |
| Mr. Lu Wing Chi  | 13,792,397                                   | 1.56%   | —   | —   |
| NYH Limited (Note 3)   | 5,237,854                                    | 0.59%   | —   | —   |
| Mr. Lambert Lu   | 22,390,346                                   | 2.53%   | —   | —   |
| Mr. Lam Sing Tai and his spouse  | 4,092,442                                    | 0.46%   | —   | —   |
| Mr. Lincoln Lu   | 23,432,642                                   | 2.64%   | —   | —   |
| SEA (Note 4)   | 34,598                                       | 0.004%  | 34,598  | 0.004%  |
| SEA Shareholders who<br>acquired AGP Shares<br>pursuant to the Distribution<br>in Specie (other than<br>the Offeror, Mr. Lu Wing Chi,<br>Mr. Lambert Lu,<br>Mr. Lam Sing Tai and<br>his spouse, Mr. Lincoln Lu<br>and NYH Limited) | 229,957,966                                  | 25.946%   | —   | —   |
| Other AGP Shareholders<br>(Note 5)   | 25,068,955                                   | 2.83%   | —   | —   |
| <b>Total</b>   | <b><u>886,347,812</u></b>                    | <b><u>100.00%</u></b>   | <b><u>886,347,812</u></b>   | <b><u>100.00%</u></b>   |

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## LETTER FROM AGP BOARD

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*Notes:*

1. The above shareholdings were based on the register of members of AGP as at the Latest Practicable Date.
2. The total number of issued AGP Shares as at the Latest Practicable Date was 886,347,812.
3. Given that the Distribution in Specie was made on the basis of 1,268 AGP Shares for every 1,000 SEA Shares held by the Qualifying SEA Shareholders, if any calculation of a Qualifying SEA Shareholder's entitlement to AGP Shares would result in a fraction of an AGP Share, such entitlement will be rounded down to the nearest whole number of AGP Shares. As at the Latest Practicable Date, there were 34,598 AGP Shares left undistributed due to fractional entitlements of the Qualifying SEA Shareholders. Fractional entitlements to AGP Shares and any AGP Shares left undistributed under the Distribution in Specie will be sold in the market as soon as practicable after completion of the Offer and the net proceeds of such sale will be retained for the benefit of SEA. These AGP Shares are currently held by SEA's wholly-owned subsidiary.
4. NYH Limited is a limited liability company wholly-owned by Mr. Lu Wing Chi, the executive director of both SEA and AGP.
5. As at the Latest Practicable Date, the total number of AGP Shares held by the AGP New Zealand Shareholders was 4,869,554. The AGP New Zealand Shareholders may choose to accept or reject the Alternative Arrangement under which the NZ Alternative Arrangement Offeror will dispose of the SEA Shares in the open market and deliver the proceeds to the AGP New Zealand Shareholders who accept the Alternative Arrangement as consideration for the purchase of their AGP Shares.

### SHAREHOLDING STRUCTURE OF THE OFFEROR

As at the Latest Practicable Date, the Offeror is held as to approximately 63.58% by JCS Limited, 30.00% by Mr. Lu Wing Chi, 3.21% by Mr. Lambert Lu and 3.21% by Mr. Lincoln Lu. JCS Limited is in turn owned by Mr. Lu Wing Chi, Mr. Lambert Lu and Mr. Lincoln Lu, each a director of SEA and AGP, as to approximately 49.00%, 25.50% and 25.50%, respectively. Mr. Lu Wing Chi, Mr. Lambert Lu and Mr. Lincoln Lu are also directors of JCS Limited and the Offeror.

### INTENTION OF THE OFFEROR IN RELATION TO THE AGP GROUP

In order to ensure that the strategic leaderships of AGP and SEA are segregated, AGP and SEA are now led by different persons following completion of the Assets Redistribution. In particular:

- AGP's chief executive officer is Mr. Lincoln Lu;
- SEA's chief executive is Mr. Lambert Lu; and
- With effect from 15 May 2017, Mr. Lincoln Lu has relinquished his executive role in SEA and Mr. Lambert Lu has relinquished his executive role in AGP.

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## LETTER FROM AGP BOARD

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Save as disclosed above, as at the Latest Practicable Date, the Offeror has no intention to change the composition of the AGP Board, and the Offeror has not proposed or nominated any new director to the AGP Board. Further announcement(s) will be made upon any changes to the composition of the AGP Board if and when necessary.

Following completion of the Restructuring, the AGP Group focuses on the business in the PRC, while the SEA Group continues to focus on the non-PRC business. It should be noted however that, while it is the AGP Board's current intention to focus on operations in the PRC, and its property assets following the Restructuring are located solely in the PRC, the AGP Board does not believe that AGP should be restricted in its sphere of activities. Hence, the AGP Board has not committed to limit its sphere of activities solely to the PRC or to property related development and investments. The strategy of AGP will be determined by the AGP Board itself taking into consideration market opportunities, AGP's financial resources and its core competencies. As at the Latest Practicable Date, the Offeror (i) had no definitive plans in relation to the business of the AGP Group other than continuing its existing principal businesses, (ii) had no plan to terminate the employment of the employees or to redeploy assets of the AGP Group other than those in its ordinary and usual course of business, and had no present intention to voluntarily seek to delist AGP from AIM without making a separate offer. The AGP Board is of the view that the Offeror's future plan in respect of the AGP Group is in the best interests of AGP and the AGP Shareholders as a whole.

### **AGP IBC AND INDEPENDENT FINANCIAL ADVISER**

Rule 2.8 of the Takeovers Code requires that the AGP IBC should comprise all the non-executive directors who have no direct or indirect interest in the Offer other than as an AGP Shareholder. An independent board committee comprising a non-executive director (being Mr. Lam Sing Tai) and all independent non-executive directors of AGP (being Mr. Richard Öther Prickett and Mr. John David Orchard Fulton) has been formed to make a recommendation to the Independent AGP Shareholders in respect of the Offer. Mr. Lambert Lu, a non-executive director of AGP, was excluded from the AGP IBC to avoid any conflict of interest in advising the AGP IBC on the terms of the Offer as he is a concert party of the Offeror and the chief executive of SEA.

Veda Capital Limited has been appointed with the approval of the AGP IBC as the Independent Financial Adviser to advise the AGP IBC in respect of the Offer and, in particular, as to whether the Offer is, or is not, fair and reasonable and as to acceptance.

### **RECOMMENDATION**

Your attention is drawn to (i) the letter from the AGP IBC on pages 45 to 47 of this Composite Document, which sets out the recommendations to the Independent AGP Shareholders in respect of the Offer; and (ii) the letter from the Independent Financial Adviser on pages 48 to 83 of this Composite Document, which sets out its recommendation and advice to the AGP IBC as to the fairness and reasonableness of the Offer and as to acceptance of the Offer, and the principal factors and reasons it has considered before arriving at its recommendation and advice.

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## LETTER FROM AGP BOARD

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### ADDITIONAL INFORMATION

Your attention is also drawn to the section headed “Expected timetable” on page 1 of this Composite Document, the accompanying Form of Acceptance, Appendix I to this Composite Document with respect to the procedures for acceptance and settlement, the acceptance period and the share transfer arrangement during and after the close of the Offer, and the additional information set out in the appendices which form part of this Composite Document.

Yours faithfully,  
For and on behalf of the Board of  
**Asian Growth Properties Limited**  
**Lincoln Lu**  
*Chief Executive Officer and Executive Director*

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## LETTER FROM THE AGP IBC

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### ASIAN GROWTH PROPERTIES LIMITED

*(Registered in Bermuda with limited liability)*

**(Stock Code: AGP)**

*AGP Directors:*

Richard Öther Prickett *(Non-executive Chairman  
and Independent Non-executive Director)*

Lincoln Lu *(Chief Executive Officer and  
Executive Director)*

Lu Wing Chi *(Executive Director)*

David Andrew Runciman *(Executive Director)*

Lam Sing Tai *(Non-executive Director)*

Lambert Lu *(Non-executive Director)*

John David Orchard Fulton  
*(Independent Non-executive Director)*

*Registered office:*

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

*Principal place of business:*

Suites 2506-10, 25th Floor  
Everbright Centre  
108 Gloucester Road  
Wanchai, Hong Kong

28 July 2017

*To the Independent AGP Shareholders,*

Dear Sir or Madam,

**UNCONDITIONAL VOLUNTARY OFFER  
FOR ALL THE ISSUED SHARES IN ASIAN GROWTH PROPERTIES LIMITED  
(OTHER THAN THOSE ALREADY OWNED  
BY NAN LUEN INTERNATIONAL LIMITED  
AND S E A HOLDINGS LIMITED)  
BY AMPLE CAPITAL LIMITED  
ON BEHALF OF NAN LUEN INTERNATIONAL LIMITED**

We refer to the Composite Document dated 28 July 2017 jointly issued by the Offeror and AGP, of which this letter forms part. Unless specified otherwise, capitalised terms used herein shall have the same meanings as those defined in the Composite Document.

We have been appointed as the members of the AGP IBC to advise the Independent AGP Shareholders as to whether, in our opinion, the terms of the Offer are fair and reasonable so far as the Independent AGP Shareholders are concerned and to make a recommendation as to acceptance of the Offer.

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## LETTER FROM THE AGP IBC

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Veda Capital Limited has been appointed as the Independent Financial Adviser to advise us in this regard, and details of their advice and the principal factors being taken into consideration in arriving at their recommendation are set out in its letter set out in the section headed “Letter from the Independent Financial Adviser” in the Composite Document.

We wish to draw your attention to the letter from Ample Capital (financial adviser to the Offeror), the letter from the AGP Board and the letter from the Independent Financial Adviser to the AGP IBC as well as the additional information set out in the appendices to the Composite Document.

### RECOMMENDATION

Having considered the terms of the Offer, taking into account the information contained in the Composite Document and the advice from the Independent Financial Adviser, in particular the factors, reasons and recommendations as set out in its letter in the Composite Document, we are of the opinion that the terms of the Offer are fair and reasonable so far as the Independent AGP Shareholders are concerned.

As to acceptance of the Offer, we have considered the information mentioned above as well as the following factors.

While the Offer is open to all Independent AGP Shareholders, we note that the purpose of the Offer was to allow SEA Shareholders who received AGP Shares pursuant to the Distribution in Specie, but do not wish to hold AGP Shares, an option to exchange their AGP Shares for SEA Shares (apart from retaining their AGP Shares or selling those AGP Shares either on-market or off-market).

We also note that, although AGP’s investment focus is unrestricted, following completion of the Assets Redistribution and the AGP Special Dividend Payment, AGP’s near term strategy is to focus on property developments and investments in the PRC. On the other hand, SEA has no investment in the PRC following the Assets Redistribution and the Distribution in Specie and has not currently expressly indicated any intention to make material investments in PRC assets. Following the Assets Redistribution and the Distribution in Specie, SEA’s property assets are located in Hong Kong, the United Kingdom and Australia. Accordingly, we believe Independent AGP Shareholders’ decision whether to exchange their AGP Shares for SEA Shares should be guided by whether or not they wish to retain an investment in a company that is principally engaged in property development and investment in the PRC.

Therefore, as to acceptance of the Offer, we recommend that:

- (a) Independent AGP Shareholders who wish to retain an investment in a company that is principally engaged in property development and investment in the PRC should not accept the Offer; or
- (b) Independent AGP Shareholders who do not wish to retain an investment in a company that is principally engaged in property development and investment in the PRC should exchange their AGP Shares for SEA Shares by accepting the Offer.



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## LETTER FROM THE AGP IBC

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Notwithstanding our recommendation, Independent AGP Shareholders are strongly advised that the decision whether to exchange their AGP Shares for SEA Shares is subject to each Independent AGP Shareholder's individual circumstances and investment objectives and they should consider carefully the terms of the Offer. If in doubt, Independent AGP Shareholders should consult their own professional advisers for professional advice. Furthermore, Independent AGP Shareholders who wish to accept the Offer are recommended to read carefully the procedures for accepting the Offer as detailed in this Composite Document.

The Independent AGP Shareholders are reminded that their decision to participate in the Offer or to hold their investment in AGP Shares depends on their own individual circumstances and investment objectives. In any event, Independent AGP Shareholders should note that there is no certainty that the current trading volumes and/or current trading price levels of either the AGP Shares or SEA Shares will be sustainable during or after the Offer Period, and also that the information set out in this Composite Document is not an indicator of the future performance of either the AGP Shares or SEA Shares.

Any Independent AGP Shareholder who may require advice in relation to any aspect of the Composite Document, or as to the action to be taken, is recommended to consult a licensed securities dealer, bank manager, solicitor, professional accountant, tax adviser or other professional adviser before making the decision whether or not to accept the Offer.

Yours faithfully,  
AGP IBC

**Richard Öther Prickett**  
*Non-executive Chairman  
and Independent  
Non-executive Director*

**John David Orchard Fulton**  
*Independent  
Non-executive Director*

**Lam Sing Tai**  
*Non-executive Director*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*The following is the full text of a letter of advice from Independent Financial Adviser to the AGP IBC in relation to the Offer, which has been prepared for the purpose of inclusion in this Composite Document.*

**VEDA | CAPITAL**  
**智 略 資 本**

**Veda Capital Limited**  
Room 1106, 11/F  
Wing On Centre  
111 Connaught Road Central  
Hong Kong

28 July 2017

*To the AGP IBC*

Dear Sir/Madam,

**UNCONDITIONAL VOLUNTARY OFFER  
FOR ALL THE ISSUED SHARES IN  
ASIAN GROWTH PROPERTIES LIMITED  
(OTHER THAN THOSE ALREADY OWNED BY  
NAN LUEN INTERNATIONAL LIMITED AND S E A HOLDINGS LIMITED)  
IN EXCHANGE FOR SHARES IN S E A HOLDINGS LIMITED BY  
AMPLE CAPITAL LIMITED  
ON BEHALF OF NAN LUEN INTERNATIONAL LIMITED**

### INTRODUCTION

We refer to our appointment to advise the AGP IBC in connection with the Offer. Details of the Offer are contained in this Composite Document of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in this Composite Document unless the context otherwise requires.

According to the Joint Announcement and AGP's announcement dated 15 May 2017, pursuant to the Distribution in Specie, AGP Shares held by SEA have been distributed to the SEA Shareholders (including the Offeror) by way of a special dividend in specie. Following completion of the sale of AGP Non-PRC Assets to SEA under the SP Agreement, the AGP Group continues to hold the AGP PRC Assets.

In view of the fact that the AGP Shares are admitted to trading on AIM, and recognising that some SEA Shareholders who received AGP Shares pursuant to the Distribution in Specie may not wish to hold AGP Shares (given that they may not wish to hold/trade shares admitted to trading on AIM), the Offeror, as a means to provide Independent AGP Shareholders (both existing and arising as a result of the Distribution in Specie) with a potential liquidity option for the AGP Shares (apart from selling those AGP Shares either on-market or off-market), has made an unconditional voluntary share exchange offer and cash offer to Independent AGP Shareholders to exchange their AGP Shares for SEA Shares held by the Offeror and also receive cash.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Under the original timetable in the Joint Announcement, the original closing date of the share exchange offer was expected to be 26 May 2017, and the payment date of the SEA Special Cash Dividend was 21 June 2017. Based on those dates, as the Independent AGP Shareholders who accepting the share exchange offer would have acquired the Consideration Shares from the Offeror together with all rights accruing or attaching thereto (including the SEA Special Cash Dividend), they would have been paid such dividend on 21 June 2017. As disclosed in the joint announcements of the Offeror and AGP dated 5 May 2017, 17 May 2017, 5 June 2017, 16 June and 7 July 2017, additional time was needed to finalise this Composite Document; meanwhile the SEA Special Cash Dividend was already paid out on 21 June 2017, in accordance with the timetable disclosed in the joint announcement of the Offeror and SEA dated 18 April 2017. To enable accepting Independent AGP Shareholders to retain the same entitlements as under the original proposed timetable, the Offeror revised the terms of the Offer to include the Cash Portion of the Offer, which is an amount equivalent to the SEA Special Cash Dividend.

On 4 May 2017, the resolution in respect of, among other things, the Distribution in Specie was approved at the special meeting of SEA. On 15 May 2017, the completion of the Distribution in Specie took place. As a result of the Distribution in Specie, AGP ceased to be a subsidiary of SEA.

As at the Latest Practicable Date, the Assets Redistribution, the AGP Special Dividend Payment and the payment of the SEA Special Cash Dividend have completed.

Rule 2.8 of the Takeovers Code requires that the AGP IBC should comprise all the non-executive directors who have no direct or indirect interest in the Offer other than as an AGP Shareholder. Accordingly, the AGP IBC, comprising the non-executive director (being Mr. Lam Sing Tai) and all the independent non-executive directors of AGP (being Mr. Richard Öther Prickett and Mr. John David Orchard Futon), has been formed to advise the Independent AGP Shareholders in relation to the Offer. Mr. Lambert Lu, a non-executive director of AGP, was excluded from the AGP IBC to avoid any conflict of interest in advising the AGP IBC on the terms of the Offer as he is a member of the concert party of the Offeror and the chief executive of SEA.

We, Veda Capital Limited, have been appointed by AGP IBC as the independent financial adviser to advise the AGP IBC in respect of the Offer. Our appointment has been approved by the AGP IBC. Our role as the independent financial adviser is to give our recommendation to the AGP IBC as to whether the terms of the Offer are fair and reasonable so far as the Independent AGP Shareholders are concerned.

We are not associated or connected with AGP, SEA, the Offeror, their respective substantial shareholders or any party acting, or presumed to be acting, in concert with any of them and, accordingly, are considered eligible to give independent advice on the Offer. Apart from normal professional fees payable to us in connection with this appointment, no other arrangement exists whereby we will receive any fees or benefits from AGP, SEA, the Offeror, their respective substantial shareholders or any party acting, or presumed to be acting, in concert with any of them.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### **BASIS OF OUR ADVICE**

In formulating our opinion to the AGP IBC, we have relied on the statements, information, opinions and representations contained or referred to in this Composite Document and the representations made to us by the AGP Directors and the management of AGP. We have assumed that all statements, information and representations provided by the AGP Directors and the management of AGP, for which they are solely responsible, are true and accurate at the time when they were provided 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 AGP Directors in this Composite Document 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 this Composite Document, or the reasonableness of the opinions expressed by AGP, its advisers, the AGP Directors and/or the management of AGP, which have been provided to us.

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, nor have we conducted any independent investigation into the business and affairs of the AGP Group and the SEA Group other than for the purpose of preparation of this letter. We have also assumed that all representations contained or referred to in this Composite Document are true as at the Latest Practicable Date, and that the Independent AGP Shareholders will be notified of any material changes to such representations as soon as reasonably practicable in accordance with Rule 9.1 of the Takeovers Code.

We have not considered the tax consequences on the Independent AGP Shareholders in respect of their acceptance or non-acceptance of the Offer since they vary depending on respective individual circumstances. The Independent AGP Shareholders who are overseas (i.e. the place outside Hong Kong) residents or subject to overseas (i.e. the place outside Hong Kong) taxes or Hong Kong taxation on securities dealings should consider their own tax positions and, if in any doubt, should consult their own professional advisers. In addition, tax laws and its treatment and interpretation may be subject to change.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation to the AGP IBC in relation to the Offer, we have considered the principal factors and reasons as set out below:

#### 1. Background information of AGP Group

##### (a) *Principal Business*

AGP is an investment holding company incorporated in the BVI with limited liability on 17 February 2004 and redomiciled to Bermuda on 5 December 2016. Prior to the Distribution in Specie, AGP was a 97.17%-owned subsidiary of SEA. AGP ceased to be a subsidiary of SEA immediately after the Distribution in Specie (although SEA continues to hold 34,598 AGP Shares which were left undistributed due to fractional entitlements of Qualifying SEA Shareholders).

After completion of the Assets Redistribution and the Distribution in Specie, the AGP Group is principally engaged in property development and investment in the PRC.

Reference is also made to AGP's shareholder circular dated 31 March 2017 (the "AGP Circular"), AGP will enter into a new cost sharing agreement with SEA and it is AGP's intention that it will enter into a lease agreement directly with the third party landlord for its own office premise upon completion of the Restructuring.

##### (b) *Historical financial information*

###### (i) *For the year ended 31 December 2016*

Set out below are the financial information extracted from the consolidated financial information of the AGP Group, and the unaudited pro forma information (the "Unaudited AGP Pro Forma Financial Information") of the AGP Group upon completion of the Assets Redistribution and the AGP Special Dividend Payment (the "AGP Remaining Group") for the year ended 31 December 2016 as set out in Appendix II and IV to this Composite Document respectively.

|                        | For the year ended<br>31 December 2016        |  |
|------------------------|---|--|
|                        | AGP Group<br>(audited)<br><i>HK\$ million</i> | AGP<br>Remaining Group<br>(unaudited)<br><i>HK\$ million</i> |
| Revenue                | 539.64  | 131.65   |
| Profit before taxation | 220.94  | 2,199.81   |
| Profit after taxation  | 300.97  | 2,291.88   |

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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|                     | As at 31 December 2016                        |  |
|---------------------|---|--|
|                     | AGP Group<br>(audited)<br><i>HK\$ million</i> | AGP<br>Remaining Group<br>(unaudited)<br><i>HK\$ million</i> |
| Current assets      | 10,939.12                                     | 4,692.49   |
| Current liabilities | 1,717.74                                      | 220.43   |
| Net assets          | 12,709.27                                     | 6,173.88   |

In accordance with (i) the financial information of the AGP Group contained in Appendix II to this Composite Document and (ii) the annual report of the AGP Group for the year ended 31 December 2016, the AGP Group recorded turnover of approximately HK\$539.64 million for the year ended 31 December 2016 which included the impact of the disposal of certain assets including Chengdu Nova City, Kaifeng Nova City, Huangshan development assets, and Dah Sing Financial Centre in the year 2016, representing a decrease of approximately 24.61% as compared to approximately HK\$715.77 million for the corresponding period in 2015. The revenue was attributable to the recognition of rental income from investment properties, hotel operation, financial investment and sales of properties. The profit attributable to the AGP Shareholders for the year ended 31 December 2016 decreased approximately 77.31% to approximately HK\$300.97 million mainly due to the fair value changes on the investment properties from a gain of approximately HK\$949.11 million for the year ended 31 December 2015 compared to the loss of approximately HK\$100.67 million for the year ended 31 December 2016.

As at 31 December 2016, the AGP Group's equity attributable to the AGP Shareholders amounted to HK\$12,789.51 million (2015: HK\$14,218.76 million). The net asset value per AGP Share as at 31 December 2016 was HK\$14.34.

As shown in the table above, (i) the revenue of AGP Group for the year ended 31 December 2016 was approximately HK\$539.64 million while the unaudited pro forma revenue of the AGP Remaining Group would be approximately HK\$131.65 million upon completion of the Restructuring; (ii) the AGP Group recorded a net profit of approximately HK\$300.97 million for the year ended 31 December 2016, and the AGP Remaining Group would record a net profit of approximately HK\$2,291.88 million upon completion of the Restructuring which was mainly due to the effect of one-off gain on disposal of the AGP Non-PRC Assets of approximately HK\$2,580.31 million, however, if the effect of one-off gain on disposal of the AGP Non-PRC Assets was excluded, the AGP Remaining Group would record a net loss of approximately HK\$288.43 million upon completion of the Restructuring; and (iii) the net asset value of AGP Group amounted to approximately HK\$12,709.27 million as at 31 December 2016 while the unaudited pro forma net asset value of the AGP Remaining Group would be approximately HK\$6,173.88 million upon completion of the Restructuring taking into account of completion of the AGP Special Dividend Payment and the Assets Redistribution but excluding the HK\$2.25 dividend declared by AGP on 17 March 2017.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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For avoidance of doubt, these figures do not take into account the HK\$2.25 dividend per AGP Share announced on 17 March 2017.

(ii) *For the year ended 31 December 2015*

As set out in the annual report of AGP for the year ended 31 December 2015 (“**AGP AR 2015**”), the turnover for the year ended 31 December 2015 amounted to approximately HK\$715.77 million, representing an increase of approximately 10.34% from that for the year ended 31 December 2014 of approximately HK\$648.69 million. As stated in the AGP AR 2015, the turnover was principally attributable to the recognition of rental income from investment properties, revenue from hotel operation and the sales of residential units in Kaifeng Nova City.

AGP recorded a profit attributable to the AGP Shareholders for the year ended 31 December 2015 amounted to approximately HK\$1,336.73 million, representing an increase of approximately 90.01% from that for the year ended 31 December 2014 of approximately HK\$703.10 million. As stated in the AGP AR 2015, the reported profit included a revaluation surplus on investment properties net of deferred taxation of approximately HK\$980.80 million compared to approximately HK\$600.30 million for the year ended 31 December 2014. By excluding the net effect of such surplus, the AGP Group’s net profit attributable to the AGP Shareholders was HK\$355.90 million as compared to that of approximately HK\$102.80 million for the year ended 31 December 2014.

As at 31 December 2015, the AGP Group’s equity attributable to the AGP Shareholders amounted to HK\$14,218.80 million (2014: HK\$13,148.10 million). The net asset value per AGP Share attributable to the AGP Shareholders as at 31 December 2015 was approximately HK\$16.

## 2. Background information of SEA Group

### (a) *Principal Business*

SEA is an investment holding company incorporated in Bermuda on 25 April 1989 and is a company listed on the main board of the Stock Exchange. As at the Latest Practicable Date, the Offeror (i) is a controlling shareholder of SEA and holds 443,486,289 SEA Shares, representing approximately 65.06% of the issued SEA Shares; and (ii) is interested in 562,340,612 AGP Shares, representing approximately 63.44% of the issued AGP Shares. After completion of the Assets Redistribution and Distribution in Specie, The principal business activities of SEA and its subsidiaries are investment holding, hotel operation, property and asset management as well as property investment and development in Hong Kong, Australia and the United Kingdom.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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**(b) Historical financial information**

*(i) For the year ended 31 December 2016*

Set out below are the financial information extracted from the consolidated financial information of the SEA Group and the unaudited pro forma information (the “**Unaudited SEA Pro Forma Financial Information**”) of the SEA Group upon completion of the AGP Special Dividend Payment and the Distribution in Specie (the “**SEA Remaining Group**”) for the year ended 31 December 2016, as set out in Appendix III and Appendix V to this Composite Document respectively. For the avoidance of doubt, the financial information of SEA Group includes the consolidation of AGP as a subsidiary of SEA Group.

|                        | <b>For the year ended<br/>31 December 2016</b>         |  |
|------------------------|--|--|
|                        | <b>SEA Group<br/>(audited)<br/><i>HK\$ million</i></b> | <b>SEA<br/>Remaining Group<br/>(unaudited)<br/><i>HK\$ million</i></b> |
| Revenue                | 565.98   | 434.33   |
| Profit before taxation | 496.58   | 846.43   |
| Profit after taxation  | 571.92   | 829.70   |

|                     | <b>As at 31 December 2016</b>                          |  |
|---------------------|--|--|
|                     | <b>SEA Group<br/>(audited)<br/><i>HK\$ million</i></b> | <b>SEA<br/>Remaining Group<br/>(unaudited)<br/><i>HK\$ million</i></b> |
| Current assets      | 11,469.11  | 8,742.40   |
| Current liabilities | 2,471.95   | 2,251.52   |
| Net assets          | 12,332.70  | 8,256.83   |

As set out in the annual report of SEA for the year ended 31 December 2016 (the “**SEA AR 2016**”), the turnover of the SEA Group for the year ended 31 December 2016 was approximately HK\$565.98 million, representing a decrease of approximately of 22.75% as compared to HK\$732.70 million for the corresponding period in 2015. The turnover was principally generated from the recognition of rental income from the investment properties (approximately HK\$261.84 million), hotel operation (approximately HK\$228.91 million), the sales of residential units in Kaifeng Nova City (approximately HK\$900.0 million) and income from financial investments (approximately HK\$65.95 million).



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The profit attributable to the SEA Shareholders for the year ended 31 December 2016 decreased from HK\$1,435.93 million to HK\$684.29 million mainly due to the fair value changes on the investment properties from the gain of approximately HK\$953.08 million for the year ended 31 December 2015 to the loss of approximately HK\$104.63 million for the year ended 31 December 2016. The 2016 reported profit attributable to SEA Shareholders included a revaluation deficit on investment properties net of deferred taxation of approximately HK\$80.10 million (2015: revaluation surplus HK\$984.20 million). By excluding the effect of the revaluation deficit, the SEA Group's net profit attributable to the SEA Shareholders was HK\$762.30 million (2015: HK\$479.50 million).

As at 31 December 2016, the SEA Group's equity attributable to the SEA Shareholders amounted to approximately HK\$12,051 million (2015: HK\$13,074.40 million). The net asset value per SEA Share attributable to the SEA Shareholders as at 31 December 2016 was HK\$17.81 as compared with HK\$19.29 as at 31 December 2015.

As shown in the table above, (i) the revenue of SEA Group for the year ended 31 December 2016 was approximately HK\$565.98 million while the unaudited pro forma revenue for the year ended 31 December 2016 of the SEA Remaining Group was approximately HK\$434.33 million; (ii) the net profit of SEA Group for the year ended 31 December 2016 was approximately HK\$571.92 million while the unaudited pro forma net profit of the SEA Remaining Group would be approximately HK\$829.70 million; and (iii) the net asset value of SEA Group as at 31 December 2016 was approximately HK\$12,332.70 million while the unaudited pro forma net asset value of the SEA Remaining Group was approximately HK\$8,256.83 million upon completion of the Restructuring.

For the avoidance of doubt, these figures do not include the impact of HK\$2.25 dividend declared by AGP on 17 March 2017 nor the final dividend of HK6 cents declared by SEA on 27 March 2017 nor the SEA Special Cash Dividend.

*(ii) For the year ended 31 December 2015*

As set out in the annual report of SEA for the year ended 31 December 2015 (the "SEA AR 2015"), the turnover of the SEA Group for the year ended 31 December 2015 was HK\$732.70 million, representing 9.60% increase as compared to that of HK\$668.52 million for the year ended 31 December 2014. The turnover was principally attributable to the recognition of rental income from investment properties, revenue from hotel operation and the sales of residential units in Kaifeng Nova City.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The profit attributable to the SEA Shareholders for the year ended 31 December 2015 amounted to approximately HK\$1,435.93 million, representing an increase of approximately 1.10 times of approximately HK\$684.46 million for the year ended 31 December 2014. The reported profit attributable to the SEA Shareholders included a revaluation surplus on investment properties net of deferred taxation of approximately HK\$984.20 million (2014: approximately HK\$598.70 million). By excluding the effect of such surplus, the SEA Group's net profit attributable to the SEA Shareholders increased approximately 3.67 times to approximately HK\$479.50 million as compared to that of approximately HK\$102.7 million for the year ended 31 December 2014.

As at 31 December 2015, the SEA Group's equity attributable to the SEA Shareholders amounted to approximately HK\$13,074.40 million (2014: approximately HK\$12,197.05 million). The net asset value per SEA Share attributable to the SEA Shareholders as at 31 December 2015 was HK\$19.29 as compared with HK\$17.69 as at 31 December 2014.

### **3. Reasons for the Offer and intention of the Offeror in relation to the AGP Group**

#### ***(A) Reasons for the Offer***

Pursuant to completion of the Distribution in Specie, AGP Shares held by SEA have been distributed to the SEA Shareholders by way of the Distribution in Specie. In view of the fact that the AGP Shares are admitted to trading on AIM, and recognising that the some SEA Shareholders who receive AGP Shares pursuant to the Distribution in Specie may not wish to hold the AGP Shares (given that they may not wish to hold/trade shares admitted to trading on AIM), the Offeror as a means to provide Independent AGP Shareholders (both existing and arising as a result of the Distribution in Specie) with a potential liquidity option for the AGP Shares (apart from selling those AGP Shares either on-market or off-market) has made a voluntary Offer to the Independent AGP Shareholders to exchange their AGP Shares for the SEA Shares held by the Offeror.

As noted from the section headed "Intention of the Offeror in relation to the AGP Group" set out in the "Letter from the AGP Board", following completion of the Restructuring, the AGP Group will focus on the business in the PRC, and will continue to own two investment properties that are located in Guangzhou and two investment properties that are located in Chengdu, detailed information of which has been set out in the Appendix II to the Circular. Meanwhile the SEA Group will continue to focus on the non-PRC business, which consists of an office in the United Kingdom, a resort hotel in Australia and a hotel in Hong Kong.

Reference is made to the AGP Circular, the AGP Board believes that the Restructuring would provide an opportunity to AGP to focus on the business in the PRC upon completion of the Restructuring and the PRC strategy to be in the best interests of AGP and AGP Shareholders. For more information in relation to the view of the AGP Board on the future business strategy of AGP, please refer to the AGP Circular.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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It should also be noted that, although it is the AGP Board's current intention to focus on operations in the PRC, and its property assets following the Restructuring are located solely in Chengdu and Guangzhou in the PRC, the AGP Board does not believe that AGP should be restricted in its sphere of activities. Hence, the AGP Board has not committed to limit its sphere of activities solely to the PRC or to property related development and investments. The strategy of AGP will be determined by the AGP Board itself taking into consideration market opportunities, AGP's financial resources and its core competencies. As at the Latest Practicable Date, the Offeror (i) had no definitive plans in relation to the business of the AGP Group other than continuing its existing principal businesses; and (ii) had no plan to terminate the employment of the employees or to redeploy assets of the AGP Group other than those in its ordinary and usual course of business, and had no present intention to voluntarily seek to delist AGP from AIM without making a separate offer.

As mentioned in the above section, after completion of the Assets Redistribution and the Distribution in Specie, the AGP Group is principally engaged in property development and investment in the PRC. Regarding the business prospect of the AGP Group, we have conducted the following research:

(i) *China macroeconomic condition*

As noted from a research report, namely "*China's Economic and Financial Outlook*" issued by the Bank of China on 31 March 2017, the Chinese economy showed apparently more positive factors, and the expected economic growth rate may stand at around 7% in the first quarter of 2017, which is increased 0.3 percentage points as compared with the same period of the previous year. It was expected that the unstable and uncertain factors that influenced the external environment will still abound in the second quarter of 2017.

According to the International Monetary Fund ("**IMF**"), the expected gross domestic product ("**GDP**") growth of the PRC in 2017 and 2018 are forecasted as 6.7% and 6.4% respectively while the GDP growth in 2016 and 2015 was 6.7% and 6.9% respectively. These show a decreasing trend of the GDP growth rate in the PRC.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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In addition, according to a research report, which is named as “*China Economic Quarterly Q1 2017*”, published in May 2017 by PwC, the PRC maintained its expansionary monetary policy in the first quarter of 2017. The report stated that “*while the RMB still faces pressure to depreciate against the US dollar in 2017, the expectation has become much weaker after US President Donald Trump indicated in April that a strong dollar was not in the interest of the US economy and the US government would not encourage further appreciation of the dollar. As a result, this cycle of US dollar exchange rate hikes could end soon. Therefore, for the rest of 2017, it is likely the exchange rate between the RMB and US dollar may switch from nearly one-way depreciation to bilateral fluctuations*”.

Although there may not be a significant depreciation of RMB against US dollar during 2017 according to the above research report, we believe that the RMB exchange rate is likely to continue to face pressure due to the expansionary monetary policy of the PRC government.

(ii) *Rental environment in Guangzhou and Chengdu*

The AGP PRC Assets comprise of both long term leases and short term leases and are located in Guangzhou and Chengdu in the PRC, of which detailed information has been included in the Circular including the lease terms for each property. We have accordingly conducted certain research on the overview of the office market in Guangzhou and Chengdu.

a) **Guangzhou**

According to a research report on the office market in Guangzhou, namely “*Vacancy up, rent down*”, issued in February 2017 by Colliers International Group Inc. (“**Colliers**”), which is a global commercial real estate services organisation providing a range of services to commercial real estate users, owners, investors and developers worldwide, we noted that the demand in Guangzhou’s office property market softened in the fourth quarter in 2016, with net absorption, which is the change in occupied space during a period, down by 24% quarter on quarter. The average vacancy rate of the Guangzhou office property market grew by 0.5 percentage points quarter on quarter to 16.3%. Furthermore, as stated in this research report, there will be an additional 951,000 sq.m. of office property scheduled in the Guangzhou office market in the following three years from 2018 to 2020. Therefore, it is expected that such fast expansion poses strong challenges for landlords and places a strong downward pressure on occupancy rates in the short to medium term in the Guangzhou office market.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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However, the average high rent declined as landlords offered rental discounts amidst strong competition. In the future, even though the new projects will have high standards and command above average rents, the numerous landlords would like to offer rental concessions and other benefits in order to compete, and the average rent is expected to stay at the current level.

Therefore, the oversupply in office property market in Guangzhou is expected to place pressure on the rental price, however, the promotional actions that may be taken by landlords would decrease certain negative impacts raised by the oversupply.

b) Chengdu

We noted from a research report on the office market in Chengdu, namely “*Service sector underpins stable leasing demand*” issued by Colliers on 26 April 2017 that the tertiary industry of Chengdu grew by 9.0% year-over-year in 2016 and the output of the finance sector increased by 8.7% year-over-year during the same period, which supports the leasing demand of high-quality office property in Chengdu. Therefore, the demand of office leasing was stable in the first quarter in 2017, and the average vacancy rate declined. However, it is believed that 560,000 sq.m. (6.03 million sq ft) of new office property is scheduled to be completed in Chengdu’s prime office market in 2017, and the oversupply will continue to be a major challenge for landlords and vacancy and it should rise again with rents declining.

*Prospects of the SEA Group*

After completion of the Restructuring, the principal business activities of SEA and its subsidiaries are investment holding, hotel operation, property and asset management as well as property investment and development in Hong Kong, Australia and the United Kingdom, of which detailed information has been set out in the Appendix VI to this Composite Document. Regarding the business prospects of the SEA Group, we have conducted following researches:

(i) *Hong Kong Government supports local hospitality industry*

As stated in the SEA AR 2016, the performance of the hotel property of the SEA Group (i.e. the Crowne Plaza Hong Kong Causeway Bay) steadied compared to 2015, which was a result in line with the weakening hotel business market. Crowne Plaza Hong Kong Causeway Bay will strive to gain further market share and look for cost saving measures in the challenging market conditions.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As further noted in the SEA AR 2016, the Hong Kong economy picked up slightly in the third quarter of 2016 with GDP up by 1.9% year-on-year, an improvement relative to the 1.7% year-on-year growth in the preceding quarter. As being one of the international financial centers in the world, Hong Kong will inevitably be affected by global economic factors. The growth of the Hong Kong economy will be dominated by the PRC's policy and performance and the pace of interest rate hikes in the United States.

In addition, as stated in the "*Hong Kong Tourism Board Work Plan for 2017-18*" and the relevant supplementary information submitted by the Hong Kong Tourism Board to the Hong Kong Legislative Council Panel on Economic Development in February 2017, "*the Government will support the tourism industry by allocating an additional sum of HK\$243 million in 2017-2018, of which HK\$238 million will be allocated to the Hong Kong Tourism Board for taking forward various initiatives for the development of the tourism industry*". We noted that such various initiatives include but are not limited to, further promoting the diversification of tourism products, attracting more high-spending visitors and enhancing Hong Kong's appeal as a tourist destination.

We also noted that although the overnight visitors arrivals from the PRC market has declined in 2016, the overnight visitors arrivals from international markets, particularly the short-haul markets, have increased due to the Hong Kong Tourism Board stepping up its promotion in the short-haul markets in 2016.

Furthermore, according to the Hong Kong Tourism Board's work plan as mentioned above, the Hong Kong government's investment in transportation and infrastructure will also enhance Hong Kong's connectivity with neighbouring cities and thereby expand source markets. In addition, the connectivity between Hong Kong and the PRC will facilitate the overseas visitors' travel to the PRC via Hong Kong. It is expected that the hotel room supply will continue to increase and the total number of hotel rooms will reach 85,000 by 2019, approximately 10,000 more than that in 2016, in order to fulfill the increasing demand of hotel room in the coming years.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*(ii) Stable property market in the United Kingdom*

As noted from a research report, namely *“London Offices Snapshot”* published by Colliers in April 2017, regarding the London office market, in the first three months of 2017, the London office market has been restored to some equilibrium although for 2016 as a whole, there was a sharp fall in annual take-up, which is 15% down on the ten-year average. Furthermore, as referred to a report, namely *“Spotlight — Regional Office Market Review & Outlook”*, published by Savills plc on 28 March 2017, *“Regional office markets are structurally under-supplied, and with occupational demand remaining resilient, we continue to see great opportunities in 2017 and beyond”*, we noted that the supplies of original office market in the United Kingdom are lower than the demand.

As further stated in the report published by Savills plc as mentioned above, for the fourth consecutive year, total take-up in the United Kingdom regions, excluding London, surpassed the long-term average of 9.1m sq ft, reaching an impressive 9.6m sq ft, despite a year of political uncertainty in the regional office market in the United Kingdom.

*(iii) Strong tourism market in Queensland, Australia*

We noted from SEA AR 2016 that SEA holds an investment property, which is located in Queensland, Australia. According to an official report, namely *“Domestic Tourism Snapshot”* issued on 28 June 2017 by Tourism and Events Queensland, which is a statutory body of the government of Queensland. As stated in this report, *“domestic overnight visitor expenditure in Queensland grew approximately 5.8% to a record AUD15.3 billion (equivalent to approximately HK\$90.73 million) in the year ending March 2017 with Queensland’s share of total expenditure relatively stable at 24.7%.”* As further stated in a report namely *“2016 State of the Industry”* issued by Destination Q, which is a partnership between the government of Queensland and the tourism industry, for the year ended 30 June 2016, the number of international visitors to Queensland increased approximately 11.3% and the international visitor expenditure in Queensland increased approximately 10.6% as compared to the same period in 2015. Meanwhile, the number of domestic visitors to Queensland and the amount of domestic visitor expenditure in Queensland increased 5.7% and 7% for the year ended 30 June 2016 as compared to the same period in 2015.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *Conclusion*

Having considered that (i) the AGP Group is focused on the PRC operations, and the SEA Group is focused on non-PRC operations; (ii) the business prospects of the AGP Group are uncertain given the decelerating economic growth in the PRC<sup>(1)</sup>, the weakening trend in RMB<sup>(2)</sup>, the challenging rental environment in Guangzhou and Chengdu<sup>(3)</sup> and the declining GDP growth rate<sup>(4)</sup>; (iii) the relatively positive business prospects of SEA Group due to (a) the supporting policies on the local hospitality industry by the Hong Kong government<sup>(5)</sup>; (b) stable property market in the United Kingdom<sup>(6)</sup>; and (c) strong tourism market in Queensland, Australia<sup>(7)</sup>; (iv) according to the Unaudited SEA Pro Forma Financial Information and Unaudited AGP Pro Forma Financial Information (as set out in Appendix IV and Appendix V of this Composite Document, respectively), the SEA Group shows better financial performance than that of the AGP Group after the Restructuring (which excludes the one-off gain on the disposal of AGP Non-PRC Assets); and (v) the detailed analysis on (a) share price performance; and (b) comparable analysis, detailed information on which has been set out in the below section headed “Analysis of the Offer”, we are of the view that the Offer provides the Independent AGP Shareholders with a potential liquidity option to exchange AGP Shares for SEA Shares.

- <sup>(1)</sup> according to the Bank of China’s report
- <sup>(2)</sup> according to PwC’s report
- <sup>(3)</sup> according to Colliers’ reports
- <sup>(4)</sup> according to IMF’s report
- <sup>(5)</sup> according to Hong Kong Tourism Board
- <sup>(6)</sup> according to Colliers’ and Savills’ reports
- <sup>(7)</sup> according to Tourism and Events Queensland



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 4. Principal terms of the Offer

Ample Capital, on behalf of the Offeror and pursuant to the Takeovers Code, is making the Offer to the Independent AGP Shareholders to acquire all the AGP Shares (other than those already owned by the Offeror and SEA) on the following basis:

**For every 4 AGP Shares ..... 1 Consideration Share  
(being an issued SEA  
Share held  
by the Offeror)  
and HK\$3.0  
(being an amount  
equivalent to the SEA  
Special Cash Dividend)**

As at the Latest Practicable Date, there were 886,347,812 AGP Shares in issue. As a result of the Distribution in Specie, all 861,278,857 AGP Shares held by SEA (other than 34,598 AGP Shares left undistributed due to fractional entitlements) have been distributed to all the Qualifying SEA Shareholders (including the Offeror) in proportion to their respective shareholding in SEA on the basis of 1,268 AGP Shares for every 1,000 SEA Shares held by them. Accordingly, upon completion of the Distribution in Specie on 15 May 2017, 562,340,612 AGP Shares were held by the Offeror, 13,792,397 AGP Shares were held by Mr. Lu Wing Chi, 5,237,854 AGP Shares were directly held by NYH Limited, 22,390,346 AGP Shares were held by Mr. Lambert Lu, 4,092,442 AGP Shares were held by Mr. Lam Sing Tai and his spouse, 23,432,642 AGP Shares were held by Mr. Lincoln Lu, 34,598 AGP Shares were held by SEA through its wholly-owned subsidiary, 229,957,966 AGP Shares were held by SEA Shareholders who received AGP Shares due to the Distribution in Specie (other than the Offeror, Mr. Lu Wing Chi, Mr. Lambert Lu, Mr. Lam Sing Tai and his spouse, Mr. Lincoln Lu, and NYH Limited), and 25,068,955 AGP Shares were held by other AGP Shareholders, representing approximately 63.44%, 1.56%, 0.59%, 2.53%, 0.46%, 2.64%, 0.004%, 25.946% and 2.83% of the issued share capital of AGP, respectively.

Based on an exchange ratio of 1 Consideration Share for every 4 AGP Shares (not taking into account the Cash Portion of the Offer for the purpose of this paragraph) and 323,972,602 AGP Shares subject to the Offer, being all of the AGP Shares in issue other than the AGP Shares owned by the Offeror and SEA, and assuming that (i) all Independent AGP Shareholders validly accept the Offer; and (ii) there will be no change in the issued share capital of AGP since the Latest Practicable Date and up to the Closing Date, the maximum number of Consideration Shares which may be exchanged for AGP Shares is 80,993,150. This represents approximately 11.88% of the 681,666,726 existing issued SEA Shares as at the Latest Practicable Date. If no AGP Shares are validly accepted under the Offer, then the Offeror will continue to hold 562,340,612 AGP Shares, which is equivalent to approximately 63.44% of the total issued share capital of AGP as at the Latest Practicable Date.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As noted from the “Letter from AGP Board” in the Composite Document, the exchange ratio of 1 Consideration Share for every 4 AGP Shares was determined by the Offeror based on Offeror’s estimate of (i) the fair market value per AGP Share following completion of the Restructuring; and (ii) the fair market value per SEA Share following completion of the Restructuring. The fair market values of the AGP Shares and the SEA Shares were calculated based by the Offeror on the following:

- (1) In respect of the AGP Shares, (i) the unaudited net asset value (attributable to AGP Shareholders) extracted from the Unaudited AGP Pro Forma Financial Information of approximately HK\$6,258 million (as set out on page IV-4 of the Appendix IV to this Composite Document) (ii) less the Offeror’s assumption as to the potential PRC tax liabilities of approximately HK\$601 million (the “**Potential Tax Liabilities**”) were the AGP properties sold at their fair market values on 28 February 2017 (for the avoidance of doubt this amount is not included in AGP’s financial statements as it does not meet the requirement of a deferred tax liability under International Financial Reporting Standards); (iii) less the special dividend of approximately HK\$1,994 million (equivalent to HK\$2.25 per AGP Share) declared by AGP on 17 March 2017; and (iv) plus the difference between the fair value of the PRC properties held by AGP as at 28 February 2017 and the carrying value of the properties held by AGP as at 31 December 2016, equating to HK\$65 million (the “**Fair Value Difference in AGP Properties**”) and relating to Westmin Plaza shopping arcade. For the avoidance of doubt, the revaluation of the AGP Non-PRC Assets was reflected in the consideration payable in accordance with the SP Agreement as set out on page IV-9 of the Appendix IV to this Composite Document. Taking these adjustments into consideration, the pro forma net asset value per AGP Share is calculated by the Offeror as HK\$4.21. Excluding the Offeror’s approximately HK\$601 million adjustment referred to in (ii) above, the pro forma net asset value per AGP Share is calculated as HK\$4.88.
- (2) In respect of the SEA Shares, (i) the unaudited net asset value (attributable to SEA Shareholders) extracted from the Unaudited SEA Pro Forma Financial Information of HK\$8,253 million (as set out on page V-5 of the Appendix V to this Composite Document); (ii) plus the difference between the fair value of the properties held by SEA and the AGP Non-PRC Assets acquired from AGP as at 28 February 2017 and the carrying value of the properties held by SEA as at 31 December 2016, equating to HK\$2,854 million (the “**Fair Value Difference in SEA Properties**”) and relating to Crowne Plaza Hong Kong Causeway Bay. The Offeror considers that no tax is payable in respect of the properties of SEA if the properties were sold on 28 February 2017 at their fair market value, and as such no deferred tax liability has been included in the Offeror’s calculations. Taking these adjustments into consideration, the pro forma net asset value per SEA Share is calculated as HK\$16.37 as at the date of the Joint Announcement. SEA declared the SEA Special Cash Dividend, which was paid to SEA Shareholders on 21 June 2017, which would reduce the pro forma net asset value per SEA Share to HK\$13.37. For the avoidance of doubt, when the Offeror determined the exchange ratio above, such SEA Special Cash Dividend had not yet been declared by SEA, and therefore was not included in the Offeror’s calculations. Please also refer to page 12 of this Composite Document for background details of the relationship between the SEA Special Cash Dividend and the Cash Portion of the Offer.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Under the Offer, an Independent AGP Shareholder who accepts the Offer is entitled to receive the Cash Portion of the Offer of HK\$3.0 per Consideration Share he/she/it receives, and such amount is equivalent to the SEA Special Cash Dividend.

Save for the 886,347,812 AGP Shares in issue, as at the Latest Practicable Date, AGP had no outstanding securities, options, warrants or derivatives which are convertible into or which confer rights to require the issue of AGP Shares and AGP had no other relevant securities (as defined in Note 4 to the Rule 22 of the Takeovers Code).

As at the Latest Practicable Date, save for Mr. Lu Wing Chi, Mr. Lambert Lu, Mr. Lam Sing Tai and his spouse, Mr. Lincoln Lu, Mr. Walujo Santoso, Wally, Mr. Leung Hok Lim, Mr. Chung Pui Lam and Mr. David Andrew Runciman (who have given irrevocable undertakings to accept the Offer in respect of the AGP Shares directly or indirectly held by them), the Offeror has not received any indication or irrevocable commitment from any Independent AGP Shareholder that he/she/it will accept or reject the Offer.

### 5. Analysis of the Offer

#### *(a) Share price performance*

We noted from the “Letter from Ample Capital” that, the exchange ratio of 1 Consideration Share for every 4 AGP Shares (not taking into account the Cash Portion of the Offer) was determined by the Offeror based on the Offeror’s estimate of the fair market value per AGP Share and/or SEA Share following the Restructuring. The historical share prices of AGP and SEA prior to 17 March 2017 have not taken into account the various cash dividends announced by AGP and SEA since 17 March 2017.

Having further considered that, (i) under the Offer, in substance, the AGP Shareholders are able to acquire 1 SEA Share by disposing 4 AGP Shares to Offeror; (ii) the closing prices of SEA Shares have been adjusted to reflect the SEA Special Cash Dividend Payment since 12 May 2017; and (iii) the Assets Redistribution and Distribution in Specie were completed on 15 May 2017, in order to assess the fairness and reasonableness of the exchange ratio of the Offer, we have made reference to (i) the closing price of SEA Shares of HK\$11.76 (equivalent to approximately £1.20) on 15 May 2017 and (ii) the closing price of AGP Shares of £0.285 (equivalent to approximately HK\$2.79) on 15 May 2017.

In order to calculate the ascribed price for 1 AGP Share, we have made reference to the ascribed value per AGP Share of HK\$3.69 (equivalent to approximately £0.38) (the “**Ascribed Price**”), which is equivalent to the closing price of SEA Share of HK\$11.76 on 15 May 2017 plus the Cash Portion of the Offer, and divided by 4 for each AGP Share.

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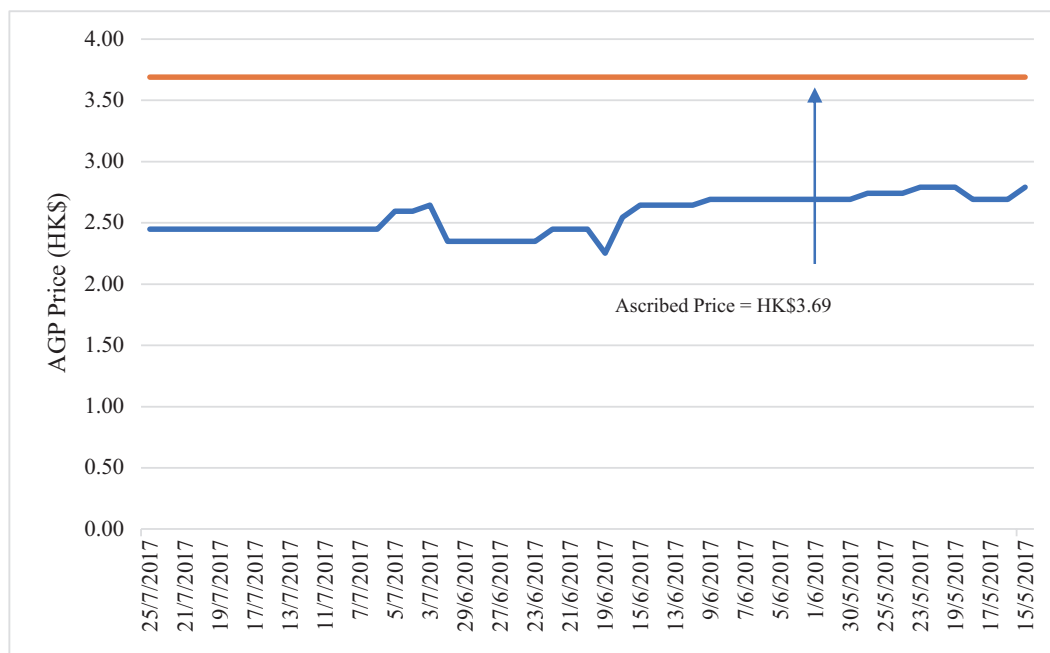
## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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In order to calculate the implied consideration share price for 1 SEA Share, we have also made reference to the implied consideration share price for per SEA Share of approximately HK\$11.16 (equivalent to approximately £1.14) (the “**Implied Consideration Share Price**”), which is equivalent to the closing price per AGP Share of £0.285 (equivalent to approximately HK\$2.79) on 15 May 2017 multiplied by 4 for each SEA Share.

### *Share price performance of AGP*

The chart below illustrates the daily closing prices of AGP Shares (in HK\$) during the period from 15 May 2017 up to and including the Latest Practicable Date (the “**Review Period**”). We have reviewed the movements in the closing prices of the AGP Shares during the Review Period and considered that the Review Period is reasonable enough to illustrate the relationship between the trend of the closing prices of the AGP Shares and the Ascribed Price.



Source: Bloomberg

During the Review Period, the closing prices of AGP Shares ranged from the lowest of £0.23 (equivalent to approximately HK\$2.25) on 19 June 2017 to the highest of £0.285 (equivalent to approximately HK\$2.79) on 15 May 2017, 19 May 2017, 22 May 2017 and 23 May 2017 respectively. The average daily closing price of AGP Shares during the Review Period was approximately £0.26 (equivalent to approximately HK\$2.56).

In short, as noted from the AGP share performance graph illustrated above, the Ascribed Price of HK\$3.69 were higher than the closing prices of AGP Shares throughout the Review Period.

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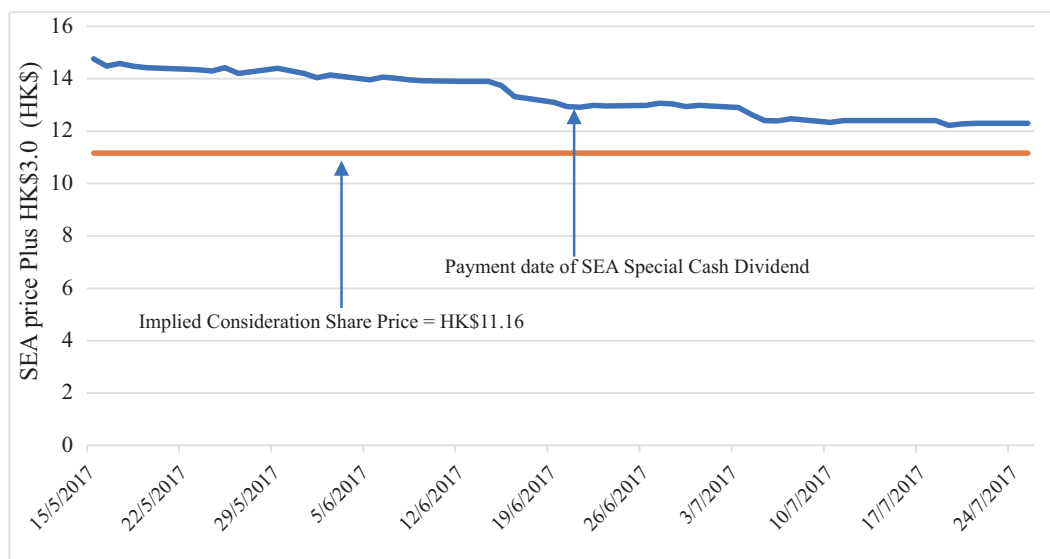
## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *Share price performance of SEA*

The chart below illustrates the daily closing prices of SEA Shares plus the Cash Portion of the Offer of HK\$3.0 per Consideration Share during the Review Period.

We consider that the Review Period is reasonable enough to illustrate the relationship between the trend of the closing prices of the SEA Shares and the Implied Consideration Share Price.



Source: Stock Exchange and Bloomberg

During the Review Period, the sum of (a) the closing price of SEA Shares and (b) the Cash Portion of the Offer ranged from the lowest of HK\$12.22 on 19 July 2017 to the highest of HK\$14.76 on 15 May 2017. The sum of the (a) average daily closing price of the SEA Shares and (b) the Cash Portion of the Offer for the period was approximately HK\$13.35.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The Implied Consideration Share Price of HK\$11.16 represents a discount of approximately 8.67% as compared to the sum of the (a) lowest closing price of SEA Shares and (b) the Cash Portion of the Offer of HK\$12.22 on 19 July 2017 and discount of approximately 24.39% as compared to sum of the (a) the highest closing price of SEA Shares and (b) the Cash Portion of the Offer of HK\$14.76 on 15 May 2017. The Implied Consideration Share Price is lower than the sum of the (a) average closing price of SEA Shares and (b) the Cash Portion of the Offer of approximately HK\$13.35.

In short, as shown in the analysis above, the Implied Consideration Share Price of HK\$11.16 is lower than the sum of (a) closing prices of SEA Shares and (b) the Cash Portion of the Offer throughout the Review Period.

### *Comparison between Implied Consideration Share Price and AGP Share Price*

In terms of the comparison set out in this paragraph, which excludes the impact of the Cash Portion of the Offer, the Implied Consideration Share Price of HK\$11.16 also represents a premium of approximately 23.91% as compared to the lowest closing price of AGP Shares of £0.23 (equivalent to approximately HK\$2.25) on 19 June 2017 multiplied by 4 and is equivalent to the highest closing price of AGP Shares of £0.285 (equivalent to approximately HK\$2.79) on 15 May 2017, 19 May 2017, 22 May 2017, and 23 May 2017 multiplied by 4. The Implied Consideration Share Price is higher than the average closing price of AGP Shares of approximately £0.26 (equivalent to approximately HK\$2.56) multiplied by 4.

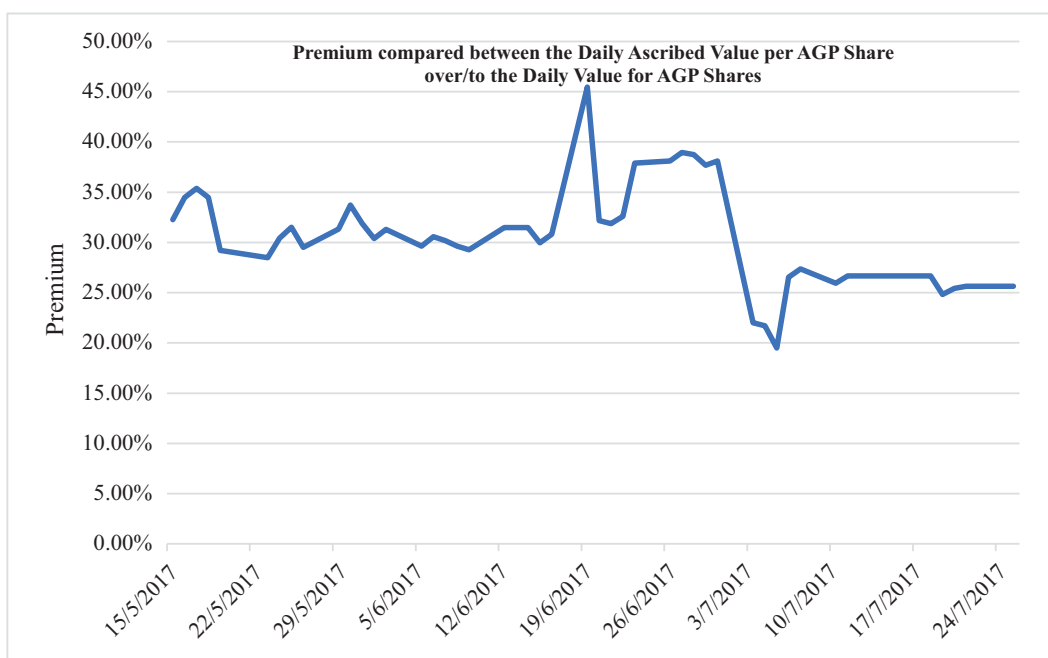
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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *Share price performance of the daily ascribed value per AGP Share*

Based on the exchange ratio of 4 AGP Shares for 1 Consideration Share plus the Cash Portion of the Offer of HK\$3.0 per Consideration Share, the daily ascribed value per AGP Share is equivalent to the sum of the daily closing prices of SEA Share plus the Cash Portion of the Offer of HK\$3.0 and then, divided by 4 during the Review Period (the “**Daily Ascribed Value per AGP Share**”) as compared to the daily closing prices of AGP Shares during the Review Period (the “**Daily Value for AGP Shares**”). The chart below depicts the premium for the Ascribed Value per AGP Share over/to the Daily Value for AGP Shares.



Source: Stock Exchange and Bloomberg

As illustrated on the above chart, it is noted that the Daily Ascribed Value per AGP Share represented a premium to the Daily Value for AGP Shares during the Review Period. The maximum premium of Daily Ascribed Value per AGP Share over Daily Value for AGP Shares of approximately 45.45% was recorded on 19 June 2017, the minimum premium of Daily Ascribed Value per AGP Share over the Daily Value for AGP Shares of approximately 19.49% was recorded on 5 July 2017.

Based on the closing price of AGP Shares on the Latest Practicable Date of £0.25 (equivalent to approximately HK\$2.45), the ascribed value per Consideration Share is approximately HK\$9.80 (equivalent to approximately £1, which is equivalent to the closing price per AGP Share on the Latest Practicable Date multiplied by 4).

The sum of the closing price of the SEA Share of HK\$9.30 on the Latest Practicable Date and the Cash Portion of the Offer of HK\$3.0 per Consideration Share (i.e. HK\$12.30 per SEA Share, equivalent to approximately £1.26) represents a premium of approximately 25.51% over the ascribed value per Consideration Share of approximately HK\$9.80 (equivalent to approximately £1).

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *Conclusion*

Having considered that (i) as shown in the graph above, the Implied Consideration Share Price lies below the daily closing price of the SEA Shares plus HK\$3.0 during the Review Period; (ii) the Implied Consideration Share Price is below the sum of the average closing price of SEA Shares plus HK\$3.0 of approximately HK\$13.35 during the Review Period; (iii) as shown in the graph above, the Ascribed Price lies over the daily closing prices of the AGP Shares during the Review Period; (iv) the Ascribed Price represents a premium of approximately 44.10% as compared to the average closing price of the AGP Shares of approximately HK\$2.56 during the Review Period; (v) the Daily Ascribed Value per AGP Share represents premium to the Daily Value for AGP Shares during the Review Period; and (vi) the sum of the closing price of the SEA Share of HK\$9.30 on the Latest Practicable Date and the Cash Portion of the Offer of HK\$3.0 per Consideration Share (i.e. HK\$12.30 per SEA Share) represents a premium of approximately 25.51% over the ascribed value per Consideration Share of HK\$9.80 on the Latest Practicable Date, we are of the view that the exchange ratio of 4 AGP Shares for 1 Consideration Share plus the Cash Portion of the Offer of HK\$3.0 per Consideration Share under the Offer is fair and reasonable so far as the Independent AGP Shareholders are concerned.

### **(b) *Liquidity of the shares***

#### *Trading volume of AGP Shares*

The following table sets out the historical monthly trading volume of the AGP Shares and the percentage of the number of the AGP Shares traded during the Review Period compared to the total number of the AGP Shares in issue as at the Latest Practicable Date.

| Month/Period   | Total trading volume of each month/period (AGP Shares) | Average daily trading volume (AGP Shares) | Approximately % of average daily trading volume to the total number of issued AGP Shares (note 1) | Number of trading days of AGP Shares in the relevant months (days) |
|--|--|---|---|--|
| <b>2017</b>  |  |   |   |  |
| 15 May-31 May  | 291,002  | 24,250                                    | 0.00274%  | 12   |
| June   | 105,243  | 4,784                                     | 0.00054%  | 22   |
| July (up to and including the Latest Practicable Date) | 108,321  | 6,372                                     | 0.00072%  | 17   |

*Source: Bloomberg*

*Note:*

(1) *The percentage is calculated based on 886,347,812 AGP Shares in issue as at the Latest Practicable Date.*



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As illustrated above, the percentage of the average trading volume of the AGP Shares ranged from approximately 0.00054% to approximately 0.00274% with an average of approximately 0.00133%. Therefore, the trading volume of the AGP Shares was relatively thin during the Review Period and very illiquid in the open market.

### *Trading volume of SEA Shares*

The following table sets out the historical monthly trading volume of the SEA Shares and the percentage of the number of SEA Shares traded during the Review Period compared to the total number of the SEA Shares in issue as at the Latest Practicable Date.

| Month/Period   | Total trading volume of each month/period (SEA Shares) | Average daily trading volume (SEA Shares) | Approximately % of average daily trading volume to the total number of issued SEA Shares<br><i>(note 1)</i> | Number of trading days of SEA Shares in the relevant months (days) |
|--|--|---|---|--|
| <b>2017</b>  |  |   |   |  |
| 15 May-31 May  | 2,036,000  | 169,667                                   | 0.025%  | 12   |
| June   | 840,180  | 38,190                                    | 0.006%  | 22   |
| July (up to and including the Latest Practicable Date) | 627,846  | 36,932                                    | 0.005%  | 17   |

*Source: Stock Exchange*

*Note:*

(1) *The percentage is calculated based on 681,666,726 SEA Shares in issue as at the Latest Practicable Date.*

As noted from the above table, the percentage of the average trading volume of the SEA Shares ranged from approximately 0.005% to approximately 0.025% with an average of approximately 0.012%. The trading volume of the SEA Shares was relatively thin during the Review Period and illiquid in the open market.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As a result of the Distribution in Specie, the Offeror and SEA are interested in approximately 63.44% and approximately 0.004% of the issued share capital of AGP respectively and the Independent AGP Shareholders are interested in approximately 36.56% of the issued share capital of AGP as at the Latest Practicable Date, which was higher than the percentage of public SEA Shareholders of approximately 26.50% of the issued SEA Shares as at Latest Practicable Date.

However, as referred to the “Letter from AGP Board”, the AGP Directors note that: (i) as disclosed in the Joint Announcement, SEA considered that a distribution of AGP Shares to SEA Shareholders would enhance liquidity of the AGP Shares held by SEA by improving the shareholder base of AGP without being dilutive to SEA and SEA Shareholders; (ii) as disclosed in the Circular, the latest date of posting the AGP Share certificates (pursuant to the Distribution in Specie) to AGP Shareholders who do not accept the Offer was expected to be on 15 June 2017; (iii) due to the reasons set out above this date of posting of the AGP Share certificates has been postponed to 14 September 2017; and (iv) as disclosed on page I-5 of this Composite Document, the relevant Independent AGP Shareholders cannot dematerialise their AGP Shares into depositary interests and trade them before receiving the relevant AGP Share certificates. As such, we noted from the Composite Document that “*the AGP Directors believe that the Distribution in Specie has had negligible impact on liquidity of AGP Shares between the date of the Distribution in Specie and the Latest Practicable Date*”.

In accordance with above analysis, which factually shows the historical performances of the liquidity of SEA Shares and AGP Shares respectively, the average trading volume of AGP Shares is still relatively thinner than the average trading volume of SEA Shares during the Review Period.

As the actual effect of the Distribution in Specie on the trading volume of AGP Shares has not been reflected as at the Latest Practicable Date, the actual level of trading volume of AGP Shares in the future is uncertain. The above analysis is for reference only, which aims to illustrate the historical liquidity of SEA Shares and AGP Shares.

The Independent AGP Shareholders should note that there is no guarantee that the trading volume of AGP Shares will be higher than the trading volume of SEA Shares during and/or after the Offer Period.

Meanwhile, the Independent AGP Shareholders should also note that since the average trading volume of SEA is also thin, they might not be able to dispose of the SEA Shares in the market without exerting a downward pressure on the market price of the SEA Shares.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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(c) *Comparable analysis*

*Comparable analysis of the AGP Group*

In order to further assess the fairness and reasonableness of the Ascribed Price, we have considered two commonly adopted approaches in evaluation of a company, namely price-to-earnings ratio (the “**PER**”) and price-to-book ratio (the “**PBR**”), which are commonly adopted trading multiple analyses. According to the AGP Pro Forma Financial Information, we are given to know the adjusted results of the AGP Group would record a net profit upon completion of the Restructuring, which was mainly due to the gain on disposal of the AGP Non-PRC Assets.

As noticed from the section headed “Intention of the Offeror in relation to the AGP Group” set out in the “Letter from the AGP Board” in this Composite Document, following completion of the Restructuring, AGP Group will focus on the business in the PRC, while SEA Group will continue to focus on the non-PRC business, in addition, as further advised by the management of the AGP Group, they have no intention to operate the business in the areas other than PRC as at the Latest Practicable Date, we are of the view that the gain on disposal is a one-off gain and the effect of the gain on disposal shall be accordingly excluded in the unaudited pro forma income statement. As the AGP Remaining Group would record a loss of approximately HK\$288.43 million and thus PER is not applicable.

Based on the Ascribed Price of HK\$3.69 per AGP Share (equivalent to approximately £0.38) and the total number of issued AGP Shares of 886,347,812 as at the Latest Practicable Date, AGP is valued at approximately HK\$3,207.62 million (equivalent to approximately £327.64 million). The price to book ratio of AGP implied by the Ascribed Price is approximately 0.74 times (the “**Implied AGP P/B Ratio**”), calculated based on the Adjusted NAV of AGP (defined in the section below) of approximately HK\$4,329 million (equivalent to approximately £442.19 million).

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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We have attempted to identify the comparable companies which are listed on AIM and principally engaged in similar business as AGP Group (i.e. property investment and development). We have performed searches on the websites of the LSE and Bloomberg, and four comparable companies (the “**AGP Business Comparables**”) were identified, which formed the exhaustive list under our selection criteria. Details of our analysis are listed below:

| Company   | Principal businesses  | Market capitalisation as at the Latest Practicable Date<br>(GBP million)<br>(note 1) | Net asset value attributable to owners<br>(GBP million)<br>(note 2)                 | PBR<br>(times)<br>(Note 3) |
|---|---|--|---|----------------------------|
| Conygar Investment Co. PLC<br>(CIC LN Equity)               | Invests in real estate and other asset-backed investments in the United Kingdom   | 121.3  | 141.8   | 0.86                       |
| Globalworth Real Estate Investments Ltd.<br>(GWI LN Equity) | The company is a real estate investment company invests in a diversified portfolio of properties located primarily in Romania                     | 569.7  | 606.2   | 0.94                       |
| Vinaland Ltd.<br>(VNL LN Equity)                            | The objective of the company’s fund is investing in a diversified portfolio of mainly Vietnamese property and development projects                | 197.5  | 347.1   | 0.57                       |
| Pacific Alliance China Land Ltd.<br>(PACL LN Equity)        | A closed-ended, exempted company established to invest in a portfolio of investments in existing properties and new developments in Greater China | 110.4  | 138.0   | 0.80                       |
|   |   |  | <b>Minimum</b>  | <b>0.57</b>                |
|   |   |  | <b>Maximum</b>  | <b>0.94</b>                |
|   |   |  | <b>Average/mean</b>   | <b>0.79</b>                |
|   |   |  | <b>Implied AGP P/B Ratio</b>  | <b>0.74</b>                |
| AGP<br>(AGP LN Equity)                                      | Invest in the property sector within the Asia Pacific region and development projects in the PRC  | GBP221.60 million<br>(equivalent to approximately HK\$2,169.46 million)              | HK\$6,173.88 million<br>(equivalent to approximately GBP630.63 million)<br>(note 4) | 0.35                       |

*Source: the Bloomberg*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*Notes:*

1. The market capitalisation of the AGP Business Comparables are calculated on the basis of their respective closing prices of the shares and the total number of issued shares as at Latest Practicable Date.
2. The respective net asset values attributable to shareholders as disclosed in the latest published annual/interim reports and/or annual/interim results announcements on or before the Latest Practicable Date.
3. The PBR of the AGP Business Comparables are calculated on the basis of their respective market capitalisation and net asset values attributable to shareholders as disclosed in the latest published annual/interim reports and/or annual/interim results announcements on or before the Latest Practicable Date.
4. The net asset value of AGP is from AGP Pro forma Financial Information set out in Appendix IV to this Composite Document.

As illustrated in the table above, the PBR of the AGP Business Comparables ranges from approximately 0.57 times to approximately 0.94 times with an average of approximately 0.79 times. The Implied AGP P/B Ratio lies within the range of the PBR of the AGP Business Comparables.

*Comparable analysis of the SEA Group*

In order to further assess the fairness and reasonableness of the Implied Consideration Share Price, we have considered two commonly adopted approaches in evaluation of a company, namely the PER and the PBR, which are commonly adopted trading multiple analyses.

Based on the Implied Consideration Share Price of HK\$11.16 per SEA Share and the total number of issued SEA Shares of 681,666,726 as at the Latest Practicable Date, SEA is valued at approximately HK\$7,607.40 million. Assuming that all the SEA Share Options (defined in the section below) are exercised in full, the number of issued SEA Shares would be 688,616,726, SEA is valued at approximately HK\$7,684.96 million. Based on the Adjusted NAV of SEA (defined in the section below) of approximately HK\$11,107 million as set out in the above section, the PBR of SEA implied by the Implied Consideration Share Price is (i) approximately 0.68 times (the “**Implied SEA P/B Ratio I**”), based on the number of issued SEA Shares as at the Latest Practicable Date; and (ii) approximately 0.69 times (the “**Implied SEA P/B Ratio II**”), based on the number of issued SEA Shares as at the Latest Practicable Date and assuming that all the SEA Share Options are exercised in full.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Based on the unaudited pro forma profit for the year ended 31 December 2016 of approximately HK\$829.70 million as set out in the SEA Pro Forma Financial Information in the Appendix V to this Composite Document, the PER of SEA implied by the Implied Consideration Share Price is (i) approximately 9.17 times (the “**Implied SEA P/E Ratio I**”) based on the number of issued SEA Shares as at the Latest Practicable Date; and (ii) approximately 9.26 times (the “**Implied SEA P/E Ratio II**”), based on the number of issued SEA Shares as at the Latest Practicable Date and assuming that all the SEA Share Options are exercised in full.

As the market capitalisation of the SEA was approximately HK\$6,339.50 million as at the Latest Practicable Date, in order to substantiate our assessment on the fairness and reasonableness of the terms under the Offer, we considered the comparable companies with the market capitalisation of over HK\$5,000 million but not more than HK\$10,000 million as at the Latest Practicable Date. In addition, we have further attempted to identify comparable companies which are principally engaged in hotel operation, property and asset management as well as property investment and development with at least 50% of the total revenue being attributable to such business, being the principal business of SEA. Under such selection criteria, six comparable companies (the “**SEA Business Comparables**”) are identified, which are exhaustive under our selection criteria. Detail of our analysis is listed below:

| Company<br>(Stock Code)                                     | Principal businesses  | Market<br>Capitalisation<br>as at the Latest<br>Practicable Date<br>(HK\$ million)<br>(note 1) | Profit/(Loss)<br>for the year<br>(HK\$ million)<br>(note 2) | Net asset value<br>attributable<br>to owners<br>(HK\$ million)<br>(note 3) | PER<br>(times)<br>(note 4) | PBR<br>(times)<br>(note 7) |
|---|---|--|---|--|----------------------------|----------------------------|
| Lai Sun Garment<br>International Ltd.<br>(0191.HK)          | Property development for sale;<br>property investment; investment<br>in and operation of hotels and<br>restaurants and investment holding   | 6,283.35   | 683   | 16,453   | 9.20                       | 0.38                       |
| Regal Hotels<br>International<br>Holdings Ltd.<br>(0078.HK) | Hotel operation and management,<br>hotel ownership through its<br>investment in Regal Real Estate<br>Investment Trust (Regal REIT),<br>asset management of Regal REIT,<br>property development and<br>investment, and other investments | 5,540.03   | 214   | 11,828   | 25.92                      | 0.47                       |
| Lai Sun Development<br>Co. Ltd.<br>(0488.HK)                | Property development for sale,<br>property investment, investment<br>in and operations of hotels and<br>restaurants and investment holding  | 8,924.13   | 1,148   | 24,358   | 7.77                       | 0.37                       |

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

| Company<br>(Stock Code)   | Principal business   | Market<br>Capitalisation<br>as at the Latest<br>Practicable Date<br>(HK\$ million)<br>(note 1) | Profit/(Loss)<br>for the year<br>(HK\$ million)<br>(note 2) | Net asset value<br>attributable<br>to owners<br>(HK\$ million)<br>(note 3) | PER<br>(times)<br>(note 4)          | PBR<br>(times)<br>(note 7)          |
|---|--|--|---|--|-------------------------------------|-------------------------------------|
| Jinmao Hotel and<br>Jinmao China Hotel<br>Investments and<br>Management Ltd.<br>(6139.HK) | Own and operate hotels   | 9,180.00   | 422   | 7,370  | 21.73                               | 1.25                                |
| Greenland Hong Kong<br>Holdings Ltd.<br>(0337.HK)   | Property development, property and<br>hotel investment, property<br>management and education   | 7,961.98   | 1,255   | 9,957  | 6.35                                | 0.80                                |
| Far East Consortium<br>International Ltd.<br>(0035.HK)                                    | Property development, property<br>investment, hotel operations and<br>management, car park operations<br>and securities and financial<br>product investments                                     | 9,787.42   | 1,118   | 10,792   | 8.76                                | 0.91                                |
|   |  |  |   | <b>Max</b>   | <b>25.92</b>                        | <b>1.25</b>                         |
|   |  |  |   | <b>Min</b>   | <b>6.35</b>                         | <b>0.37</b>                         |
|   |  |  |   | <b>Average</b>   | <b>13.29</b>                        | <b>0.69</b>                         |
|   |  |  |   |  | <b>Implied SEA<br/>P/E Ratio I</b>  | <b>Implied SEA<br/>P/B Ratio I</b>  |
|   |  |  |   |  | 9.17                                | 0.68                                |
|   |  |  |   |  | <b>Implied SEA<br/>P/E Ratio II</b> | <b>Implied SEA<br/>P/B Ratio II</b> |
|   |  |  |   |  | 9.26                                | 0.69                                |
| SEA<br>(0251.HK)  | Investment holding, hotel operation,<br>property and asset management<br>as well as property investment<br>and development in Hong Kong,<br>Mainland China, Australia<br>and the United Kingdom. | 6,339.50   | 571.92<br>(Note 5)  | 8,256.83<br>(Note 6)   | 11.08                               | 0.77                                |

*Source: the Stock Exchange*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*Notes:*

1. The market capitalisation of the SEA Business Comparables are calculated on the basis of their respective closing prices of the shares and the total number of issued shares as at Latest Practicable Date.
2. The respective net asset values attributable to shareholders as disclosed in the latest published annual/interim reports and/or annual/interim results announcements on or before the Latest Practicable Date.
3. The respective profit/(loss) for the year as disclosed in the latest published annual reports and/or annual results announcements on or before the Latest Practicable Date.
4. The PER of the SEA Business Comparables are calculated on the basis of their respective market capitalisation and profit/(loss) as mention in the above note 2.
5. The profit of SEA is from the audited consolidated financial statement of the SEA Group for the year ended 31 December 2016.
6. The net asset value of SEA is from SEA Pro forma Financial Information as set out in the Appendix V to this Composite Document.
7. The PBR of the SEA Business Comparables are calculated on the basis of their respective market capitalisation and net asset values attributable to shareholders as mention in the above note 3.

As illustrated in the table above, the PER of the SEA Business Comparables ranges from approximately 6.35 times to approximately 25.92 times with an average of approximately 13.29 times. The Implied SEA P/E Ratio I of 9.17 times and the Implied SEA P/E Ratio II of 9.26 times lie within the said range.

The PBR of the SEA Business Comparables ranges from approximately 0.37 times to approximately 1.25 times with an average of approximately 0.69 times. The Implied SEA P/B Ratio I of 0.68 times and the Implied SEA P/B Ratio II of 0.69 times lie within the said range and close/equivalent to the average.

*Conclusion*

Having considered (i) the Implied AGP P/B Ratio lies within the range and above the average of the PBR of the AGP Business Comparables; (ii) the Implied SEA P/E Ratio I and Implied SEA P/E Ratio II lie within the range of the P/E Ratio of the SEA Business Comparables; (iii) the Implied SEA P/B Ratio I and the Implied SEA P/B Ratio II lie within the range and are close/equivalent to the average of the PBR of the SEA Business Comparables, we are of the view that the terms of the Offer are fair and reasonable so far as the Independent AGP Shareholders are concerned.



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*(d) Net asset value comparison*

According to the Unaudited SEA Pro Forma Financial Information, which has not deducted the payment of SEA Special Cash Dividend, the unaudited net asset value (attributable to SEA Shareholders) of SEA Remaining Group was approximately HK\$8,253 million. By adding the Fair Value Difference in SEA Properties of approximately HK\$2,854 million, the adjusted net assets value of SEA Remaining Group is approximately HK\$11,107 million (the “**Adjusted NAV of SEA**”). We noticed from the Stock Exchange website that 222,000 share options of SEA and 2,230,000 share options of SEA were exercised on 5 June 2017 and 12 June 2017, respectively, and we have therefore calculated the adjusted net asset value per SEA Share based on the total number of issued SEA Shares of 681,666,726 shares as at Latest Practicable Date, which would be approximately HK\$16.29 per SEA Share (the “**Adjusted NAV per SEA Share**”).

We note that SEA has 6,950,000 share options (the “**SEA Share Options**”) as at the Latest Practicable Date, assuming that all the SEA Share Options are exercised in full, the number of issued SEA Shares would be 688,616,726, the Adjusted NAV per SEA Share upon exercise of the SEA Share Options would be approximately HK\$16.13.

As SEA declared the SEA Special Cash Dividend which was paid to the SEA Shareholders on 21 June 2017, the Adjusted NAV per SEA Share would be reduced to approximately HK\$13.29 prior to full exercise of SEA Share Options and approximately HK\$13.13 upon full exercise of the SEA Share Options (the “**Current Adjusted NAV per SEA Share**”).

Pursuant to the exchange ratio of 4 AGP Shares for 1 Consideration Share and the Cash Portion of the Offer of HK\$3.0 per Consideration Share, the Offer is in substance an option for the AGP Shareholders to acquire 1 Consideration Share plus HK\$3.0 for every 4 AGP Shares disposed to the Offeror.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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According to the Unaudited AGP Pro Forma Financial Information, the unaudited net asset value (attributable to AGP Shareholders) of the AGP Remaining Group was approximately HK\$6,258 million. By (i) deducting the special dividend of approximately HK\$1,994 million (equivalent to HK\$2.25 per AGP Share) declared by AGP on 17 March 2017; and (ii) adding the Fair Value Difference in AGP Properties of approximately HK\$65 million, the adjusted net assets value of AGP Remaining Group is approximately HK\$4,329 million (the “**Adjusted NAV of AGP**”). Based on the total number of issued AGP Shares of 886,347,812 shares as at the Latest Practicable Date, the adjusted net asset value per AGP Share would be approximately HK\$4.88 (the “**Adjusted NAV per AGP Share**”). In our analysis, we have excluded the Potential Tax Liabilities of approximately HK\$601 million. We are given to understand that taking into account the Potential Tax Liabilities is the Offeror’s commercial decision when determining the share exchange ratio of the Offer. The Potential Tax Liabilities will only be crystallised in the event of disposal of AGP properties. Given that disposals of AGP properties may or may not occur and hence the Potential Tax Liabilities may or may not be crystallised, for prudent sake and also to give a fairer view from the Independent AGP Shareholders’ perspective, we have excluded the Potential Tax Liabilities from our analysis.

Nevertheless, in order to provide more information to the AGP IBC and the Independent AGP Shareholders, we also set out below the comparison of the net asset value of SEA and AGP, which is from the Offeror’s perspective, after taking into account of the Potential Tax Liabilities for reference only.

*From the Offeror’s perspective, including the Potential Tax Liabilities (for reference only)*

In terms of the net asset value comparison and taking into account the Potential Tax Liabilities, the Adjusted NAV per AGP Share would be approximately HK\$4.21. Pursuant to the terms under the Offer, 4 AGP Shares with an aggregate Adjusted NAV of AGP Shares of approximately HK\$16.84 (equivalent to Adjusted NAV per AGP Share multiplied by 4):

- (i) is exchangeable into 1 Consideration Share with the Current Adjusted NAV per SEA Share of approximately HK\$13.29 plus the Cash Portion of the Offer of HK\$3.0 per Consideration Share, i.e. representing a total value of HK\$16.29; and
- (ii) upon the full exercise of the SEA Share Options, is exchangeable into 1 Consideration Share with the Current Adjusted NAV per SEA Share of approximately HK\$13.13 plus the Cash Portion of the Offer of HK\$3.0 per Consideration Share, i.e. representing a total value of HK\$16.13.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*From the Independent AGP Shareholders' perspective, excluding the Potential Tax Liabilities*

In terms of the net asset value comparison and excluding the Potential Tax Liabilities, the Adjusted NAV per AGP Share would be approximately HK\$4.88. Pursuant to the terms under the Offer, 4 AGP Shares with an aggregate Adjusted NAV of AGP of approximately HK\$19.52 (equivalent to Adjusted NAV per AGP Share multiplied by 4):

- (i) is exchangeable into 1 Consideration Share with the Current Adjusted NAV per SEA Share of approximately HK\$13.29 plus the Cash Portion of the Offer of HK\$3.0 per Consideration Share, i.e. representing a total value of HK\$16.29; and
- (ii) upon the full exercise of the SEA Share Options, is exchangeable into 1 Consideration Share with the Current Adjusted NAV per SEA Share of approximately HK\$13.13 plus the Cash Portion of the Offer of HK\$3.0 per Consideration Share, i.e. representing a total value of HK\$16.13.

We note from the above analysis (excluding the Potential Tax Liabilities) that the sum of the Current Adjusted NAV per SEA Share and the Cash Portion of the Offer of approximately HK\$16.29 and HK\$16.13 prior to and after full exercise of the SEA Share Options, represents discount of approximately 16.55% and approximately 17.34% to an aggregate Adjusted NAV of AGP Shares for 4 AGP Shares of approximately HK\$19.52, respectively. However, having considered that (i) both AGP Shares and SEA Shares are trading on AIM and the Stock Exchange respectively, and the shareholders who would like to realise their investments on market will be traded at the market price instead of net asset value; (ii) our analysis and conclusion as set out in subsection headed “(a) Share price performance” in this letter; and (iii) our analysis and conclusion as set out in subsection headed “(c) Comparable analysis”, in this letter, we are of the view that the terms of the Offer are fair and reasonable so far as the Independent AGP Shareholders are concerned.

### RECOMMENDATION

Having considered the abovementioned principal factors, including but not limited to the following:

- (i) we are of the view that the business prospects of the AGP Group are uncertain due to (a) the decelerating economic growth in the PRC according to the Bank of China; (b) the RMB is still facing pressure according to PwC; (c) the challenging rental environment in Guangzhou and Chengdu according to Colliers; and (d) the declining PRC GDP growth rate according to IMF;

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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- (ii) we are of the view that the business prospects of the SEA Group are more positive than the AGP Group's business prospects, due to (a) the supportive policies on the local hospitality industry by the Hong Kong government according to the Hong Kong Tourism Board; (b) the stable property market in the United Kingdom according to Colliers; and (c) strong tourism market in Queensland, Australia according to Tourism and Events Queensland;
- (iii) the Ascribed Price of approximately HK\$3.69 per AGP Share and the Daily Ascribed Value per AGP Share, which is calculated on the sum of the daily closing price of SEA Shares and the Cash Portion of the Offer, then divided by 4 lies over the daily closing price of the AGP Shares during the Review Period;
- (iv) the Implied Consideration Share Price lies below the daily closing price of the SEA Shares during the Review Period;
- (v) pursuant to the terms of the Offer, the aggregate value for 1 Consideration Share and the Cash Portion of the Offer is approximately HK\$12.30, which is equivalent to the closing price per SEA Share of HK\$9.30 on the Latest Practicable Date plus HK\$3.0, which represents a premium of approximately 25.51% to an aggregate value of 4 AGP Shares of approximately HK\$9.80, which is calculated by the closing price per AGP Share of £0.25 (equivalent to approximately HK\$2.45) on the Last Practicable Date multiplied by 4;
- (vi) Implied AGP P/B Ratio lies within the range of the PBR of the AGP Business Comparables;
- (vii) the Implied SEA P/E Ratio I and the Implied SEA P/E Ratio II lie within the range of the PER of the SEA Business Comparables; and
- (viii) the Implied SEA P/B Ratio I and the Implied SEA P/B Ratio II lie within the range and are close/equivalent to the average of the PBR of the SEA Business Comparables,

we are of the opinion that the terms of the Offer including the Cash Portion of the Offer are fair and reasonable so far as the Independent AGP Shareholders are concerned.

Accordingly, we recommend the AGP IBC to advise the Independent AGP Shareholders to accept the Offer.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The Independent AGP Shareholders should note that the ascribed value of the AGP Shares under the Offer will change from time to time according to the fluctuations in the price of SEA Shares during the Offer Period, and it is uncertain whether the market prices of AGP Shares and/or SEA Shares will rise or not and whether the ascribed value of AGP Shares under the Offer will represent a discount or premium to its market prices of AGP Shares and whether the implied value of SEA Shares under the Offer will represent a discount or premium to its market prices of SEA Shares during and after the Offer. The Independent AGP Shareholders, in particular those who intend to hold their interest as a short-term investment, should monitor closely the trading of the AGP Shares and SEA Shares during the Offer Period. In addition, the Independent AGP Shareholders should note that the figures that refer to the past performance of the AGP Shares and SEA Shares in this letter, is not a reliable indicator of future performance of AGP Shares or SEA Shares.

Yours faithfully,  
For and on behalf of  
**Veda Capital Limited**

**Julisa Fong**  
*Managing Director*

*Notes:*

Ms. Julisa Fong is a responsible officer under the SFO who is licensed to engage in Type 6 (advising on corporate finance) regulated activity and has over 20 years of experience in investment banking and corporate finance.

In this letter, amounts denominated in GBP have been converted into HK\$ at the rate of GBP1 = HK\$9.79 for the purpose of illustration only. No representation is made to the effect that any amounts in GBP or HK\$ have been, could have been or will be converted at the above rate or at any other rates or at all.

**PROCEDURES FOR ACCEPTANCE**

Your registered holding of the AGP Shares and the total number of Consideration Shares which may be exchanged for in respect of your AGP Shares are set out in Box B & Box C respectively in the accompanying Form of Acceptance.

For Independent AGP Shareholders arising from the Distribution in Specie to accept the Offer, you should duly complete and send to the SEA Hong Kong Branch Share Registrar the Form of Acceptance in accordance with the instructions printed thereon, which instructions form part of the terms and conditions of the Offer.

For Independent AGP Shareholders other than those arising from the Distribution in Specie to accept the Offer:

- (a) If the share certificate(s) (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your AGP Shares is/are in your name, and you wish to accept the Offer, you must send the duly completed and signed Form of Acceptance together with the relevant share certificate(s) (and/or any satisfactory indemnity or indemnities required in respect thereof), by post or by hand, to the AGP Share Registrar in any event no later than 4:00 p.m. Hong Kong time on the Closing Date (9:00 a.m. UK time) or such later time and/or date as the Offeror may determine and the Offeror and the AGP may jointly announce with consent of the Executive in compliance with the Takeovers Code.
- (b) If the share certificate(s) (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your AGP Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Offer in respect of your holding of AGP Shares (whether in full or in part), you must, in any event no later than 4:00 p.m. Hong Kong time on the Closing Date (9:00 a.m. UK time) either:
  - (i) arrange for the AGP Shares to be registered in your name through the AGP Share Registrar, and deliver the Form of Acceptance duly completed and signed together with the relevant share certificate(s) (and/or any satisfactory indemnity or indemnities required in respect thereof) to the AGP Share Registrar; or
  - (ii) if your AGP Shares are held through depositary interest in the CREST system, you should arrange to withdraw from the CREST system and contact Computershare Investor Services PLC at +44 (0)370 702 0003 or The Pavilions, Bridgwater Road, Bristol BS99 6AH, United Kingdom to request a Form of Acceptance and return the duly completed and signed Form of Acceptance together with the relevant share certificate(s) to the AGP Share Registrar.

- (c) If the share certificate(s) in respect of your AGP Shares is/are not readily available and/or is/are lost, as the case may be, and you wish to accept the Offer in respect of your AGP Shares, the Form of Acceptance should nevertheless be completed, signed and delivered to the AGP Share Registrar together with a letter of indemnity, which can be ordered by calling Computershare Investor Services PLC at +44 (0)370 702 0003 or by writing to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6AH, United Kingdom. If you find the share certificate(s) or if it/they become(s) available, the relevant share certificate(s) should be forwarded to the AGP Share Registrar as soon as possible thereafter.

Acceptance of the Offer will be treated as effective and valid only if the completed Form of Acceptance and other relevant documents (if applicable) are received by the AGP Share Registrar or the SEA Hong Kong Branch Share Registrar, as the case may be, on or before the latest time for acceptance of the Offer and the AGP Share Registrar or the SEA Hong Kong Branch Share Registrar, as the case may be, has recorded the acceptance.

The completed and signed Form of Acceptance together with other relevant documents (if applicable), should be forwarded by post or by hand to and reach the SEA Hong Kong Branch Share Registrar (for Independent AGP Shareholders arising from the Distribution in Specie) or the AGP Share Registrar (for Independent AGP Shareholders other than those arising from the Distribution in Specie)), with “Asian Growth Properties Limited — The Offer” be marked on the envelope, by no later than 4:00 p.m. Hong Kong time on Monday, 28 August 2017 (9:00 a.m. UK time) (i.e. the Closing Date).

Your attention is also drawn to the further details regarding the procedures for acceptance as set out in the Form of Acceptance.

The completed Form of Acceptance together with other relevant documents (if applicable), share certificate(s) for Consideration Shares, and relevant cheques in respect of the Cash Portion of the Offer sent by or to the Independent AGP Shareholders through ordinary post will be sent by or to them at their own risk. The certificate(s) for the Consideration Shares and the cheque(s) in respect of the Cash Portion of the Offer will be sent to them at their addresses as they appear in the register of members of AGP (or in the case of joint Independent AGP Shareholders, to the Independent AGP Shareholder whose name stands first in the register of members of AGP).

All such documents, share certificates and cheques will be sent at the risk of the persons entitled thereto and none of the Offeror, AGP, Ample Capital, the Independent Financial Adviser, any of their respective directors, agents, advisers nor any persons involved in the Offer will be responsible for any loss or delay in transmission or any other liabilities that may arise as a result thereof.

For any Independent AGP Shareholder(s) who do not wish to accept the Offer, you do not need to return the Form of Acceptance and you will not be entitled to the Cash Portion of the Offer.

### **STAMP DUTY**

Given that AGP is a company incorporated in the BVI and redomiciled to Bermuda where its register of members is located and maintained, no Hong Kong stamp duty is payable on any transfer of the AGP Shares.

Given that the AGP Shares are (i) admitted to trading on AIM (being a recognised growth market) and (ii) not officially listed on AIM or any other market or exchange, neither United Kingdom stamp duty nor United Kingdom stamp duty reserve tax would be chargeable on (a) a transfer of or agreement to transfer the AGP Shares; or (b) a transfer of or agreement to transfer validly constituted CREST depository interests representing the AGP Shares.

**The tax treatment mentioned above may be different for each AGP Shareholder and the liability to tax depends on the individual circumstances of each AGP Shareholder, and may be subject to change in the future. If you are in any doubt as to your taxation position, you should consult an appropriate independent professional adviser immediately.**

Sellers' and buyers' ad valorem stamp duty for the SEA Shares arising in connection with the acceptances of the Offer, amounting to HK\$1.00 for every HK\$1,000 or part thereof, will be borne by the Offeror.

### **SETTLEMENT**

Provided that a valid Form of Acceptance, which is complete in every detail and in good order in all respects, together with relevant document(s) has/have been received by the AGP Share Registrar (for Independent AGP Shareholders other than those arising from the Distribution in Specie) or the SEA Hong Kong Branch Share Registrar (for Independent AGP Shareholder arising for the Distribution in Specie), as the case may be, by no later than 4:00 p.m. Hong Kong time (9:00 a.m. UK time) on the Closing Date, certificate(s) for the Consideration Shares in respect of the AGP Shares tendered by you for acceptance under the Offer and the cheques relating to the Cash Portion of the Offer will be despatched to you by ordinary post at your own risk as soon as possible but in any event within (a) 17 Business Days (for Independent AGP Shareholders who elect for a Cooling-off Period), or (b) 7 Business Days (for Independent AGP Shareholders who do not elect for a Cooling-off Period), after receipt by the AGP Share Registrar or the SEA Hong Kong Branch Share Registrar, as the case may be, of the duly completed Form of Acceptance and other relevant documents (if applicable).



Settlement of the consideration to which any Independent AGP Shareholder is entitled under the Offer will be implemented in full in accordance with the terms of the Offer, without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Independent AGP Shareholder.

By accepting the Offer, the relevant Independent AGP Shareholders will (i) sell their respective AGP Shares to the Offeror free from all liens, charges, options, claims, equities, adverse interests, third-party rights or encumbrances whatsoever and together with all rights accruing or attaching thereto, including (without limitation) the right to receive dividends and distributions declared, made or paid, if any, on or after the Closing Date, (ii) acquire Consideration Shares from the Offeror free from all liens, charges, options, claims, equities, adverse interests, third-party rights or encumbrances whatsoever and together with all rights accruing or attaching thereto, including (without limitation) the right to receive dividends and distributions declared, made or paid, if any, on or after the Closing Date, and (iii) be entitled to the Cash Portion of the Offer, being an amount equivalent to the SEA Special Cash Dividend.

For those Independent AGP Shareholders (with his/her/its registered address in Hong Kong) who received AGP Shares from the Distribution in Specie and do not accept the Offer, the AGP Share certificate(s) will be available for collection in person for a period of three (3) Business Days at Computershare Hong Kong Investor Services Limited, at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong from Thursday, 14 September 2017 to Monday, 18 September 2017 (both dates inclusive). If such Independent AGP Shareholders do not collect their AGP Share certificate(s) personally within the time specified for collection, their AGP Share certificate(s) will be sent to their registered address on Tuesday, 19 September 2017, by ordinary post at their own risk.

For those Independent AGP Shareholders (with his/her/its registered address outside of Hong Kong) who received AGP Shares from the Distribution in Specie and do not accept the Offer, the AGP Share Registrar will despatch the AGP Share certificate(s) by Thursday, 14 September 2017.

For those Independent AGP Shareholders (with his/her/its registered address in Hong Kong) who received AGP Shares from the Distribution in Specie and have accepted the Offer and subsequently withdrawn their acceptance pursuant to the Cooling-off Period after the Offer closes, the AGP Share certificate(s) will be available for collection in person for a period of three (3) Business Days at Computershare Hong Kong Investor Services Limited, at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong from Tuesday, 26 September 2017 to Thursday, 28 September 2017 (both dates inclusive). If such Independent AGP Shareholders do not collect their AGP Share certificate(s) personally within the time specified for collection, their AGP Share certificate(s) will be sent to their registered address on Friday, 29 September 2017, by ordinary post at their own risk.

For those Independent AGP Shareholders (with his/her/its registered address outside of Hong Kong) who received AGP Shares from the Distribution in Specie and have accepted the Offer and subsequently withdrawn their acceptance pursuant to the Cooling-off Period after the Offer closes, the AGP Share Registrar will despatch the AGP Share certificate(s) by Tuesday, 26 September 2017. In other words, the relevant Independent AGP Shareholders will technically not be able to provide their AGP Shares to the AGP Share Registrar or the Transfer Agent for dematerialisation into depositary interests to trade them before they receive the AGP Share certificate(s).

### **PROCEDURES FOR RECEIVING AND TRADING AGP SHARES**

SEA has appointed DBS Vickers (Hong Kong) Limited as the Transfer Agent in Hong Kong in order to assist Qualifying SEA Shareholders and beneficial owners of AGP Shares arising as a result of the Distribution in Specie to open a securities account for trading their AGP Shares, and to provide certain other related services. The opening of the said securities account with the Transfer Agent is subject to satisfactory completion of requisite account opening procedures. The Transfer Agent reserves the right to refuse to provide services to any Qualifying SEA Shareholders and beneficial owners of AGP Shares who are unable to fulfill the relevant requirements. Contact details of the Transfer Agent are as follows:

Name: DBS Vickers (Hong Kong) Limited  
Address: 18/F., Man Yee Building, 68 Des Voeux Road Central, Hong Kong  
Telephone number: (852) 2820 4881  
Contact person: Ms. Ann Fung

SEA will: (i) bear all costs and duties payable to the Transfer Agent upon the transfer of AGP Shares to Qualifying SEA Shareholders and beneficial owners of AGP Shares pursuant to the Distribution in Specie; (ii) arrange for the Transfer Agent to provide Qualifying SEA Shareholders and beneficial owners of AGP Shares with custodian services free of account opening and monthly holding charges for two years following completion of the Distribution in Specie, or until all of their AGP Shares are disposed of, whichever is the earlier; and (iii) bear all relevant trading fees and costs payable to the Transfer Agent, in the event that Qualifying SEA Shareholders and beneficial owners of AGP Shares dispose of their AGP Shares within two years following completion of the Distribution in Specie. The above is subject to satisfactory completion by Qualifying SEA Shareholders and beneficial owners of AGP Shares of the Transfer Agent's requisite account opening procedures.

Save as mentioned above, all other charges and expenses shall be borne solely by the Qualifying SEA Shareholders and beneficial owners of AGP Shares arising as a result of the Distribution in Specie requesting such services.

The approximate levels of indicative fees in respect of the services which the Transfer Agent can be engaged to provide for Qualifying SEA Shareholders and beneficial owners of AGP Shares arising as a result of the Distribution in Specie are set out below, for reference only:

| <b>Service</b>               | <b>Charge</b>  |
|------------------------------|--|
| Opening a securities account | Nil  |
| Trading of AGP Shares        | Commission: 1% of the total trading proceeds (minimum charge of £70)<br><br>Transaction Fee: £50 (for safekeeping client) or £100 (for non-safekeeping client) |

Should the Qualifying SEA Shareholders and beneficial owners of AGP Shares arising as a result of the Distribution in Specie require services for splitting of their relevant AGP share certificate(s) in various denomination and transfer of AGP Shares, the Qualifying SEA Shareholders and beneficial owners of AGP Shares may write to Computershare Investor Services (Bermuda) Limited at c/o Queensway House, Hilgrove Street, St Helier, Jersey, JE1 1ES or phone +44 (0)370 702 0000 during business hours (9:00 a.m. to 5:00 p.m. UK time) from Monday to Friday, for further details and obtain relevant transfer forms.

The approximate levels of indicative fees in respect of the services for which Computershare Investor Services (Bermuda) Limited can be engaged are set out below for reference only:

| <b>Service</b>                      | <b>Charge</b> |
|-------------------------------------|---------------|
| Transfer of AGP Shares              | Nil           |
| Splitting of AGP Share certificates | £13 per split |

The actual fees and other charges payable by the Qualifying SEA Shareholders and the relevant beneficial owners are to be advised by the Transfer Agent and/or Computershare Investor Services (Bermuda) Limited, and may depend on, among other things, any applicable levies, taxes, and other fees, charges and expenses to be charged by any third parties other than the Transfer Agent and AGP Share Registrar.

The approximate length of time normally required for completion of the following matters are set out below, for reference only:

| <b>Service</b>  | <b>Time period required</b> |
|---|-----------------------------|
| Opening a securities account  | 3-4 Business Days           |
| Registration of AGP Shares  | 1-2 weeks                   |
| Splitting of AGP Shares   | 5 Business Days             |
| Completion of a transfer/trade of AGP Shares  | 5 Business Days             |
| Subsequent rematerialisation of AGP Shares from depositary interest form to physical share certificate(s) | 1-2 weeks                   |
| Subsequent dematerialisation of AGP Shares from physical share certificate(s) to depositary interest form | 1-2 weeks                   |

#### **FRACTIONAL ENTITLEMENT TO THE CONSIDERATION SHARES**

Any fractional entitlement to the Consideration Shares will be rounded down to the nearest whole number of Consideration Shares and be transferred to the accepting Independent AGP Shareholders under the Offer. However, the Independent AGP Shareholders should note that AGP Shares held by a nominee will be regarded as being held by a single AGP Shareholder according to the register of members of AGP, and the above arrangement will not be extended to such beneficial owners of AGP Shares but will only be applicable to registered AGP Shareholders according to the register of members of AGP.

#### **ODD LOTS**

The term “board lot” is used in Hong Kong’s securities market to refer to a trading unit. Securities of less than one trading unit (i.e. one board lot) is commonly known as an odd lot in Hong Kong. In general, share prices of odd lots are slightly lower than that of the same security in the board lot market due to their lower liquidity.

Independent AGP Shareholders should be aware that SEA Shares are traded in board lots of 2,000 shares. As such, acceptance of the Offer may result in their holding odd lots of the SEA Shares. Accordingly, the Offeror has appointed DBS Vickers (Hong Kong) Limited as the designated broker to match sales and purchases of odd lot holdings of the SEA Shares, on a best effort basis, in the market for a reasonable time period following the completion of the Offer to enable such Independent AGP Shareholders to dispose of their odd lots or to top up their odd lots to whole board lots. The proceeds of sale (net of expenses and taxes) will be paid to the Independent AGP Shareholders concerned according to their respective attributable entitlements thereto.

Holder(s) of SEA Share(s) received under the Offer should note that the successful matching of odd lots of SEA Share(s) and the provision of liquidity referred to above is not guaranteed. SEA Shareholders are advised to consult their own professional advisers if they are in doubt about any of these arrangements.

### **NOMINEE ARRANGEMENT**

To ensure equality of treatment of all Independent AGP Shareholders who hold AGP Shares as nominee for more than one beneficial owner, those Independent AGP Shareholders should, as far as practicable, treat the holding of each beneficial owner separately. In order for beneficial owners of the AGP Shares whose investments are registered in nominee names to accept the Offer, it is essential that they provide instructions to their nominees of their intentions with regard to the Offer.

### **Information for DI Holders**

Holders of AGP depositary interests (the “**DI Holders**”) wishing to accept the Offer should arrange to withdraw from the CREST system and contact Computershare Investor Services PLC at +44 (0)370 702 0003 or The Pavilions, Bridgwater Road, Bristol BS99 6AH, United Kingdom directly to request a Form of Acceptance. DI Holders should then complete, sign and return the Form of Acceptance to the AGP Share Registrar before 4:00 p.m. Hong Kong time on the Closing Date (9:00 a.m. UK time) if they wish to accept the Offer.

DI Holders are reminded that any withdrawals should be completed by 18 August 2017 to leave sufficient time to receive their new share certificates, and to request and submit their Forms of Acceptance before 4:00 p.m. Hong Kong time (9:00 a.m. UK time) on the Closing Date. Acceptance of the Offer will be treated as effective and valid only if the completed Form of Acceptance and share certificate are received by the AGP Share Registrar on or before the Closing Date.

DI Holders with an address which does not belong to one of the following countries should contact the AGP Share Registrar as soon as possible and before withdrawing from CREST: Australia, Bermuda, the BVI, Guernsey, the Netherlands, Spain, Switzerland and the United Kingdom. In particular, DI Holders with a registered address in New Zealand should contact the AGP Share Registrar as soon as possible and before withdrawing from CREST.

DI Holders who do not wish to accept the Offer need not take any action.

#### **ACCEPTANCE PERIOD, EXTENSIONS AND REVISIONS**

**Unless the Offer has previously been extended or revised, the Offer will close on Monday, 28 August 2017 (being the Closing Date). The latest time for acceptance of the Offer will be at 4:00 p.m. on the Closing Date (Hong Kong time).**

If the Offer is extended or revised, an announcement of such extension or revision will be published by the Offeror on the websites of the Stock Exchange (under SEA's list of announcements), AGP, SEA and the SFC by 7:00 p.m. on the Closing Date and on one English language and one Chinese language newspaper published daily and circulated in Hong Kong, which will state either the next closing date or that the Offer will remain open until further notice. In the latter case, the Offer will remain open for acceptance for a period of not less than 14 days from the posting of the written notification of the extension or revision to those Independent AGP Shareholders who have not accepted the Offer and, unless previously extended or revised, shall be closed on the subsequent closing date. The latest time for acceptance of the Offer will be at 4:00 p.m. on the Closing Date. The benefit of any revision of the Offer will also be available to all Independent AGP Shareholders who have previously accepted the Offer. The execution of any Form of Acceptance by or on behalf of any Independent AGP Shareholders who have previously accepted the Offer shall be deemed to constitute acceptance of any revised Offer.

If the Closing Date is extended, any reference in this Composite Document and in the Form of Acceptance shall, except where the context otherwise requires, be deemed to refer to the closing date of the Offer so extended.

**ANNOUNCEMENT**

As required by Rule 19 of the Takeovers Code, by 6:00 p.m. on the Closing Date (or such later time as the Executive may in exceptional circumstances permit), the Offeror shall inform the Executive and the Stock Exchange of its intention in relation to the extension, expiry or revision of the Offer. An announcement will be published on the websites of the Stock Exchange (under SEA's list of announcements), AGP, SEA and the SFC and released through the Regulatory News Services of the LSE by 7:00 p.m. on the Closing Date stating whether the Offer has been revised or extended or has expired. Such announcement shall state the total number of AGP Shares and rights over AGP Shares:

- (i) for which acceptances of the Offer have been received;
- (ii) held, controlled or directed by the Offeror or parties acting in concert with it before 31 March 2017 (being the commencement date of the Offer Period); and
- (iii) acquired or agreed to be acquired during the Offer Period (as defined in Note 4 to Rule 22 of the Takeovers Code) for the Offer by the Offeror or parties acting in concert with it.

The announcement must include details of any relevant securities (as defined in the Takeovers Code) in AGP which the Offeror or parties acting in concert with it has borrowed or lent, save for any borrowed AGP Shares which have been either on-lent or sold.

The announcement must also specify the percentages of the issued share capital of AGP, and the percentages of voting rights, represented by the above number of AGP Shares.

In computing the number of AGP Shares in accordance with the Takeovers Code represented by acceptances, only valid acceptances that are complete in every detail and in good order and which have been received by the AGP Share Registrar or the SEA Hong Kong Branch Share Registrar, as the case may be, by no later than 4:00 p.m. on the Closing Date shall be included.

As required under the Takeovers Code and because AGP is not a company listed on the Stock Exchange, all documents published in respect of AGP relating to the Offer will be delivered to the Executive in electronic form for publication on the SFC's website.

The announcement of the results of the Offer, including any withdrawals of acceptances to date as at the Closing Date, will be published on the websites of the Stock Exchange (under SEA's list of announcements), AGP, SEA and the SFC and released through the Regulatory News Services of the LSE by 7:00 p.m. on the Closing Date.

The announcement of the results of the Offer, including any remaining withdrawals of acceptances during the period between the Closing Date and the expiry of the latest possible Cooling-off Period, will be published on the websites of the Stock Exchange (under SEA's list of announcements), AGP, SEA and the SFC and released through the Regulatory News Services of the LSE by 7:00 p.m. on Monday, 11 September 2017.

**RIGHT OF WITHDRAWAL**

Any Independent AGP Shareholder who has elected for a Cooling-off Period may withdraw his/her/its acceptance of the Offer during the Cooling-off Period.

Acceptance of the Offer tendered by any Independent AGP Shareholders shall be irrevocable and cannot be withdrawn (if applicable, after their Cooling-off Period expires), except in the circumstances set out below. As set out in Rule 19.2 of the Takeovers Code, if the Offeror is unable to comply with any of the requirements of Rule 19 of the Takeovers Code, the Executive may require that the Independent AGP Shareholders who have tendered acceptances to the Offer be granted a right of withdrawal on terms that are acceptable to the Executive until the requirements set out in that rule are met.

To withdraw an acceptance during the Cooling-off Period, the AGP Share Registrar or the SEA Hong Kong Branch Share Registrar (as the case may be) must have received a written notice of withdrawal, by email or by post, from an Independent AGP Shareholder within the Cooling-off Period. The relevant contact details are set out below. In the event that an Independent AGP Shareholder exercises his/her/its right to withdraw an acceptance (in writing) during the Cooling-off Period, he/she/it cannot reaccept the Offer in respect of the AGP Shares tendered.

For AGP New Zealand Shareholders, please refer to the section headed “AGP Shareholders with registered addresses in New Zealand” in this appendix for further details.

The contact details of the AGP Share Registrar for the purpose of withdrawal of an acceptance are as follows:

Name: Computershare Investor Services PLC  
Address: The Pavilions, Bridgwater Road, Bristol, BS99 6AH, United Kingdom  
Telephone number: +44 (0)370 702 0000  
Email address: CorporateActions@Computershare.co.uk

The contact details of the SEA Hong Kong Branch Share Registrar for the purpose of withdrawal of an acceptance are as follows:

Name: Tricor Standard Limited  
Address: Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong  
Telephone number: (852) 2980 1333  
Email address: is-sea-agpoffer@hk.tricorglobal.com



In the event of withdrawal of an acceptance, either pursuant to Rule 19.2 of the Takeovers Code or during a Cooling-off Period, the AGP Share Registrar or the SEA Hong Kong Branch Share Registrar (as the case may be) shall:

- (i) for Independent AGP Shareholders other than those arising from the Distribution in Specie, return the AGP Share certificate(s) together with the Form of Acceptance to the relevant Independent AGP Shareholder(s) by ordinary post as soon as possible but in any event within 10 days thereof; and
- (ii) for Independent AGP Shareholders arising from the Distribution in Specie, return the Form of Acceptance by ordinary post and despatch the share certificate(s) for the AGP Shares they are entitled to under the Distribution in Specie as soon as possible but in any event within 10 days thereof.

### **AGP OVERSEAS SHAREHOLDERS**

The Offer is in respect of securities of a company registered in Bermuda and will be subject to the procedures and disclosure requirements under the relevant Hong Kong laws and regulations, which may be different from other jurisdictions. The making of the Offer or the acceptance thereof by persons not being a resident in Hong Kong or citizens or nationals of a jurisdiction outside Hong Kong or with a registered address in jurisdictions outside Hong Kong may be affected by the laws of the relevant jurisdictions. Independent AGP Shareholders who are citizens or residents or nationals of jurisdictions outside Hong Kong should inform themselves about and observe any applicable legal requirements in their own jurisdictions and where necessary seek independent professional advice.

As at the Latest Practicable Date, AGP had overseas shareholders with his/her/its registered address in Australia, Bermuda, Switzerland, Guernsey, Spain, the Netherlands, the BVI, New Zealand and the United Kingdom.

### **AGP Shareholders with registered addresses in the United Kingdom**

The Offer would constitute a financial promotion under the Financial Services and Markets Act. This Composite Document has been approved as a financial promotion for the purpose of Section 21 of the Financial Services and Markets Act 2000 by Panmure Gordon (UK) Limited, which is authorised and regulated by the UK Financial Conduct Authority (FRN: 403721).

The price of AGP Shares and SEA Shares may go down as well as up and, as such, are an investment which may result in you not being able to realise the full amount of capital you invested.

**AGP Shareholders with registered addresses in New Zealand**

The Offeror has sought legal advice from New Zealand legal advisers. Based on the legal opinion provided by New Zealand legal advisers, the extension of the Offer to the AGP New Zealand Shareholders would constitute an offer of financial products for sale in New Zealand regulated by the Financial Markets Conduct Act 2013. This would require the Offeror to prepare a full prospectus-style offer document which would be reviewed by New Zealand regulatory authorities, and which would incur significant legal and accounting costs. The preparation of that document and the associated review process would take significant time. The directors of the Offeror believe that it would be unduly burdensome for the Offeror to comply with the relevant regulatory requirements in New Zealand if the Offer was extended to the AGP New Zealand Shareholders. As such, the Composite Document will be despatched to the AGP New Zealand Shareholders for information only. The Offeror has applied for a waiver pursuant to Note 3 to Rule 8 of the Takeovers Code and the Executive has consented to the exclusion of the AGP New Zealand Shareholders from receiving the Offer, subject to such AGP New Zealand Shareholders being provided the Alternative Arrangement. As such, no offer of financial products is being made to the AGP New Zealand Shareholders in any respect whatsoever. However, the AGP New Zealand Shareholders may choose to participate in the Alternative Arrangement detailed below.

***Alternative Arrangement for AGP New Zealand Shareholders***

In order to give AGP New Zealand Shareholders another alternative to monetising their AGP Shares, apart from selling such AGP Shares on the market, an alternative arrangement programme (the “**Alternative Arrangement**”) has been established for the AGP New Zealand Shareholders. Under this Alternative Arrangement, the NZ Alternative Arrangement Offeror would:

- offer to purchase AGP Shares held by the AGP New Zealand Shareholders,
- exchange AGP Shares sold to it by the AGP New Zealand Shareholders for Consideration Shares pursuant to the Offer,
- sell the Consideration Shares it receives under the Offer on the Stock Exchange, and
- distribute the net proceeds from the sale of Consideration Shares, plus the Cash Portion of the Offer, to the AGP New Zealand Shareholders who sold their AGP Shares to it pro-rata to the AGP shares sold by them.

The initial set-up cost for the Alternative Arrangement will be paid by the Offeror but the on-going cost of maintaining the Alternative Arrangement will be borne by the AGP New Zealand Shareholders participating in the Alternative Arrangement.

The NZ Alternative Arrangement Offeror is a person licensed by the SFC to conduct type 1, type 4 and type 9 regulated activities.

For the avoidance of doubt, the NZ Alternative Arrangement Offeror is an independent buyer/seller of AGP Shares and does not act as agent of either the Offeror or the AGP New Zealand Shareholders.

At the same time as this Composite Document is despatched to the AGP New Zealand Shareholders for information only, the NZ Alternative Arrangement Offeror will despatch to the AGP New Zealand Shareholders an unsolicited offer disclosure document (the “**NZ Alternative Arrangement Offer Document**”) prepared in accordance with the Financial Markets Conduct Regulations 2014 of New Zealand.

AGP New Zealand Shareholders should read the NZ Alternative Arrangement Offer Document carefully and, if necessary, seek further guidance from the NZ Alternative Arrangement Offeror and/or an authorised financial advisor in New Zealand. The contact person of the NZ Alternative Arrangement Offeror is Mr. Samuel Tse, who may be reached at samuelmse@chinarisec.com.hk or at (852) 2158 9000.

For the avoidance of doubt, the Alternative Arrangement is independent of the Offer, of which the AGP New Zealand Shareholders are excluded from participating. No offer of Consideration Shares is being made under the Offer or the Alternative Arrangement to AGP New Zealand Shareholders.

The salient terms of the Alternative Arrangement are as follows:

*Step 1 — Sale of AGP Shares to the NZ Alternative Arrangement Offeror and acceptance by NZ Alternative Arrangement Offeror of Offer*

An AGP New Zealand Shareholder who wishes to sell any or all of his/her/its AGP Shares to the NZ Alternative Arrangement Offeror should complete and return to the NZ Alternative Arrangement Offeror a form of transfer and his/her/its AGP Share certificate(s), in accordance with the instructions set out in the NZ Alternative Arrangement Offer Document. As time will be needed for the mailing and processing of acceptances, AGP New Zealand Shareholders who wish to sell their AGP Shares are encouraged to submit the above documents to the NZ Alternative Arrangement Offeror as early as possible.

The NZ Alternative Arrangement Offeror shall undertake to the relevant AGP New Zealand Shareholder that it will accept the Offer in relation to all AGP Shares it acquires from such AGP New Zealand Shareholder.

Under the Financial Markets Conduct Regulations 2014 of New Zealand, an AGP New Zealand Shareholder has the legal right to withdraw from the sale of their AGP Shares pursuant to the Alternative Arrangement within a period of 10 New Zealand working days (as defined in the paragraph headed “Key dates” below) after the date on which he/she/it has accepted that offer. Further details of this withdrawal process are included in the NZ Alternative Arrangement Offer Document. For the avoidance of doubt, in order for withdrawal to be effective, the NZ Alternative Arrangement Offeror must have received written notice of cancellation and/or repayment of any amount paid by it to an AGP New Zealand Shareholder (as the case may be) within the time limits stated in the NZ Alternative Arrangement Offer Document.

Under the Offer, the Offeror has given each Independent AGP Shareholder a right to elect for a Cooling-off Period under which, if an Independent AGP Shareholder so elects, the acceptance by the Independent AGP Shareholder will be subject to a cooling-off period of 10 Business Days during which the Independent AGP Shareholder can elect to withdraw his/her/its acceptance.

In order to ensure that an AGP New Zealand Shareholder exercising his/her/its withdrawal right will not result in the NZ Alternative Arrangement Offeror breaching any of its obligations or undertakings, the NZ Alternative Arrangement Offeror will elect for the Cooling-off Period whenever it submits an acceptance under the Offer.

In accordance with Rule 20.1 of the Takeovers Code, upon the receipt of a duly completed acceptance from the NZ Alternative Arrangement Offeror, and assuming no withdrawal during the Cooling-off Period, the corresponding number of Consideration Shares and the corresponding amount of the Cash Portion of the Offer will be delivered to the NZ Alternative Arrangement Offeror within 7 Business Days following the expiry of the Cooling-Off Period.

For the avoidance of doubt, by selling AGP Shares pursuant to the Alternative Arrangement, AGP New Zealand Shareholders will not receive, and are not being offered, any legal or beneficial interest in any Consideration Shares. AGP New Zealand Shareholders will only be able to receive cash consideration pursuant to the Alternative Arrangement.

*Step 2 — Sale of Consideration Shares on open market by the NZ Alternative Arrangement Offeror*

Upon receipt of the Consideration Shares (and the corresponding Cash Portion of the Offer) from the Offeror, the NZ Alternative Arrangement Offeror will begin disposing of the Consideration Shares in open market and deliver both (i) the aggregate sales proceeds of the Consideration Shares (the “**Cash Proceeds**”) and (ii) the corresponding Cash Portion of the Offer, less (iii) the NZ Alternative Arrangement Offeror’s reasonable costs in administering the Alternative Arrangement, including brokerage (0.3% with a minimum of HK\$120 per transaction), SFC transaction levy, Stock Exchange trading fee, and other expenses, fees and commission (the “**NZ Alternative Arrangement Expenses**”) to the relevant AGP New Zealand Shareholders who have accepted the Alternative Arrangement, as consideration for the purchase of their AGP Shares. The NZ Alternative Arrangement Expenses shall include an amount equivalent to 1% of the total amount the NZ Alternative Arrangement Offeror receives from the Offer (i.e. the aggregate of the Cash Portion of the Offer and the Cash Proceeds) as its commission for undertaking the NZ Alternative Arrangement. Payments shall be made in accordance with the terms set out in the NZ Alternative Arrangement Offer Document (as explained in the paragraph headed “Terms of payment” below).

Under the terms of the Alternative Arrangement, the NZ Alternative Arrangement Offeror shall not sell Consideration Shares at a price which is 5% or more lower than the lower of (i) the average closing market price for the five preceding trading days on which SEA Shares were traded on the Stock Exchange, and (ii) the closing price of SEA Shares for the immediately preceding trading day. Further, in any one month, the NZ Alternative Arrangement Offeror shall not dispose of such number of Consideration Shares which exceeds one-third of the total volume of SEA Shares traded on the Stock Exchange in the preceding month. As a result of these restrictions, it is expected that the NZ Alternative Arrangement Offeror will take some time to dispose of all its Consideration Shares.

Assuming that all AGP New Zealand Shareholders sell all of their AGP Shares to the NZ Alternative Arrangement Offeror, then based on the recent trading volumes, it is expected that the NZ Alternative Arrangement Offeror will take approximately 4 months to dispose of all Consideration Shares which it will acquire pursuant to the exchange of the AGP Shares for Consideration Shares pursuant to the Offer. However, a sustained decline in the trading volume of the SEA Shares after the commencement of the Offer may result in the NZ Alternative Arrangement Offeror taking a much longer period to sell all its Consideration Shares.

Delay in the sale of Consideration Shares will affect the payment of the part of the consideration which relates to the Cash Proceeds (but not the Cash Portion of the Offer as it will already be paid out as detailed in the paragraph headed “Terms of payment” below) to the AGP New Zealand Shareholders under the Alternative Arrangement.

*Step 3 — Aggregate consideration divided among accepting AGP New Zealand Shareholders*

Upon disposal of all the relevant Consideration Shares, the NZ Alternative Arrangement Offeror will divide the Cash Proceeds (less the NZ Alternative Arrangement Expenses) among the AGP New Zealand Shareholders pro-rata to the AGP Shares tendered by them.

The Cash Portion of the Offer will be distributed among the AGP New Zealand Shareholders pro-rata to the AGP Shares tendered by them, in accordance with the paragraph headed “Terms of payment” below.

*Terms of payment*

The NZ Alternative Arrangement Expenses shall be shared by the AGP New Zealand Shareholders accepting the Alternative Arrangement, pro-rata to the number of AGP Shares sold to the NZ Alternative Arrangement Offeror, and deducted from the amounts payable to them.

Following the close of the Offer and receipt by the NZ Alternative Arrangement Offeror of the corresponding amount of the Cash Portion of the Offer, the NZ Alternative Arrangement Offeror will within 5 Business Days pay the AGP New Zealand Shareholders accepting the Alternative Arrangement, on a pro-rata basis, the Cash Portion of the Offer (less the corresponding NZ Alternative Arrangement Expenses).

Except as set out below, no further payment will be made by the NZ Alternative Arrangement Offeror until the NZ Alternative Arrangement Offeror has disposed of all the Consideration Shares received by it pursuant to the Offer. Following the disposal of all such Consideration Shares, the NZ Alternative Arrangement Offeror will within 10 Business Days pay the AGP New Zealand Shareholders accepting the Alternative Arrangement, on a pro-rata basis, the Cash Proceeds less the corresponding NZ Alternative Arrangement Expenses.

In the event that the NZ Alternative Arrangement Offeror is unable to dispose of all its Consideration Shares within three months after the close of the Offer, the NZ Alternative Arrangement Offeror shall make an interim payment to the AGP New Zealand Shareholders accepting the Alternative Arrangement. That interim payment will be made within 5 Business Days after the expiry of that three month period, and further interim payments will be made every three months until all the Consideration Shares have been sold. The amount payable under the interim payment shall be the proceeds of the Consideration Shares received by the NZ Alternative Arrangement Offeror up to the end of that three month period less the corresponding NZ Alternative Arrangement Expenses.

All payments will be made in accordance with the instructions set out in the form of transfer to be sent to the AGP New Zealand Shareholders accompanying the NZ Alternative Arrangement Offer Document. In addition, all payments made to AGP New Zealand Shareholders will be made in Hong Kong dollars.

*Key dates*

The offer to the AGP New Zealand Shareholders by the NZ Alternative Arrangement Offeror under the Alternative Arrangement will commence on 28 July 2017 (the same time as the commencement of the Offer) and will expire on 28 August 2017 at 12:00 p.m. Hong Kong time (4:00 p.m. New Zealand Standard Time).

AGP New Zealand Shareholders should note that they will lose the right to receive dividends or other distributions related to AGP Shares following the acceptance of the Alternative Arrangement, as they will no longer own the AGP Shares.

For the purposes of this section, a “working day” is a day of the week other than:

- a Saturday, a Sunday, Waitangi Day, Good Friday, Easter Monday, Anzac Day, Queen’s Birthday and Labour Day;
- a day in the period commencing with 25 December in a year and ending with 2 January in the following year;
- if 1 January falls on a Friday, the following Monday or, if 1 January falls on a Saturday or a Sunday, the following Monday and Tuesday; and
- if Waitangi Day or Anzac Day falls on a Saturday or a Sunday, the following Monday.

*Other terms*

- \* Expenses: The NZ Alternative Arrangement Offeror’s initial set-up expenses will be paid by the Offeror. The NZ Alternative Arrangement Expenses shall be shared by the AGP New Zealand Shareholders accepting the Alternative Arrangement, pro-rata to the number of AGP Shares sold to the NZ Alternative Arrangement Offeror, and deducted from the amounts payable to them.

All AGP New Zealand Shareholders shall bear their own expenses incurred by them.

- \* Stamp duty: No stamp duty is payable by AGP Shareholders for the sale and purchase of the AGP Shares which are validly tendered under the Alternative Arrangement.
- \* Effect of accepting the Alternative Arrangement: By validly accepting the Alternative Arrangement, an AGP New Zealand Shareholder will sell to the NZ Alternative Arrangement Offeror his/her/its tendered AGP Shares free from all encumbrances and together with all rights and benefits accruing and attaching thereto as at or after the date that AGP New Zealand Shareholder accepts the unsolicited offer, including all rights to any dividend or other distributions declared, made or paid on or after the date that AGP New Zealand Shareholder accepts the unsolicited offer.

*Further important information*

The Financial Markets Authority (the “FMA”) regulates New Zealand’s financial markets, which includes monitoring and enforcing compliance with the law relating to unsolicited offers. The FMA’s main objective is to promote fair, efficient, and transparent financial markets. Further guidance for investors, including in relation to unsolicited offers and on how to find an authorised financial adviser, is available on the FMA’s website at <http://www.fma.govt.nz>.

**AGP Shareholders with registered addresses in the Netherlands**

In relation to the Netherlands, the Offer is made to one or more persons residing in the Netherlands (as the case may be) pursuant to an exemption from prospectus requirements under the Prospectus Directive (and more specifically the exemption mentioned under Article 4.1(b) of the Prospectus Directive concerning exchange offers) and this Composite Document has not been approved by a competent authority within the meaning of the Prospectus Directive. The expression “Prospectus Directive” means Directive 2003/71/EC (as amended), and includes any relevant implementing measures in the Netherlands.

**AGP Shareholders with registered addresses in Australia, Bermuda, the BVI, Guernsey, Spain and Switzerland and any other overseas jurisdiction**

It is the responsibility of any such persons who wish to accept the Offer to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental or other consents which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by the accepting Independent AGP Shareholders in respect of such jurisdiction. Any acceptance by any person will be deemed to constitute a representation and warranty from such person to the Offeror that the local laws and requirements have been fully complied with and paid any issue, transfer or other taxes or other required payments due from him in connection with such acceptance in any territory and that such acceptance shall be valid and binding in accordance with all applicable laws and regulations. Independent AGP Shareholders should consult their professional advisers if in doubt. For the avoidance of doubt, neither Hong Kong Securities Clearing Company Limited nor HKSCC Nominees Limited will give, or be subject to, any of the above representations and warranties.

**GENERAL**

- (i) All communications, notices, Forms of Acceptance and the Consideration Share certificate(s) under the Offer to be delivered by or sent to or from the Independent AGP Shareholders will be delivered by or sent to or from them, or their designated agents, by ordinary post at their own risk, and none of the Offeror, AGP, AGP Share Registrar, SEA Hong Kong Branch Share Registrar, the Transfer Agent, any of their respective directors, agents, advisers nor other parties involved in the Offer accepts any liability for any loss or delay in postage or any other liabilities that may arise as a result thereof.



- (ii) The provisions set out in the Form of Acceptance are part of the terms of the Offer.
- (iii) The accidental omission to despatch this Composite Document and/or the Form of Acceptance or any of them to any person to whom the Offer is made will not invalidate the Offer in any way.
- (iv) The Offer and all acceptances thereof will be governed by and construed in accordance with the laws of Hong Kong. Execution of a Form of Acceptance by or on behalf of an AGP Shareholder will constitute such shareholder's agreement that the courts of Hong Kong shall have exclusive jurisdiction to settle any dispute which may arise in connection with the Offer.
- (v) References to the Offer in this Composite Document and in the Form of Acceptance shall include any revision or extension thereof.
- (vi) Acceptance of the Offer by any person will be deemed to constitute a warranty by such person to the Offeror, AGP and Ample Capital that the AGP Shares sold under the Offer are sold by such person free from all liens, charges, options, claims, equities, adverse interests, third-party rights or encumbrances whatsoever and together with all rights accruing or attaching thereto, including (without limitation) the right to receive dividends and distributions declared, made or paid, if any, on or after the Closing Date and such person would (i) acquire Consideration Shares from the Offeror free from all liens, charges, options, claims, equities, adverse interests, third-party rights or encumbrances whatsoever and together with all rights accruing or attaching thereto, including (without limitation) the right to receive dividends and distributions declared, made or paid, if any, on or after the Closing Date and (ii) be entitled to the Cash Portion of the Offer. For the avoidance of doubt, neither Hong Kong Securities Clearing Company Limited nor HKSCC Nominees Limited will give, or be subject to, any of the above representations and warranties.
- (vii) Due execution of the Form of Acceptance will constitute an irrevocable authority to the Offeror or any director of Ample Capital or such person or persons as any of them may direct to complete and execute any document on behalf of the person accepting the Offer and to do any other act that may be necessary or expedient for the purpose of vesting in the Offeror, or such other person(s) as it may direct, all rights of the accepting Independent AGP Shareholders in respect of the AGP Shares which are the subject of such acceptance.
- (viii) Acceptance of the Offer by any nominee will be deemed to constitute a warranty by such nominee to the Offeror that the number of the AGP Shares in respect of which it is indicated in the Form of Acceptance with respect of which the Offer is accepted is the AGP Shares held by such nominee for such beneficial owners who are accepting the Offer and for which authorisation has been received by such nominee. For the avoidance of doubt, neither Hong Kong Securities Clearing Company Limited nor HKSCC Nominees Limited will give, or be subject to, any of the above representations and warranties.

For the avoidance of doubt, the AGP Share certificates under the Distribution in Specie will only be despatched after the close of the Offer. The AGP Share certificate(s) is expected to be available for collection in person in Hong Kong for a period of three (3) Business Days at Computershare Hong Kong Investor Services Limited, at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong from Thursday, 14 September 2017 to Monday, 18 September 2017 (both days inclusive). If such Independent AGP Shareholders do not collect their AGP Share certificate(s) personally within the time specified above, their AGP Share certificate(s) will be sent to their registered address on Tuesday, 19 September 2017, by ordinary post at their own risk.

For those Independent AGP Shareholders (with his/her/its registered address outside of Hong Kong) who received AGP Shares from the Distribution in Specie and do not accept the Offer, the AGP Share Registrar will despatch the AGP Share certificate(s) by Thursday, 14 September 2017.

For those Independent AGP Shareholders (with his/her/its registered address in Hong Kong) who received AGP Shares from the Distribution in Specie and have accepted the Offer and subsequently withdrawn their acceptance pursuant to the Cooling-off Period after the Offer closes, the AGP Share certificate(s) will be available for collection in person for a period of three (3) Business Days at Computershare Hong Kong Investor Services Limited, at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong from Tuesday, 26 September 2017 to Thursday, 28 September 2017 (both dates inclusive). If such Independent AGP Shareholders do not collect their AGP Share certificate(s) personally within the time specified for collection, their AGP Share certificate(s) will be sent to their registered address on Friday, 29 September 2017, by ordinary post at their own risk.

For those Independent AGP Shareholders (with his/her/its registered address outside of Hong Kong) who received AGP Shares from the Distribution in Specie and have accepted the Offer and subsequently withdrawn their acceptance pursuant to the Cooling-off Period after the Offer closes, the AGP Share Registrar will despatch the AGP Share certificate(s) by Tuesday, 26 September 2017.

## 1. SUMMARY OF FINANCIAL INFORMATION OF THE AGP GROUP

The following is a summary of the financial information of the AGP Group for each of the three financial years ended 31 December 2014, 2015 and 2016 as extracted from the annual reports of the AGP Group for the year ended 31 December 2014, 2015 and 2016, respectively.

|                               | <b>For the year ended 31 December</b> |                 |                 |
|-------------------------------|---------------------------------------|-----------------|-----------------|
|                               | <b>2014</b>                           | <b>2015</b>     | <b>2016</b>     |
|                               | <i>HK\$'000</i>                       | <i>HK\$'000</i> | <i>HK\$'000</i> |
|                               | (Audited)                             | (Audited)       | (Audited)       |
| Revenue                       | 648,686                               | 715,770         | 539,643         |
| Profit before taxation        | 746,328                               | 1,321,413       | 220,941         |
| Taxation                      | (44,000)                              | 4,765           | 80,031          |
| Profit for the year           | 702,328                               | 1,326,178       | 300,972         |
| Attributable to:              |                                       |                 |                 |
| Owners of the AGP Group       | 703,101                               | 1,336,728       | 425,378         |
| Non-controlling interests     | (773)                                 | (10,550)        | (124,406)       |
| Dividend paid                 | —                                     | —               | 1,684,061       |
| Dividend per Share (HK cents) | —                                     | —               | 190             |
| Earnings per Share (HK cents) |                                       |                 |                 |
| Basic                         | 79.3                                  | 150.8           | 48.0            |

The audited consolidated financial statements of the AGP Group for each of three years ended 31 December 2014, 2015 and 2016 did not contain any qualified opinion from Deloitte Touche Tohmatsu.

Except for (i) fair value gain of HK\$617,782,000 and HK\$949,107,000 during the year ended 31 December 2014 and 2015 respectively and the fair value loss of HK\$100,671,000 during the year ended 31 December 2016; (ii) the gain of HK\$431,826,000 and HK\$615,804,000 on disposal of subsidiaries during the year ended 31 December 2015 and 2016 respectively; (iii) the write off of the other receivable for the amount of HK\$353,127,000 in 2016 and (iv) the reversal of relocation costs of HK\$71,721,000 in 2016, there were no extraordinary items which were exceptional because of size, nature or incidence recorded on the financial statements of the AGP Company during each of the three years ended 31 December 2014, 2015 and 2016.

## 2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE AGP GROUP

Set out below is a reproduction of the text of the audited consolidated financial statements of the AGP Group together with the accompanying notes contained in the annual report of the AGP Company for the year ended 31 December 2016.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

*For the year ended 31 December 2016*

|  | <i>NOTES</i> | <b>2016</b><br><i>HK\$ '000</i> | <b>2015</b><br><i>HK\$ '000</i> |
|--|--------------|---------------------------------|---------------------------------|
| Revenue  | 7            | 539,643                         | 715,770                         |
| Other income   | 8            | 17,435                          | 52,270                          |
| Costs:   |              |                                 |                                 |
| Property and related costs   | 9            | (41,480)                        | (136,268)                       |
| Staff costs  |              | (89,026)                        | (84,266)                        |
| Depreciation and amortisation  |              | (47,040)                        | (77,242)                        |
| Other expenses   |              | (313,756)                       | (420,280)                       |
|  |              | <u>(491,302)</u>                | <u>(718,056)</u>                |
| Profit from operations before fair value changes on investment properties                            |              | 65,776                          | 49,984                          |
| Fair value changes on investment properties  |              | <u>(100,671)</u>                | <u>949,107</u>                  |
| (Loss) profit from operations after fair value changes on investment properties                      |              | (34,895)                        | 999,091                         |
| Other gains and losses   | 11           | 334,398                         | 431,826                         |
| Finance costs  | 12           | <u>(78,562)</u>                 | <u>(109,504)</u>                |
| Profit before taxation   | 13           | 220,941                         | 1,321,413                       |
| Income tax credit  | 15           | <u>80,031</u>                   | <u>4,765</u>                    |
| Profit for the year  |              | <u><u>300,972</u></u>           | <u><u>1,326,178</u></u>         |
| Attributable to:   |              |                                 |                                 |
| Company's shareholders   |              | 425,378                         | 1,336,728                       |
| Non-controlling interests  |              | <u>(124,406)</u>                | <u>(10,550)</u>                 |
|  |              | <u><u>300,972</u></u>           | <u><u>1,326,178</u></u>         |
|  |              | <i>HK cents</i>                 | <i>HK cents</i>                 |
| Earnings per share for profit attributable to the Company's shareholders — Basic                     | 16           | <u><u>48.0</u></u>              | <u><u>150.8</u></u>             |
| Earnings per share excluding fair value changes on investment properties net of deferred tax — Basic | 16           | <u><u>56.5</u></u>              | <u><u>40.2</u></u>              |

**2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE AGP GROUP**  
(Continued)

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

For the year ended 31 December 2016

|   | <b>2016</b><br><i>HK\$'000</i> | <b>2015</b><br><i>HK\$'000</i> |
|---|--------------------------------|--------------------------------|
| Profit for the year   | <u>300,972</u>                 | <u>1,326,178</u>               |
| Other comprehensive (expense) income:                                   |                                |                                |
| Items that may be subsequently reclassified to profit or loss:          |                                |                                |
| Fair value loss on available-for-sale investments                       | (6,551)                        | —                              |
| Exchange differences arising on translation of foreign operations       | (162,989)                      | (268,641)                      |
| Reclassification adjustments for amounts transferred to profit or loss: |                                |                                |
| — upon disposal of subsidiaries<br><i>(notes 42(b), (c) and (d))</i>    | <u>1,848</u>                   | <u>—</u>                       |
| Other comprehensive expense for the year                                | <u>(167,692)</u>               | <u>(268,641)</u>               |
| Total comprehensive income for the year                                 | <u><u>133,280</u></u>          | <u><u>1,057,537</u></u>        |
| Total comprehensive income attributable to:                             |                                |                                |
| Company's shareholders  | 254,816                        | 1,070,630                      |
| Non-controlling interests   | <u>(121,536)</u>               | <u>(13,093)</u>                |
|   | <u><u>133,280</u></u>          | <u><u>1,057,537</u></u>        |

**2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE AGP GROUP**  
(Continued)

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at 31 December 2016

|   | <i>NOTES</i> | <b>2016</b><br><i>HK\$'000</i> | <b>2015</b><br><i>HK\$'000</i> |
|---|--------------|--------------------------------|--------------------------------|
| <b>Non-current assets</b>                     |              |                                |                                |
| Investment properties                         | <i>18</i>    | 3,445,337                      | 11,169,317                     |
| Property, plant and equipment                 | <i>19</i>    | 951,687                        | 1,386,227                      |
| Properties for development                    | <i>20</i>    | —                              | 1,200,180                      |
| Loan receivables                              | <i>21</i>    | 3,160                          | 3,789                          |
| Note receivables                              | <i>22</i>    | 38,773                         | 54,256                         |
| Other receivables                             | <i>23</i>    | —                              | 361,114                        |
| Available-for-sale investments                | <i>24</i>    | 1,253,243                      | 11,648                         |
| Restricted bank deposits                      | <i>25</i>    | 5,589                          | 5,613                          |
|   |              | <u>5,697,789</u>               | <u>14,192,144</u>              |
| <b>Current assets</b>                         |              |                                |                                |
| Properties held for sale                      |              |                                |                                |
| Completed properties                          |              | 423,061                        | 873,987                        |
| Properties under development                  | <i>26</i>    | —                              | 231,667                        |
| Inventories                                   |              | 1,196                          | 1,251                          |
| Loan receivables                              | <i>21</i>    | 376                            | 371                            |
| Note receivables                              | <i>22</i>    | 15,509                         | —                              |
| Available-for-sale investments                | <i>24</i>    | 137,204                        | —                              |
| Receivables, deposits and prepayments         | <i>27</i>    | 585,379                        | 125,844                        |
| Tax recoverable                               |              | 3,088                          | 17,782                         |
| Amounts due from non-controlling interests    | <i>28</i>    | 38                             | —                              |
| Pledged bank deposits                         | <i>25</i>    | 533,105                        | —                              |
| Bank balances and cash                        | <i>29</i>    | 9,240,168                      | 3,665,582                      |
|   |              | <u>10,939,124</u>              | <u>4,916,484</u>               |
| <b>Current liabilities</b>                    |              |                                |                                |
| Payables, rental deposits and accrued charges | <i>30</i>    | 157,629                        | 370,719                        |
| Sales deposits                                |              | —                              | 13,064                         |
| Tax liabilities                               |              | 7,424                          | 82,675                         |
| Amounts due to non-controlling interests      | <i>28</i>    | 87,754                         | 93,696                         |
| Bank borrowings — due within one year         | <i>31</i>    | 1,464,928                      | 1,133,781                      |
|   |              | <u>1,717,735</u>               | <u>1,693,935</u>               |
| <b>Net current assets</b>                     |              | <u>9,221,389</u>               | <u>3,222,549</u>               |
| <b>Total assets less current liabilities</b>  |              | <u><u>14,919,178</u></u>       | <u><u>17,414,693</u></u>       |

**2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE AGP GROUP**  
(Continued)

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION** (Continued)  
As at 31 December 2016

|  | <i>NOTES</i> | <b>2016</b><br><i>HK\$ '000</i> | <b>2015</b><br><i>HK\$ '000</i> |
|--|--------------|---------------------------------|---------------------------------|
| <b>Capital and reserves</b>                          |              |                                 |                                 |
| Share capital  | 32           | 345,204                         | 345,204                         |
| Reserves   |              | <u>12,444,309</u>               | <u>13,873,554</u>               |
| Equity attributable to the Company's<br>shareholders |              | 12,789,513                      | 14,218,758                      |
| Non-controlling interests                            |              | <u>(80,244)</u>                 | <u>41,639</u>                   |
| <b>Total equity</b>                                  |              | <u>12,709,269</u>               | <u>14,260,397</u>               |
| <b>Non-current liabilities</b>                       |              |                                 |                                 |
| Bank borrowings — due after one year                 | 31           | 1,993,705                       | 2,879,704                       |
| Deferred taxation                                    | 33           | <u>216,204</u>                  | <u>274,592</u>                  |
|  |              | <u>2,209,909</u>                | <u>3,154,296</u>                |
| <b>Total equity and non-current liabilities</b>      |              | <u><u>14,919,178</u></u>        | <u><u>17,414,693</u></u>        |

**2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE AGP GROUP**  
(Continued)

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the year ended 31 December 2016

|   | Attributable to the Company's shareholders |                              |  |                                    |   |   |                                 | Total<br>HK\$'000 | Non-<br>controlling<br>interests<br>HK\$'000<br>(note ii) | Total<br>HK\$'000 |
|---|--|------------------------------|--|------------------------------------|---|---|---------------------------------|-------------------|---|-------------------|
|   | Share<br>capital<br>HK\$'000               | Share<br>premium<br>HK\$'000 | Share Contributed<br>surplus<br>HK\$'000<br>(note iii) | Translation<br>reserve<br>HK\$'000 | Other<br>reserves<br>HK\$'000<br>(note i) | Investment<br>revaluation<br>reserves<br>HK\$'000 | Retained<br>profits<br>HK\$'000 |                   |   |                   |
| At 1 January 2015   | 345,204                                    | 4,836,225                    | —  | 513,997                            | 766,370                                   | —   | 6,686,332                       | 13,148,128        | 55,540  | 13,203,668        |
| Profit for the year   | —  | —                            | —  | —                                  | —   | —   | 1,336,728                       | 1,336,728         | (10,550)  | 1,326,178         |
| Exchange differences<br>arising on translation<br>of foreign operations | —  | —                            | —  | (266,098)                          | —   | —   | —                               | (266,098)         | (2,543)   | (268,641)         |
| Other comprehensive<br>expense for the year                             | —  | —                            | —  | (266,098)                          | —   | —   | —                               | (266,098)         | (2,543)   | (268,641)         |
| Total comprehensive<br>income for the year                              | —  | —                            | —  | (266,098)                          | —   | —   | 1,336,728                       | 1,070,630         | (13,093)  | 1,057,537         |
| Dividends paid to<br>non-controlling<br>interests                       | —  | —                            | —  | —                                  | —   | —   | —                               | —                 | (808)   | (808)             |
| At 31 December 2015   | 345,204                                    | 4,836,225                    | —  | 247,899                            | 766,370                                   | —   | 8,023,060                       | 14,218,758        | 41,639  | 14,260,397        |
| Profit for the year   | —  | —                            | —  | —                                  | —   | —   | 425,378                         | 425,378           | (124,406)   | 300,972           |
| Exchange differences<br>arising on translation<br>of foreign operations | —  | —                            | —  | (165,859)                          | —   | —   | —                               | (165,859)         | 2,870   | (162,989)         |
| Disposal of subsidiaries  | —  | —                            | —  | 1,848                              | (504,822)                                 | —   | 504,822                         | 1,848             | —   | 1,848             |
| Fair value change<br>on available-for-sale<br>investments               | —  | —                            | —  | —                                  | —   | (6,551)   | —                               | (6,551)           | —   | (6,551)           |
| Other comprehensive<br>(expense) income<br>for the year                 | —  | —                            | —  | (164,011)                          | (504,822)                                 | (6,551)   | 504,822                         | (170,562)         | 2,870   | (167,692)         |
| Total comprehensive<br>(expense) income<br>for the year                 | —  | —                            | —  | (164,011)                          | (504,822)                                 | (6,551)   | 930,200                         | 254,816           | (121,536)   | 133,280           |
| Transfer from share<br>premium to<br>contribution surplus               | —  | (4,836,225)                  | 4,836,225  | —                                  | —   | —   | —                               | —                 | —   | —                 |
| Dividends paid to<br>non-controlling<br>interests                       | —  | —                            | —  | —                                  | —   | —   | —                               | —                 | (347)   | (347)             |
| Dividend paid   | —  | —                            | —  | —                                  | —   | —   | (1,684,061)                     | (1,684,061)       | —   | (1,684,061)       |
| At 31 December 2016   | <u>345,204</u>                             | <u>—</u>                     | <u>4,836,225</u>                                       | <u>83,888</u>                      | <u>261,548</u>                            | <u>(6,551)</u>                                    | <u>7,269,199</u>                | <u>12,789,513</u> | <u>(80,244)</u>   | <u>12,709,269</u> |



**2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE AGP GROUP**  
*(Continued)***CONSOLIDATED STATEMENT OF CHANGES IN EQUITY** *(Continued)*  
*For the year ended 31 December 2016**Notes:*

- (i) Other reserves comprise (i) a discount on acquisition/assumption of certain assets and liabilities from the intermediate holding company, 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 transferred to retained profits; and (ii) the excess of the consideration paid for acquisition of additional interest in a subsidiary from non-controlling interests over the carrying amount of 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.

**2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE AGP GROUP**  
(Continued)

**CONSOLIDATED STATEMENT OF CASH FLOWS**

For the year ended 31 December 2016

|   | <i>NOTES</i> | <b>2016</b><br><i>HK\$ '000</i> | <b>2015</b><br><i>HK\$ '000</i> |
|---|--------------|---------------------------------|---------------------------------|
| <b>Operating activities</b>                                     |              |                                 |                                 |
| Profit before taxation  |              | 220,941                         | 1,321,413                       |
| Adjustments for:  |              |                                 |                                 |
| Interest expenses   |              | 71,610                          | 100,071                         |
| Depreciation and amortisation                                   |              | 47,040                          | 77,242                          |
| Fair value changes on<br>investment properties                  |              | 100,671                         | (949,107)                       |
| Write off of bad debts from tenants                             |              | 14,115                          | —                               |
| Write off of other receivables                                  |              | 353,127                         | —                               |
| Reversal of relocation costs                                    |              | (71,721)                        | —                               |
| Fair value adjustment on other receivables                      |              | —                               | 7,521                           |
| Gain on disposal of subsidiaries                                |              | (615,804)                       | (431,826)                       |
| Write-down of properties held for sales                         |              | —                               | 2,418                           |
| Interest income   |              | (5,169)                         | (23,552)                        |
| Loss on disposal of property,<br>plant and equipment            |              | 41                              | 32                              |
|   |              | <hr/>                           | <hr/>                           |
| Operating cash flows before movements in<br>working capital     |              | 114,851                         | 104,212                         |
| Decrease (increase) in properties<br>held for sale              |              | 195                             | (311,800)                       |
| Decrease in inventories   |              | 55                              | 82                              |
| (Increase) decrease in receivables,<br>deposits and prepayments |              | (56,959)                        | 16,991                          |
| Decrease in guaranteed bank balances                            |              | 3,094                           | 31,374                          |
| Increase in payables, rental deposits and<br>accrued charges    |              | 151,128                         | 69,960                          |
| Increase (decrease) in sales deposits                           |              | 4,507                           | (49,531)                        |
|   |              | <hr/>                           | <hr/>                           |
| Cash generated from (used in) operations                        |              | 216,871                         | (138,712)                       |
| Interest paid   |              | (82,364)                        | (92,871)                        |
| Tax paid  |              | (4,093)                         | (50,788)                        |
|   |              | <hr/>                           | <hr/>                           |
| <b>Net cash from (used in)<br/>operating activities</b>         |              | <b>130,414</b>                  | <b>(282,371)</b>                |

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**APPENDIX II                      FINANCIAL INFORMATION OF THE AGP GROUP**

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**2.     AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE AGP GROUP**  
*(Continued)*

**CONSOLIDATED STATEMENT OF CASH FLOWS** *(Continued)*  
*For the year ended 31 December 2016*

|   | <i>NOTES</i> | <b>2016</b><br><i>HK\$ '000</i> | <b>2015</b><br><i>HK\$ '000</i> |
|---|--------------|---------------------------------|---------------------------------|
| <b>Investing activities</b>   |              |                                 |                                 |
| Acquisition of and additional costs on properties for development   |              | (45,759)                        | (51,285)                        |
| Interest received   |              | 7,605                           | 24,379                          |
| Decrease in loan receivables  |              | 624                             | 320                             |
| Increase in fixed deposits  |              | (4,460,201)                     | (364,048)                       |
| Increase in restricted bank deposits                                |              | (347)                           | —                               |
| Increase in pledged bank deposits                                   |              | (533,105)                       | —                               |
| Restricted bank deposits refunded                                   |              | —                               | 370                             |
| Fixed deposits refunded   |              | 364,048                         | 309,380                         |
| Purchase of investment properties                                   | <i>41</i>    | (1,505,213)                     | —                               |
| Purchase of property, plant and equipment                           |              | (1,840)                         | (2,156)                         |
| Net proceeds received on disposals of property, plant and equipment |              | —                               | 18                              |
| Purchase of available-for-sale investments                          |              | (1,387,803)                     | (3,884)                         |
| Net consideration received on disposal of subsidiaries              | <i>42</i>    | 10,995,075                      | 1,382,500                       |
| <b>Net cash from investing activities</b>                           |              | <u>3,433,084</u>                | <u>1,295,594</u>                |
| <b>Financing activities</b>   |              |                                 |                                 |
| Draw down of bank loans   |              | 2,324,015                       | 1,278,032                       |
| Repayments of bank loans  |              | (2,695,024)                     | (1,240,302)                     |
| Payment of front-end fee  |              | (9,716)                         | (7,000)                         |
| Advances to non-controlling interests                               |              | (38)                            | —                               |
| Repayments from non-controlling interests                           |              | —                               | 70                              |
| Dividends paid to non-controlling interests                         |              | (347)                           | (808)                           |
| Dividend paid   |              | (1,684,061)                     | —                               |
| <b>Net cash (used in) from financing activities</b>                 |              | <u>(2,065,171)</u>              | <u>29,992</u>                   |

**2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE AGP GROUP**  
(Continued)

**CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)**  
For the year ended 31 December 2016

|   | <i>NOTES</i> | <b>2016</b><br><i>HK\$ '000</i> | <b>2015</b><br><i>HK\$ '000</i> |
|---|--------------|---------------------------------|---------------------------------|
| <b>Net increase in cash and cash equivalents</b>  |              | 1,498,327                       | 1,043,215                       |
| <b>Cash and cash equivalents at beginning of the year</b>   |              | 3,298,440                       | 2,296,618                       |
| Effect of foreign exchange rate changes   |              | (16,800)                        | (41,393)                        |
| <b>Cash and cash equivalents at end of the year</b>   |              | <u>4,779,967</u>                | <u>3,298,440</u>                |
| Represented by:   |              |                                 |                                 |
| Bank balances and cash  | 29           | 9,240,168                       | 3,665,582                       |
| Less: <i>Fixed deposits with original maturity date more than 3 months and not exceeding 1 year</i> |              | (4,460,201)                     | (364,048)                       |
| Less: Guarantee bank balances   |              | —                               | (3,094)                         |
|   |              | <u>4,779,967</u>                | <u>3,298,440</u>                |

## 2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE AGP GROUP (Continued)

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

#### 1. GENERAL

The Company is a public company incorporated in the BVI and migrated to Bermuda on 5 December 2016 with limited liability and its shares are admitted for trading on the AIM Market. The Company's immediate holding company is Charm Action Holdings Limited, a company incorporated in the BVI. One of the Company's intermediate holding companies is SEA, the shares of which are listed on the Stock Exchange. The Directors consider that the Company's ultimate holding company is JCS Limited. Both SEA and JCS Limited are companies incorporated in Bermuda as exempted companies with limited liability. The addresses of the registered office and principal place of business of the Company are Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and 25th Floor, Dah Sing Financial Centre, 108 Gloucester Road, Wanchai, Hong Kong, respectively.

The consolidated financial statements are presented in Hong Kong dollars, which is the functional currency of the Company.

The Company acts as an investment holding company. The activities of its principal subsidiaries are set out in note 43.

#### 2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

The Group has applied the following new and amendments to IFRSs issued by the International Accounting Standards Board (the "IASB") and the IFRS Interpretations Committee of IASB for the first time in the current year:

|   |  |
|---|--|
| Amendments to IFRS 11                     | Accounting for Acquisitions of Interests in Joint Operations         |
| Amendments to IAS 1                       | Disclosure Initiative  |
| Amendments to IAS 16 and IAS 38           | Clarification of Acceptable Methods of Depreciation and Amortisation |
| Amendments to IFRSs                       | Annual Improvements to IFRSs 2012 — 2014 Cycle                       |
| Amendments to IAS 16 and IAS 41           | Agriculture: Bearer Plants   |
| Amendments to IFRS 10, IFRS 12 and IAS 28 | Investment Entities: Applying the Consolidation Exception            |

The application of the new and amendments to IFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

## 2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE AGP GROUP (Continued)

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) For the year ended 31 December 2016

#### 2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”) (Continued)

##### New and amendments to IFRSs issued but not yet effective

|                                  |  |
|----------------------------------|--|
| IFRS 9                           | Financial Instruments <sup>1</sup>   |
| IFRS 15                          | Revenue from Contracts with Customers <sup>1</sup>   |
| IFRS 16                          | Leases <sup>2</sup>  |
| IFRIC 22                         | Foreign Currency Transactions and Advance Consideration <sup>1</sup>                               |
| Amendments to IFRS 2             | Classification and Measurement of Share-based Payment Transactions <sup>1</sup>                    |
| Amendments to IFRS 4             | Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts <sup>1</sup>                 |
| Amendments to IFRS 15            | Clarifications to IFRS 15 Revenue from Contracts with Customers <sup>1</sup>                       |
| Amendments to IFRS 10 and IAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup> |
| Amendments to IAS 7              | Disclosure Initiative <sup>4</sup>   |
| Amendments to IAS 12             | Recognition of Deferred Tax Assets for Unrealised Losses <sup>4</sup>                              |
| Amendments to IAS 40             | Transfers of Investment Property <sup>1</sup>  |
| Amendments to IFRSs              | Annual Improvements to IFRS Standards 2014 – 2016 Cycle <sup>5</sup>                               |

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2018

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2019

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2017

<sup>5</sup> Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate

The Directors expect that the application of the new and amendments to IFRS that were issued but not yet effective will have no material impact on the results and financial position of the Group. However, those which may be relevant to the Group’s consolidated financial statements are disclosed as below.

##### IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition.

The Directors anticipate that the application of IFRS 15 in the future may result in more disclosures, however, the Directors do not anticipate that the application of IFRS 15 will have a material impact on the timing and amounts of revenue recognised in the respective reporting periods.

## 2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE AGP GROUP (Continued)

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) For the year ended 31 December 2016

#### 2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”) (Continued)

##### IFRS 9 Financial Instruments

IFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of IFRS 9 are described below:

- All recognised financial assets that are within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability’s credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities’ credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.
- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

## 2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE AGP GROUP (Continued)

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) For the year ended 31 December 2016

#### 2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”) (Continued)

##### IFRS 9 Financial Instruments

- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an ‘economic relationship’. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity’s risk management activities have also been introduced.

The Directors do not anticipate that the application of IFRS 9 in future may have a material impact on amounts reported in respect of the Group’s financial assets and financial liabilities.

#### 3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis except for investment properties, available-for-sale investments and derivative financial instruments, which are measured at fair values, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

The consolidated financial statements have been prepared in accordance with IFRSs as issued by the IASB.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.



## 2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE AGP GROUP (Continued)

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) For the year ended 31 December 2016

#### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

#### Going concern

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. On this basis, they continue to adopt the going concern basis of accounting in preparing the financial statements.

#### Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

## 2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE AGP GROUP (Continued)

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) For the year ended 31 December 2016

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### **Basis of consolidation (Continued)**

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

### **Changes in the Group's ownership interests in existing subsidiaries**

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

### **Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue is recognised when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities, as described below.

Revenue from sale of properties in the ordinary course of business is recognised when the respective properties have been completed and delivered to the buyers. Deposits and instalments received from purchasers prior to meeting the revenue recognition criteria are included in the consolidated statement of financial position under the heading of sales deposits.

Hotel operation and other service income are recognised when services are provided.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

The Group's policy for recognition of revenue from operating leases is described in the accounting policy below.

**2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE AGP GROUP**  
*(Continued)***NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** *(Continued)*  
*For the year ended 31 December 2016***3. SIGNIFICANT ACCOUNTING POLICIES** *(Continued)***Investment properties**

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values. All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are classified and accounted for as investment properties and are measured using the fair value model. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

If an investment property becomes property, plant and equipment because its use has changed as evidenced by the commencement of owner-occupation, any difference between the carrying amount and the fair value of the property at the date of transfer is recognised in profit or loss. Subsequent to the transfer, the property is stated at deemed cost, equivalent to the fair value at the date of transfer, less subsequent accumulated depreciation and accumulated impairment losses.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the item is derecognised.

**Property, plant and equipment**

Leasehold land and building held for use in the supply of services, or for administrative purpose and other property, plant and equipment other than crockery, utensils and linen are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment, other than crockery, utensils and linen, less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Initial expenditure incurred for crockery, utensils and linen is capitalised and no depreciation is provided thereon. The cost of subsequent replacement for these items is recognised in profit or loss when incurred.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

## 2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE AGP GROUP (Continued)

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) For the year ended 31 December 2016

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Properties for development

Properties for development represents consideration and other direct costs for acquisition of leasehold interest in land held for future development.

Properties for development are stated at cost and amortised to profit or loss on a straight-line basis over the term of the relevant lease until the commencement of development, upon which the remaining carrying value of the properties will be transferred to the appropriate categories according to management's intention of use of the properties after completion of development.

When leasehold land is intended for sale in the ordinary course of business after completion of development, the leasehold land component is included within the carrying amount of the properties and is classified under current assets.

### Inventories

#### *Properties held for sale*

Completed properties for sale in the ordinary course of business are stated at the lower of cost and net realisable value. Net realisable value is determined by reference to estimated selling price less selling expenses.

Properties for or under development intended for sale after completion of development are stated at the lower of cost and net realisable value. Net realisable value is determined by reference to estimated selling price less anticipated costs to completion of the development and costs to be incurred in marketing and selling the completed properties.

Cost of properties comprises land cost, development costs and other direct costs attributable to the development and borrowing costs capitalised during the development period that have been incurred in bringing the properties to their present condition.

### Inventories

Inventories comprising food and beverage are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method.

### Impairment of assets

At the end of the reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

## 2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE AGP GROUP (Continued)

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) For the year ended 31 December 2016

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Impairment of assets (Continued)

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

### Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

#### Financial assets

The Group's financial assets are classified as either loans and receivables or available-for-sale ("AFS"). The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

#### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including loan receivables, note receivables, other receivables, restricted bank deposits, receivables, amounts due from non-controlling interests, bank deposits and cash) are measured at amortised cost using the effective interest method, less any impairment.

#### Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis.

## 2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE AGP GROUP (Continued)

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) For the year ended 31 December 2016

#### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### Financial instruments (Continued)

##### Financial assets (Continued)

##### AFS financial assets

AFS financial assets are non-derivatives that are either designated as available-for-sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss. The Group designated certain debt investments as set out in note 24 as available-for-sale investments.

Equity and debt securities held by the Group that are classified as AFS financial assets and are traded in an active market are measured at fair value at the end of each reporting period. Changes in the carrying amount of AFS monetary financial assets relating to interest income calculated using the effective interest method, and changes in foreign exchange rates, if applicable are recognised in profit or loss. Dividends on AFS equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established. Other changes in the carrying amount of AFS financial assets are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss (see the accounting policy in respect of impairment loss on financial assets below).

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period (see the accounting policy in respect of impairment of financial assets below).

##### Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, as well as observable changes in national or local economic conditions that correlate with default on receivables.

## 2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE AGP GROUP (Continued)

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) For the year ended 31 December 2016

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Financial instruments (Continued)

#### Financial assets (Continued)

#### Impairment of financial assets (Continued)

For financial assets that are carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. The impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of loan receivables, other receivables and trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets that are carried at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investment revaluation reserve. In respect of AFS debt investments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

### Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

## 2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE AGP GROUP (Continued)

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) For the year ended 31 December 2016

#### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### Financial liabilities and equity instruments (Continued)

###### Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

###### Financial liabilities

Financial liabilities including payables, amounts due to non-controlling interests and bank borrowings are subsequently measured at amortised cost, using the effective interest method.

###### Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Interest expense is recognised on an effective interest basis.

##### Financial guarantee liabilities

Financial guarantee liabilities are recognised in respect of the financial guarantee provided by the Group for the property purchasers. Financial guarantee liabilities are recognised initially at fair value that are directly attributable to the issue of the financial guarantee liabilities. After initial recognition, such liabilities are measured at the higher of the present value of the best estimate of the expenditure required to settle the present obligation and the amount initially recognised less cumulative amortisation.

Financial guarantee liabilities are derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expired.

##### Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.



## 2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE AGP GROUP (Continued)

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) For the year ended 31 December 2016

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

#### *The Group as lessor*

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset.

#### *The Group as lessee*

Rentals payable under operating leases are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

#### *Leasehold land and building*

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as “prepaid lease payments” in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis except for those that are classified and accounted for as investment properties under the fair value model.

### Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

**2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE AGP GROUP**  
*(Continued)***NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** *(Continued)*  
*For the year ended 31 December 2016***3. SIGNIFICANT ACCOUNTING POLICIES** *(Continued)***Foreign currencies**

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on settlement of monetary items, and on the retranslation of monetary items are recognised in profit or loss in the period in which they arise except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the Group's interests.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

**Share-based payment arrangements***Equity-settled share-based payment transactions*

## Share options granted to employees

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 37 to the Group's consolidation financial statements.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share options reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

**2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE AGP GROUP**  
(Continued)**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (Continued)  
*For the year ended 31 December 2016***3. SIGNIFICANT ACCOUNTING POLICIES** (Continued)**Share-based payment arrangements** (Continued)*Equity-settled share-based payment transactions* (Continued)

## Share options granted to employees (Continued)

When share options are exercised, the amount previously recognised in share options reserve will be transferred to equity. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to retained profits. For share option granted by the holding company to the Group's employee, a liability is recognised for the options granted which are measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

**Retirement benefit costs**

Payments to defined contribution retirement benefit plans, including state-managed retirement benefit scheme and the Mandatory Provident Fund Scheme, are charged as an expense when employees have rendered service entitling them to the contributions.

**Taxation**

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before taxation" as reported in the consolidated statement of profit or loss because of income or expenses that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

## 2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE AGP GROUP (Continued)

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) For the year ended 31 December 2016

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Taxation (Continued)

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred taxes for investment properties that are measured using the fair value model, the carrying amount of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Current and deferred tax is recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

### Provision

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

## 2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE AGP GROUP (Continued)

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) For the year ended 31 December 2016

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Provision (Continued)

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

## 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies which are described in note 3, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

### Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

### Deferred tax

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured using the fair value model, the Directors have determined that the Group's investment properties situated in the United Kingdom ("UK") are held under a business model whose objective is to recover the value through sale rather than to consume substantially all of the economic benefits embodied in the investment properties over time, whereas those situated in the People's Republic of China ("PRC") are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, the presumption that the carrying amounts of investment properties are recovered entirely through sale is not rebutted for properties situated in the UK. As a result, the Group has not recognised any deferred taxes on changes in fair value of the Group's investment properties situated in the UK as the Group is not subject to any income taxes on disposal of those investment properties. The presumption that the carrying amounts of the Group's investment properties situated in the PRC are recovered entirely through sale has been rebutted and the deferred tax on the changes in fair value of those investment properties is recognised according to the relevant tax rules.

**2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE AGP GROUP**  
*(Continued)***NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** *(Continued)*  
*For the year ended 31 December 2016***4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY** *(Continued)***Key sources of estimation uncertainty**

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

*Income tax*

No deferred tax asset has been recognised in respect of tax losses of HK\$36,901,000 (2015: HK\$66,639,000) as it is not probable that taxable profit will be available due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient future profits will be available in the future. In cases where the actual future profits generated are more than expected, additional recognition of deferred tax assets may arise, which would be recognised in the consolidated statement of profit or loss for the period in which it takes place.

*Fair value of investment properties*

Investment properties with a carrying amount of HK\$3,445,337,000 (2015: HK\$11,169,317,000) are stated at fair value based on the valuation performed by independent qualified external valuers. In determining the fair value, the valuers have used a method of valuation which involves certain assumptions of market conditions. In relying on the valuation report or making their own valuation, the Directors have exercised their judgment and are satisfied that the method of valuation is reflective of the current market conditions.

## 2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE AGP GROUP (Continued)

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) For the year ended 31 December 2016

#### 5. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balances. The Group's overall strategy remains unchanged from the prior year.

The capital structure of the Group consists of net cash (debt), which includes bank borrowings net of bank deposits, and bank balances and cash, and equity attributable to the Company's shareholders, comprising issued share capital, retained profits and reserves.

The Directors review the capital structure periodically and maintain a low gearing. The Group's percentage of net cash (debt) to the carrying value of properties (comprising investment properties, properties included in property, plant and equipment, properties for development and properties held for sale) at the end of the reporting period is as follows:

|  | 2016<br>HK\$'000 | 2015<br>HK\$'000  |
|--|------------------|-------------------|
| Bank balances and cash                                 | 9,240,168        | 3,665,582         |
| Pledged bank deposits                                  | 533,105          | —                 |
| Restricted bank deposits                               | 5,589            | 5,613             |
| Bank borrowings  | (3,458,633)      | (4,013,485)       |
|  | <u>6,320,229</u> | <u>(342,290)</u>  |
| Net cash (debt)  |                  |                   |
|  | <u>6,320,229</u> | <u>(342,290)</u>  |
| Total carrying value of properties                     | 4,799,420        | 14,832,503        |
|  | <u>4,799,420</u> | <u>14,832,503</u> |
| Percentage of net debt to carrying value of properties | Net cash         | 2.3%              |
|  | <u>Net cash</u>  | <u>2.3%</u>       |

#### 6. SEGMENT INFORMATION

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

The Group disposed of certain property development projects in the PRC during the year as set out in notes 42(b), (c) and (d).

Property investment activity is in the PRC and the UK. The Group has acquired an investment property in the UK as set out in note 41 and disposed of an investment property in Hong Kong as set out in note 42 (a) during the year.

**2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE AGP GROUP**  
(Continued)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (Continued)  
For the year ended 31 December 2016

**6. SEGMENT INFORMATION** (Continued)

The hotel operation is in Hong Kong.

During the year, a new operating segment — financial investment — has been established. The Directors are seeking potential investment opportunities for their investment portfolio, consisting mainly of investment in debt and/or equity investments and bank deposits. The investment income from the investment portfolio will be included in the financial investment segment.

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

**Segment revenues and results**

**For the year ended 31 December 2016**

|                                   | <b>Property<br/>development</b><br><i>HK\$'000</i> | <b>Property<br/>investment</b><br><i>HK\$'000</i> | <b>Hotel<br/>operation</b><br><i>HK\$'000</i> | <b>Financial<br/>investment</b><br><i>HK\$'000</i> | <b>Consolidated</b><br><i>HK\$'000</i> |
|-----------------------------------|--|---|---|--|--|
| SEGMENT REVENUE                   |  |   |   |  |  |
| External revenue                  | 9,281  | 240,293   | 228,985                                       | 61,084   | 539,643                                |
| SEGMENT RESULTS                   |  |   |   |  |  |
| Segment (loss) profit             | (382,864)  | 609,021   | 34,511  | 52,407   | 313,075                                |
| Unallocated interest income       |  |   |   |  | 5,169                                  |
| Corporate income less<br>expenses |  |   |   |  | (18,741)                               |
| Finance costs                     |  |   |   |  | (78,562)                               |
| Profit before taxation            |  |   |   |  | 220,941                                |



**2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE AGP GROUP**  
(Continued)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (Continued)  
For the year ended 31 December 2016

**6. SEGMENT INFORMATION** (Continued)

**Segment revenues and results** (Continued)

**For the year ended 31 December 2015**

|                                   | <b>Property<br/>development</b><br><i>HK\$ '000</i> | <b>Property<br/>investment</b><br><i>HK\$ '000</i> | <b>Hotel<br/>operation</b><br><i>HK\$ '000</i> | <b>Consolidated</b><br><i>HK\$ '000</i> |
|-----------------------------------|---|--|--|---|
| <b>SEGMENT REVENUE</b>            |   |  |  |   |
| External revenue                  | 94,285  | 392,062  | 229,423  | 715,770                                 |
| <b>SEGMENT RESULTS</b>            |   |  |  |   |
| Segment profit                    | 239,914   | 1,160,651  | 16,049   | 1,416,614                               |
| Interest income                   |   |  |  | 23,552                                  |
| Corporate income less<br>expenses |   |  |  | (9,249)                                 |
| Finance costs                     |   |  |  | (109,504)                               |
| Profit before taxation            |   |  |  | 1,321,413                               |

The Group does not allocate general interest income, corporate income less expenses and finance costs to individual reportable segment profit or loss for the purposes of resource allocation and performance assessment by the CODM.

The accounting policies adopted in preparing the reportable segment information are the same as the Group's accounting policies described in note 3.

**2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE AGP GROUP**  
(Continued)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (Continued)  
For the year ended 31 December 2016

**6. SEGMENT INFORMATION** (Continued)

**Other segment profit or loss information**

The following charges (credits) are included in the measurement of segment profit or loss:

**For the year ended 31 December 2016**

|   | Property<br>development<br>HK\$'000 | Property<br>investment<br>HK\$'000 | Hotel<br>operation<br>HK\$'000 | Financial<br>investment<br>HK\$'000 | Consolidated<br>HK\$'000 |
|---|-------------------------------------|------------------------------------|--------------------------------|-------------------------------------|--------------------------|
| Amortisation and depreciation                           |                                     |                                    |                                |                                     |                          |
| — Properties for development                            | 6,472                               | —                                  | —                              | —                                   | 6,472                    |
| — Depreciation of property,<br>plant and equipment      | 376                                 | 8,026                              | 32,166                         | —                                   | 40,568                   |
| Fair value changes on<br>investment properties          | —                                   | 100,671                            | —                              | —                                   | 100,671                  |
| Write off of bad debts<br>from tenants                  | —                                   | 14,115                             | —                              | —                                   | 14,115                   |
| Write off of other receivables                          | 353,127                             | —                                  | —                              | —                                   | 353,127                  |
| Reversal of relocation costs                            | (71,721)                            | —                                  | —                              | —                                   | (71,721)                 |
| Gain on disposal of<br>subsidiaries                     | (4,305)                             | (611,499)                          | —                              | —                                   | (615,804)                |
| Loss on disposal of<br>property, plant and<br>equipment | —                                   | 17                                 | 24                             | —                                   | 41                       |
|   | <u>—</u>                            | <u>17</u>                          | <u>24</u>                      | <u>—</u>                            | <u>41</u>                |

**For the year ended 31 December 2015**

|   | Property<br>development<br>HK\$'000 | Property<br>investment<br>HK\$'000 | Hotel<br>operation<br>HK\$'000 | Consolidated<br>HK\$'000 |
|---|-------------------------------------|------------------------------------|--------------------------------|--------------------------|
| Amortisation and depreciation                           |                                     |                                    |                                |                          |
| — Properties for development                            | 27,488                              | —                                  | —                              | 27,488                   |
| — Depreciation of property,<br>plant and equipment      | 1,378                               | 16,224                             | 32,152                         | 49,754                   |
| Fair value changes on<br>investment properties          | —                                   | (949,107)                          | —                              | (949,107)                |
| Fair value adjustment on<br>other receivables           | 7,521                               | —                                  | —                              | 7,521                    |
| Gain on disposal of subsidiaries                        | (431,826)                           | —                                  | —                              | (431,826)                |
| Loss on disposal of<br>property, plant and<br>equipment | —                                   | 32                                 | —                              | 32                       |
|   | <u>—</u>                            | <u>32</u>                          | <u>—</u>                       | <u>32</u>                |

**2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE AGP GROUP**  
(Continued)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (Continued)  
For the year ended 31 December 2016

**6. SEGMENT INFORMATION** (Continued)

**Other segment profit or loss information** (Continued)

No segment asset and segment liabilities are presented as the information is not reported to the CODM in the resource allocation and assessment of performance.

**Geographical information**

The Group operates in three principal geographical areas, being Hong Kong (country of domicile), the PRC and the UK.

The Group's revenue from external customers by the geographical location of its properties or the principal place of business of the Company is detailed below.

|           | <b>2016</b><br><i>HK\$'000</i> | <b>2015</b><br><i>HK\$'000</i> |
|-----------|--------------------------------|--------------------------------|
| Hong Kong | 396,211                        | 481,857                        |
| PRC       | 131,645                        | 233,913                        |
| UK        | 11,787                         | —                              |
|           | <u>539,643</u>                 | <u>715,770</u>                 |

No single customer contributes over 10% of the total revenue of the Group for both years.

The Group's information about its non-current assets, excluding financial assets, by geographical location are detailed below.

|           | <b>2016</b><br><i>HK\$'000</i> | <b>2015</b><br><i>HK\$'000</i> |
|-----------|--------------------------------|--------------------------------|
| Hong Kong | 910,613                        | 10,319,411                     |
| PRC       | 1,992,312                      | 3,436,313                      |
| UK        | 1,494,099                      | —                              |
|           | <u>4,397,024</u>               | <u>13,755,724</u>              |

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## APPENDIX II      FINANCIAL INFORMATION OF THE AGP GROUP

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### 2.    AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE AGP GROUP (Continued)

#### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) For the year ended 31 December 2016

### 6.    SEGMENT INFORMATION (Continued)

#### Geographical information (Continued)

The total assets of the Group by geographical location which is determined by reference to the location of the asset or the principal place of business of the Company are detailed below.

|           | <b>2016</b>     | <b>2015</b>     |
|-----------|-----------------|-----------------|
|           | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Hong Kong | 12,028,650      | 13,354,478      |
| PRC       | 3,090,200       | 5,754,150       |
| UK        | 1,518,063       | —               |
|           | 16,636,913      | 19,108,628      |

### 7.    REVENUE

The following is an analysis of the Group's revenue from its major business activities.

|                                  | <b>2016</b>     | <b>2015</b>     |
|----------------------------------|-----------------|-----------------|
|                                  | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Sale of properties               | 9,281           | 94,285          |
| Renting of investment properties | 240,293         | 392,062         |
| Hotel operation                  | 228,985         | 229,423         |
| Financial investment             | 61,084          | —               |
|                                  | 539,643         | 715,770         |

### 8.    OTHER INCOME

|  | <b>2016</b>     | <b>2015</b>     |
|--|-----------------|-----------------|
|  | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Included in other income is:                                   |                 |                 |
| Rental income from properties held for sale temporarily leased | 7,126           | 6,114           |
| Interest earned on bank deposits                               | 4,935           | 23,252          |
|  | 12,061          | 29,366          |

**2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE AGP GROUP**  
(Continued)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (Continued)  
For the year ended 31 December 2016

**9. PROPERTY AND RELATED COSTS**

|  | <b>2016</b><br>HK\$'000 | <b>2015</b><br>HK\$'000 |
|--|-------------------------|-------------------------|
| Cost of properties sold                            | 5,436                   | 76,699                  |
| Selling and marketing expenses                     | 2,917                   | 9,909                   |
| Write down of properties held for sale             | —                       | 2,418                   |
| Direct operating expenses on investment properties | 33,127                  | 47,242                  |
|  | <u>41,480</u>           | <u>136,268</u>          |

**10. OTHER EXPENSES**

|  | <b>2016</b><br>HK\$'000 | <b>2015</b><br>HK\$'000 |
|--|-------------------------|-------------------------|
| Included in other expenses are:                          |                         |                         |
| Management fees paid to a related company (note 39)      | 188,174                 | 272,611                 |
| Less: Amount capitalised to property development project | —                       | (7,389)                 |
|  | <u>188,174</u>          | <u>265,222</u>          |
| Hotel operating expenses                                 | 62,358                  | 62,733                  |
| Legal and professional fees                              | 14,786                  | 9,043                   |
| Fair value adjustment on other receivables               | —                       | 7,521                   |
| Net exchange loss  | 17                      | 2,241                   |
| Write off of bad debts from tenants                      | 14,115                  | —                       |
|  | <u>14,115</u>           | <u>—</u>                |

**11. OTHER GAINS AND LOSSES**

|  | <b>2016</b><br>HK\$'000 | <b>2015</b><br>HK\$'000 |
|--|-------------------------|-------------------------|
| Gain on disposal of subsidiaries (note 42) | 615,804                 | 431,826                 |
| Write off of other receivables (note 23)   | (353,127)               | —                       |
| Reversal of relocation costs (note 30)     | 71,721                  | —                       |
|  | <u>334,398</u>          | <u>431,826</u>          |

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**APPENDIX II                      FINANCIAL INFORMATION OF THE AGP GROUP**

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**2.     AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE AGP GROUP**  
*(Continued)*

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** *(Continued)*  
*For the year ended 31 December 2016*

**12.    FINANCE COSTS**

|  | <b>2016</b><br><i>HK\$'000</i> | <b>2015</b><br><i>HK\$'000</i> |
|--|--------------------------------|--------------------------------|
| Interest on bank borrowings                              | 71,986                         | 119,595                        |
| Less: Amount capitalised to property development project | (376)                          | (19,524)                       |
|  | <u>71,610</u>                  | <u>100,071</u>                 |
| Front end fee  | 3,236                          | 6,966                          |
| Other charges  | 3,716                          | 2,467                          |
|  | <u>78,562</u>                  | <u>109,504</u>                 |

**13.    PROFIT BEFORE TAXATION**

|  | <b>2016</b><br><i>HK\$'000</i> | <b>2015</b><br><i>HK\$'000</i> |
|--|--------------------------------|--------------------------------|
| Profit before taxation has been arrived at after charging (crediting): |                                |                                |
| Auditor's remuneration   | 1,856                          | 2,540                          |
| Directors' emoluments ( <i>note 14</i> )                               | 12,531                         | 6,151                          |
| Loss on disposal of property, plant and equipment                      | 41                             | 32                             |
| Depreciation and amortisation  | 47,166                         | 77,670                         |
| Less: Amount capitalised to property development projects              | (126)                          | (428)                          |
|  | <u>47,040</u>                  | <u>77,242</u>                  |
| Interest income from second mortgage loans                             | (187)                          | (234)                          |
| Gross rental income from investment properties                         | (240,293)                      | (392,062)                      |
| Less: Direct operating expenses  | 33,127                         | 47,242                         |
| Net rental income  | <u>(207,166)</u>               | <u>(344,820)</u>               |

**2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE AGP GROUP**  
(Continued)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (Continued)  
For the year ended 31 December 2016

**14. DIRECTORS' EMOLUMENTS**

The emoluments paid or payable to each of the Directors are as follows:

|  | Mr.<br>Richard<br>Öther<br>Prickett<br>HK\$'000 | Mr. Lu<br>Wing Chi<br>HK\$'000 | Mr.<br>Lambert<br>Lu<br>HK\$'000 | Mr. David<br>Andrew<br>Runciman<br>HK\$'000 | Mr.<br>Lincoln<br>Lu<br>HK\$'000 | Mr. Lam<br>Sing Tai<br>HK\$'000 | Mr. John<br>David<br>Orchard<br>Fulton<br>HK\$'000 | Total<br>HK\$'000 |
|--|---|--------------------------------|----------------------------------|---|----------------------------------|---------------------------------|--|-------------------|
| <b>2016</b>                              |   |                                |                                  |   |                                  |                                 |  |                   |
| Fees                                     | 422   | 210                            | 210                              | —   | 210                              | 210                             | 211  | 1,473             |
| Other emoluments                         |   |                                |                                  |   |                                  |                                 |  |                   |
| Salaries and other benefits              | —   | —                              | —                                | 1,440                                       | —                                | —                               | —  | 1,440             |
| Retirement benefits scheme contributions | —   | —                              | —                                | 177   | —                                | —                               | —  | 177               |
| Share-based payment expenses             | —   | —                              | —                                | 9,441                                       | —                                | —                               | —  | 9,441             |
| Total emoluments                         | <u>422</u>                                      | <u>210</u>                     | <u>210</u>                       | <u>11,058</u>                               | <u>210</u>                       | <u>210</u>                      | <u>211</u>   | <u>12,531</u>     |
| <b>2015</b>                              |   |                                |                                  |   |                                  |                                 |  |                   |
| Fees                                     | 477   | 237                            | 237                              | —   | 237                              | 237                             | 238  | 1,663             |
| Other emoluments                         |   |                                |                                  |   |                                  |                                 |  |                   |
| Salaries and other benefits              | —   | —                              | —                                | 1,440                                       | —                                | —                               | —  | 1,440             |
| Retirement benefits scheme contributions | —   | —                              | —                                | 144   | —                                | —                               | —  | 144               |
| Share-based payment expenses             | —   | —                              | —                                | 2,904                                       | —                                | —                               | —  | 2,904             |
| Total emoluments                         | <u>477</u>                                      | <u>237</u>                     | <u>237</u>                       | <u>4,488</u>                                | <u>237</u>                       | <u>237</u>                      | <u>238</u>   | <u>6,151</u>      |

**2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE AGP GROUP**  
(Continued)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (Continued)  
For the year ended 31 December 2016

**15. INCOME TAX CREDIT**

|                                | <b>2016</b><br><i>HK\$'000</i> | <b>2015</b><br><i>HK\$'000</i> |
|--------------------------------|--------------------------------|--------------------------------|
| The credit (charge) comprises: |                                |                                |
| Current tax                    |                                |                                |
| Hong Kong Profits Tax          | (12,238)                       | (19,450)                       |
| PRC Enterprise Income Tax      | (15,036)                       | (14,933)                       |
| Other jurisdictions            | (266)                          | —                              |
|                                | <u>(27,540)</u>                | <u>(34,383)</u>                |
| Overprovision in prior years   |                                |                                |
| Hong Kong Profits Tax          | 98                             | 3,940                          |
| PRC Enterprise Income Tax      | 1,879                          | 6,666                          |
| PRC Land Appreciation Tax      | 79,420                         | —                              |
|                                | <u>81,397</u>                  | <u>10,606</u>                  |
| Deferred tax                   |                                |                                |
| — current year                 | 28,552                         | 28,542                         |
| — underprovision in prior year | (2,378)                        | —                              |
|                                | <u>26,174</u>                  | <u>28,542</u>                  |
|                                | <u><u>80,031</u></u>           | <u><u>4,765</u></u>            |

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

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

UK Profit Tax is calculated at 20% of the estimated assessable profits during the year.

Details of deferred taxation are set out in note 33.



**2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE AGP GROUP**  
(Continued)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (Continued)  
For the year ended 31 December 2016

**15. INCOME TAX CREDIT** (Continued)

Income tax credit for the year can be reconciled to profit before taxation in the consolidated statement of profit or loss as follows:

|  | <b>2016</b><br><i>HK\$'000</i> | <b>2015</b><br><i>HK\$'000</i> |
|--|--------------------------------|--------------------------------|
| Profit before taxation                                 | 220,941                        | 1,321,413                      |
| Tax charge at Hong Kong income tax rate of 16.5%       | (36,455)                       | (218,033)                      |
| Tax effect of expenses not deductible for tax purposes | (101,862)                      | (43,979)                       |
| Tax effect of income not taxable for tax purposes      | 133,048                        | 250,561                        |
| Tax effect of tax losses not recognised                | (2,277)                        | (4,376)                        |
| Utilisation of tax losses previously not recognised    | 406                            | 751                            |
| Effect of different tax rates of subsidiaries          |                                |                                |
| operating overseas                                     | 6,812                          | 5,483                          |
| Overprovision in prior years                           | 79,019                         | 10,606                         |
| Others   | 1,340                          | 3,752                          |
| Income tax credit for the year                         | 80,031                         | 4,765                          |

**16. EARNINGS PER SHARE**

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

|  | <b>2016</b><br><i>HK\$'000</i> | <b>2015</b><br><i>HK\$'000</i> |
|--|--------------------------------|--------------------------------|
| Earnings for the purpose of basic earnings per share:  |                                |                                |
| Profit for the year attributable to the Company's shareholders   | 425,378                        | 1,336,728                      |
| Number of common shares for the purpose of basic earnings per share (note: changed from ordinary shares to common shares after migration on 5 December 2016) | 886,347,812                    | 886,347,812                    |

No diluted earnings per share is presented as the Company did not have any potential ordinary shares in issue during both years.

**2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE AGP GROUP**  
(Continued)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (Continued)  
For the year ended 31 December 2016

**16. EARNINGS PER SHARE** (Continued)

For the purpose of assessing the performance of the Group, the Directors are of the view that the profit for the year 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>2016</b><br><i>HK\$'000</i> | <b>2015</b><br><i>HK\$'000</i> |
|---|--------------------------------|--------------------------------|
| Profit for the year attributable to the Company’s shareholders as shown in the consolidated statement of profit or loss | 425,378                        | 1,336,728                      |
| Fair value changes on investment properties   | 100,671                        | (949,107)                      |
| Deferred tax thereon  | (25,168)                       | (31,725)                       |
|   | <u>500,881</u>                 | <u>355,896</u>                 |
| Adjusted profit attributable to the Company’s shareholders  | <u>500,881</u>                 | <u>355,896</u>                 |
| Basic earnings per share excluding fair value changes on investment properties net of deferred tax                      | <u>HK56.5 cents</u>            | <u>HK40.2 cents</u>            |

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

**17. DIVIDENDS**

The Board has declared a special cash dividend of HK\$2.25 (2015: HK\$1.9) per common share for the year ended 31 December 2016 to shareholders of the Company whose names appear on the register of members of the Company at the close of business on Friday, 31 March 2017. The relevant dividend warrants are expected to be despatched on or before Thursday, 13 April 2017.

**2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE AGP GROUP**  
(Continued)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (Continued)  
For the year ended 31 December 2016

**18. INVESTMENT PROPERTIES**

|                                       | Hong Kong<br>HK\$'000 | PRC<br>HK\$'000  | UK<br>HK\$'000   | Total<br>HK\$'000 |
|---------------------------------------|-----------------------|------------------|------------------|-------------------|
| At 1 January 2015                     | 7,907,000             | 2,451,285        | —                | 10,358,285        |
| Cost adjustment on additions          | (8)                   | —                | —                | (8)               |
| Fair value changes                    | 1,076,008             | (126,901)        | —                | 949,107           |
| Exchange adjustments                  | —                     | (138,067)        | —                | (138,067)         |
|                                       | <hr/>                 | <hr/>            | <hr/>            | <hr/>             |
| At 31 December 2015                   | 8,983,000             | 2,186,317        | —                | 11,169,317        |
| Addition (note 41)                    | —                     | —                | 1,505,213        | 1,505,213         |
| Fair value changes                    | —                     | (100,671)        | —                | (100,671)         |
| Disposal of subsidiaries (note 42(a)) | (8,983,000)           | —                | —                | (8,983,000)       |
| Exchange adjustments                  | —                     | (134,408)        | (11,114)         | (145,522)         |
|                                       | <hr/>                 | <hr/>            | <hr/>            | <hr/>             |
| <b>At 31 December 2016</b>            | <b>—</b>              | <b>1,951,238</b> | <b>1,494,099</b> | <b>3,445,337</b>  |

All of the Group's property interests are held under operating leases to earn rentals and/or for capital appreciation purposes. These properties are measured using the fair value model and are classified and accounted for as 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 independent qualified external valuers to perform the valuation of the Group's investment properties. At the end of each reporting period, the Group works closely with the independent qualified external valuers to establish and determine the appropriate valuation techniques and inputs to the model.

As at 31 December 2016, the fair values of the Group's investment properties in the PRC mainly comprise car parking spaces, shop and office portion of the properties. As at 31 December 2015, the fair values of the Group's investment properties in both Hong Kong and the PRC mainly comprise car parking spaces, shop and office portion of the properties. The valuations were arrived at on the basis of valuations carried out at those dates by Savills Valuation and Professional Services Limited, 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 for investment properties in Hong Kong and the PRC were arrived in accordance with the "The HKIS Valuation Standard (2012 Edition)" published by the Hong Kong Institute of Surveyors.

The fair value of the investment property comprising mainly office units in the UK as at 31 December 2016 was arrived at on the basis of a valuation carried out by Savills (UK) Limited, a firm of chartered surveyors not connected to the Group, regulated by the Royal Institution of Chartered Surveyors ("RICS"), a subsidiary of Savills Plc., that has appropriate qualifications and recent experience in the valuation of properties in the relevant locations. The valuation has been prepared in accordance with RICS Valuation — Professional Standards January 2014 (the "RICS Red Book") published in November 2013 and effective from 6 January 2014.

**2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE AGP GROUP**  
(Continued)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (Continued)  
For the year ended 31 December 2016

**18. INVESTMENT PROPERTIES** (Continued)

There has been no change from the valuation technique used in the prior year.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

The key inputs used in valuing the investment properties under the income capitalisation approach were the capitalisation rates used and monthly unit rent. A slight increase in the capitalisation rate used would result in a significant decrease in the fair value measurement of the investment properties, and vice versa. The higher the monthly unit rent, the higher the fair value and vice versa.

Details of the valuation methodology and the significant inputs are as follows:

| Class of property                 | Valuation methodology  | Key inputs to the valuation<br>(including capitalisation rates<br>and market value) |  | Fair value hierarchy<br>2015   |         |
|-----------------------------------|--|---|--|--|---------|
|                                   |  |   | 2016   |  |         |
| Car park, shop and office portion | Income capitalisation approach whereby the rental incomes of contractual tenancies are capitalised for the unexpired terms of tenancies. The valuers have also taken into account the reversionary market rents after the expiry of tenancies in capitalisation. |   | Not applicable   | Hong Kong office<br>3.25%-3.75%<br>per annum                               | Level 3 |
|                                   |  |   | PRC shop<br>7.0%-9.0%<br>per annum   | PRC shop<br>7.0%-9.0%<br>per annum   |         |
|                                   |  |   | PRC office<br>6.0%-6.5%<br>per annum                                       | PRC office<br>6.0%-6.5%<br>per annum                                       |         |
|                                   |  |   | Not applicable   | Hong Kong car park<br>4.5% per annum                                       |         |
|                                   | The valuers have used the traditional "all risk" yield investment method of valuation, having regard to comparable evidence.   |   | UK office<br>4.17%<br>per annum  | Not applicable   |         |
| Car park portion                  | Sales comparison approach and made reference to the sales of comparable properties as available in the market.   |   | PRC comparable<br>ranging from<br>RMB131,000 to<br>RMB140,000<br>per space | PRC comparable<br>ranging from<br>RMB135,000 to<br>RMB200,000<br>per space | Level 3 |

There were no transfers between Level 1, 2 and 3 in both years presented.

## 2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE AGP GROUP (Continued)

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) For the year ended 31 December 2016

#### 19. PROPERTY, PLANT AND EQUIPMENT

|  | Hotel<br>property in<br>Hong Kong<br>HK\$'000 | Other<br>properties in<br>Hong Kong<br>HK\$'000 | Properties<br>in the PRC<br>HK\$'000 | Plant and<br>machinery<br>HK\$'000 | Furniture,<br>fixtures<br>and<br>equipment<br>HK\$'000 | Motor<br>vehicles<br>HK\$'000 | Leasehold<br>improvements<br>HK\$'000 | Crockery,<br>utensils<br>and linen<br>HK\$'000 | Total<br>HK\$'000 |
|--|---|---|--------------------------------------|------------------------------------|--|-------------------------------|---------------------------------------|--|-------------------|
| COST                                     |   |   |                                      |                                    |  |                               |                                       |  |                   |
| At 1 January 2015                        | 1,089,672                                     | 421,000   | 47,272                               | 45,563                             | 38,831   | 8,504                         | 73,593                                | 5,051  | 1,729,486         |
| Additions                                | —   | —   | —                                    | 693                                | 1,210  | 253                           | —                                     | —  | 2,156             |
| Disposals                                | (353)   | —   | —                                    | (1,692)                            | (295)  | —                             | (827)                                 | —  | (3,167)           |
| Exchange adjustments                     | —   | —   | (2,761)                              | (399)                              | (360)  | (346)                         | (331)                                 | —  | (4,197)           |
| At 31 December 2015                      | 1,089,319                                     | 421,000   | 44,511                               | 44,165                             | 39,386   | 8,411                         | 72,435                                | 5,051  | 1,724,278         |
| Additions                                | —   | —   | —                                    | 6                                  | 1,819  | —                             | —                                     | 15   | 1,840             |
| Disposals                                | (11)  | —   | —                                    | (29)                               | (597)  | (17)                          | (123)                                 | —  | (777)             |
| Disposal of<br>subsidiaries<br>(note 42) | —   | (421,000)                                       | —                                    | (489)                              | (4,262)  | (3,291)                       | (3,056)                               | —  | (432,098)         |
| Exchange adjustments                     | —   | —   | (2,823)                              | (406)                              | (132)  | (171)                         | (153)                                 | —  | (3,685)           |
| <b>At 31 December<br/>2016</b>           | <b>1,089,308</b>                              | <b>—</b>  | <b>41,688</b>                        | <b>43,247</b>                      | <b>36,214</b>  | <b>4,932</b>                  | <b>69,103</b>                         | <b>5,066</b>                                   | <b>1,289,558</b>  |
| DEPRECIATION                             |   |   |                                      |                                    |  |                               |                                       |  |                   |
| At 1 January 2015                        | 142,619                                       | 12,923  | 1,034                                | 23,627                             | 33,864   | 5,773                         | 72,190                                | —  | 292,030           |
| Provided for the year                    | 27,362  | 12,923  | 1,071                                | 5,122                              | 1,733  | 1,203                         | 768                                   | —  | 50,182            |
| Eliminated on<br>disposals               | (353)   | —   | —                                    | (1,679)                            | (258)  | —                             | (827)                                 | —  | (3,117)           |
| Exchange adjustments                     | —   | —   | (101)                                | (211)                              | (194)  | (258)                         | (280)                                 | —  | (1,044)           |
| At 31 December 2015                      | 169,628                                       | 25,846  | 2,004                                | 26,859                             | 35,145   | 6,718                         | 71,851                                | —  | 338,051           |
| Provided for the year                    | 27,507  | 5,142   | 1,006                                | 4,910                              | 1,272  | 434                           | 423                                   | —  | 40,694            |
| Eliminated on<br>disposals               | (2)   | —   | —                                    | (21)                               | (590)  | —                             | (123)                                 | —  | (736)             |
| Disposal of<br>subsidiaries<br>(note 42) | —   | (30,988)  | —                                    | (424)                              | (2,324)  | (2,509)                       | (3,057)                               | —  | (39,302)          |
| Exchange adjustments                     | —   | —   | (169)                                | (269)                              | (106)  | (159)                         | (133)                                 | —  | (836)             |
| <b>At 31 December<br/>2016</b>           | <b>197,133</b>                                | <b>—</b>  | <b>2,841</b>                         | <b>31,055</b>                      | <b>33,397</b>  | <b>4,484</b>                  | <b>68,961</b>                         | <b>—</b>                                       | <b>337,871</b>    |
| CARRYING<br>VALUES                       |   |   |                                      |                                    |  |                               |                                       |  |                   |
| <b>At 31 December<br/>2016</b>           | <b>892,175</b>                                | <b>—</b>  | <b>38,847</b>                        | <b>12,192</b>                      | <b>2,817</b>   | <b>448</b>                    | <b>142</b>                            | <b>5,066</b>                                   | <b>951,687</b>    |
| At 31 December 2015                      | 919,691                                       | 395,154   | 42,507                               | 17,306                             | 4,241  | 1,693                         | 584                                   | 5,051  | 1,386,227         |

**2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE AGP GROUP**  
(Continued)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (Continued)  
For the year ended 31 December 2016

**19. PROPERTY, PLANT AND EQUIPMENT** (Continued)

The above items of property, plant and equipment are depreciated on a straight-line basis after taking into account their estimated residual values at the following rates per annum:

|                                   |  |
|-----------------------------------|--|
| Leasehold land and properties     | Over the lease terms ranging from 42 years to 45.5 years |
| Completed hotel building          | 40 years   |
| Other properties                  | 4%   |
| Plant and machinery               | 10%  |
| Furniture, fixtures and equipment | 25%  |
| Motor vehicles                    | 25%  |
| Leasehold improvements            | 25%  |

The carrying amounts of properties shown above comprise properties situated in:

|           | <b>2016</b><br>HK\$'000 | <b>2015</b><br>HK\$'000 |
|-----------|-------------------------|-------------------------|
| Hong Kong | 892,175                 | 1,314,845               |
| The PRC   | 38,847                  | 42,507                  |

**20. PROPERTIES FOR DEVELOPMENT**

|   | <b>2016</b><br>HK\$'000 | <b>2015</b><br>HK\$'000 |
|---|-------------------------|-------------------------|
| <b>COST</b>   |                         |                         |
| At 1 January  | 1,304,937               | 1,332,112               |
| Additions   | 46,261                  | 51,713                  |
| Disposal of subsidiaries (notes 42(b), (c) and (d)) | (1,337,030)             | —                       |
| Exchange adjustments                                | (14,168)                | (78,888)                |
| At 31 December                                      | —                       | 1,304,937               |
| <b>AMORTISATION</b>                                 |                         |                         |
| At 1 January  | 104,757                 | 83,680                  |
| Provided for the year                               | 6,472                   | 27,488                  |
| Disposal of subsidiaries (notes 42(b), (c) and (d)) | (110,085)               | —                       |
| Exchange adjustments                                | (1,144)                 | (6,411)                 |
| At 31 December                                      | —                       | 104,757                 |
| <b>CARRYING VALUE</b>                               |                         |                         |
| At 31 December                                      | —                       | 1,200,180               |

**2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE AGP GROUP**  
(Continued)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (Continued)  
For the year ended 31 December 2016

**20. PROPERTIES FOR DEVELOPMENT** (Continued)

At 31 December 2015, the carrying amount represented the Group's interest in certain pieces of land located in the PRC to be held for future development.

The carrying amount was amortised on a straight-line basis over the lease terms ranging from 40 to 70 years.

**21. LOAN RECEIVABLES**

|                                  | 2016<br>HK\$'000 | 2015<br>HK\$'000 |
|----------------------------------|------------------|------------------|
| Second mortgage loans            | 3,536            | 4,160            |
| Analysed for reporting purposes: |                  |                  |
| Non-current assets               | 3,160            | 3,789            |
| Current assets                   | 376              | 371              |
|                                  | 3,536            | 4,160            |

The loans bear interest at Hong Kong Prime Rate and are repayable by monthly installments over a period of 20 years or as stipulated in the respective agreements.

The second mortgage loans are secured by the leasehold properties of the borrowers.

The effective interest rate of the loan receivables is 5.0% (2015: 5.0%) per annum.

Loan receivables balances which are past due at the end of the reporting period are minimal and are not considered impaired. In determining the recoverability of the loan receivables, the Group considers, among other factors, any change in value of the properties securing the loans.

The concentration of credit risk is limited due to the customer base being unrelated. No single loan receivable is individually material.

**2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE AGP GROUP**  
(Continued)**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (Continued)  
*For the year ended 31 December 2016***22. NOTE RECEIVABLES**

The amount represents (i) the carrying value of a five-year zero coupon principal protected index-linked note with a principal amount of US\$2,000,000 (equivalent to HK\$15,509,000) (2015: US\$2,000,000 (equivalent to HK\$15,502,000)) already matured and settled in February 2017 and (ii) the carrying value of a five-year zero coupon principal protected index-linked note with a principal amount of US\$5,000,000 (equivalent to HK\$38,773,000) (2015: US\$5,000,000 (equivalent to HK\$38,754,000)) maturing on 9 August 2018. The index is a proprietary index named Forex Yield Differential Accrual Perpetual Index, which is a proprietary non-discretionary algorithm to calculate the risk filter multiple of non-discretionary trading that observes a basket of ten currencies.

The host contracts of the note are measured at amortised cost. The index-linked feature is regarded as a derivative embedded in but not closely related to the host contract in accordance with IAS 39 Financial Instruments: Recognition and Measurement. However, in the opinion of the Directors, the fair values of the embedded derivatives at the end of the reporting period are insignificant and therefore they have not been accounted for as a separate component in the consolidated financial statements.

**23. OTHER RECEIVABLES**

At 31 December 2016, the Group had incurred a total amount of RMB321,060,000 (2015: RMB321,060,000), equivalent to HK\$358,913,000 (2015: HK\$383,217,000), for the tenant relocation arrangements, excavation and infrastructure work on certain pieces of land in Nanjing, the PRC. The amount is 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.

As at 31 December 2015, the balance of HK\$361,114,000 represented the Hong Kong dollar equivalent of the present value of the original amount of RMB321,060,000 expected to be recovered in 2018 discounted at the rate of 2% per annum.

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 has been a substantial delay of the time schedule from the original plan, management is 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 incurred.



**2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE AGP GROUP**  
(Continued)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (Continued)  
For the year ended 31 December 2016

**24. AVAILABLE-FOR-SALE INVESTMENTS**

|   | 2016<br>HK\$'000 | 2015<br>HK\$'000 |
|---|------------------|------------------|
| Unlisted investments at cost:   |                  |                  |
| — Equity securities (Note a)  | 5,817            | 5,824            |
| — Convertible loan (Note b)   | 5,817            | 5,824            |
| Unlisted investments at fair value:   |                  |                  |
| — Debt securities (Note c)  | 496,719          | —                |
|   | 508,353          | 11,648           |
| 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   | <u>1,390,447</u> | <u>11,648</u>    |
| Analysed for reporting purposes as:   |                  |                  |
| Current assets  | 137,204          | —                |
| Non-current assets  | 1,253,243        | 11,648           |
|   | <u>1,390,447</u> | <u>11,648</u>    |

- (a) At 31 December 2016, unlisted equity securities classified as available-for-sale held by the Group amounting to US\$750,000 (equivalent to HK\$5,817,000) (2015: US\$750,000 (equivalent to HK\$5,824,000)), representing approximately 8% (2015: 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 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\$5,817,000) (2015: US\$750,000 (equivalent to HK\$5,824,000)) 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% (2015: 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, 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.

**2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE AGP GROUP**  
(Continued)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (Continued)  
For the year ended 31 December 2016

**24. AVAILABLE-FOR-SALE INVESTMENTS** (Continued)

- (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 is measured at fair value determined based on the valuation conducted by an independent professional valuer.
- (d) At 31 December 2016, the Group’s listed debt securities have been pledged as security for the bank borrowings (2015: nil).

The Group’s listed investments are measured at fair value for financial reporting purposes.

Details of fair value measurement are disclosed in note 34(c).

**25. RESTRICTED BANK DEPOSITS/PLEGDED BANK DEPOSITS**

Restricted bank deposits carry fixed interest rates at 1.6% (2015: ranging from 0.4% to 1.9%) per annum and were placed with a bank in relation to long-term bank borrowings.

Pledged bank deposits carry fixed interest at 0.1% (2015: nil) and are placed with a bank to secure a revolving loan facility.

**26. PROPERTIES HELD FOR SALE — PROPERTIES UNDER DEVELOPMENT**

At 31 December 2015, the properties under development were expected to be completed in more than twelve months after the end of the reporting period. The entire amount of properties under development were disposed through subsidiaries (note 42).

**27. RECEIVABLES, DEPOSITS AND PREPAYMENTS**

|  | <b>2016</b><br><i>HK\$’000</i> | <b>2015</b><br><i>HK\$’000</i> |
|--|--------------------------------|--------------------------------|
| Trade receivables  | 8,001                          | 10,000                         |
| Amount receivables from disposal of subsidiaries<br>(note 42(d)) | 445,000                        | —                              |
| Accrued income   | 72,366                         | 99,159                         |
| Deposits and prepayments   | 60,012                         | 16,685                         |
|  | <u>585,379</u>                 | <u>125,844</u>                 |

**2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE AGP GROUP**  
(Continued)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (Continued)  
For the year ended 31 December 2016

**27. RECEIVABLES, DEPOSITS AND PREPAYMENTS** (Continued)

Trade receivables mainly represent rental receivable from tenants for the use of the Group's properties and receivables from corporate customers and travel agents for the use of hotel facilities. Rentals are payable upon presentation of demand notes. An average credit period of 30 days is allowed to corporate customers and travel agents.

The following is an aged analysis of trade receivables, presented based on the invoice date, at the end of the reporting period.

|                | 2016<br>HK\$'000 | 2015<br>HK\$'000 |
|----------------|------------------|------------------|
| 0 to 30 days   | 5,622            | 8,167            |
| 31 to 60 days  | 344              | 271              |
| 61 to 90 days  | 18               | 232              |
| 91 to 365 days | 1,100            | 1,110            |
| Over 365 days  | 917              | 220              |
|                | <u>8,001</u>     | <u>10,000</u>    |

Before granting credit to any customer, the Group uses an internal credit assessment policy to assess the potential customers' credit quality and defines credit limit by customer. Trade receivables of HK\$2,513,000 (2015: HK\$2,498,000) at the end of the reporting period are past due but are not considered impaired as most of them are sufficiently covered by rental deposits received from respective tenants. The Group considers that the amounts are still recoverable and no provision is required. The Group does not hold any collateral over these balances.

**28. AMOUNTS DUE FROM/TO NON-CONTROLLING INTERESTS**

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

**29. BANK BALANCES AND CASH**

|   | 2016<br>HK\$'000 | 2015<br>HK\$'000 |
|---|------------------|------------------|
| Cash and cash equivalents   | 4,779,967        | 3,298,440        |
| Fixed deposits with an original maturity period<br>more than 3 months | 4,460,201        | 364,048          |
| Guaranteed bank balances  | —                | 3,094            |
|   | <u>9,240,168</u> | <u>3,665,582</u> |

Bank balances and cash comprise cash and short-term bank deposits which carry fixed interest rates ranging from 0.5% to 1.7% (2015: 0.3% to 2.4%) per annum.

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## APPENDIX II      FINANCIAL INFORMATION OF THE AGP GROUP

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### 2.    AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE AGP GROUP (Continued)

#### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) For the year ended 31 December 2016

#### 29.    BANK BALANCES AND CASH (Continued)

Guaranteed bank balances represent deposits placed by the Group with banks which can only be applied to designated property development projects of the Group. Guaranteed bank balances carry interest at market rates ranging from 0.4% to 1.0% per annum as at 31 December 2015.

The Group's bank balances and cash that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

|                       | <b>2016</b><br><i>HK\$'000</i> | <b>2015</b><br><i>HK\$'000</i> |
|-----------------------|--------------------------------|--------------------------------|
| Hong Kong dollars     | 645,526                        | 23                             |
| United States dollars | 4                              | 1                              |
| Renminbi              | 960                            | 2,763                          |

#### 30.    PAYABLES, RENTAL DEPOSITS AND ACCRUED CHARGES

|  | <b>2016</b><br><i>HK\$'000</i> | <b>2015</b><br><i>HK\$'000</i> |
|--|--------------------------------|--------------------------------|
| Trade payables                                     | 2,432                          | 3,052                          |
| Rental deposits                                    | 37,739                         | 113,764                        |
| Rental received in advance                         | 30,657                         | 13,463                         |
| Other payables, other deposits and accrued charges | 86,801                         | 240,440                        |
|  | <b>157,629</b>                 | <b>370,719</b>                 |

Included in other payables is an aggregate amount of (i) HK\$24,609,000 (2015: HK\$93,010,000) 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 23 and; (ii) nil (2015: HK\$67,436,000) payable to contractors for properties held for sale. In 2016, management reviewed the construction cost provision and reversed an amount of HK\$71,721,000 which no longer probable to be paid by the Group.

Rental deposits to be settled after twelve months from the end of the reporting period based on the respective lease terms amounted to HK\$25,610,000 (2015: HK\$76,376,000).

**2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE AGP GROUP**  
(Continued)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (Continued)  
For the year ended 31 December 2016

**31. BANK BORROWINGS**

|   | <b>2016</b><br><i>HK\$'000</i> | <b>2015</b><br><i>HK\$'000</i> |
|---|--------------------------------|--------------------------------|
| Secured   | 3,395,968                      | 4,035,574                      |
| Unsecured   | 80,000                         | —                              |
|   | <u>3,475,968</u>               | <u>4,035,574</u>               |
| Less: Front-end fee   | (17,335)                       | (22,089)                       |
|   | <u><u>3,458,633</u></u>        | <u><u>4,013,485</u></u>        |
| Analysed for reporting purpose as:                                      |                                |                                |
| Current liabilities   | 1,464,928                      | 1,133,781                      |
| Non-current liabilities   | 1,993,705                      | 2,879,704                      |
|   | <u><u>3,458,633</u></u>        | <u><u>4,013,485</u></u>        |
| The bank borrowings are repayable as follows:                           |                                |                                |
| On demand or within one year  | 1,467,756                      | 1,136,239                      |
| Within a period of more than one year,<br>but not exceeding two years   | 97,585                         | 164,126                        |
| Within a period of more than two years,<br>but not exceeding five years | 1,887,151                      | 1,795,734                      |
| Within a period of more than five years                                 | 23,476                         | 939,475                        |
|   | <u><u>3,475,968</u></u>        | <u><u>4,035,574</u></u>        |

Except for the bank borrowing of HK\$723,420,000 denominated in Hong Kong dollars, being the foreign currency of the relevant group entities with functional currency in USD, the remaining amounts are denominated in the functional currencies of the relevant group entities and carry interest at floating rates, the principal amounts of which are analysed below:

| <b>Denominated in</b> | <b>2016</b><br><i>HK\$'000</i> | <b>2015</b><br><i>HK\$'000</i> |
|-----------------------|--------------------------------|--------------------------------|
| Hong Kong dollars     | 1,115,000                      | 3,459,000                      |
| Renminbi              | 140,017                        | 576,574                        |
| Great Britain Pounds  | 1,497,531                      | —                              |
|                       | <u><u>2,752,548</u></u>        | <u><u>4,035,574</u></u>        |

The effective interest rates of these variable-rate borrowings range from 1.2% to 5.4% (2015: 1.4% to 7.1%) per annum.

## APPENDIX II FINANCIAL INFORMATION OF THE AGP GROUP

### 2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE AGP GROUP (Continued)

#### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) For the year ended 31 December 2016

#### 32. SHARE CAPITAL

|   | <b>2016 and 2015</b><br><i>US\$ '000</i> |
|---|--|
| Authorised:   |  |
| 1,300,000,000 common shares (note: changed from ordinary shares to common shares after migration on 5 December 2016) of US\$0.05 each | 65,000                                   |
| Issued and fully paid:  |  |
| 886,347,812 common shares (note: after migration on 5 December 2016) of US\$0.05 each   | 44,317                                   |
|   | <b>HK\$'000</b>                          |
| Shown in the financial statements as  | 345,204                                  |

#### 33. DEFERRED TAXATION

The following are the major deferred tax liabilities (assets) recognised and movements thereon during the current and prior reporting periods:

|                                   | Accelerated<br>tax<br>depreciation<br><i>HK\$'000</i> | Fair value of<br>investment<br>properties<br><i>HK\$'000</i> | Effective<br>rental<br>income<br><i>HK\$'000</i> | Tax<br>losses<br><i>HK\$'000</i> | Others<br><i>HK\$'000</i> | Total<br><i>HK\$'000</i> |
|-----------------------------------|---|--|--|----------------------------------|---------------------------|--------------------------|
| At 1 January 2015                 | 16,540  | 283,851  | 22,006   | (4,371)                          | 1,477                     | 319,503                  |
| Exchange adjustments              | —   | (15,312)   | (1,339)  | 282                              | —                         | (16,369)                 |
| Charge (credit) to profit or loss | 2,217   | (31,725)   | 1,372  | (708)                            | 302                       | (28,542)                 |
| At 31 December 2015               | 18,757  | 236,814  | 22,039   | (4,797)                          | 1,779                     | 274,592                  |
| Exchange adjustments              | (13)  | (13,956)   | (1,263)  | 197                              | —                         | (15,035)                 |
| Charge (credit) to profit or loss | 2,826   | (25,168)   | (3,191)  | 2,550                            | (3,191)                   | (26,174)                 |
| Disposal of subsidiaries          | (18,591)  | —  | —  | —                                | 1,412                     | (17,179)                 |
| <b>At 31 December 2016</b>        | <b>2,979</b>  | <b>197,690</b>   | <b>17,585</b>                                    | <b>(2,050)</b>                   | <b>—</b>                  | <b>216,204</b>           |

For the purpose of presentation of the consolidated statement of financial position, deferred tax assets and liabilities have been offset and shown under non-current liabilities.

**2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE AGP GROUP**  
(Continued)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (Continued)  
For the year ended 31 December 2016

**33. DEFERRED TAXATION** (Continued)

At 31 December 2016, the Group has unused tax losses of HK\$45,100,000 (2015: HK\$85,823,000) available to offset against future profits. A deferred tax asset has been recognised in respect of HK\$8,199,000 (2015: HK\$19,184,000) of such losses. No deferred tax asset has been recognised in respect of the remaining HK\$36,901,000 (2015: HK\$66,639,000) as it is not probable that taxable profit will be available to offset against the tax losses due to the unpredictability of future profit streams. The tax losses will expire in the following years ending 31 December:

|      | <b>2016</b><br>HK\$'000 | <b>2015</b><br>HK\$'000 |
|------|-------------------------|-------------------------|
| 2016 | —                       | 1,465                   |
| 2017 | 1,092                   | 3,354                   |
| 2018 | 4,248                   | 4,797                   |
| 2019 | 11,967                  | 39,316                  |
| 2020 | 11,801                  | 29,159                  |
| 2021 | 13,159                  | —                       |
|      | <u>42,267</u>           | <u>78,091</u>           |

Other tax losses may be carried forward indefinitely.

**34. FINANCIAL INSTRUMENTS**

(a) **Categories of financial instruments**

|   | <b>2016</b><br>HK\$'000 | <b>2015</b><br>HK\$'000 |
|---|-------------------------|-------------------------|
| Financial assets  |                         |                         |
| Loans and receivables (including cash and cash equivalents) | 10,289,719              | 4,100,725               |
| Available-for-sale investments                              |                         |                         |
| — listed  | 882,094                 | —                       |
| — unlisted  | 508,353                 | 11,648                  |
|   | <u>3,621,846</u>        | <u>4,336,524</u>        |
| Financial liabilities                                       |                         |                         |
| Financial liabilities at amortised cost                     | 3,621,846               | 4,336,524               |

**2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE AGP GROUP**  
(Continued)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (Continued)  
For the year ended 31 December 2016

**34. FINANCIAL INSTRUMENTS** (Continued)

**(b) Financial risk management objectives and policies**

The Directors have overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls to monitor risks and adherence to market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a constructive control environment in which all employees understand their roles and obligations. The Directors monitor and manage the financial risks relating to the operations of the Group to ensure appropriate measures are implemented on a timely and effective manner. These risks include market risk (including primarily foreign currency risk, interest rate risk and price risk), credit risk and liquidity risk.

The Group's overall strategy remains unchanged from prior year.

*Market risk*

(i) Foreign currency risk

Certain subsidiaries of the Company have foreign currency denominated monetary assets/(liabilities), which expose the Group to foreign currency risk. The Group currently does not have a policy to hedge the foreign currency exposure. However, management monitors the related foreign currency fluctuation closely and will consider entering into foreign exchange forward contracts to hedge significant portion of the foreign currency risk should the need arise.

The carrying amounts of the foreign currency denominated net monetary assets/(liabilities) at the end of the reporting period in the respective group entities are as follows:

|                       | <b>2016</b><br><i>HK\$'000</i> | <b>2015</b><br><i>HK\$'000</i> |
|-----------------------|--------------------------------|--------------------------------|
| Hong Kong dollars     | (77,436)                       | 23                             |
| United States dollars | 65,891                         | 65,905                         |
| Renminbi              | 2,235                          | 2,763                          |
|                       | <u>                    </u>    | <u>                    </u>    |

The loans for foreign operations within the Group that form part of the Group's net investment in the foreign operations are denominated in foreign currencies, other than the functional currency of the foreign entities.



**2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE AGP GROUP**  
(Continued)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (Continued)  
For the year ended 31 December 2016

**34. FINANCIAL INSTRUMENTS** (Continued)

**(b) Financial risk management objectives and policies** (Continued)

*Market risk* (Continued)

(i) Foreign currency risk (Continued)

**Sensitivity analysis**

The following table details the Group's sensitivity to a 5% (2015: 5%) depreciation in the functional currencies of the relevant subsidiaries (i.e. Renminbi, United States dollars and Hong Kong dollars), relative to the foreign currencies of the relevant subsidiaries (i.e. Hong Kong dollars, United States dollars and Renminbi). There would be an equal and opposite impact where the Renminbi, United States dollars and Hong Kong dollars weakens 5% (2015: 5%) against the relevant foreign currencies.

|                       | <b>Increase (decrease) in<br/>profit for the year</b> |                   |
|-----------------------|---|-------------------|
|                       | <b>2016</b>   | <b>2015</b>       |
|                       | <i>HK\$'000</i>                                       | <i>HK\$'000</i>   |
| Hong Kong dollars     | (3,872)   | 1                 |
| United States dollars | 3,295   | 3,295             |
| Renminbi              | 112   | 138               |
|                       | <u>          </u>                                     | <u>          </u> |

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign currency risk as the year end exposure does not reflect the exposure during the year.

Since the Hong Kong dollar is pegged to the United States dollar under the Linked Exchange Rate System, management does not expect any significant foreign currency exposure in relation to the exchange rate fluctuations between the Hong Kong dollar and the United States dollar.

**2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE AGP GROUP**  
(Continued)**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (Continued)  
For the year ended 31 December 2016**34. FINANCIAL INSTRUMENTS** (Continued)**(b) Financial risk management objectives and policies** (Continued)*Market risk* (Continued)

## (ii) Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate borrowings, loan receivables, bank balances and deposits. The Directors consider that the interest rate risk on bank balances and deposits are insignificant as they are subject to minimal interest rate fluctuation, accordingly, no sensitivity analysis is presented. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of HIBOR, LIBOR and the PBOC Prescribed Interest Rates on the bank borrowings, and Hong Kong Prime Rate on the loan receivables.

The Group currently does not have an interest rate swap hedging policy. However, management monitors the interest exposure and will consider hedging interest rate risk exposure should the need arise.

*Sensitivity analysis*

The sensitivity analysis below has been determined based on the exposure to interest rates in relation to the Group's variable-rate bank borrowings and loan receivables at the end of the reporting period. The analysis is prepared assuming the amount of asset and liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis points increase or decrease represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's profit for the year ended 31 December 2016 would decrease/increase by HK\$17,362,000 (2015: HK\$19,426,000).

## (iii) Price risk

The Group is exposed to price risk through its investments in available-for-sale investments. Management manages this exposure by maintaining a portfolio of investments with different risks. In addition, the Group has formed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

*Sensitivity analysis*

The sensitivity analysis below has been determined based on the exposure to market price risk of listed available-for-sale debt investments at the reporting date. For sensitivity analysis purpose, if the prices of the respective instruments had been 5% higher/lower, investments revaluation reserve would increase/decrease by HK\$44,105,000 for the Group as a result of the changes in fair value of the listed available-for-sale investments.

**2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE AGP GROUP**  
(Continued)**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (Continued)  
*For the year ended 31 December 2016***34. FINANCIAL INSTRUMENTS** (Continued)**(b) Financial risk management objectives and policies** (Continued)*Credit risk*

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations at the end of the reporting period in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated statement of financial position, which is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position. In order to minimise the credit risk, management of the Group has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

At 31 December 2016, the Group has concentration of credit risk on receivables from disposal of subsidiaries as set out in note 42 and unlisted available-for-sale debt investments. Management of the Group has periodic communication with the counterparty and has monitored the settlement regularly.

Although the placing of deposits, listed available-for-sale debt investments and notes subscribed are concentrated on certain banks or listed issuers, the credit risk on these financial assets is limited because the counterparties are with good reputation.

The Group has no other significant concentration of credit risk with exposure spread over a number of counterparties and customers.

*Liquidity risk*

Ultimate responsibility for liquidity risk management rests with the Directors, which have built an appropriate liquidity risk management framework for management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities, and by continuously monitoring forecast and actual cash flows. As at 31 December 2016, the Group has bank balances and cash of HK\$9,778,862,000 (2015: HK\$3,671,195,000) and available unutilised bank loan facilities of approximately HK\$627,442,000 (2015: HK\$370,248,000).

**2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE AGP GROUP**  
(Continued)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (Continued)  
For the year ended 31 December 2016

**34. FINANCIAL INSTRUMENTS** (Continued)

**(b) Financial risk management objectives and policies** (Continued)

Credit risk (Continued)

Liquidity risk (Continued)

The following table details the Group's remaining contractual maturity for its financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities and on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows, estimated based on interest rate at the end of the reporting period.

|   | Weighted<br>average<br>effective<br>interest rate<br>% | Within<br>3 months<br>HK\$'000 | 3 months to<br>6 months<br>HK\$'000 | 6 months to<br>9 months<br>HK\$'000 | 9 months to<br>12 months<br>HK\$'000 | Over<br>1 year<br>HK\$'000 | Total<br>undiscounted<br>cash flows<br>HK\$'000 | Carrying<br>amount<br>HK\$'000 |
|---|--|--------------------------------|-------------------------------------|-------------------------------------|--------------------------------------|----------------------------|---|--------------------------------|
| <b>At 31.12.2016</b>                        |  |                                |                                     |                                     |                                      |                            |   |                                |
| Payables and rental<br>deposits received    | —  | 82,054                         | 1,855                               | 762                                 | 2,917                                | 25,610                     | 113,198   | 113,198                        |
| Amounts due to<br>non-controlling interests | —  | 87,754                         | —                                   | —                                   | —                                    | —                          | 87,754  | 87,754                         |
| Variable rates bank<br>borrowings           | 2.1  | 1,406,933                      | 31,508                              | 31,260                              | 55,013                               | 2,261,705                  | 3,786,419                                       | 3,458,633                      |
|   |  | <u>1,576,741</u>               | <u>33,363</u>                       | <u>32,022</u>                       | <u>57,930</u>                        | <u>2,287,315</u>           | <u>3,987,371</u>                                | <u>3,659,585</u>               |
| <b>At 31.12.2015</b>                        |  |                                |                                     |                                     |                                      |                            |   |                                |
| Payables and rental<br>deposits received    | —  | 243,792                        | 10,679                              | 6,732                               | 5,528                                | 76,376                     | 343,107   | 343,107                        |
| Amounts due to<br>non-controlling interests | —  | 93,696                         | —                                   | —                                   | —                                    | —                          | 93,696  | 93,696                         |
| Variable rates bank borrowings              | 2.7  | 78,741                         | 1,036,075                           | 37,334                              | 89,812                               | 3,337,903                  | 4,579,865                                       | 4,013,485                      |
| Financial guarantees liabilities            | —  | 43,382                         | —                                   | —                                   | —                                    | —                          | 43,382  | —                              |
|   |  | <u>459,611</u>                 | <u>1,046,754</u>                    | <u>44,066</u>                       | <u>95,340</u>                        | <u>3,414,279</u>           | <u>5,060,050</u>                                | <u>4,450,288</u>               |

**2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE AGP GROUP**  
(Continued)**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (Continued)  
*For the year ended 31 December 2016***34. FINANCIAL INSTRUMENTS** (Continued)**(b) Financial risk management objectives and policies** (Continued)*Credit risk (Continued)**Liquidity risk (Continued)*

The amounts of financial guarantee liabilities, as set out in note 40, are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that such an amount will not be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

The amounts included above for variable rate bank borrowings are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

Bank loans with a repayment on demand clause are included in the “within 3 months” time band in the above maturity analysis. As at 31 December 2016, the aggregate undiscounted principal amounts of the bank loans amounted to HK\$1,256,524,000. Taking into account the Group’s financial position, the Directors do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment and the principal and interest cash flows based on contractual repayment terms amount to HK\$1,257,597,000 reported under “within 3 months” time band.

**2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE AGP GROUP**  
(Continued)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (Continued)  
For the year ended 31 December 2016

**34. FINANCIAL INSTRUMENTS** (Continued)

**(c) Fair value measurement of financial instruments**

The fair value of financial assets and financial liabilities carried at amortised cost, are determined in accordance with generally accepted pricing models which is based on discounted cash flows analysis using the relevant prevailing market rates as input.

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

The fair value of the listed available-for-sale investments is determined by reference to the quoted bid prices in an active market. This valuation falls under Level 1 of the fair value hierarchy.

The following table gives information about how the fair values of the unlisted available-for-sale debt investments are determined (in particular, the valuation technique(s) and inputs used).

| Financial assets  | Fair value as at<br>31/12/2016 | Fair value<br>hierarchy | Valuation technique(s)<br>and key input(s)  |
|---|--------------------------------|-------------------------|---|
| Unlisted available-for-sale debt investments as set out in note 24 (Note c) | HK\$496,719,000                | Level 2                 | <p>A discounted cash flow analysis is adopted to estimate the fair value of the Note.</p> <p>A discounted cash flow analysis involves forecasting the appropriate cash flow stream over an appropriate period and then discounting it back to a present value at an appropriate discount rate. This discount rate reflects the time value of money, inflation and the risk inherent in ownership of the asset or security interest being valued.</p> <p>The key input is the discount rate which is determined with reference to comparable bonds as at 31 December 2016.</p> |

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**APPENDIX II                      FINANCIAL INFORMATION OF THE AGP GROUP**

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**2.     AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE AGP GROUP**  
*(Continued)*

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** *(Continued)*  
*For the year ended 31 December 2016*

**35.    OPERATING LEASE ARRANGEMENTS**

**The Group as lessee**

Minimum lease payments paid under operating leases during the year are HK\$36,000 (2015: HK\$1,386,000).

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of rented premises which fall due as follows:

|  | <b>2016</b><br><i>HK\$'000</i> | <b>2015</b><br><i>HK\$'000</i> |
|--|--------------------------------|--------------------------------|
| Within one year                        | 36                             | 766                            |
| In the second to fifth years inclusive | 3                              | 129                            |
|  | <u>39</u>                      | <u>895</u>                     |

Leases are negotiated for the range of 1 to 2 years (2015: 1 to 2 years) with fixed monthly rentals.

**The Group as lessor**

The majority of the Group's investment properties were leased out under operating leases.

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

|  | <b>2016</b><br><i>HK\$'000</i> | <b>2015</b><br><i>HK\$'000</i> |
|--|--------------------------------|--------------------------------|
| Within one year                        | 187,203                        | 356,543                        |
| In the second to fifth years inclusive | 599,652                        | 859,051                        |
| Over five years                        | 690,624                        | 750,243                        |
|  | <u>1,477,479</u>               | <u>1,965,837</u>               |

In addition to the annual minimum lease payments, the Group is entitled to, in respect of leases, in addition to committed rent, additional rental based on a specified percentage of revenue, if achieved, earned by the tenant. No such additional rental was received during the year and the preceding year.

The lease terms of the remaining leased properties range from 1 to 23 years (2015: 1 to 16 years).

## 2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE AGP GROUP (Continued)

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) For the year ended 31 December 2016

#### 36. 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\$2,854,807,000 (2015: HK\$10,934,981,000) 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 aggregate carrying values of HK\$892,175,000 (2015: HK\$919,691,000) together with a floating charge over all the assets of the properties owning subsidiaries and benefits accrued to the relevant properties.
- (c) Fixed charges on properties under development held for sale with an aggregate carrying value of HK\$195,963,000 as at 31 December 2015, which were released in the current year.
- (d) Fixed charge on properties for development with an aggregate carrying value of HK\$186,898,000 as at 31 December 2015, which were released in the current year.
- (e) Note receivables of HK\$54,282,000 (2015: HK\$54,256,000).
- (f) Pledged cash of HK\$533,105,000 (2015: nil).
- (g) Listed debt securities of HK\$882,094,000 (2015: nil).

#### 37. SHARE-BASED PAYMENTS

##### Share Option Scheme of the Company

The share option scheme of the Company (the “Share Option Scheme”) was approved by the shareholders of SEA on 27 May 2010 and by the Board on 28 May 2010. The Share Option Scheme came into effect on 16 August 2010 (the “Adoption Date”) upon fulfillment of the conditions contained in the Share Option Scheme. Unless terminated earlier by the Board, the Share Option Scheme shall be valid and effective for a term of 10 years until 15 August 2020.

The purpose of the Share Option Scheme is to provide a flexible means to recognise and acknowledge the performance and/or contribution of any (i) director or employee of the Company or any of its affiliates; (ii) representative, manager, agent, contractor, advisor, consultant, distributor or supplier engaged by the Company or any of its affiliates; (iii) customer, promoter, business ally or joint-venture partner of the Company or any of its affiliates; or (iv) trustee of any trust established for the benefit of employees of the Company or any of its affiliates.



**2.    AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE AGP GROUP**  
*(Continued)***NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** *(Continued)*  
*For the year ended 31 December 2016***37.    SHARE-BASED PAYMENTS** *(Continued)***Share Option Scheme of the Company** *(Continued)*

Under the Share Option Scheme, the Board (or any committee delegated by the Board) may offer to the eligible participants options to subscribe for shares of the Company at a price at least the highest of (i) the closing price of the share of the Company on the AIM Market on the date of grant of the option; (ii) the average of the closing price of the share of the Company on the AIM Market for the five business days immediately preceding the date of grant of the option; and (iii) the par value of the share of the Company.

Without prior approval of the shareholders of SEA in general meetings, no option may be granted to (a) an eligible participant which, if exercised in full, would result in the total number of shares issued and to be issued upon exercise of all options already granted or to be granted to such eligible participant in any 12-month period, exceeding 1% of the shares of the Company then in issue; and (b) a substantial shareholder and/or an independent non-executive director of the Company or SEA or any of their respective associates which, if exercised in full, would result in the total number of shares issued and to be issued upon exercise of all options granted or to be granted to such person in any 12-month period, exceeding 0.1% of the shares of the Company then in issue and with an aggregate value exceeding HK\$5 million (or its equivalent amount in British Pound).

Options granted must be taken up within 28 days from the date of grant upon payment of HK\$10 (or its equivalent amount in British Pound or United States dollars). The period during which an option may be exercised is determined by the Board (or any committee delegated by the Board) at its absolute discretion, save that no option may be exercised more than 10 years after it has been granted. Unless otherwise determined by the Board (or any committee delegated by the Board) at its sole discretion, there is no minimum period for which an option must be held before it can be exercised.

No option was granted since the adoption date of the Share Option Scheme.

**Share Award Scheme of the Company**

The share award scheme of the Company (the “Share Award Scheme”) was approved by the shareholders of SEA on 27 May 2010 and by the Board on 28 May 2010 and came into effect on the Adoption Date. Unless terminated earlier by the Board, the Share Award Scheme shall be valid and effective for a term of 15 years until 15 August 2025.

**2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE AGP GROUP**  
*(Continued)***NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** *(Continued)*  
*For the year ended 31 December 2016***37. SHARE-BASED PAYMENTS** *(Continued)***Share Award Scheme of the Company** *(Continued)*

The purpose of the Share Award Scheme is to provide a flexible means to recognise and acknowledge the performance and/or contribution of the eligible participants. Under the Share Award Scheme, the Board (or any committee delegated by the Board) may at its absolute discretion grant awards, which may comprise (a) new shares of the Company; (b) existing shares of the Company in issue and is listed on the AIM Market from time to time; (c) cash in lieu of the shares of the Company; or (d) a combination of (a), (b) and (c), to any eligible participants as it thinks fit and appropriate and subject to the terms and conditions of the Share Award Scheme. No award may be granted under the Share Award Scheme if the aggregate number of shares which may be issued and/or transferred upon vesting of all outstanding awards granted under the Share Award Scheme and any other share award scheme of the Company and which may be issued upon exercise of all outstanding options granted and yet to be exercised under any share option scheme of the Company exceed 30% of the shares of the Company in issue from time to time.

No award was granted since the adoption date of the SEA Share Award Scheme.

**Share Option Scheme of SEA**

SEA adopted an employee share option scheme (the “2005 SEA Share Option Scheme”) on 25 August 2005 for the primary purpose of providing incentive to directors and eligible employees. The 2005 SEA Share Option Scheme expired on 24 August 2015. Upon expiry of the 2005 SEA Share Option Scheme, no further options should be granted thereunder but the options granted and yet to be exercised under the 2005 SEA Share Option Scheme shall remain in force and effect.

SEA adopted a new share option scheme (“2015 SEA Share Option Scheme”) on 29 May 2015. Under the 2015 SEA Share Option Scheme, the board of directors of SEA may offer to any (i) director or employee of SEA or any of its affiliate; (ii) representative, manager, agent, contractor, advisor, consultant, distributor or supplier engaged by SEA or any of its affiliate; (iii) customer, promoter, business ally or joint-venture partner of SEA or any of its affiliate; or (iv) trustee of any trust established for the benefit of employees of SEA or any of its affiliate. Options to subscribe for shares in SEA at a price at least the highest of (i) the nominal value of the share of SEA; (ii) the average of the closing price of the share of SEA on the Stock Exchange for the five business days immediately preceding the date of grant of the option; and (iii) the closing price of the share of SEA on the Stock Exchange on the date of grant of the option.

Without prior approval of the shareholders of SEA in general meeting, no option may be granted to (a) an eligible participant which, if exercised in full, would result in the total number of shares issued and to be issued upon exercise of all options already granted or to be granted to such eligible participant in any 12-month period, exceeding 1% of the shares of SEA then in issue; and (b) a substantial shareholder or an independent non-executive director of SEA or any of their respective associates which, if exercised in full, would result in the total number of shares issued and to be issued upon exercise of all options granted or to be granted to such person in any 12-month period, exceeding 0.1% of the shares of SEA then in issue and with an aggregate value exceeding HK\$5 million.

**2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE AGP GROUP**  
(Continued)**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (Continued)  
*For the year ended 31 December 2016***37. SHARE-BASED PAYMENTS** (Continued)**Share Option Scheme of SEA** (Continued)

Options granted must be taken up within 28 days from the date of grant upon payment of HK\$10. The period during which an option may be exercised is determined by the board of directors of SEA at its absolute discretion, save that no option may be exercised more than 10 years after it has been granted. Unless otherwise determined by the board of directors of SEA at its sole discretion, there is no minimum period for which an option must be held before it can be exercised.

On 12 July 2012, SEA granted share options under the 2005 SEA Share Option Scheme to a director of the Company entitling the holder to subscribe for 1,000,000 shares of SEA at an exercise price of HK\$3.454 per share with an exercise period of 2 years from 1 July 2015 to 30 June 2017. The directors of SEA determined the fair value of the share options with reference to the calculation made by an independent professional valuer to be HK\$643,300. None of the options were lapsed and 500,000 share options of SEA granted under the 2005 SEA Share Option Scheme were exercised by such director during the reporting period.

On 2 July 2015, SEA granted share options under the 2015 SEA Share Option Scheme to a director of the Company entitling the holder to subscribe for 1,000,000 shares of SEA at an exercise price of HK\$6.302 per share with an exercise period of 2 years from 1 July 2018 to 30 June 2020. The directors of SEA determined the fair value of the share options with reference to the calculation made by an independent professional valuer to be HK\$1,090,055. None of the options lapsed or were exercised up to the end of the reporting period.

**Share Award Scheme of SEA**

The share award scheme of SEA (the “SEA Share Award Scheme”) was approved by the shareholders of SEA on 27 May 2010. The SEA Share Award Scheme came into effect on 15 June 2010 upon fulfillment of the conditions contained in the SEA Share Award Scheme. Unless terminated earlier by the board of directors of SEA, the SEA Share Award Scheme shall be valid and effective for a term of 15 years until 14 June 2025.

The purpose of the SEA Share Award Scheme is to provide a flexible means to recognise and acknowledge the performance and/or contribution of the eligible participants. Under the SEA Share Award Scheme, the board of directors of SEA (or any committee delegated by the board of directors of SEA) may at its absolute discretion grant awards, which may comprise (a) new shares of SEA; (b) existing shares of SEA in issue and is listed on the Stock Exchange from time to time; (c) cash in lieu of the shares of SEA; or (d) a combination of (a), (b) and (c), to any eligible participants as it thinks fit and appropriate and subject to the terms and conditions of the SEA Share Award Scheme. No award may be granted under the SEA Share Award Scheme if the aggregate number of shares which may be issued and/or transferred upon vesting of all outstanding awards granted under the SEA Share Award Scheme and any other share award scheme of SEA and which may be issued upon exercise of all outstanding options granted and yet to be exercised under any share option scheme of SEA exceed 30% of the shares of SEA in issue from time to time.

**2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE AGP GROUP**  
(Continued)**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (Continued)  
*For the year ended 31 December 2016***37. SHARE-BASED PAYMENTS** (Continued)**Share Award Scheme of SEA** (Continued)

SEA has appointed a trustee to acquire shares of SEA in the open market with funds provided by the SEA Group and to hold the shares of SEA before they are vested and transferred to the selected participants.

No award was granted since the adoption date of the SEA Share Award Scheme.

**38. RETIREMENT BENEFIT PLANS**

The Group participates in a defined contribution scheme which is registered under a Mandatory Provident Fund Scheme (the “MPF Scheme”) established under the Mandatory Provident Fund Schemes Ordinance of Hong Kong in December 2000 for eligible employees in Hong Kong. The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% to 15% of relevant payroll costs per month to the scheme for members of the MPF Scheme, depending on the length of service with the Group.

The employees of the Group’s subsidiaries in the PRC are members of state-managed retirement benefit scheme operated by the government of the PRC.

The total contribution paid to the retirement benefit schemes by the Group charged to profit or loss for the year amounted to HK\$3,485,000 (2015: HK\$3,994,000). No forfeited contributions had been used to reduce the level of contributions in either year.

**39. RELATED PARTY TRANSACTIONS**

(a) For the year ended 31 December 2016, the Group paid fees of HK\$188,174,000 (2015: HK\$272,611,000) to South-East Asia Investment and Agency Company, Limited (“SEAI”), a wholly-owned subsidiary of SEA, 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 in respect of the provision of property development and management services to the Group on the Group’s property portfolio; and

(b) The remuneration of Directors who are the Group’s key management is set out in note 14.

**40. CONTINGENT LIABILITIES**

At 31 December 2015, the Group had given guarantees to banks in respect of mortgage loans provided to the Group’s customers for the purchase of the Group’s properties located in Kaifeng, the PRC. The total outstanding mortgage loans which were under the guarantee were HK\$43,382,000. This development project has been disposed during the year as set out in note 42(b) and the contingent liabilities therefore no longer exist at 31 December 2016.

**2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE AGP GROUP**  
(Continued)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (Continued)  
For the year ended 31 December 2016

**41. ACQUISITIONS OF SUBSIDIARIES**

On 7 November 2016, the Group entered into a sale and purchase agreement with an independent third party to acquire indirectly the entire issued units in a trust that owns the property known as 20 Moorgate, London, EC2R 6DA at a total consideration of approximately £154 million (approximately HK\$1,491 million) (the “Acquisition”). The Acquisition was financed by (i) a bank facility of £100.8 million secured by the property and (ii) a bank facility of £57 million pledged by cash deposits.

Assets acquired and liabilities recognised at the date of acquisition are as follows:

|                                   | <i>HK\$ '000</i> |
|-----------------------------------|------------------|
| Investment properties             | 1,505,213        |
| Other receivables and prepayments | 1,030            |
| Trade and other payables          | (12,310)         |
|                                   | <u>1,493,933</u> |

**42. GAIN ON DISPOSAL OF SUBSIDIARIES**

During the year ended 31 December 2016, the Group has disposed of certain subsidiaries which owned the following properties/projects:

**(a) 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 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.

**(b) 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.

**(c) Huangshan project**

On 3 August 2016, the Group entered into a sale and purchase agreement with an independent third party to sell the entire issued share capital of Rich Motion Development Limited, which wholly owns the entire registered capital of the investment company of a property development project located at Huangshan, Anhui Province, the PRC for a consideration of HK\$2 million in cash. The disposal was completed on the same date.

**2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE AGP GROUP**  
(Continued)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (Continued)  
For the year ended 31 December 2016

**42. GAIN ON DISPOSAL OF SUBSIDIARIES** (Continued)

**(d) Chengdu Nova City**

On 22 August 2016, the Group entered into a sale and purchase agreement with an independent third party to sell the entire issued share capital of Healthy Time International Limited, which wholly owns the beneficial interest in the property development project located in Chengdu, Sichuan Province, the PRC for a consideration of HK\$890 million in cash. The disposal was completed on 29 August 2016.

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

|   | <b>Everbright<br/>Centre</b><br><i>HK\$'000</i> | <b>Kaifeng<br/>Nova City</b><br><i>HK\$'000</i> | <b>Huangshan<br/>project</b><br><i>HK\$'000</i> | <b>Chengdu<br/>Nova City</b><br><i>HK\$'000</i> | <b>Total</b><br><i>HK\$'000</i> |
|---|---|---|---|---|---------------------------------|
| Investment property                       | 8,983,000                                       | —   | —   | —   | 8,983,000                       |
| Property for development                  | —   | 531,322   | 85,338  | 610,285   | 1,226,945                       |
| Property, plant and equipment             | 390,012   | 2,129   | 210   | 445   | 392,796                         |
| Properties held for sale                  |   |   |   |   |                                 |
| Completed properties                      | —   | 419,107   | —   | —   | 419,107                         |
| Properties under development              | —   | 148,832   | —   | 86,879  | 235,711                         |
| Receivables, deposits<br>and prepayments  | 18,719  | 2,360   | 175   | 661   | 21,915                          |
| Tax recoverable (tax liabilities)         | (4,130)   | 3,449   | —   | 12  | (669)                           |
| Bank balances and cash                    | 44,229  | 118,580   | 191   | 124,746   | 287,746                         |
| Payables, deposits and<br>accrued charges | (86,256)  | (52,754)  | (61,552)  | (72,458)  | (273,020)                       |
| Sales deposits                            | —   | (17,671)  | —   | —   | (17,671)                        |
| Bank borrowings                           | —   | (159,078)                                       | —   | —   | (159,078)                       |
| Deferred tax liabilities                  | (17,179)  | —   | —   | —   | (17,179)                        |
|   | <u>9,328,395</u>                                | <u>996,276</u>                                  | <u>24,362</u>                                   | <u>750,570</u>                                  | <u>11,099,603</u>               |
| Net assets disposed of                    | <u>9,328,395</u>                                | <u>996,276</u>                                  | <u>24,362</u>                                   | <u>750,570</u>                                  | <u>11,099,603</u>               |

**2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE AGP GROUP**  
(Continued)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (Continued)  
For the year ended 31 December 2016

**42. GAIN ON DISPOSAL OF SUBSIDIARIES** (Continued)

|   | Everbright<br>Centre<br>HK\$'000 | Kaifeng<br>Nova City<br>HK\$'000 | Huangshan<br>project<br>HK\$'000 | Chengdu<br>Nova City<br>HK\$'000 | Total<br>HK\$'000 |
|---|----------------------------------|----------------------------------|----------------------------------|----------------------------------|-------------------|
| Gain (loss) on disposal of subsidiaries:              |                                  |                                  |                                  |                                  |                   |
| Cash consideration                                    | 10,100,710                       | 900,000                          | 2,000                            | 890,000                          | 11,892,710        |
| Add: Realisation of translation reserve upon disposal | —                                | 6,654                            | 759                              | (9,261)                          | (1,848)           |
| Less: Transaction costs incurred                      | (150,250)                        | (903)                            | (10,677)                         | (3,059)                          | (164,889)         |
| Less: Write off of unamortised front-end fee          | (10,566)                         | —                                | —                                | —                                | (10,566)          |
| Less: Net assets disposed of                          | (9,328,395)                      | (996,276)                        | (24,362)                         | (750,570)                        | (11,099,603)      |
|   | <u>611,499</u>                   | <u>(90,525)</u>                  | <u>(32,280)</u>                  | <u>127,110</u>                   | <u>615,804</u>    |
| Gain (loss) on disposal of subsidiaries               |                                  |                                  |                                  |                                  |                   |
| Cash consideration                                    | 10,100,710                       | 900,000                          | 2,000                            | 890,000                          | 11,892,710        |
| Less: Cash consideration receivable                   | —                                | —                                | —                                | (445,000)                        | (445,000)         |
| Less: Cash and cash equivalents disposed of           | (44,229)                         | (118,580)                        | (191)                            | (124,746)                        | (287,746)         |
| Less: Transaction costs paid                          | (150,250)                        | (903)                            | (10,677)                         | (3,059)                          | (164,889)         |
|   | <u>9,906,231</u>                 | <u>780,517</u>                   | <u>(8,868)</u>                   | <u>317,195</u>                   | <u>10,995,075</u> |
| Net cash inflow (outflow) arising on disposal         |                                  |                                  |                                  |                                  |                   |

The cash consideration receivable, included in receivables, deposits and prepayment as set out in note 27 will be settled in August 2017.

On 30 September 2015, after taking into account the market conditions, the current development plan was changed. The Group entered into a sale and purchase agreement, pursuant to which the Group agreed to sell the subsidiaries, being the owner of a piece of land known as Sha Tin Town Lot No. 75 and the Remaining Portion of Lot No. 744 in the Demarcation District No. 176 and situated at 1-11 Au Pui Wan Street, Fo Tan, Sha Tin, New Territories, Hong Kong, to the purchaser at an aggregate consideration of HK\$1,400 million, subject to certain adjustments not exceeding HK\$10 million. The disposal was completed on 30 November 2015.

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**APPENDIX II            FINANCIAL INFORMATION OF THE AGP GROUP**

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**2.    AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE AGP GROUP**  
*(Continued)***NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** *(Continued)*  
*For the year ended 31 December 2016***42.    GAIN ON DISPOSAL OF SUBSIDIARIES** *(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> |
|---------------------------------------|------------------|
| Properties under development for sale | 950,524          |
| Receivables, deposits and prepayments | 603              |
|                                       | <hr/>            |
|                                       | 951,127          |
|                                       | <hr/> <hr/>      |
| Gain on disposal of subsidiaries:     |                  |
| Cash consideration                    | 1,400,000        |
| Add: Consideration receivable         | 603              |
|                                       | <hr/>            |
| Total consideration                   | 1,400,603        |
| Less: Transaction costs incurred      | (17,650)         |
| Less: Net assets disposed of          | (951,127)        |
|                                       | <hr/>            |
| Gain on disposal of subsidiaries      | 431,826          |
|                                       | <hr/> <hr/>      |
| Cash consideration received           | 1,400,000        |
| Less: Transaction costs paid          | (17,500)         |
|                                       | <hr/>            |
| Net cash inflow arising on disposal   | 1,382,500        |
|                                       | <hr/> <hr/>      |

Management did not consider the disposal of the subsidiaries comprising the entire early stage development projects or investment property, to be in the normal course of business of the Group and for that reason the gain or loss on disposal was presented below profit from operations after fair value changes on investment properties.



**2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE AGP GROUP**  
(Continued)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (Continued)  
For the year ended 31 December 2016

**43. PRINCIPAL SUBSIDIARIES**

| Name of subsidiary   | Place/country of incorporation/operation | Issued and paid up share capital/registered capital | Effective % of issued share capital/registered capital held by the Company |      | Principal activities |
|--|--|---|--|------|----------------------|
|  |  |   | 2016   | 2015 |                      |
| <i>Direct subsidiary</i>                                   |  |   |  |      |                      |
| Benefit Strong Group Limited                               | BVI/Hong Kong                            | HK\$1   | 100  | 100  | Investment holding   |
| <i>Indirect subsidiaries</i>                               |  |   |  |      |                      |
| AGP (Diamond Hill) Limited                                 | Hong Kong                                | HK\$2   | 100  | 100  | Property development |
| Chengdu Huashang House Development Co., Ltd.*              | PRC                                      | RMB200,000,000 registered capital                   | 100  | 100  | Property investment  |
| Chengdu Yulong No. 1 Property Development Company Limited* | PRC                                      | RMB345,000,000 registered capital                   | —  | 100  | Property development |
| Chengdu Yulong No. 2 Property Development Company Limited* | PRC                                      | RMB80,000,000 registered capital                    | —  | 100  | Property development |
| Chengdu Yulong No. 3 Property Development Company Limited* | PRC                                      | RMB450,000,000 registered capital                   | —  | 100  | Property development |
| Concord Way Limited  | Hong Kong                                | HK\$100   | 100  | 100  | Hotel operation      |
| Giant Well Enterprises Limited                             | BVI/Hong Kong                            | US\$1   | 100  | 100  | Investment holding   |
| Grace Art Development Limited                              | Hong Kong                                | HK\$1   | 100  | 100  | Treasury services    |

**2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE AGP GROUP**  
(Continued)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (Continued)  
For the year ended 31 December 2016

**43. PRINCIPAL SUBSIDIARIES** (Continued)

| Name of subsidiary   | Place/country of incorporation/operation | Issued and paid up share capital/registered capital | Effective % of issued share capital/registered capital held by the Company |      | Principal activities                                |
|--|--|---|--|------|---|
|  |  |   | 2016   | 2015 |   |
| <i>Indirect subsidiaries (Continued)</i>   |  |   |  |      |   |
| Guangzhou Yingfat House Property Development Co., Ltd.*                                    | PRC                                      | US\$20,110,000 registered capital                   | 100  | 100  | Property development and investment                 |
| Harvest Hill Limited   | Hong Kong                                | HK\$2   | 100  | 100  | Financing   |
| Huangshan City Huizhou District Feng Dan Bailu Investment and Development Company Limited* | PRC                                      | RMB35,000,000 registered capital                    | —  | 100  | Property and tourist leisure facilities development |
| Kaifeng International City No. 1 Realty Development Company Limited*                       | PRC                                      | US\$152,500,000 registered capital                  | —  | 100  | Property development                                |
| Kaifeng International City No. 5 Realty Development Company Limited*                       | PRC                                      | US\$42,450,000 registered capital                   | —  | 100  | Property development                                |
| Kingston Pacific Investment Limited  | BVI/Hong Kong                            | US\$100   | 55   | 55   | Property development                                |
| Leighton Road Hotel Management Services Limited  | Hong Kong                                | HK\$1   | 100  | 100  | Hotel operation                                     |
| Luck Marker Limited  | BVI/Hong Kong                            | US\$1   | 100  | —    | Financial investment                                |
| Nanjing Hushu Ecology Travel Development Co., Ltd.@ (“NJ Hushu”)                           | PRC                                      | RMB100,000,000 registered capital                   | 51   | 51   | Property, cultural and tourism development          |

**2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE AGP GROUP**  
(Continued)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (Continued)  
For the year ended 31 December 2016

**43. PRINCIPAL SUBSIDIARIES** (Continued)

| Name of subsidiary  | Place/country of incorporation/<br>operation | Issued and paid up share capital/<br>registered capital | Effective % of issued share capital/registered capital held by the Company |      | Principal activities                                |
|---|--|---|--|------|---|
|   |  |   | 2016   | 2015 |   |
| <i>Indirect subsidiaries (Continued)</i>  |  |   |  |      |   |
| Nanjing Taligang Tourist Leisure Facilities Company Limited@<br>("NJ Taligang") | PRC  | RMB35,000,000<br>registered capital                     | 51   | 51   | Property, cultural and tourism development          |
| Rainbow Mark Investments Limited  | BVI/Hong Kong                                | US\$1   | 100  | —    | Financial investment                                |
| Shine Concord Investments Limited   | Hong Kong                                    | HK\$1   | 100  | 100  | Hotel operation                                     |
| Sino Harvest Real Estate Development (Chengdu) Company Limited*                 | PRC  | US\$3,000,000<br>registered capital                     | 100  | 100  | Property investment                                 |
| Sky Trend Investments Limited   | Hong Kong                                    | HK\$2   | 100  | 100  | Hotel operation                                     |
| Treasure Indicator Limited  | BVI/Hong Kong                                | US\$1   | 100  | —    | Financial investment                                |
| Tycoon Honour Limited   | BVI/Hong Kong                                | US\$1   | 100  | —    | Investment holding of The Moorgate Unit Trust units |
| Sunfold Development Limited   | Hong Kong                                    | HK\$1   | 100  | 100  | Hotel operation                                     |
| Wing Siu Company Limited  | Hong Kong                                    | HK\$2   | —  | 100  | Property investment                                 |
| Worthy Merit Limited  | BVI/Hong Kong                                | US\$1   | 100  | —    | Investment holding of The Moorgate Unit Trust units |

\* Wholly foreign owned enterprise

@ Sino-foreign equity joint venture

**2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE AGP GROUP**  
*(Continued)***NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** *(Continued)*  
*For the year ended 31 December 2016***43. PRINCIPAL SUBSIDIARIES** *(Continued)*

The Directors are of the opinion that a complete list of the particulars of all subsidiaries of the Company will be of excessive length and therefore the above list contains only the particulars of subsidiaries which principally affect the results or assets of the Group.

**Subsidiaries with material non-controlling interest**

Non-controlling interest recognised in the consolidated statement of financial position is mainly attributable to the shareholder's deficits relating to NJ Hushu and NJ Taligang amounting to HK\$71,689,000 and HK\$12,230,000 respectively. No dividend was paid or payable during the year.

As at 31 December 2016, these subsidiaries have no material income and assets; and the total current liabilities of NJ Hushu and NJ Taligang are approximately HK\$186,256,000 and HK\$25,401,000, respectively. During the year, the losses of NJ Hushu and NJ Taligang are approximately HK\$244,455,000 and HK\$45,219,000 respectively. No material cash flow was contributed by these subsidiaries during the year.

### 3. STATEMENT OF INDEBTEDNESS

As at 30 April 2017, the AGP Group had outstanding total secured and unguaranteed bank loans in Hong Kong and PRC amounting to HK\$3,682.2 million. The secured bank loans were secured by the AGP Group's properties valued at HK\$3,747.0 million (being their carrying amounts as at 31 December 2016) and listed debt securities with a carrying amount as at 30 April 2017 of HK\$1,410.6 million and pledged cash of HK\$561.1 million.

Save as aforesaid and apart from intra-group liabilities, the AGP Group did not, as at 30 April 2017, have any material outstanding (i) debt securities, whether issued and outstanding, authorized or otherwise created but unissued or term loan, whether guaranteed, unguaranteed, secured (whether the security is provided by AGP or by third parties) or unsecured; (ii) other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits or finance lease commitments, whether guaranteed, unguaranteed, secured and unsecured; (iii) mortgage or charges; or (iv) guarantees or other material contingent liabilities.

Upon completion of the Assets Redistribution, the AGP Group no longer consolidates the indebtedness of AGP Non-PRC Assets. Save as disclosed above, the AGP Directors are not aware of any material change in the indebtedness and contingent liability position of the AGP Group since 30 April 2017.

### 4. MATERIAL CHANGE

On 17 March 2017, the AGP Board declared a special cash dividend of HK\$2.25 per common share for the year ended 31 December 2016 ("**AGP Cash Dividend**") to qualifying AGP shareholders which was paid on 13 April 2017. Please refer to AGP's announcement dated 17 March 2017 for details of the event.

On 21 April 2017, the AGP Board declared the AGP Special Dividend Payment which was paid on 15 May 2017. Details of the event were set out in AGP's announcements dated 31 March 2017 and 21 April 2017.

On 15 May 2017, completion of the SP Agreement and the Distribution in Specie took place. As a result of completion of the Distribution in Specie, AGP ceased to be a subsidiary of SEA. Details of the events were set out in AGP's announcements dated 31 March 2017 and 15 May 2017.

Save for (i) the Assets Redistribution, (ii) AGP Cash Dividend and (iii) the AGP Special Dividend Payment, the AGP Directors confirm that there has been no material change in the financial or trading position or outlook of the AGP Group since 31 December 2016, being the date to which the latest published audited financial statements of the AGP Group were made up, up to and including the Latest Practicable Date.

## 1. SUMMARY OF FINANCIAL INFORMATION OF THE SEA GROUP

The following is a summary of the financial information of the SEA Group for each of the three financial years ended 31 December 2014, 2015 and 2016 as extracted from the annual reports of the SEA Group for the year ended 31 December 2014, 2015 and 2016, respectively.

|                               | For the year ended 31 December |           |           |
|-------------------------------|--------------------------------|-----------|-----------|
|                               | 2014                           | 2015      | 2016      |
|                               | HK\$'000                       | HK\$'000  | HK\$'000  |
|                               | (Audited)                      | (Audited) | (Audited) |
| Revenue                       | 668,521                        | 732,696   | 565,979   |
| Profit before taxation        | 749,933                        | 1,461,960 | 496,575   |
| Taxation                      | (46,346)                       | 1,252     | 75,346    |
| Profit for the year           | 703,587                        | 1,463,212 | 571,921   |
| Attributable to:              |                                |           |           |
| Owners of the SEA Group       | 684,462                        | 1,435,932 | 684,289   |
| Non-controlling interests     | 19,125                         | 27,280    | (112,368) |
| Dividend paid                 | 75,440                         | 75,680    | 1,429,658 |
| Dividend per Share (HK cents) | 11                             | 11        | 211       |
| Earnings per Share (HK cents) |                                |           |           |
| Basic                         | 100.1                          | 209.3     | 101.0     |

The audited consolidated financial statements of the SEA Group for each of three years ended 31 December 2014, 2015 and 2016 did not contain any qualified opinion from Deloitte Touche Tohmatsu.

Except for (i) fair value gain of HK\$616,314,000 and HK\$953,077,000 during the year ended 31 December 2014 and 2015 respectively and the fair value loss of HK\$104,625,000 during the year ended 31 December 2016; (ii) the gain of HK\$464,162,000 and HK\$801,690,000 on disposal of subsidiaries during the year ended 31 December 2015 and 2016 respectively; (iii) the write off of the other receivable for the amount of HK\$353,127,000 in 2016 and (iv) the reversal of relocation costs of HK\$71,721,000 in 2016, there were no extraordinary items which were exceptional because of size, nature or incidence recorded on the financial statements of SEA during each of the three years ended 31 December 2014, 2015 and 2016.

## 2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE SEA GROUP

Set out below is a reproduction of the text of the audited consolidated financial statements of the SEA Group together with the accompanying notes contained in the annual report of SEA for the year ended 31 December 2016.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

*For the year ended 31 December 2016*

|   | <i>NOTES</i> | <b>2016</b><br><i>HK\$'000</i> | <b>2015</b><br><i>HK\$'000</i> |
|---|--------------|--------------------------------|--------------------------------|
| Revenue   | 7            | 565,979                        | 732,696                        |
| Other income  | 8            | 18,412                         | 66,982                         |
| Costs:  |              |                                |                                |
| Property and related costs  | 9            | (41,519)                       | (133,891)                      |
| Staff costs   |              | (175,051)                      | (267,033)                      |
| Depreciation and amortisation   |              | (38,449)                       | (65,327)                       |
| Other expenses  | 10           | (159,320)                      | (171,573)                      |
|   |              | <u>(414,339)</u>               | <u>(637,824)</u>               |
| Profit from operations before fair value changes on investment properties                           |              | 170,052                        | 161,854                        |
| Fair value changes on investment properties   |              | <u>(104,625)</u>               | <u>953,077</u>                 |
| Profit from operations after fair value changes on investment properties                            |              | 65,427                         | 1,114,931                      |
| Other gains and losses  | 11           | 520,284                        | 464,162                        |
| Finance costs   | 12           | <u>(89,136)</u>                | <u>(117,133)</u>               |
| Profit before taxation  | 13           | 496,575                        | 1,461,960                      |
| Income tax credit   | 14           | <u>75,346</u>                  | <u>1,252</u>                   |
| Profit for the year   |              | <u><u>571,921</u></u>          | <u><u>1,463,212</u></u>        |
| Attributable to:  |              |                                |                                |
| Company's shareholders  |              | 684,289                        | 1,435,932                      |
| Non-controlling interests   |              | <u>(112,368)</u>               | <u>27,280</u>                  |
|   |              | <u><u>571,921</u></u>          | <u><u>1,463,212</u></u>        |
|   |              | <i>HK cents</i>                | <i>HK cents</i>                |
| Earnings per share for profit attributable to SEA's shareholders                                    |              |                                |                                |
| Basic   | 18           | <u>101.0</u>                   | <u>209.3</u>                   |
| Diluted   |              | <u>98.9</u>                    | <u>205.3</u>                   |
| <i>Earnings per share excluding fair value changes on investment properties net of deferred tax</i> |              |                                |                                |
| Basic   | 18           | <u>112.5</u>                   | <u>69.9</u>                    |
| Diluted   |              | <u>110.2</u>                   | <u>68.5</u>                    |

**2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE SEA GROUP**  
(Continued)

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

For the year ended 31 December 2016

|   | <b>2016</b><br><i>HK\$'000</i> | <b>2015</b><br><i>HK\$'000</i> |
|---|--------------------------------|--------------------------------|
| Profit for the year   | <u>571,921</u>                 | <u>1,463,212</u>               |
| Other comprehensive (expense) income:                                   |                                |                                |
| <i>Items that may be subsequently reclassified to profit or loss:</i>   |                                |                                |
| Fair value loss on available-for-sale investments                       | (3,238)                        | (60,004)                       |
| Exchange differences arising on translation of foreign operations       | (150,143)                      | (257,956)                      |
| Reclassification adjustments for amounts transferred to profit or loss: |                                |                                |
| — upon disposal of subsidiaries<br><i>(notes 44(b), (c) and (d))</i>    | <u>1,848</u>                   | <u>—</u>                       |
| Other comprehensive expense for the year                                | <u>(151,533)</u>               | <u>(317,960)</u>               |
| Total comprehensive income for the year                                 | <u><u>420,388</u></u>          | <u><u>1,145,252</u></u>        |
| Total comprehensive income attributable to:                             |                                |                                |
| Company's shareholders  | 534,713                        | 1,128,046                      |
| Non-controlling interests   | <u>(114,325)</u>               | <u>17,206</u>                  |
|   | <u><u>420,388</u></u>          | <u><u>1,145,252</u></u>        |



**2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE SEA GROUP**  
(Continued)

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

At 31 December 2016

|   | <i>NOTES</i> | <b>2016</b><br><i>HK\$'000</i> | <b>2015</b><br><i>HK\$'000</i> |
|---|--------------|--------------------------------|--------------------------------|
| <b>Non-current assets</b>                     |              |                                |                                |
| Investment properties                         | 19           | 3,679,641                      | 11,422,459                     |
| Property, plant and equipment                 | 20           | 699,280                        | 946,483                        |
| Properties for development                    | 21           | —                              | 1,200,180                      |
| Club memberships                              | 22           | 6,899                          | 8,920                          |
| Loan receivables                              | 23           | 3,160                          | 3,789                          |
| Note receivables                              | 24           | 38,773                         | 54,256                         |
| Other receivables                             | 25           | —                              | 361,114                        |
| Available-for-sale investments                | 26           | 1,377,434                      | 147,307                        |
| Restricted bank deposits                      | 27           | 5,589                          | 5,613                          |
|   |              | <u>5,810,776</u>               | <u>14,150,121</u>              |
| <b>Current assets</b>                         |              |                                |                                |
| Properties held for sale                      |              |                                |                                |
| Completed properties                          |              | 192,098                        | 627,384                        |
| Properties under development                  | 28           | —                              | 231,667                        |
| Inventories                                   |              | 1,196                          | 1,251                          |
| Loan receivables                              | 23           | 376                            | 371                            |
| Note receivables                              | 24           | 15,509                         | —                              |
| Available-for-sale investments                | 26           | 137,204                        | —                              |
| Receivables, deposits and prepayments         | 29           | 587,311                        | 128,147                        |
| Tax recoverable                               |              | 3,120                          | 17,795                         |
| Amounts due from non-controlling interests    | 30           | 38                             | —                              |
| Pledged bank deposits                         | 27           | 533,105                        | —                              |
| Bank balances and cash                        | 31           | 9,999,155                      | 3,923,012                      |
|   |              | <u>11,469,112</u>              | <u>4,929,627</u>               |
| <b>Current liabilities</b>                    |              |                                |                                |
| Payables, rental deposits and accrued charges | 32           | 188,421                        | 433,552                        |
| Sales deposits                                |              | —                              | 13,064                         |
| Tax liabilities                               |              | 9,056                          | 84,469                         |
| Amounts due to non-controlling interests      | 30           | 87,754                         | 93,696                         |
| Bank borrowings — due within one year         | 33           | 2,186,719                      | 1,536,781                      |
|   |              | <u>2,471,950</u>               | <u>2,161,562</u>               |
| <b>Net current assets</b>                     |              | <u>8,997,162</u>               | <u>2,768,065</u>               |
| <b>Total assets less current liabilities</b>  |              | <u><u>14,807,938</u></u>       | <u><u>16,918,186</u></u>       |

**2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE SEA GROUP**  
(Continued)

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION** (Continued)  
At 31 December 2016

|   | <i>NOTES</i> | <b>2016</b><br><i>HK\$'000</i> | <b>2015</b><br><i>HK\$'000</i> |
|---|--------------|--------------------------------|--------------------------------|
| <b>Capital and reserves</b>                     |              |                                |                                |
| Share capital                                   | 34           | 67,656                         | 67,765                         |
| Reserves  |              | <u>11,983,321</u>              | <u>13,006,638</u>              |
| Equity attributable to SEA's<br>shareholders    |              | 12,050,977                     | 13,074,403                     |
| Non-controlling interests                       |              | <u>281,727</u>                 | <u>444,030</u>                 |
| <b>Total equity</b>                             |              | <u>12,332,704</u>              | <u>13,518,433</u>              |
| <b>Non-current liabilities</b>                  |              |                                |                                |
| Bank borrowings — due after one year            | 33           | 2,103,935                      | 2,953,381                      |
| Deferred taxation                               | 35           | <u>371,299</u>                 | <u>446,372</u>                 |
|   |              | <u>2,475,234</u>               | <u>3,399,753</u>               |
| <b>Total equity and non-current liabilities</b> |              | <u><u>14,807,938</u></u>       | <u><u>16,918,186</u></u>       |

## 2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE SEA GROUP (Continued)

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2016

|   | Attributable to SEA's shareholders |                           |   |                                 |  |   |                                 |                                  |  |  |   |                              |                   |                                       |                   |
|---|------------------------------------|---------------------------|---|---------------------------------|--|---|---------------------------------|----------------------------------|--|--|---|------------------------------|-------------------|---------------------------------------|-------------------|
|   | Share capital<br>HK\$'000          | Share premium<br>HK\$'000 | Contributed surplus<br>HK\$'000<br>(note i) | Translation reserve<br>HK\$'000 | Capital redemption reserve<br>HK\$'000 | Shares on trust for awardees under share award scheme<br>HK\$'000 | Share award reserve<br>HK\$'000 | Share option reserve<br>HK\$'000 | Property revaluation reserve<br>HK\$'000 | Investment revaluation reserve<br>HK\$'000 | Other reserves<br>HK\$'000<br>(note ii) | Retained profits<br>HK\$'000 | Total<br>HK\$'000 | Non-controlling interests<br>HK\$'000 | Total<br>HK\$'000 |
| At 1 January 2015   | 68,962                             | 425,501                   | 277,707                                     | 588,406                         | 4,451                                  | —   | —                               | 14,917                           | 6,823                                    | —  | 19,767                                  | 10,790,511                   | 12,197,045        | 427,632                               | 12,624,677        |
| Profit for the year   | —                                  | —                         | —   | —                               | —                                      | —   | —                               | —                                | —  | —  | —                                       | 1,435,932                    | 1,435,932         | 27,280                                | 1,463,212         |
| Exchange differences arising on translation of foreign operations | —                                  | —                         | —   | (247,882)                       | —                                      | —   | —                               | —                                | —  | —  | —                                       | —                            | (247,882)         | (10,074)                              | (257,956)         |
| Fair value loss on available-for-sale investments                 | —                                  | —                         | —   | —                               | —                                      | —   | —                               | —                                | —  | (60,004)                                   | —                                       | —                            | (60,004)          | —                                     | (60,004)          |
| Other comprehensive expense for the year                          | —                                  | —                         | —   | (247,882)                       | —                                      | —   | —                               | —                                | —  | (60,004)                                   | —                                       | —                            | (307,886)         | (10,074)                              | (317,960)         |
| Total comprehensive income for the year                           | —                                  | —                         | —   | (247,882)                       | —                                      | —   | —                               | —                                | —  | (60,004)                                   | —                                       | 1,435,932                    | 1,128,046         | 17,206                                | 1,145,252         |
| Recognition of equity-settled share-based payments                |                                    |                           |   |                                 |  |   |                                 |                                  |  |  |   |                              |                   |                                       |                   |
| — share options   | —                                  | —                         | —   | —                               | —                                      | —   | 7,066                           | —                                | —  | —  | —                                       | 7,066                        | —                 | 7,066                                 |                   |
| — share awards  | —                                  | —                         | —   | —                               | —                                      | —   | 55,800                          | —                                | —  | —  | —                                       | 55,800                       | —                 | 55,800                                |                   |
| Shares issued upon exercise of share options                      | 1,762                              | 70,372                    | —   | —                               | —                                      | —   | —                               | (11,261)                         | —  | —  | —                                       | 60,873                       | —                 | 60,873                                |                   |
| Purchase of shares under share award scheme                       | —                                  | —                         | —   | —                               | —                                      | (70,217)  | —                               | —                                | —  | —  | —                                       | —                            | (70,217)          | (70,217)                              |                   |
| Shares transferred to participants under share award scheme       | —                                  | —                         | —   | —                               | —                                      | 70,217  | (55,800)                        | —                                | —  | —  | (14,417)                                | —                            | —                 | —                                     |                   |
| Repurchase of ordinary shares                                     | (2,959)                            | (225,571)                 | —   | —                               | —                                      | —   | —                               | —                                | —  | —  | —                                       | (228,530)                    | —                 | (228,530)                             |                   |
| Dividends paid  | —                                  | —                         | —   | —                               | —                                      | —   | —                               | —                                | —  | —  | (75,680)                                | (75,680)                     | —                 | (75,680)                              |                   |
| Dividends paid to non-controlling interests                       | —                                  | —                         | —   | —                               | —                                      | —   | —                               | —                                | —  | —  | —                                       | —                            | (808)             | (808)                                 |                   |
| At 31 December 2015   | 67,765                             | 270,302                   | 277,707                                     | 340,524                         | 4,451                                  | —   | —                               | 10,722                           | 6,823                                    | (60,004)                                   | 19,767                                  | 12,136,346                   | 13,074,403        | 444,030                               | 13,518,433        |
| Profit for the year   | —                                  | —                         | —   | —                               | —                                      | —   | —                               | —                                | —  | —  | —                                       | 684,289                      | 684,289           | (112,368)                             | 571,921           |
| Exchange differences arising on translation of foreign operations | —                                  | —                         | —   | (148,371)                       | —                                      | —   | —                               | —                                | —  | —  | —                                       | —                            | (148,371)         | (1,772)                               | (150,143)         |
| Disposal of subsidiaries  | —                                  | —                         | —   | 1,848                           | —                                      | —   | —                               | —                                | —  | —  | 381                                     | (381)                        | 1,848             | —                                     | 1,848             |
| Fair value loss on available-for-sale investments                 | —                                  | —                         | —   | —                               | —                                      | —   | —                               | —                                | —  | (3,053)                                    | —                                       | —                            | (3,053)           | (185)                                 | (3,238)           |
| Other comprehensive income (expense) for the year                 | —                                  | —                         | —   | (146,523)                       | —                                      | —   | —                               | —                                | —  | (3,053)                                    | 381                                     | (381)                        | (149,576)         | (1,957)                               | (151,533)         |
| Total comprehensive income (expense) for the year                 | —                                  | —                         | —   | (146,523)                       | —                                      | —   | —                               | —                                | —  | (3,053)                                    | 381                                     | 683,908                      | 534,713           | (114,325)                             | 420,388           |
| Recognition of equity-settled share-based payments                |                                    |                           |   |                                 |  |   |                                 |                                  |  |  |   |                              |                   |                                       |                   |
| — share options   | —                                  | —                         | —   | —                               | —                                      | —   | 5,462                           | —                                | —  | —  | —                                       | 5,462                        | —                 | 5,462                                 |                   |
| Shares issued upon exercise of share options                      | 765                                | 36,370                    | —   | —                               | —                                      | —   | —                               | (5,142)                          | —  | —  | —                                       | 31,993                       | —                 | 31,993                                |                   |
| Repurchase of ordinary shares                                     | (874)                              | (165,062)                 | —   | —                               | —                                      | —   | —                               | —                                | —  | —  | —                                       | (165,936)                    | —                 | (165,936)                             |                   |
| Dividends paid  | —                                  | —                         | —   | —                               | —                                      | —   | —                               | —                                | —  | —  | (1,429,658)                             | (1,429,658)                  | —                 | (1,429,658)                           |                   |
| Dividends paid to non-controlling interests                       | —                                  | —                         | —   | —                               | —                                      | —   | —                               | —                                | —  | —  | —                                       | —                            | (47,978)          | (47,978)                              |                   |
| At 31 December 2016   | <u>67,656</u>                      | <u>141,610</u>            | <u>277,707</u>                              | <u>194,001</u>                  | <u>4,451</u>                           | <u>—</u>  | <u>—</u>                        | <u>11,042</u>                    | <u>6,823</u>                             | <u>(63,057)</u>                            | <u>20,148</u>                           | <u>11,390,596</u>            | <u>12,050,977</u> | <u>281,727</u>                        | <u>12,332,704</u> |

**2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE SEA GROUP**  
*(Continued)***CONSOLIDATED STATEMENT OF CHANGES IN EQUITY** *(Continued)*  
*For the year ended 31 December 2016**Notes:*

- (i) Contributed surplus represents the excess of the nominal value of the shares of the acquired subsidiaries over the nominal value of SEA's shares issued for the acquisition pursuant to the SEA Group reorganisation in previous years.
- (ii) Other reserves represent the excess of the consideration paid for acquisition of additional interest in subsidiaries from non-controlling interests over the carrying amount of non-controlling interests.

## 2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE SEA GROUP

*(Continued)***CONSOLIDATED STATEMENT OF CASH FLOWS***For the year ended 31 December 2016*

|   | <b>2016</b>      | <b>2015</b>      |
|---|------------------|------------------|
|   | <i>HK\$ '000</i> | <i>HK\$ '000</i> |
| <b>Operating activities</b>                                     |                  |                  |
| Profit before taxation  | 496,575          | 1,461,960        |
| Adjustments for:  |                  |                  |
| Interest expenses   | 81,335           | 106,466          |
| Depreciation and amortisation                                   | 38,449           | 65,327           |
| Fair value changes on investment properties                     | 104,625          | (953,077)        |
| Write off of bad debts from tenants                             | 14,115           | —                |
| Write off of other receivables                                  | 353,127          | —                |
| Reversal of relocation costs                                    | (71,721)         | —                |
| Fair value adjustment on other receivables                      | —                | 7,521            |
| Gain on disposal of subsidiaries                                | (801,690)        | (464,162)        |
| Gain on disposal of club membership                             | (698)            | —                |
| Interest income   | (5,409)          | (24,127)         |
| (Gain) loss on disposal of property,<br>plant and equipment     | (19)             | 31               |
| Share-based payment expenses                                    | 5,462            | 62,866           |
|   | <hr/>            | <hr/>            |
| Operating cash flows before movements in<br>working capital     | 214,151          | 262,805          |
| Decrease (increase) in properties<br>held for sale              | 195              | (309,347)        |
| Decrease in inventories   | 55               | 82               |
| (Increase) decrease in receivables,<br>deposits and prepayments | (56,504)         | 30,640           |
| Decrease in guaranteed bank balances                            | 3,094            | 31,374           |
| Increase in payables, rental deposits and<br>accrued charges    | 119,227          | 98,642           |
| Increase (decrease) in sales deposits                           | 4,507            | (49,531)         |
|   | <hr/>            | <hr/>            |
| Cash generated from operations                                  | 284,725          | 64,665           |
| Interest paid   | (91,994)         | (98,847)         |
| Tax paid  | (18,639)         | (54,995)         |
| Tax refunded  | 10,884           | 1,073            |
| Payment for shares under share<br>award scheme                  | —                | (70,217)         |
|   | <hr/>            | <hr/>            |
| <b>Net cash from (used in)<br/>operating activities</b>         | <b>184,976</b>   | <b>(158,321)</b> |

**2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE SEA GROUP**  
(Continued)

**CONSOLIDATED STATEMENT OF CASH FLOWS** (Continued)  
For the year ended 31 December 2016

|  | NOTES | 2016<br>HK\$ '000  | 2015<br>HK\$ '000 |
|--|-------|--------------------|-------------------|
| <b>Investing activities</b>                                      |       |                    |                   |
| Acquisition of and additional cost on properties for development |       | (45,759)           | (51,285)          |
| Interest received  |       | 7,759              | 24,985            |
| Decrease in loan receivables                                     |       | 624                | 320               |
| Increase in fixed deposits                                       |       | (4,460,201)        | (364,048)         |
| Increase in restricted bank deposits                             |       | (347)              | —                 |
| Increase in pledged bank deposits                                |       | (533,105)          | —                 |
| Restricted bank deposits refunded                                |       | —                  | 370               |
| Fixed deposits refunded  |       | 364,048            | 309,380           |
| Purchase of property, plant and equipment                        |       | (3,035)            | (2,778)           |
| Purchase of investment properties                                | 43    | (1,505,213)        | (81,935)          |
| Proceeds on disposals of property, plant and equipment           |       | 60                 | 17                |
| Proceeds on disposals of club membership                         |       | 2,578              | —                 |
| Purchase of club membership                                      |       | —                  | (487)             |
| Disposal of available-for-sale investments                       |       | 15,122             | 16,598            |
| Additional interest in available-for-sale investments            |       | (1,388,144)        | (216,145)         |
| Net consideration received on disposal of subsidiaries           | 44    | 10,995,075         | 1,382,500         |
| <b>Net cash from investing activities</b>                        |       | <u>3,449,462</u>   | <u>1,017,492</u>  |
| <b>Financing activities</b>                                      |       |                    |                   |
| Draw down of bank loans  |       | 3,491,280          | 2,195,232         |
| Repayments of bank loans   |       | (3,501,983)        | (1,864,501)       |
| Payment of front-end fee   |       | (10,159)           | (7,000)           |
| Issue of new shares  |       | 31,993             | 60,873            |
| Repurchase of ordinary shares                                    |       | (165,936)          | (228,530)         |
| Advances to non-controlling interests                            |       | (38)               | —                 |
| Repayments from non-controlling interests                        |       | —                  | 70                |
| Dividends paid   |       | (1,429,658)        | (75,680)          |
| Dividends paid to non-controlling interests                      |       | (47,978)           | (808)             |
| <b>Net cash (used in) from financing activities</b>              |       | <u>(1,632,479)</u> | <u>79,656</u>     |

**2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE SEA GROUP**  
(Continued)

**CONSOLIDATED STATEMENT OF CASH FLOWS** (Continued)  
For the year ended 31 December 2016

|  | <i>NOTES</i> | <b>2016</b><br><i>HK\$ '000</i> | <b>2015</b><br><i>HK\$ '000</i> |
|--|--------------|---------------------------------|---------------------------------|
| <b>Net increase in cash and cash equivalents</b>   |              | 2,001,959                       | 938,827                         |
| <b>Cash and cash equivalents at beginning of the year</b>                                    |              | 3,555,870                       | 2,663,743                       |
| Effect of foreign exchange rate changes  |              | <u>(18,875)</u>                 | <u>(46,700)</u>                 |
| <b>Cash and cash equivalents at end of the year</b>  |              | <u><u>5,538,954</u></u>         | <u><u>3,555,870</u></u>         |
| Represented by:  |              |                                 |                                 |
| Bank balances and cash   | <i>31</i>    | 9,999,155                       | 3,923,012                       |
| Less: Fixed deposits with original maturity date more than 3 months and not exceeding 1 year |              | (4,460,201)                     | (364,048)                       |
| Less: Guarantee bank balances  |              | <u>—</u>                        | <u>(3,094)</u>                  |
|  |              | <u><u>5,538,954</u></u>         | <u><u>3,555,870</u></u>         |

## 2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE SEA GROUP (Continued)

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

#### 1. GENERAL

SEA is a public limited company incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Its immediate holding company is Nan Luen International Limited and its ultimate holding company is JCS Limited. Both holding companies are incorporated in Bermuda as exempted companies with limited liability. The addresses of the registered office and principal place of business of SEA are disclosed in the directory of the annual report.

The consolidated financial statements are presented in Hong Kong dollars, which is the functional currency of SEA.

SEA acts as an investment holding company. The activities of its principal subsidiaries are set out in note 47.

#### 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

The SEA Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time in the current year:

|   |   |
|---|---|
| Amendments to HKFRS 11                          | Accounting for Acquisitions of Interests in Joint Operations            |
| Amendments to HKAS 1                            | Disclosure Initiative   |
| Amendments to HKAS 16<br>and HKAS 38            | Clarification of Acceptable Methods of Depreciation and<br>Amortisation |
| Amendments to HKFRSs                            | Annual Improvements to HKFRSs 2012-2014 Cycle                           |
| Amendments to HKAS 16<br>and HKAS 41            | Agriculture: Bearer Plants  |
| Amendments to HKFRS 10,<br>HKFRS 12 and HKAS 28 | Investment Entities: Applying the Consolidation<br>Exception            |

The application of the new and amendments to HKFRSs in the current year has had no material impact on the SEA Group’s financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.



## 2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE SEA GROUP (Continued)

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) For the year ended 31 December 2016

#### 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

The SEA Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

|                                    |  |
|------------------------------------|--|
| HKFRS 9                            | Financial Instruments <sup>1</sup>   |
| HKFRS 15                           | Revenue from Contracts with Customers <sup>1</sup>   |
| HKFRS 16                           | Leases <sup>2</sup>  |
| Amendments to HKFRS 2              | Classification and Measurement of Share-based Payment Transactions <sup>1</sup>                    |
| Amendments to HKFRS 4              | Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts <sup>1</sup>               |
| Amendments to HKFRS 15             | Clarifications to HKFRS 15 Revenue from Contracts with Customers <sup>1</sup>                      |
| Amendments to HKFRS 10 and HKAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup> |
| Amendments to HKAS 7               | Disclosure Initiative <sup>4</sup>   |
| Amendments to HKAS 12              | Recognition of Deferred Tax Assets for Unrealised Losses <sup>4</sup>                              |

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2018

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2019

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2017

The directors of SEA expect that the application of the new and amendments to HKFRS that were issued but not yet effective will have no material impact on the results and financial position of the SEA Group. However, those which may be relevant to the SEA Group’s consolidated financial statements are disclosed as below.

#### HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and the related interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition.

The directors of SEA anticipate that the application of HKFRS 15 in the future may result in more disclosures, however, the directors of SEA do not anticipate that the application of HKFRS 15 will have a material impact on the timing and amounts of revenue recognised in the respective reporting periods.

**2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE SEA GROUP**  
(Continued)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (Continued)  
*For the year ended 31 December 2016*

**2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)** (Continued)

**HKFRS 16 Leases**

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 Leases and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the SEA Group currently presents upfront prepaid lease payments as investing cash flows in relation to leasehold lands for own use and those classified as investment properties while other operating lease payments are presented as operating cash flows. Under the HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows.

Under HKAS 17, the SEA Group has already recognised an asset and a related finance lease liability for finance lease arrangement and prepaid lease payments for leasehold lands where the SEA Group is a lessee. The application of HKFRS 16 may result in potential changes in classification of these assets depending on whether the SEA Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

In contrast to lessee accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 December 2016, the SEA Group has non-cancellable operating lease commitments of HK\$32,156,000 as disclosed in note 37. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the SEA Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. In addition, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above. However, it is not practicable to provide a reasonable estimate of the financial effect until the directors complete a detailed review.

## 2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE SEA GROUP (Continued)

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) For the year ended 31 December 2016

#### 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

##### HKFRS 9 Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of HKFRS 9 are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability’s credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities’ credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.
- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

## 2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE SEA GROUP (Continued)

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) For the year ended 31 December 2016

#### 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

##### HKFRS 9 Financial Instruments (Continued)

- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an ‘economic relationship’. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity’s risk management activities have also been introduced.

The directors of SEA do not anticipate that the application of HKFRS 9 in future may have a material impact on amounts reported in respect of the SEA Group’s financial assets and financial liabilities.

#### 3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis except for investment properties, available-for-sale investments and derivative financial instruments, which are measured at revalued amount or fair values, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange and by the Hong Kong Companies Ordinance.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the SEA Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

## 2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE SEA GROUP (Continued)

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) For the year ended 31 December 2016

#### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

#### **Basis of consolidation**

The consolidated financial statements incorporate the financial statements of SEA and entities controlled by SEA and its subsidiaries. Control is achieved when SEA:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The SEA Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the SEA Group obtains control over the subsidiary and ceases when the SEA Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the SEA Group gains control until the date when the SEA Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of SEA and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of SEA and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the SEA Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the SEA Group are eliminated in full on consolidation.

## 2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE SEA GROUP (Continued)

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) For the year ended 31 December 2016

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Basis of consolidation (Continued)

#### *Changes in the SEA Group's ownership interests in existing subsidiaries*

When the SEA Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to owners of SEA. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the SEA Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

### Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue is recognised when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the SEA Group and when specific criteria have been met for each of the SEA Group's activities, as described below.

Revenue from sale of properties in the ordinary course of business is recognised when the respective properties have been completed and delivered to the buyers. Deposits and instalments received from purchasers prior to meeting the revenue recognition criteria are included in the consolidation statement of financial position under the heading of sales deposits.

Hotel operation and other service income are recognised when services are provided.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

The SEA Group's policy for recognition of revenue from operating leases is described in the accounting policy below.

## 2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE SEA GROUP (Continued)

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) For the year ended 31 December 2016

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values. All of the SEA Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are classified and accounted for as investment properties and are measured using the fair value model. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

If an investment property becomes property, plant and equipment because its use has changed as evidenced by the commencement of owner-occupation, any difference between the carrying amount and the fair value of the property at the date of transfer is recognised in profit or loss. Subsequent to the transfer, the property is stated at deemed cost, equivalent to the fair value at the date of transfer, less subsequent accumulated depreciation and accumulated impairment losses.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use or no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the item is derecognised.

### Property, plant and equipment

Leasehold land and building held for use in the supply of services, or for administrative purpose and other property, plant and equipment other than crockery, utensils and linen are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment, other than crockery, utensils and linen, less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Initial expenditure incurred for crockery, utensils and linens is capitalised and no depreciation is provided thereon. The cost of subsequent replacement for these items is recognised in profit or loss when incurred.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

## 2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE SEA GROUP (Continued)

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) For the year ended 31 December 2016

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Properties for development

Properties for development represents consideration and other direct costs for acquisition of leasehold interest in land held for future development.

Properties for development are stated at cost and amortised to profit or loss on a straight-line basis over the term of the relevant lease until the commencement of development, upon which the remaining carrying value of the properties will be transferred to the appropriate categories according to management's intention of use of the properties after completion of development.

When leasehold land is intended for sale in the ordinary course of business after completion of development, the leasehold land component is included within the carrying amount of the properties and is classified under current assets.

### Inventories

#### *Properties held for sale*

Completed properties for sale in the ordinary course of business are stated at the lower of cost and net realisable value. Net realisable value is determined by reference to estimated selling price less selling expenses.

Properties for or under development intended for sale after completion of development are stated at the lower of cost and net realisable value. Net realisable value is determined by reference to estimated selling price less anticipated costs to completion of the development and costs to be incurred in marketing and selling the completed properties.

Cost of properties comprises land cost, development costs and other direct costs attributable to the development and borrowing costs capitalised during the development period that have been incurred in bringing the properties to their present condition.

#### *Inventories*

Inventories comprising food and beverage are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method.



## 2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE SEA GROUP (Continued)

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) For the year ended 31 December 2016

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Impairment of assets

At the end of the reporting period, the SEA Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

### Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

#### *Financial assets*

The SEA Group's financial assets are classified as either loans and receivables or available-for-sales ("AFS"). The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

#### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including loan receivables, note receivables, other receivables, debt component of the convertible loan, restricted bank deposits, receivables, amounts due from non-controlling interests, bank deposits and cash) are measured at amortised cost using the effective interest method, less any impairment.

## 2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE SEA GROUP (Continued)

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) For the year ended 31 December 2016

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Financial instruments (Continued)

#### Financial assets (Continued)

##### Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis.

##### AFS financial assets

AFS financial assets are non-derivatives that are either designated as available-for-sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss. The SEA Group designated certain debt investments as set out in note 26 as available-for-sale investments.

Equity securities held by the SEA Group that are classified as AFS financial assets and are traded in an active market are measured at fair value at the end of each reporting period. Changes in the carrying amount of AFS financial assets are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss (see the accounting policy in respect of impairment loss on financial assets below).

Equity and debt securities held by the SEA Group that are classified as AFS financial assets and are traded in an active market are measured at fair value at the end of each reporting period. Changes in the carrying amount of AFS monetary financial assets relating to interest income calculated using the effective interest method, and changes in foreign exchange rates, if applicable are recognised in profit or loss. Dividends on AFS equity instruments are recognised in profit or loss when the SEA Group's right to receive the dividends is established. Other changes in the carrying amount of AFS financial assets are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss (see the accounting policy in respect of impairment loss on financial assets below).

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period (see the accounting policy in respect of impairment of financial assets below).

## 2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE SEA GROUP (Continued)

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) For the year ended 31 December 2016

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Financial instruments (Continued)

#### Financial assets (Continued)

#### Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Objective evidence of impairment for a portfolio of receivables could include the SEA Group's past experience of collecting payments, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets that are carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. The impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of loan receivables, other receivables and trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

**2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE SEA GROUP**  
(Continued)**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (Continued)  
*For the year ended 31 December 2016***3. SIGNIFICANT ACCOUNTING POLICIES** (Continued)**Financial instruments** (Continued)*Financial assets* (Continued)

## Impairment of financial assets (Continued)

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets carried at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investment revaluation reserve. In respect of AFS debt investments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

*Financial liabilities and equity instruments*

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

## Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recorded at the proceeds received, net of direct issue costs.

## Financial liabilities

Financial liabilities including payables, amounts due to non-controlling interests and bank borrowings are subsequently measured at amortised cost, using the effective interest method.

**2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE SEA GROUP**  
(Continued)**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (Continued)  
*For the year ended 31 December 2016***3. SIGNIFICANT ACCOUNTING POLICIES** (Continued)**Financial instruments** (Continued)*Financial liabilities and equity instruments*

## Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Interest expense is recognised on an effective interest basis.

## Financial guarantee liabilities

Financial guarantee liabilities are recognised in respect of the financial guarantee provided by the SEA Group for the property purchasers. Financial guarantee liabilities are recognised initially at fair value that are directly attributable to the issue of the financial guarantee liabilities. After initial recognition, such liabilities are measured at the higher of the present value of the best estimate of the expenditure required to settle the present obligation and the amount initially recognised less cumulative amortisation.

Financial guarantee liabilities are derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expired.

## Derecognition

The SEA Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The SEA Group derecognises financial liabilities when, and only when, the SEA Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

## 2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE SEA GROUP (Continued)

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) For the year ended 31 December 2016

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Club memberships

The Club membership with finite useful lives that are acquired separately are carried at costs less accumulated amortization and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses.

Gains or losses arising from derecognition of a club membership are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of profit or loss when the asset is derecognised.

### Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

#### *The SEA Group as lessor*

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset.

#### *The SEA Group as lessee*

Rentals payable under operating leases are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

#### *Leasehold land and building*

When a lease includes both land and building elements, the SEA Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the SEA Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as “prepaid lease payments” in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis except for those that are classified and accounted for as investment properties under the fair value model.

**2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE SEA GROUP**  
(Continued)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (Continued)  
*For the year ended 31 December 2016*

**3. SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

**Foreign currencies**

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on settlement of monetary items, and on the retranslation of monetary items are recognised in profit or loss in the period in which they arise except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the SEA Group's interest.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the SEA Group's operations are translated into the presentation currency of the SEA Group (i.e. Hong Kong dollars) at the rate of exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

## 2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE SEA GROUP (Continued)

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) For the year ended 31 December 2016

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Share-based payment arrangements

#### *Equity-settled share-based payment transactions*

#### Share options granted to employees

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 39 to the SEA Group's consolidation financial statements.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the SEA Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share options reserve). For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss. At the end of each reporting period, the SEA Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

When share options are exercised, the amount previously recognised in share options reserve will be transferred to equity. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to retained profits.

#### Retirement benefit costs

Payments to defined contribution retirement benefit plans, including state-managed retirement benefit scheme and the Mandatory Provident Fund Scheme, are charged as an expense when employees have rendered service entitling them to the contributions.

#### Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before taxation" as reported in the consolidated statement of profit or loss because of income or expenses that are taxable or deductible in other years and items that are never taxable or deductible. The SEA Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.



## 2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE SEA GROUP (Continued)

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) For the year ended 31 December 2016

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Taxation (Continued)

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the SEA Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the SEA Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred taxes for investment properties that are measured using the fair value model, the carrying amount of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Current and deferred tax is recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

## 2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE SEA GROUP (Continued)

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) For the year ended 31 December 2016

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Provisions

Provisions are recognised when the SEA Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the SEA Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

## 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the SEA Group's accounting policies which are described in note 3, the directors of SEA are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

### Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that management has made in the process of applying the SEA Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

**2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE SEA GROUP**  
(Continued)**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (Continued)  
For the year ended 31 December 2016**4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY** (Continued)**Critical judgements in applying accounting policies** (Continued)*Deferred tax*

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured using the fair value model, the directors of SEA have determined that the SEA Group's investment properties situated in the United Kingdom ("UK") are held under a business model whose objective is to recover the value through sale rather than to consume substantially all of the economic benefits embodied in the investment properties over time, whereas those situated in the People's Republic of China ("PRC") and Australia are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, the presumption that the carrying amounts of investment properties are recovered entirely through sale is not rebutted for properties situated in the UK. As a result, the SEA Group has not recognised any deferred taxes on changes in fair value of the SEA Group's investment properties situated in the UK as the SEA Group is not subject to any income taxes on disposal of those investment properties. The presumption that the carrying amounts of the SEA Group's investment properties situated in the PRC and Australia are recovered entirely through sale has been rebutted and the deferred tax on the changes in fair value of those investment properties is recognised according to the relevant tax rules.

**Key sources of estimation uncertainty**

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

*Income tax*

No deferred tax asset has been recognised in respect of tax losses of HK\$69,238,000 (2015: HK\$112,864,000) as it is not probable that taxable profit will be available due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are more than expected, additional recognition of deferred tax assets may arise, which would be recognised in the consolidated statement of profit or loss for the period in which it takes place.

*Fair value of investment properties*

Investment properties with a carrying amount of HK\$3,679,641,000 (2015: HK\$11,422,459,000) are stated at fair value based on the valuation performed by independent qualified external valuers. In determining the fair value, the valuers have used a method of valuation which involves certain assumptions of market conditions. In relying on the valuation report or making their own valuation, the directors of SEA have exercised their judgment and are satisfied that the method of valuation is reflective of the current market conditions.

**2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE SEA GROUP***(Continued)***NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** *(Continued)**For the year ended 31 December 2016***5. CAPITAL RISK MANAGEMENT**

The SEA Group manages its capital to ensure that entities in the SEA Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balances. The SEA Group's overall strategy remains unchanged from the prior year.

The capital structure of the SEA Group consists of net cash (debt), which includes bank borrowings net of bank deposits, and bank balances and cash, and equity attributable to SEA's shareholders, comprising issued share capital, retained profits and reserves.

The directors of SEA review the capital structure periodically and maintain a low gearing. The SEA Group's percentage of net cash (debt) to carrying value of properties (comprising investment properties, properties included in property, plant and equipment, properties for development and properties held for sale) at the end of the reporting period is as follows:

|  | <b>2016</b><br><i>HK\$'000</i> | <b>2015</b><br><i>HK\$'000</i> |
|--|--------------------------------|--------------------------------|
| Bank balances and cash                                 | 9,999,155                      | 3,923,012                      |
| Pledged bank deposits                                  | 533,105                        | —                              |
| Restricted bank deposits                               | 5,589                          | 5,613                          |
| Bank borrowings  | (4,290,654)                    | (4,490,162)                    |
|  | <u>6,247,195</u>               | <u>(561,537)</u>               |
| Net cash (debt)  | <u>6,247,195</u>               | <u>(561,537)</u>               |
| Total carrying value of properties                     | <u>4,548,670</u>               | <u>14,397,541</u>              |
| Percentage of net debt to carrying value of properties | <u>Net cash</u>                | <u>3.9%</u>                    |

**6. SEGMENT INFORMATION**

Information reported to the Executive Directors of SEA, being the chief operating decision makers ("CODM"), for the purposes of resource allocation and assessment of segment performance is mainly focused on property development, property investment and hotel operation. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the SEA Group.

The SEA Group disposed of certain property development projects in the PRC during the year as set out in notes 44(b), (c) and (d).

The SEA Group's property investment activities are in Hong Kong, the PRC, Australia and the UK. The investment property in Hong Kong was disposed of during the year as set out on note 44(a).

**2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE SEA GROUP**  
(Continued)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (Continued)  
For the year ended 31 December 2016

**6. SEGMENT INFORMATION** (Continued)

The hotel operation is in Hong Kong.

During the year, a new operating segment — financial investment — has been established. The directors of SEA are seeking potential investment opportunities for their investment portfolio, consisting mainly of investment in debt and/or equity investments and bank deposits. The investment income from the investment portfolio will be included in the financial investment segment.

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

**Segment revenues and results**

**For the year ended 31 December 2016**

|                                   | <b>Property<br/>development</b><br><i>HK\$'000</i> | <b>Property<br/>investment</b><br><i>HK\$'000</i> | <b>Hotel<br/>operation</b><br><i>HK\$'000</i> | <b>Financial<br/>investment</b><br><i>HK\$'000</i> | <b>Consolidated</b><br><i>HK\$'000</i> |
|-----------------------------------|--|---|---|--|--|
| SEGMENT REVENUE                   |  |   |   |  |  |
| External revenue                  | 9,281  | 261,839   | 228,914                                       | 65,945   | 565,979                                |
| SEGMENT RESULTS                   |  |   |   |  |  |
| Segment (loss) profit             | (274,824)  | 872,442   | 67,913  | 65,741   | 731,272                                |
| Unallocated interest income       |  |   |   |  | 5,409                                  |
| Corporate income less<br>expenses |  |   |   |  | (150,970)                              |
| Finance costs                     |  |   |   |  | (89,136)                               |
| Profit before taxation            |  |   |   |  | 496,575                                |

**2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE SEA GROUP**  
(Continued)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (Continued)  
For the year ended 31 December 2016

**6. SEGMENT INFORMATION** (Continued)

**Segment revenues and results** (Continued)

**For the year ended 31 December 2015**

|                                | <b>Property<br/>development</b><br><i>HK\$'000</i> | <b>Property<br/>investment</b><br><i>HK\$'000</i> | <b>Hotel<br/>operation</b><br><i>HK\$'000</i> | <b>Consolidated</b><br><i>HK\$'000</i> |
|--------------------------------|--|---|---|--|
| SEGMENT REVENUE                |  |   |   |  |
| External revenue               | 94,285   | 409,160   | 229,251                                       | 732,696                                |
| SEGMENT RESULTS                |  |   |   |  |
| Segment profit                 | 420,541  | 1,298,303   | 59,194  | 1,778,038                              |
| Interest income                |  |   |   | 24,127                                 |
| Corporate income less expenses |  |   |   | (223,072)                              |
| Finance costs                  |  |   |   | (117,133)                              |
| Profit before taxation         |  |   |   | 1,461,960                              |

The SEA Group does not allocate general interest income, corporate income less expenses and finance costs to individual reportable segment profit or loss for the purposes of resource allocation and performance assessment by the CODM.

The accounting policies adopted in preparing the reportable segment information are the same as the SEA Group's accounting policies described in note 3.

**2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE SEA GROUP**  
(Continued)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (Continued)  
For the year ended 31 December 2016

**6. SEGMENT INFORMATION** (Continued)

**Other segment profit or loss information**

The following charges (credits) are included in the measurement of segment profit or loss:

**For the year ended 31 December 2016**

|   | Property<br>development<br>HK\$'000 | Property<br>investment<br>HK\$'000 | Hotel<br>operation<br>HK\$'000 | Financial<br>investment<br>HK\$'000 | Consolidated<br>HK\$'000 |
|---|-------------------------------------|------------------------------------|--------------------------------|-------------------------------------|--------------------------|
| Amortisation and depreciation                     |                                     |                                    |                                |                                     |                          |
| — Properties for development                      | 6,472                               | —                                  | —                              | —                                   | 6,472                    |
| — Club debenture                                  | —                                   | 141                                | —                              | —                                   | 141                      |
| — Property, plant and equipment                   | 376                                 | 6,803                              | 24,657                         | —                                   | 31,836                   |
| Fair value changes on investment properties       | —                                   | 104,625                            | —                              | —                                   | 104,625                  |
| Write off of bad debts from tenants               | —                                   | 14,115                             | —                              | —                                   | 14,115                   |
| Write off of other receivables                    | 353,127                             | —                                  | —                              | —                                   | 353,127                  |
| Reversal of relocation costs                      | (71,721)                            | —                                  | —                              | —                                   | (71,721)                 |
| Gain on disposal of subsidiaries                  | (4,305)                             | (797,385)                          | —                              | —                                   | (801,690)                |
| Gain on disposal of property, plant and equipment | —                                   | (43)                               | 24                             | —                                   | (19)                     |
|   | <u>          </u>                   | <u>          </u>                  | <u>          </u>              | <u>          </u>                   | <u>          </u>        |

**For the year ended 31 December 2015**

|   | Property<br>development<br>HK\$'000 | Property<br>investment<br>HK\$'000 | Hotel<br>operation<br>HK\$'000 | Consolidated<br>HK\$'000 |
|---|-------------------------------------|------------------------------------|--------------------------------|--------------------------|
| Amortisation and depreciation                     |                                     |                                    |                                |                          |
| — Properties for development                      | 27,488                              | —                                  | —                              | 27,488                   |
| — Club debenture                                  | —                                   | 141                                | —                              | 141                      |
| — Property, plant and equipment                   | 1,378                               | 11,678                             | 24,642                         | 37,698                   |
| Fair value changes on investment properties       | —                                   | (953,077)                          | —                              | (953,077)                |
| Fair value adjustment on other receivables        | 7,521                               | —                                  | —                              | 7,521                    |
| Gain on disposal of subsidiaries                  | (464,162)                           | —                                  | —                              | (464,162)                |
| Loss on disposal of property, plant and equipment | —                                   | 31                                 | —                              | 31                       |
|   | <u>          </u>                   | <u>          </u>                  | <u>          </u>              | <u>          </u>        |

No segment assets and segment liabilities are presented as the information is not reported to the CODM in the resource allocation and assessment of performance.

**2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE SEA GROUP**  
(Continued)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (Continued)  
For the year ended 31 December 2016

**6. SEGMENT INFORMATION** (Continued)

**Geographical information**

The SEA Group operates in four principal geographical areas, being Hong Kong (country of domicile), the PRC, Australia and the UK.

The SEA Group's revenue from external customers by the geographical location of its properties or the principal place of business of SEA is detailed below.

|           | <b>2016</b><br><i>HK\$'000</i> | <b>2015</b><br><i>HK\$'000</i> |
|-----------|--------------------------------|--------------------------------|
| Hong Kong | 402,031                        | 483,174                        |
| PRC       | 131,645                        | 233,913                        |
| Australia | 15,713                         | 15,177                         |
| UK        | 16,590                         | 432                            |
|           | <u>565,979</u>                 | <u>732,696</u>                 |

No single customer contributes over 10% of the total revenue of the SEA Group for both years.

The SEA Group's information about its non-current assets, excluding financial assets, by geographical location are detailed below.

|           | <b>2016</b><br><i>HK\$'000</i> | <b>2015</b><br><i>HK\$'000</i> |
|-----------|--------------------------------|--------------------------------|
| Hong Kong | 686,156                        | 9,908,969                      |
| PRC       | 1,985,761                      | 3,430,731                      |
| Australia | 158,358                        | 158,692                        |
| UK        | 1,555,545                      | 79,650                         |
|           | <u>4,385,820</u>               | <u>13,578,042</u>              |

The total assets of the SEA Group by geographical location which is determined by reference to the location of the asset or the principal place of the business of SEA are detailed below.

|           | <b>2016</b><br><i>HK\$'000</i> | <b>2015</b><br><i>HK\$'000</i> |
|-----------|--------------------------------|--------------------------------|
| Hong Kong | 13,101,690                     | 13,314,751                     |
| PRC       | 2,410,363                      | 5,505,659                      |
| Australia | 186,167                        | 179,688                        |
| UK        | 1,581,668                      | 79,650                         |
|           | <u>17,279,888</u>              | <u>19,079,748</u>              |



**2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE SEA GROUP**  
(Continued)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (Continued)  
For the year ended 31 December 2016

**7. REVENUE**

The following is an analysis of the SEA Group's revenue from its major business activities.

|                                  | <b>2016</b><br><i>HK\$'000</i> | <b>2015</b><br><i>HK\$'000</i> |
|----------------------------------|--------------------------------|--------------------------------|
| Sale of properties               | 9,281                          | 94,285                         |
| Renting of investment properties | 261,839                        | 409,160                        |
| Hotel operation                  | 228,914                        | 229,251                        |
| Financial investment             | 65,945                         | —                              |
|                                  | <u>565,979</u>                 | <u>732,696</u>                 |

**8. OTHER INCOME**

|  | <b>2016</b><br><i>HK\$'000</i> | <b>2015</b><br><i>HK\$'000</i> |
|--|--------------------------------|--------------------------------|
| Included in other income is:                                   |                                |                                |
| Net exchange gain  | —                              | 2,672                          |
| Rental income from properties held for sale temporarily leased | 7,126                          | 6,114                          |
| Interest earned on bank deposits                               | 5,170                          | 23,827                         |
|  | <u>12,300</u>                  | <u>32,613</u>                  |

**9. PROPERTY AND RELATED COSTS**

|  | <b>2016</b><br><i>HK\$'000</i> | <b>2015</b><br><i>HK\$'000</i> |
|--|--------------------------------|--------------------------------|
| Cost of properties sold                            | 5,436                          | 76,699                         |
| Selling and marketing expenses                     | 2,917                          | 9,909                          |
| Direct operating expenses of investment properties | 33,166                         | 47,283                         |
|  | <u>41,519</u>                  | <u>133,891</u>                 |

**2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE SEA GROUP**  
(Continued)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (Continued)  
For the year ended 31 December 2016

**10. OTHER EXPENSES**

|  | <b>2016</b><br>HK\$'000 | <b>2015</b><br>HK\$'000 |
|--|-------------------------|-------------------------|
| Included in other expenses are:            |                         |                         |
| Hotel operating expenses                   | 62,358                  | 62,733                  |
| Legal and professional fees                | 23,386                  | 14,762                  |
| Fair value adjustment on other receivables | —                       | 7,521                   |
| Net exchange loss                          | 2,577                   | —                       |
| Write off of bad debts from tenants        | 14,115                  | —                       |
|  | <u>102,436</u>          | <u>85,016</u>           |

**11. OTHER GAINS AND LOSSES**

|  | <b>2016</b><br>HK\$'000 | <b>2015</b><br>HK\$'000 |
|--|-------------------------|-------------------------|
| Gain on disposal of subsidiaries (note 44) | 801,690                 | 464,162                 |
| Write off of other receivables (note 25)   | (353,127)               | —                       |
| Reversal of relocation costs (note 32)     | 71,721                  | —                       |
|  | <u>520,284</u>          | <u>464,162</u>          |

**12. FINANCE COSTS**

|   | <b>2016</b><br>HK\$'000 | <b>2015</b><br>HK\$'000 |
|---|-------------------------|-------------------------|
| Interest on bank borrowings                               | 81,711                  | 125,990                 |
| Less: Amounts capitalised to property development project | (376)                   | (19,524)                |
|   | <u>81,335</u>           | <u>106,466</u>          |
| Front end fee   | 3,236                   | 6,966                   |
| Other charges   | 4,565                   | 3,701                   |
|   | <u>89,136</u>           | <u>117,133</u>          |

**2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE SEA GROUP**  
(Continued)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (Continued)  
For the year ended 31 December 2016

**13. PROFIT BEFORE TAXATION**

|  | <b>2016</b><br><i>HK\$'000</i> | <b>2015</b><br><i>HK\$'000</i> |
|--|--------------------------------|--------------------------------|
| Profit before taxation has been arrived at after charging (crediting): |                                |                                |
| Auditor's remuneration   | 4,073                          | 4,550                          |
| Share-based payment expenses   |                                |                                |
| — Share options  | 5,462                          | 7,066                          |
| — Share awards   | —                              | 55,800                         |
| (Gain) loss on disposal of property, plant and equipment               | (19)                           | 31                             |
| Depreciation and amortisation  | 38,575                         | 65,755                         |
| Less: Amount capitalised to property development projects              | (126)                          | (428)                          |
|  | 38,449                         | 65,327                         |
| Interest income from second mortgage loans                             | (187)                          | (234)                          |
| Gross rental income from investment properties                         | (261,839)                      | (409,160)                      |
| Less: Direct operating expenses  | 33,166                         | 47,283                         |
| Net rental income  | (228,673)                      | (361,877)                      |

**2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE SEA GROUP**  
(Continued)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (Continued)  
For the year ended 31 December 2016

**14. INCOME TAX CREDIT**

|                                     | <b>2016</b><br>HK\$'000 | <b>2015</b><br>HK\$'000 |
|-------------------------------------|-------------------------|-------------------------|
| The credit (charge) comprises:      |                         |                         |
| Current tax                         |                         |                         |
| Hong Kong Profits Tax               | (12,268)                | (19,489)                |
| PRC Enterprise Income Tax           | (15,036)                | (14,933)                |
| Other jurisdictions                 | (3,459)                 | (2,899)                 |
|                                     | <u>(30,763)</u>         | <u>(37,321)</u>         |
| Over(under)provision in prior years |                         |                         |
| Hong Kong Profits Tax               | 139                     | 4,001                   |
| PRC Enterprise Income Tax           | 1,879                   | 6,666                   |
| PRC Land Appreciation Tax           | 79,420                  | —                       |
| Other jurisdictions                 | (309)                   | —                       |
|                                     | <u>81,129</u>           | <u>10,667</u>           |
| Deferred tax                        |                         |                         |
| — current year                      | 27,358                  | 27,906                  |
| — underprovision in prior year      | (2,378)                 | —                       |
|                                     | <u>24,980</u>           | <u>27,906</u>           |
|                                     | <u><u>75,346</u></u>    | <u><u>1,252</u></u>     |

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

Income tax arising in the PRC and other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

Details of deferred taxation are set out in note 35.

**2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE SEA GROUP**  
(Continued)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (Continued)  
For the year ended 31 December 2016

**14. INCOME TAX CREDIT** (Continued)

Income tax credit for the year can be reconciled to profit before taxation in the consolidated statement of profit or loss as follows:

|  | <b>2016</b><br><i>HK\$'000</i> | <b>2015</b><br><i>HK\$'000</i> |
|--|--------------------------------|--------------------------------|
| Profit before taxation   | 496,575                        | 1,461,960                      |
| Tax at the domestic income tax rate of 16.5%                     | (81,935)                       | (241,223)                      |
| Tax effect of expenses not deductible for tax purposes           | (106,646)                      | (43,257)                       |
| Tax effect of income not taxable for tax purposes                | 178,901                        | 270,425                        |
| Tax effect of tax losses not recognised                          | (2,279)                        | (4,378)                        |
| Utilisation of tax losses previously not recognised              | 2,155                          | 1,001                          |
| Effect of different tax rates of subsidiaries operating overseas | 5,392                          | 3,665                          |
| Overprovision in prior years                                     | 78,751                         | 10,667                         |
| Others   | 1,007                          | 4,352                          |
| Income tax credit for the year                                   | 75,346                         | 1,252                          |

**2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE SEA GROUP**  
(Continued)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (Continued)  
For the year ended 31 December 2016

**15. DIRECTORS' EMOLUMENTS**

The emoluments paid or payable to each of the directors of SEA for the year are as follows:

|  | Mr.<br>Lu Wing<br>Chi | Mr. Lu<br>Wing Yuk,<br>Andrew | Mr.<br>Lincoln<br>Lu | Mr.<br>Lambert<br>Lu | Mr.<br>Lam Sing<br>Tai | Mr.<br>Walujo<br>Santoso,<br>Wally | Mr.<br>Leung Hok<br>Lim | Mr.<br>Chung Pui<br>Lam | Total          |
|--|-----------------------|-------------------------------|----------------------|----------------------|------------------------|------------------------------------|-------------------------|-------------------------|----------------|
|  | HK\$ '000             | HK\$ '000                     | HK\$ '000            | HK\$ '000            | HK\$ '000              | HK\$ '000                          | HK\$ '000               | HK\$ '000               | HK\$ '000      |
| <b>2016</b>  |                       |                               |                      |                      |                        |                                    |                         |                         |                |
| Fees   | 230                   | 8                             | 230                  | 230                  | 230                    | 200                                | 250                     | 250                     | 1,628          |
| Other emoluments                                       |                       |                               |                      |                      |                        |                                    |                         |                         |                |
| Salaries and other benefits                            | 6,600                 | 398                           | 3,840                | 3,840                | 2,400                  | —                                  | —                       | —                       | 17,078         |
| Discretionary and performance based bonus (Note below) | 18,267                | —                             | 1,522                | 1,522                | 1,200                  | —                                  | —                       | —                       | 22,511         |
| Retirement benefits scheme contributions               | 990                   | 59                            | 480                  | 480                  | 360                    | —                                  | —                       | —                       | 2,369          |
| <b>Total emoluments</b>                                | <b>26,087</b>         | <b>465</b>                    | <b>6,072</b>         | <b>6,072</b>         | <b>4,190</b>           | <b>200</b>                         | <b>250</b>              | <b>250</b>              | <b>43,586</b>  |
| <b>2015</b>  |                       |                               |                      |                      |                        |                                    |                         |                         |                |
| Fees   | 257                   | 20                            | 257                  | 257                  | 257                    | 200                                | 250                     | 250                     | 1,748          |
| Other emoluments                                       |                       |                               |                      |                      |                        |                                    |                         |                         |                |
| Salaries and other benefits                            | 6,300                 | 960                           | 3,720                | 3,720                | 2,190                  | —                                  | —                       | —                       | 16,890         |
| Discretionary and performance based bonus (Note below) | 43,040                | 380                           | 3,587                | 3,587                | 1,200                  | —                                  | —                       | —                       | 51,794         |
| Retirement benefits scheme contributions               | 945                   | 144                           | 465                  | 465                  | 329                    | —                                  | —                       | —                       | 2,348          |
| Share-based payment expenses                           |                       |                               |                      |                      |                        |                                    |                         |                         |                |
| — Share options  | 240                   | 48                            | 240                  | 240                  | 240                    | 24                                 | 24                      | 24                      | 1,080          |
| — Share awards   | 12,400                | 2,480                         | 12,400               | 12,400               | 12,400                 | 1,240                              | 1,240                   | 1,240                   | 55,800         |
| <b>Total emoluments</b>                                | <b>63,182</b>         | <b>4,032</b>                  | <b>20,669</b>        | <b>20,669</b>        | <b>16,616</b>          | <b>1,464</b>                       | <b>1,514</b>            | <b>1,514</b>            | <b>129,660</b> |

Note:

The directors' emoluments shown above were mainly for their services in connection with management of the affairs of SEA and the SEA Group.

The discretionary and performance based bonus to Messrs. Lu Wing Chi, Lincoln Lu and Lambert Lu are based on their contribution to the SEA Group and calculated on the basis of profit before taxation attributable to the Company's shareholders. Messrs. Lu Wing Yuk, Andrew and Lam Sing Tai are based on the performance of the SEA Group and their individual performance.

## 2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE SEA GROUP (Continued)

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) For the year ended 31 December 2016

#### 16. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the SEA Group, four (2015: four) were directors of SEA whose emoluments are disclosed in note 15. The emoluments of the remaining one (2015: one) individual for the year amounted to HK\$5,627,000 (2015: HK\$5,629,000), comprising salaries and other benefits of HK\$5,511,000 (2015: HK\$5,083,000), retirement benefits scheme contributions of HK\$116,000 (2015: HK\$133,000), discretionary and performance-based bonus of nil (2015: HK\$413,000) for his service rendered to the SEA Group.

#### 17. DIVIDENDS

|  | 2016<br>HK\$'000 | 2015<br>HK\$'000 |
|--|------------------|------------------|
| Dividends recognised as distributions during the year:                                   |                  |                  |
| 2016 interim dividend — HK5 cents<br>(2015: 2015 interim dividend — HK5 cents) per share | 33,864           | 34,168           |
| 2015 final dividend — HK6 cents<br>(2015: 2014 final dividend — HK6 cents) per share     | 40,654           | 41,512           |
| Special dividend of HK\$2 per share  | 1,355,140        | —                |
|  | <u>1,429,658</u> | <u>75,680</u>    |
| 2016 final dividend proposed:<br>HK6 cents (2015: HK6 cents) per share                   | <u>40,717</u>    | <u>40,711</u>    |

A 2016 final dividend of HK6 cents (2015: HK6 cents) per share has been proposed by the directors of SEA and is subject to approval by SEA's shareholders at the forthcoming annual general meeting.

#### 18. EARNINGS PER SHARE

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

|  | 2016<br>HK\$'000 | 2015<br>HK\$'000 |
|--|------------------|------------------|
| Earnings for the purpose of basic and diluted earnings<br>per share: |                  |                  |
| Profit for the year attributable to Company's shareholders           | <u>684,289</u>   | <u>1,435,932</u> |

**2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE SEA GROUP**  
(Continued)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (Continued)  
For the year ended 31 December 2016

**18. EARNINGS PER SHARE** (Continued)

|  | <b>Number of shares</b> |                    |
|--|-------------------------|--------------------|
|  | <b>2016</b>             | <b>2015</b>        |
| Weighted average number of ordinary shares for the purpose of basic earnings per share | 677,817,281             | 686,089,849        |
| Effect of dilutive potential ordinary share options                                    | 14,102,335              | 13,502,911         |
|  | <u>691,919,616</u>      | <u>699,592,760</u> |

For the purpose of assessing the performance of the SEA Group, the directors of SEA are of the view that the profit for the year 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>2016</b>          | <b>2015</b>         |
|---|----------------------|---------------------|
|   | <i>HK\$’000</i>      | <i>HK\$’000</i>     |
| Profit for the year attributable to the Company’s shareholders as shown in the consolidated statement of profit or loss | 684,289              | 1,435,932           |
| Fair value changes on investment properties   | 104,625              | (953,077)           |
| Deferred tax thereon  | (24,515)             | (31,129)            |
| Attributable to non-controlling interests   | (2,136)              | 27,758              |
|   | <u>762,263</u>       | <u>479,484</u>      |
| Earnings per share excluding fair value changes on investment properties net of deferred tax                            |                      |                     |
| Basic   | <u>HK112.5 cents</u> | <u>HK69.9 cents</u> |
| Diluted   | <u>HK110.2 cents</u> | <u>HK68.5 cents</u> |

The denominators used in the calculation of basic and diluted adjusted earnings per share for the year ended 31 December 2016 and 31 December 2015 are the same as those detailed above.



**2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE SEA GROUP**  
(Continued)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (Continued)  
For the year ended 31 December 2016

**19. INVESTMENT PROPERTIES**

|                              | Hong Kong    |                    | PRC              | UK                 | Australia         | Total            |
|------------------------------|--------------|--------------------|------------------|--------------------|-------------------|------------------|
|                              | Long leases  | Medium-term leases |                  | Medium-term leases | Medium-term lease |                  |
|                              | HK\$ '000    | HK\$ '000          | HK\$ '000        | HK\$ '000          | HK\$ '000         | HK\$ '000        |
| At 1 January 2015            | 8,600        | 7,912,700          | 2,451,285        | —                  | 173,584           | 10,546,169       |
| Addition                     | —            | —                  | —                | 81,935             | —                 | 81,935           |
| Cost adjustment on additions | —            | (8)                | —                | —                  | —                 | (8)              |
| Fair value changes           | 300          | 1,076,208          | (126,901)        | —                  | 3,470             | 953,077          |
| Exchange adjustments         | —            | —                  | (138,067)        | (2,285)            | (18,362)          | (158,714)        |
| At 31 December 2015          | 8,900        | 8,988,900          | 2,186,317        | 79,650             | 158,692           | 11,422,459       |
| Addition (note 43)           | —            | —                  | —                | 1,505,213          | —                 | 1,505,213        |
| Fair value changes           | (300)        | —                  | (100,671)        | (5,386)            | 1,732             | (104,625)        |
| Disposal (note 44(a))        | —            | (8,983,000)        | —                | —                  | —                 | (8,983,000)      |
| Exchange adjustments         | —            | —                  | (134,408)        | (23,932)           | (2,066)           | (160,406)        |
| <b>At 31 December 2016</b>   | <b>8,600</b> | <b>5,900</b>       | <b>1,951,238</b> | <b>1,555,545</b>   | <b>158,358</b>    | <b>3,679,641</b> |

All of the Group's property interests are held under operating leases to earn rentals and/or for capital appreciation purposes. These properties are measured using the fair value model and are classified and accounted for as investment properties.

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

There has been no change from the valuation technique used in the prior year.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

The key inputs used in valuing the investment properties under the income capitalisation approach were the capitalisation rates used and monthly unit rent. A slight increase in the capitalisation rate used would result in a significant decrease in the fair value measurement of the investment properties, and vice versa. The higher the monthly unit rent, the higher the fair value and vice versa.

**2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE SEA GROUP**  
(Continued)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (Continued)  
For the year ended 31 December 2016

**19. INVESTMENT PROPERTIES** (Continued)

Details of the valuation methodology and the significant inputs are as follows:

| Valuer  | Class of properties        | Valuation methodology   | Key inputs to the valuation<br>(including capitalisation<br>rate and market value)                                |   | Fair value<br>hierarchy |
|---|----------------------------|---|---|---|-------------------------|
|   |                            |   | 2016  | 2015  |                         |
| Savills<br>Valuation<br>and<br>Professional<br>Services<br>Limited* | Shop and<br>office portion | Income capitalisation<br>approach whereby the<br>rental incomes of<br>contractual tenancies are<br>capitalised for the<br>unexpired terms of<br>tenancies. The valuers<br>have also taken into<br>account the reversionary<br>market rents after the<br>expiry of tenancies in<br>capitalisation. | Not applicable  | Hong Kong<br>office<br>3.25%-3.75%<br>per annum   | Level 3                 |
|   |                            |   | PRC shop<br>7.0%-9.0%<br>per annum  | PRC shop<br>7.0%-9.0%<br>per annum  |                         |
|   |                            |   | PRC office<br>6.0%-6.5%<br>per annum  | PRC office<br>6.0%-6.5%<br>per annum  |                         |
|   |                            |   | Not applicable  | Hong Kong<br>car park<br>4.5% per annum   |                         |
|   | Car park<br>portion        | Sales comparison<br>approach and made<br>reference to the sales of<br>comparable properties as<br>available in the market.  | PRC<br>comparable<br>ranging from<br>RMB131,000<br>to<br>RMB140,000<br>per space                                  | PRC<br>comparable<br>ranging from<br>RMB135,000<br>to<br>RMB200,000<br>per space                                  | Level 3                 |
|   | Residential<br>units       | Sales comparison<br>approach and made<br>reference to the sales of<br>comparable properties as<br>available in the market.  | Hong Kong<br>residential<br>units comparable<br>ranging from<br>HK\$12,400<br>to HK\$21,100<br>per square<br>feet | Hong Kong<br>residential<br>units comparable<br>ranging from<br>HK\$12,400<br>to HK\$21,800<br>per square<br>feet | Level 3                 |

**2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE SEA GROUP**  
(Continued)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (Continued)  
For the year ended 31 December 2016

**19. INVESTMENT PROPERTIES** (Continued)

Details of the valuation methodology and the significant inputs are as follows:

| Valuer  | Class of properties | Valuation methodology  | Key inputs to the valuation<br>(including capitalisation<br>rate and market value) |   | Fair value<br>hierarchy |
|---|---------------------|--|--|---|-------------------------|
|   |                     |  | 2016   | 2015  |                         |
| Savills (UK)<br>Limited <sup>#</sup>              | Office<br>portion   | The valuers have used the traditional "all risk" yield investment method of valuation, having regard to comparable evidence.   | UK office<br>4.17%<br>per annum  | Not applicable                                  | Level 3                 |
|   | Office<br>portion   | The valuers have used a traditional investment method of valuation in which the valuers have reflected the current lease terms and capitalised the appropriate income stream.  | UK office<br>6.75%<br>per annum  | Not applicable                                  | Level 3                 |
| CBRE<br>Valuations<br>Pty<br>Limited <sup>@</sup> | Resort<br>portion   | The primary valuation methodologies generally used are the Income Capitalisation Approach and/or Discounted Cash Flow Analysis with a check by the Direct Comparison Approach.   | Australia<br>resort<br>10.3%-10.5%<br>per annum                                    | Australia<br>resort<br>10.5%-10.8%<br>per annum | Level 3                 |
|   |                     | These approaches are based upon an estimation of future trading results which are based on historic trading analysis and future trading expectations having regard to any forecast capital expenditure, supply and demand factors, and estimated changes in economic and local market conditions, and/or management/lease terms. |  |   |                         |

**2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE SEA GROUP**  
(Continued)**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (Continued)  
*For the year ended 31 December 2016***19. INVESTMENT PROPERTIES** (Continued)

\* Savills Valuation and Professional Services Limited is an independent professional valuer not connected to the SEA Group and is a firm of Chartered Surveyors recognised by The Hong Kong Institute of Surveyors. The valuation for investment properties in Hong Kong and the PRC were arrived in accordance with the “The HKIS Valuation Standard (2012 Edition)” published by The Hong Kong Institute of Surveyors.

# Savills (UK) Limited, a firm of chartered surveyors not connected to the SEA Group, is regulated by the Royal Institution of Chartered Surveyors (“RICS”), a subsidiary of Savills Plc. The valuation has been prepared in accordance with RICS Valuation — Professional Standards January 2014 (the “RICS Red Book”) published in November 2013 and effective from 6 January 2014.

@ CBRE Valuations Pty Limited is an independent professional valuer not connected to the SEA Group and is a firm of Registered Valuers recognised by the Australian Property Institute.

All valuers have appropriate qualifications and recent experience in the valuation of properties in the relevant locations.

There were no transfers between Level 1, 2, and 3 in both years presented.

**2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE SEA GROUP**  
(Continued)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
For the year ended 31 December 2016

**20. PROPERTY, PLANT AND EQUIPMENT**

|                                       | Hotel<br>property<br>in<br>Hong Kong<br>HK\$'000 | Other<br>properties<br>in<br>Hong Kong<br>HK\$'000 | Properties<br>in<br>PRC<br>HK\$'000 | Plant and<br>machinery<br>HK\$'000 | Furniture,<br>fixtures and<br>equipment<br>HK\$'000 | Motor<br>vehicles<br>HK\$'000 | Leasehold<br>improvements<br>HK\$'000 | Crockery,<br>utensils<br>and linen<br>HK\$'000 | Total<br>HK\$'000 |
|---------------------------------------|--|--|-------------------------------------|------------------------------------|---|-------------------------------|---------------------------------------|--|-------------------|
| COST                                  |  |  |                                     |                                    |   |                               |                                       |  |                   |
| At 1 January 2015                     | 789,895  | 258,998  | 39,292                              | 45,540                             | 46,309  | 14,717                        | 79,654                                | 5,051  | 1,279,456         |
| Additions                             | —  | —  | —                                   | 694                                | 1,831   | 253                           | —                                     | —  | 2,778             |
| Disposals                             | (354)  | —  | —                                   | (1,692)                            | (2,260)   | —                             | (827)                                 | —  | (5,133)           |
| Exchange adjustments                  | —  | —  | (2,286)                             | (400)                              | (397)   | (368)                         | (332)                                 | —  | (3,783)           |
| At 31 December 2015                   | 789,541  | 258,998  | 37,006                              | 44,142                             | 45,483  | 14,602                        | 78,495                                | 5,051  | 1,273,318         |
| Additions                             | —  | —  | —                                   | 6                                  | 1,937   | 1,077                         | —                                     | 15   | 3,035             |
| Disposals                             | (11)   | —  | —                                   | (3)                                | (257)   | (344)                         | (1,172)                               | —  | (1,787)           |
| Disposal of subsidiaries<br>(note 44) | —  | (258,998)  | —                                   | (494)                              | (2,822)   | (3,107)                       | (4,675)                               | —  | (270,096)         |
| Exchange adjustments                  | —  | —  | (2,338)                             | (404)                              | (146)   | (182)                         | (151)                                 | —  | (3,221)           |
| At 31 December 2016                   | 789,530  | —  | 34,668                              | 43,247                             | 44,195  | 12,046                        | 72,497                                | 5,066  | 1,001,249         |
| DEPRECIATION                          |  |  |                                     |                                    |   |                               |                                       |  |                   |
| At 1 January 2015                     | 103,790  | 35,819   | 2,752                               | 23,628                             | 39,509  | 11,885                        | 77,598                                | —  | 294,981           |
| Provided for the year                 | 19,854   | 7,164  | 859                                 | 5,120                              | 2,699   | 1,597                         | 833                                   | —  | 38,126            |
| Eliminated on disposals               | (354)  | —  | —                                   | (1,680)                            | (2,224)   | —                             | (827)                                 | —  | (5,085)           |
| Exchange adjustments                  | —  | —  | (190)                               | (206)                              | (231)   | (280)                         | (280)                                 | —  | (1,187)           |
| At 31 December 2015                   | 123,290  | 42,983   | 3,421                               | 26,862                             | 39,753  | 13,202                        | 77,324                                | —  | 326,835           |
| Provided for the year                 | 19,998   | 2,850  | 807                                 | 4,910                              | 2,215   | 694                           | 488                                   | —  | 31,962            |
| Eliminated on disposals               | (2)  | —  | —                                   | (21)                               | (623)   | (328)                         | (772)                                 | —  | (1,746)           |
| Disposal of subsidiaries<br>(note 44) | —  | (45,833)   | —                                   | (429)                              | (884)   | (2,325)                       | (4,676)                               | —  | (54,147)          |
| Exchange adjustments                  | —  | —  | (247)                               | (267)                              | (121)   | (167)                         | (133)                                 | —  | (935)             |
| At 31 December 2016                   | 143,286  | —  | 3,981                               | 31,055                             | 40,340  | 11,076                        | 72,231                                | —  | 301,969           |
| CARRYING VALUES                       |  |  |                                     |                                    |   |                               |                                       |  |                   |
| At 31 December 2016                   | 646,244  | —  | 30,687                              | 12,192                             | 3,855   | 970                           | 266                                   | 5,066  | 699,280           |
| At 31 December 2015                   | 666,251  | 216,015  | 33,585                              | 17,280                             | 5,730   | 1,400                         | 1,171                                 | 5,051  | 946,483           |

**2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE SEA GROUP***(Continued)***NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** *(Continued)**For the year ended 31 December 2016***20. PROPERTY, PLANT AND EQUIPMENT** *(Continued)*

The above items of property, plant and equipment are depreciated on a straight-line basis after taking into account their estimated residual values at the following rates per annum:

|                                   |  |
|-----------------------------------|--|
| Leasehold land and properties     | Over the lease terms ranging from 42 years to 45.5 years |
| Completed hotel building          | 40 years   |
| Other properties                  | 4%   |
| Plant and machinery               | 10%  |
| Furniture, fixtures and equipment | 25%  |
| Motor vehicles                    | 25%  |
| Leasehold improvements            | 25%  |

The carrying amounts of properties shown above comprise properties situated in:

|           | <b>2016</b><br><i>HK\$'000</i> | <b>2015</b><br><i>HK\$'000</i> |
|-----------|--------------------------------|--------------------------------|
| Hong Kong | 646,244                        | 882,266                        |
| The PRC   | 30,687                         | 33,585                         |

**21. PROPERTIES FOR DEVELOPMENT**

|  | <b>2016</b><br><i>HK\$'000</i> | <b>2015</b><br><i>HK\$'000</i> |
|--|--------------------------------|--------------------------------|
| <b>COST</b>  |                                |                                |
| At 1 January   | 1,304,937                      | 1,332,112                      |
| Additions  | 46,261                         | 51,713                         |
| Disposal of subsidiaries <i>(notes 44(b), (c) and (d))</i> | (1,337,030)                    | —                              |
| Exchange adjustments                                       | (14,168)                       | (78,888)                       |
| At 31 December   | —                              | 1,304,937                      |
| <b>AMORTISATION</b>  |                                |                                |
| At 1 January   | 104,757                        | 83,680                         |
| Provided for the year                                      | 6,472                          | 27,488                         |
| Disposal of subsidiaries <i>(notes 44(b), (c) and (d))</i> | (110,085)                      | —                              |
| Exchange adjustments                                       | (1,144)                        | (6,411)                        |
| At 31 December   | —                              | 104,757                        |
| <b>CARRYING VALUE</b>                                      |                                |                                |
| At 31 December   | —                              | 1,200,180                      |

## 2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE SEA GROUP (Continued)

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) For the year ended 31 December 2016

#### 21. PROPERTIES FOR DEVELOPMENT (Continued)

At 31 December 2015, the carrying amount represented the Group's interest in certain pieces of land located in the PRC to be held for future development.

The carrying amount was amortised on a straight-line basis over the lease terms ranging from 40 to 70 years.

#### 22. CLUB MEMBERSHIPS

Club memberships with finite useful lives are amortised on a straight-line basis over the membership period of 24 years up to 31 December 2039 as the directors of SEA are of the opinion that the SEA Group will derive benefits from the use of these club memberships over their life.

Club memberships with indefinite useful lives are stated at cost. All club memberships will be tested for impairment annually or whenever there is an indication of impairment.

During the year ended 31 December 2016, an addition of nil (2015: HK\$487,000) was incurred and amortisation of HK\$141,000 (2015: HK\$141,000) was recognised in profit or loss.

#### 23. LOAN RECEIVABLES

|                                  | 2016<br>HK\$'000 | 2015<br>HK\$'000 |
|----------------------------------|------------------|------------------|
| Second mortgage loans            | 3,536            | 4,160            |
| Analysed for reporting purposes: |                  |                  |
| Non-current assets               | 3,160            | 3,789            |
| Current assets                   | 376              | 371              |
|                                  | 3,536            | 4,160            |

The loans bear interest at Hong Kong Prime Rate and are repayable by monthly installments over a period of 20 years or as stipulated in the respective agreements.

The second mortgage loans are secured by the leasehold properties of the borrowers.

The effective interest rate of the loans receivable is 5.0% (2015: 5.0%) per annum.

Loan receivables balances which are past due at the end of the reporting period are minimal and are not considered impaired. In determining the recoverability of the loans receivable, the SEA Group considers, among other factors, any change in value of the properties securing the loans.

The concentration of credit risk is limited due to the customer base being unrelated. No single loan receivable is individually material.

**2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE SEA GROUP**  
(Continued)**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (Continued)  
*For the year ended 31 December 2016***24. NOTE RECEIVABLES**

The amount represents (i) the carrying value of a five-year zero coupon principal protected index-linked note with a principal amount of US\$2,000,000 (equivalent to HK\$15,509,000) (2015: US\$2,000,000 (equivalent to HK\$15,502,000)) already matured and settled in February 2017 and (ii) the carrying value of a five-year zero coupon principal protected index-linked note with a principal amount of US\$5,000,000 (equivalent to HK\$38,773,000) (2015: US\$5,000,000 (equivalent to HK\$38,754,000)) maturing on 9 August 2018. The index is a proprietary index named Forex Yield Differential Accrual Perpetual Index, which is a proprietary non-discretionary algorithm to calculate the risk filter multiple of non-discretionary trading that observes a basket of ten currencies.

The host contracts of the note are measured at amortised cost. The index-linked feature is regarded as a derivative embedded in but not closely related to the host contract in accordance with HKAS 39 Financial Instruments: Recognition and Measurement. However, in the opinion of the directors of SEA, the fair values of the embedded derivatives at the end of the reporting period are insignificant and therefore they have not been accounted for as a separate component in the consolidated financial statements.

**25. OTHER RECEIVABLES**

At 31 December 2016, the SEA Group had incurred a total amount of RMB321,060,000 (2015: RMB321,060,000), equivalent to HK\$358,913,000 (2015: HK\$383,217,000), for the tenant relocation arrangements, excavation and infrastructure work on certain pieces of land in Nanjing, the PRC. The amount is wholly refundable from the relevant PRC local government either by deduction against the consideration payable if the SEA Group is successful in bidding for the land or out of the proceeds received by the relevant PRC local government from another successful tenderer.

As at 31 December 2015, the balance of HK\$361,114,000 represented the Hong Kong dollar equivalent of the present value of the original amount of RMB321,060,000 expected to be recovered in 2018 discounted at the rate of 2% per annum.

During the year ended 31 December 2016, the SEA Group recognised a full impairment of other receivables. Management reviews the status of the underlying project annually. Since there has been a substantial delay of the time schedule from the original plan, management is 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 incurred.



**2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE SEA GROUP**  
(Continued)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (Continued)  
For the year ended 31 December 2016

**26. AVAILABLE-FOR-SALE INVESTMENTS**

|  | 2016<br>HK\$'000 | 2015<br>HK\$'000 |
|--|------------------|------------------|
| Unlisted investments at cost:                    |                  |                  |
| — Equity securities (Note a)                     | 5,817            | 5,824            |
| — Convertible loan (Note b)                      | 5,817            | 5,824            |
| Unlisted investments at fair value:              |                  |                  |
| — Debt securities (Note c)                       | 496,719          | —                |
|  | <u>508,353</u>   | <u>11,648</u>    |
| Listed investments at fair value:                |                  |                  |
| — Equity securities listed in Hong Kong (Note d) | 124,191          | 135,659          |
| — Debt securities (Note e)                       | 882,094          | —                |
|  | <u>1,006,285</u> | <u>135,659</u>   |
| Total  | <u>1,514,638</u> | <u>147,307</u>   |
| Analysed for reporting purposes as:              |                  |                  |
| Current assets                                   | 137,204          | —                |
| Non-current assets                               | 1,377,434        | 147,307          |
|  | <u>1,514,638</u> | <u>147,307</u>   |

- (a) At 31 December 2016, unlisted equity securities classified as available-for-sale held by the SEA Group amounting to US\$750,000 (equivalent to HK\$5,817,000) (2015: US\$750,000 (equivalent to HK\$5,824,000)), representing approximately 8% (2015: 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 SEA were of the opinion that the fair value cannot be measured reliably.

**2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE SEA GROUP**  
(Continued)**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (Continued)  
*For the year ended 31 December 2016***26. AVAILABLE-FOR-SALE INVESTMENTS** (Continued)

- (b) The SEA Group committed and contributed an unsecured interest-free loan in the sum of US\$750,000 (equivalent to HK\$5,817,000) (2015: US\$750,000 (equivalent to HK\$5,824,000)) 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 SEA Group has the right to convert into shares representing not more than a 7% (2015: 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 HKAS 39 Financial Instruments: Recognition and Measurement. However, in the opinion of the directors of SEA, 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 SEA Group subscribed for a note issued by China Strategic Holdings Limited (being an independent company listed in Hong Kong Stock Exchange with principal activities of investment in securities trading as well as money lending) 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 is measured at fair value determined based on the valuation conducted by an independent professional valuer. During the year ended 31 December 2016, such investments generated revenue of approximately HK\$1.6 million under the financial investment segment.
- (d) The listed investments represent equity securities listed in Hong Kong. During the year ended 31 December 2016, such investments generated revenue of approximately HK\$4.9 million under the financial investment segment.
- (e) At 31 December 2016, the Group’s listed debt securities in maturing between January 2017 to September 2019 with fixed interests ranging from 1.9% to 8.0% per annum have been pledged as security for the bank borrowings (2015: nil). During the year ended 31 December 2016, such investments generated revenue of approximately HK\$3.3 million under the financial investment segment.

The Group’s listed investments are measured at fair value for financial reporting purposes.

Details of fair value measurement are disclosed in note 36(c).

**2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE SEA GROUP**  
(Continued)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (Continued)  
For the year ended 31 December 2016

**27. RESTRICTED BANK DEPOSITS/PLEDGED BANK DEPOSITS**

Restricted bank deposits carry fixed interest rates at 1.6% (2015: ranging from 0.4% to 1.9%) per annum and were placed with a bank in relation to long-term bank borrowings.

Pledged bank deposits carry fixed interest rates at 0.1% (2015: nil) and are placed with a bank to secure a revolving loan facility.

**28. PROPERTIES HELD FOR SALE — PROPERTIES UNDER DEVELOPMENT**

At 31 December 2015, the properties under development were expected to be completed in more than twelve months after the end of the reporting period. The entire amount of properties under development were disposed through subsidiaries (note 44).

**29. RECEIVABLES, DEPOSITS AND PREPAYMENTS**

|   | <b>2016</b><br><i>HK\$'000</i> | <b>2015</b><br><i>HK\$'000</i> |
|---|--------------------------------|--------------------------------|
| Trade receivables   | 8,001                          | 10,000                         |
| Amount receivables from disposal of subsidiaries (note 44(d)) | 445,000                        | —                              |
| Accrued income  | 72,366                         | 99,159                         |
| Deposits and prepayments                                      | 61,944                         | 18,988                         |
|   | <u>587,311</u>                 | <u>128,147</u>                 |

Trade receivables mainly represent rental receivable from tenants for the use of the Group's properties and receivables from corporate customers and travel agents for the use of hotel facilities. Rentals are payable upon presentation of demand notes. An average credit period of 30 days is allowed to corporate customers and travel agents.

The following is an aged analysis of trade receivables, presented based on the invoice date, at the end of the reporting period.

|                | <b>2016</b><br><i>HK\$'000</i> | <b>2015</b><br><i>HK\$'000</i> |
|----------------|--------------------------------|--------------------------------|
| 0 to 30 days   | 5,622                          | 8,167                          |
| 31 to 60 days  | 344                            | 271                            |
| 61 to 90 days  | 18                             | 232                            |
| 91 to 365 days | 1,100                          | 1,110                          |
| Over 365 days  | 917                            | 220                            |
|                | <u>8,001</u>                   | <u>10,000</u>                  |

**2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE SEA GROUP**  
(Continued)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (Continued)  
For the year ended 31 December 2016

**29. RECEIVABLES, DEPOSITS AND PREPAYMENTS** (Continued)

Before granting credit to any customer, the SEA Group uses an internal credit assessment policy to assess the potential customers' credit quality and defines credit limit by customer. Trade receivables of HK\$2,513,000 (2015: HK\$2,498,000) at the end of the reporting period are past due but not considered impaired as most of them are sufficiently covered by rental deposits received from respective tenants. The SEA Group considers that the amounts are still recoverable and no provision is required. The SEA Group does not hold any collateral over these balances.

**30. AMOUNTS DUE FROM/TO NON-CONTROLLING INTERESTS**

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

**31. BANK BALANCES AND CASH**

|  | <b>2016</b><br><i>HK\$'000</i> | <b>2015</b><br><i>HK\$'000</i> |
|--|--------------------------------|--------------------------------|
| Cash and cash equivalents  | 5,538,954                      | 3,555,870                      |
| Fixed deposits with an original maturity period more than 3 months | 4,460,201                      | 364,048                        |
| Guaranteed bank balances   | —                              | 3,094                          |
|  | <u>9,999,155</u>               | <u>3,923,012</u>               |

Bank balances and cash comprise cash and short-term bank deposits which carry fixed interest rates ranging from 0.5% to 1.7% (2015: 0.3% to 2.4%) per annum.

Guaranteed bank balances represent deposits placed by the SEA Group with banks which can only be applied to designated property development projects of the SEA Group. Guaranteed bank balances carry interest at market rates ranging from 0.4% to 1.0% per annum as at 31 December 2015.

The Group's bank balances and cash that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

|                       | <b>2016</b><br><i>HK\$'000</i> | <b>2015</b><br><i>HK\$'000</i> |
|-----------------------|--------------------------------|--------------------------------|
| Hong Kong dollars     | <u>645,526</u>                 | <u>23</u>                      |
| United States dollars | <u>67</u>                      | <u>63</u>                      |
| Renminbi              | <u>1,120</u>                   | <u>3,036</u>                   |
| Australian dollars    | <u>579</u>                     | <u>587</u>                     |
| Great Britain Pounds  | <u>43,095</u>                  | <u>—</u>                       |

**2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE SEA GROUP**  
(Continued)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (Continued)  
For the year ended 31 December 2016

**32. PAYABLES, RENTAL DEPOSITS AND ACCRUED CHARGES**

|  | <b>2016</b><br><i>HK\$'000</i> | <b>2015</b><br><i>HK\$'000</i> |
|--|--------------------------------|--------------------------------|
| Trade payables                                     | 2,432                          | 3,052                          |
| Rental deposits                                    | 37,784                         | 113,809                        |
| Rental received in advance                         | 33,154                         | 13,463                         |
| Other payables, other deposits and accrued charges | 115,051                        | 303,228                        |
|  | <u>188,421</u>                 | <u>433,552</u>                 |

Included in other payables is an aggregate amount of (i) HK\$24,609,000 (2015: HK\$93,010,000) 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 25; and (ii) nil (2015: HK\$67,436,000) payable to contractors for properties held for sale. In 2016, management reviewed the construction cost provision and reversed an amount of HK\$71,721,000 which no longer probable to be paid by the SEA Group.

Rental deposits to be settled after twelve months from the end of the reporting period based on the respective lease terms amounted to HK\$25,610,000 (2015: HK\$76,421,000).

**33. BANK BORROWINGS**

|                                    | <b>2016</b><br><i>HK\$'000</i> | <b>2015</b><br><i>HK\$'000</i> |
|------------------------------------|--------------------------------|--------------------------------|
| Secured                            | 3,508,337                      | 4,109,251                      |
| Unsecured                          | 800,000                        | 403,000                        |
|                                    | <u>4,308,337</u>               | <u>4,512,251</u>               |
| Less: Front-end fee                | (17,683)                       | (22,089)                       |
|                                    | <u>4,290,654</u>               | <u>4,490,162</u>               |
| Analysed for reporting purpose as: |                                |                                |
| Current liabilities                | 2,186,719                      | 1,536,781                      |
| Non-current liabilities            | 2,103,935                      | 2,953,381                      |
|                                    | <u>4,290,654</u>               | <u>4,490,162</u>               |

The bank borrowings are repayable as follows:

|   |                  |                  |
|---|------------------|------------------|
| On demand or within one year  | 2,189,628        | 1,539,239        |
| Within a period of more than one year,<br>but not exceeding two years   | 99,457           | 164,126          |
| Within a period of more than two years,<br>but not exceeding five years | 1,965,512        | 1,869,412        |
| Within a period of more than five years                                 | 53,740           | 939,474          |
|   | <u>4,308,337</u> | <u>4,512,251</u> |

## 2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE SEA GROUP (Continued)

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) For the year ended 31 December 2016

#### 33. BANK BORROWINGS (Continued)

Except for the bank borrowing of HK\$723,420,000 denominated in Hong Kong dollars being the foreign currency of the relevant group entities with functional currency in USD, the remaining amounts are denominated in the functional currencies of the relevant group entities and carry interest at floating rates, the principal amounts of which are analysed below:

| Denominated in       | 2016      | 2015      |
|----------------------|-----------|-----------|
|                      | HK\$'000  | HK\$'000  |
| Hong Kong dollars    | 1,835,000 | 3,862,000 |
| Renminbi             | 140,017   | 576,574   |
| Australian dollars   | 72,744    | 73,677    |
| Great Britain Pounds | 1,537,156 | —         |
|                      | 3,584,917 | 4,512,251 |
|                      | 3,584,917 | 4,512,251 |

The effective interest rates of these variable rate borrowings range from 1.2% to 5.4% (2015: 1.4% to 7.1%) per annum.

#### 34. SHARE CAPITAL

|   | Number of<br>ordinary shares<br>of HK\$0.1 each |               | Nominal value    |                  |
|---|---|---------------|------------------|------------------|
|   | 2016  | 2015          | 2016<br>HK\$'000 | 2015<br>HK\$'000 |
| Authorised                                      | 1,000,000,000                                   | 1,000,000,000 | 100,000          | 100,000          |
| Issued and fully paid:                          |   |               |                  |                  |
| At beginning of year                            | 677,651,726                                     | 689,617,726   | 67,765           | 68,962           |
| Shares issued upon exercise of<br>share options | 7,657,000                                       | 17,624,000    | 765              | 1,762            |
| Repurchase of ordinary shares                   | (8,744,000)                                     | (29,590,000)  | (874)            | (2,959)          |
| At end of year                                  | 676,564,726                                     | 677,651,726   | 67,656           | 67,765           |

## 2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE SEA GROUP (Continued)

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) For the year ended 31 December 2016

#### 34. SHARE CAPITAL (Continued)

During the year, 5,732,000 and 1,925,000 (2015: 17,624,000 shares issued at the subscription price of HK\$3.454) shares of HK\$0.1 each in SEA were issued at the subscription prices of HK\$3.454 and HK\$6.302 per share respectively, upon exercise of the share options.

During the year, SEA repurchased 8,744,000 (2015: 29,590,000) of its own shares at prices ranging from HK\$13.08 to HK\$26.10 (2015: HK\$5.58 to HK\$12.80) for an aggregate consideration of HK\$165,936,000 (2015: HK\$228,530,000). The shares were cancelled following repurchase.

None of SEA's subsidiaries purchased or sold any of SEA's shares during the year.

#### 35. DEFERRED TAXATION

The following are the major deferred tax liabilities (assets) recognised and movements thereon during the current and prior reporting periods:

|                                      | Accelerated<br>tax<br>depreciation<br><i>HK\$'000</i> | Fair value of<br>investment<br>properties<br><i>HK\$'000</i> | Effective<br>rental<br>income<br><i>HK\$'000</i> | Tax<br>losses<br><i>HK\$'000</i> | Others<br><i>HK\$'000</i> | Total<br><i>HK\$'000</i> |
|--------------------------------------|---|--|--|----------------------------------|---------------------------|--------------------------|
| At 1 January 2015                    | 25,820  | 459,862  | 22,006   | (6,925)                          | 1,597                     | 502,360                  |
| Exchange adjustments                 | —   | (27,263)   | (1,339)  | 512                              | 8                         | (28,082)                 |
| Charge (credit) to<br>profit or loss | 2,145   | (31,129)   | 1,372  | (621)                            | 327                       | (27,906)                 |
| At 31 December 2015                  | 27,965  | 401,470  | 22,039   | (7,034)                          | 1,932                     | 446,372                  |
| Exchange adjustments                 | (58)  | (22,783)   | (1,263)  | 228                              | 1                         | (23,875)                 |
| Charge (credit) to<br>profit or loss | 301   | (24,515)   | (3,190)  | 2,607                            | (183)                     | (24,980)                 |
| Disposal of subsidiaries             | (24,439)  | —  | —  | —                                | (1,779)                   | (26,218)                 |
| <b>At 31 December 2016</b>           | <b>3,769</b>  | <b>354,172</b>   | <b>17,586</b>                                    | <b>(4,199)</b>                   | <b>(29)</b>               | <b>371,299</b>           |

For the purpose of presentation of the consolidated statement of financial position, deferred tax assets and liabilities have been offset and shown under non-current liabilities.

**2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE SEA GROUP**  
(Continued)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (Continued)  
For the year ended 31 December 2016

**35. DEFERRED TAXATION** (Continued)

At 31 December 2016, the SEA Group has tax losses of HK\$85,136,000 (2015: HK\$140,154,000) available to offset against future profits. A deferred tax asset has been recognised in respect of HK\$15,898,000 (2015: HK\$27,290,000) of such losses. No deferred tax asset has been recognised in respect of the remaining HK\$69,238,000 (2015: HK\$112,864,000) as it is not probable that taxable profit will be available to offset against the tax losses due to the unpredictability of future profit streams. The tax losses will expire in the following years ending 31 December:

|      | <b>2016</b><br><i>HK\$'000</i> | <b>2015</b><br><i>HK\$'000</i> |
|------|--------------------------------|--------------------------------|
| 2016 | —                              | 1,465                          |
| 2017 | 1,092                          | 3,354                          |
| 2018 | 4,248                          | 4,797                          |
| 2019 | 11,967                         | 39,316                         |
| 2020 | 11,801                         | 29,159                         |
| 2021 | 13,159                         | —                              |
|      | <u>42,267</u>                  | <u>78,091</u>                  |

Other tax losses may be carried forward indefinitely.

**36. FINANCIAL INSTRUMENTS**

(a) **Categories of financial instruments**

|   | <b>2016</b><br><i>HK\$'000</i> | <b>2015</b><br><i>HK\$'000</i> |
|---|--------------------------------|--------------------------------|
| <i>Financial assets</i>                                     |                                |                                |
| Loans and receivables (including cash and cash equivalents) | 11,048,706                     | 4,358,155                      |
| Available-for-sale investments                              |                                |                                |
| — listed  | 1,006,285                      | 135,659                        |
| — unlisted  | 508,353                        | 11,648                         |
|   | <u>4,478,764</u>               | <u>4,872,483</u>               |
| <i>Financial liabilities</i>                                |                                |                                |
| Financial liabilities at amortised cost                     | 4,478,764                      | 4,872,483                      |



**2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE SEA GROUP**  
(Continued)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (Continued)  
For the year ended 31 December 2016

**36. FINANCIAL INSTRUMENTS** (Continued)

**(b) Financial risk management objectives and policies**

The directors of SEA have overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the SEA Group, to set appropriate risk limits and controls to monitor risks and adherence to market conditions and the Group's activities. The SEA Group, through its training and management standards and procedures, aims to develop a constructive control environment in which all employees understand their roles and obligations. The directors of SEA monitor and manage the financial risks relating to the operations of the SEA Group to ensure appropriate measures are implemented on a timely and effective manner. These risks include market risk (including primarily foreign currency risk, interest rate risk and price risk), credit risk and liquidity risk.

The Group's overall strategy remains unchanged from prior year.

*Market risk*

(i) Foreign currency risk

Certain subsidiaries of SEA have foreign currency denominated monetary assets/ (liabilities), which expose the SEA Group to foreign currency risk. The SEA Group currently does not have a policy to hedge the foreign currency exposure. However, management monitors the related foreign currency fluctuation closely and will consider entering into foreign exchange forward contracts to hedge significant portion of the foreign currency risk should the need arise.

The carrying amounts of the foreign currency denominated net monetary assets/ (liabilities) at the end of the reporting period in the respective group entities are as follows:

|                       | <b>2016</b>                 | <b>2015</b>                 |
|-----------------------|-----------------------------|-----------------------------|
|                       | <i>HK\$'000</i>             | <i>HK\$'000</i>             |
| Hong Kong dollars     | (77,436)                    | 23                          |
| United States dollars | 65,953                      | 65,967                      |
| Renminbi              | 2,395                       | 3,036                       |
| Australian dollars    | 579                         | 587                         |
| Great Britain Pounds  | 43,095                      | —                           |
|                       | <u>                    </u> | <u>                    </u> |

The loans for foreign operations within the SEA Group that form part of the Group's net investment in the foreign operations are denominated in foreign currencies, other than the functional currency of the foreign entities.

**2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE SEA GROUP**  
(Continued)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (Continued)  
For the year ended 31 December 2016

**36. FINANCIAL INSTRUMENTS** (Continued)

**(b) Financial risk management objectives and policies** (Continued)

*Market risk* (Continued)

(i) Foreign currency risk (Continued)

**Sensitivity analysis**

The following table details the Group's sensitivity to a 5% (2015: 5%) depreciation in the functional currencies of the relevant subsidiaries (i.e. Renminbi, United States dollars, Hong Kong dollars, Australian dollars and Great Britain Pounds), relative to the foreign currencies of the relevant subsidiaries (i.e. Hong Kong dollars, United States dollars, Renminbi, Australian dollars and Great Britain Pounds). There would be an equal and opposite impact where Hong Kong dollars, United States dollars, Renminbi, Australian dollars and Great Britain Pounds weaken 5% (2015:5%) against the relevant foreign currencies.

|                       | <b>Decrease in</b>         |                 |
|-----------------------|----------------------------|-----------------|
|                       | <b>profit for the year</b> |                 |
|                       | <b>2016</b>                | <b>2015</b>     |
|                       | <i>HK\$'000</i>            | <i>HK\$'000</i> |
| Hong Kong dollars     | (3,872)                    | 1               |
| United States dollars | 3,298                      | 3,298           |
| Renminbi              | 120                        | 152             |
| Australian dollars    | 29                         | 29              |
| Great Britain Pounds  | 2,155                      | —               |
|                       | <u>2,155</u>               | <u>—</u>        |

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign currency risk as the year end exposure does not reflect the exposure during the year.

Since the Hong Kong dollar is pegged to the United States dollar under the Linked Exchange Rate System, management does not expect any significant foreign currency exposure in relation to the exchange rate fluctuations between the Hong Kong dollar and the United States dollar.

**2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE SEA GROUP**  
(Continued)**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (Continued)  
For the year ended 31 December 2016**36. FINANCIAL INSTRUMENTS** (Continued)**(b) Financial risk management objectives and policies** (Continued)*Market risk* (Continued)

## (ii) Interest rate risk

The SEA Group is exposed to cash flow interest rate risk in relation to variable-rate borrowings, loan receivables, bank balances and deposits. The directors of SEA consider that the interest rate risk on bank balances and deposits are insignificant as they are subject to minimal interest rate fluctuation, accordingly, no sensitivity analysis is presented. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of HIBOR, LIBOR, the PBOC Prescribed Interest Rates and Australian Bank Bill Swap Bid Rate on the bank borrowings, and Hong Kong Prime Rate on the loan receivables.

The SEA Group currently does not have an interest rate swap hedging policy. However, management monitors the interest rate exposure and will consider hedging interest rate risk exposure should the need arise.

***Sensitivity analysis***

The sensitivity analysis below has been determined based on the exposure to interest rates in relation to the Group's variable-rate bank borrowings and loan receivables at the end of the reporting period. The analysis is prepared assuming the amount of asset and liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis points increase or decrease represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's profit for the year ended 31 December 2016 would decrease/increase by HK\$21,524,000 (2015: HK\$21,809,000).

## (iii) Price risk

The SEA Group is exposed to price risk through its investments in available-for-sale investments. Management manages this exposure by maintaining a portfolio of investments with different risks. The Group's price risk is mainly concentrated on debt instruments quoted in an active market. In addition, the SEA Group has formed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

***Sensitivity analysis***

The sensitivity analysis below has been determined based on the exposure to market price risk of listed available-for-sale debt investments at the reporting date. For sensitivity analysis purpose, if the prices of the respective instruments had been 5% higher/lower, investments revaluation reserve would increase/decrease by HK\$50,314,000 for the SEA Group as a result of the changes in fair value of the listed available-for-sale investments.

**2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE SEA GROUP**  
(Continued)**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (Continued)  
*For the year ended 31 December 2016***36. FINANCIAL INSTRUMENTS** (Continued)**(b) Financial risk management objectives and policies** (Continued)*Credit risk*

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations at the end of the reporting period in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated statement of financial position, which is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position. In order to minimise the credit risk, management of the SEA Group has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the SEA Group reviews the recoverable amount of each individual debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of SEA consider that the Group's credit risk is significantly reduced.

At 31 December 2016, the SEA Group has concentration of credit risk on receivables from disposal of subsidiaries as set out in note 44 and unlisted available-for-sale debt investments. Management of the SEA Group has periodic communication with the counterparty and has monitored the settlement regularly.

Although the placing of deposits, listed available-for-sale debt investments and notes subscribed are concentrated on certain banks or listed issuers, the credit risk on these financial assets is limited because the counterparties with good reputation.

The SEA Group has no other significant concentration of credit risk with exposure spread over a number of counterparties and customers.

*Liquidity risk*

Ultimate responsibility for liquidity risk management rests with the directors of SEA, which have built an appropriate liquidity risk management framework for management of the Group's short, medium and long-term funding and liquidity management requirements. The SEA Group manages liquidity risk by maintaining adequate reserves, banking facilities, and by continuously monitoring forecast and actual cash flows. As at 31 December 2016, the SEA Group has bank balances and cash of HK\$10,537,849,000 (2015: HK\$3,923,012,000) and available unutilised bank loan facilities of approximately HK\$687,442,000 (2015: HK\$500,000,000).

**2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE SEA GROUP**  
(Continued)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (Continued)  
For the year ended 31 December 2016

**36. FINANCIAL INSTRUMENTS** (Continued)

**(b) Financial risk management objectives and policies** (Continued)

*Liquidity risk* (Continued)

The following table details the Group's remaining contractual maturity for its financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities and on the earliest date on which the SEA Group can be required to pay. The table includes both interest and principal cash flows, estimated based on interest rate at the end of the reporting period.

|  | Weighted<br>average<br>effective<br>interest rate<br>% | Within<br>3 months<br>HK\$'000 | 3 months<br>to<br>6 months<br>HK\$'000 | 6 months<br>to<br>9 months<br>HK\$'000 | 9 months<br>to<br>12 months<br>HK\$'000 | Over 1 year<br>HK\$'000 | Total<br>undiscounted<br>cash flows<br>HK\$'000 | Carrying<br>amount<br>HK\$'000 |
|--|--|--------------------------------|--|--|---|-------------------------|---|--------------------------------|
| <b>At 31 December 2016</b>                     |  |                                |  |  |   |                         |   |                                |
| Payables and deposits<br>received              | —  | 106,996                        | 1,855                                  | 762                                    | 2,917                                   | 25,610                  | 138,140   | 138,140                        |
| Amounts due to<br>non-controlling<br>interests | —  | 87,754                         | —                                      | —                                      | —                                       | —                       | 87,754  | 87,754                         |
| Variable rates bank<br>borrowings              | 2.09   | 2,130,659                      | 32,945                                 | 32,693                                 | 56,442                                  | 2,381,354               | 4,634,093                                       | 4,290,654                      |
|  |  | <u>2,325,409</u>               | <u>34,800</u>                          | <u>33,455</u>                          | <u>59,359</u>                           | <u>2,406,964</u>        | <u>4,859,987</u>                                | <u>4,516,548</u>               |
| <b>At 31 December 2015</b>                     |  |                                |  |  |   |                         |   |                                |
| Payables and deposits<br>received              | —  | 303,074                        | 10,679                                 | 6,732                                  | 5,528                                   | 76,421                  | 402,434   | 402,434                        |
| Amounts due to<br>non-controlling<br>interests | —  | 93,696                         | —                                      | —                                      | —                                       | —                       | 93,696  | 93,696                         |
| Variable rates bank<br>borrowings              | 2.70   | 482,910                        | 1,036,845                              | 38,104                                 | 90,582                                  | 3,420,727               | 5,069,168                                       | 4,490,162                      |
| Financial guarantee<br>liabilities             | —  | 43,382                         | —                                      | —                                      | —                                       | —                       | 43,382  | —                              |
|  |  | <u>923,062</u>                 | <u>1,047,524</u>                       | <u>44,836</u>                          | <u>96,110</u>                           | <u>3,497,148</u>        | <u>5,608,680</u>                                | <u>4,986,292</u>               |

**2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE SEA GROUP**  
(Continued)**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (Continued)  
*For the year ended 31 December 2016***36. FINANCIAL INSTRUMENTS** (Continued)**(b) Financial risk management objectives and policies** (Continued)*Liquidity risk* (Continued)

The amounts of financial guarantee liabilities, as set out in note 42, are the maximum amounts the SEA Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the SEA Group considers that it is more likely than not that such an amount will not be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

The amounts included above for variable rate bank borrowings are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

Bank loans with a repayment on demand clause are included in the “within 3 months” time band in the above maturity analysis. As at 31 December 2016, the aggregate undiscounted principal amounts of the bank loans amounted to HK\$1,256,524,000. Taking into account the Group’s financial position, the directors of SEA do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment and the principal and interest cash flows based on contractual repayment terms amount to HK\$1,257,597,000 reported under “within 3 months” time band.

**(c) Fair value measurement of financial instruments**

The fair value of financial assets and financial liabilities carried at amortised cost, are determined in accordance with generally accepted pricing models which is based on discounted cash flows analysis using the relevant prevailing market rates as input.

The directors of SEA consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

The fair value of the unlisted available-for-sale investments is determined by reference to the quoted bid prices in an active market. This valuation falls under Level 1 of the fair value hierarchy.

The following table gives information about how the fair values of the unlisted available-for-sale debt investments are determined (in particular, the valuation technique(s) and inputs used).

**2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE SEA GROUP**  
(Continued)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (Continued)  
For the year ended 31 December 2016

**36. FINANCIAL INSTRUMENTS** (Continued)

(c) **Fair value measurement of financial instruments** (Continued)

| Financial assets  | Fair value as at 31/12/2016 | Fair value hierarchy | Valuation technique(s) and key input(s)  |
|---|-----------------------------|----------------------|--|
| Unlisted available-for-sale debt investments as set out in note 26 (Note c) | HK\$496,719,000             | Level 2              | <p>A discounted cash flow analysis is adopted to estimate the fair value of the Note.</p> <p>A discounted cash flow analysis involves forecasting the appropriate cash flow stream over an appropriate period and then discounting it back to a present value at an appropriate discount rate. This discount rate reflects the time value of money, inflation and the risk inherent in ownership of the asset or security interest being valued.</p> <p>The key inputs is the discount rate which is determined with reference to comparable bonds as at 31 December 2016.</p> |

**37. OPERATING LEASE ARRANGEMENTS**

**The SEA Group as lessee**

Minimum lease payments paid under operating leases during the year are HK\$8,418,000 (2015: HK\$1,386,000).

At the end of the reporting period, the SEA Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of rented premises which fall due as follows:

|  | 2016<br>HK\$'000 | 2015<br>HK\$'000 |
|--|------------------|------------------|
| Within one year                        | 13,495           | 766              |
| In the second to fifth years inclusive | 18,661           | 129              |
|  | 32,156           | 895              |
|  | 32,156           | 895              |

Leases are negotiated for the range of 1 to 2 years (2015: 1 to 2 years) with fixed monthly rentals.

**2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE SEA GROUP**  
(Continued)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (Continued)  
For the year ended 31 December 2016

**37. OPERATING LEASE ARRANGEMENTS** (Continued)

**The SEA Group as lessor**

The majority of the Group's investment properties were leased out under operating leases.

At the end of the reporting period, the SEA Group had contracted with tenants for the following future minimum lease payments:

|  | <b>2016</b>      | <b>2015</b>      |
|--|------------------|------------------|
|  | <i>HK\$'000</i>  | <i>HK\$'000</i>  |
| Within one year                        | 206,912          | 377,561          |
| In the second to fifth years inclusive | 678,200          | 942,040          |
| Over five years                        | 889,336          | 976,129          |
|  | <u>1,774,448</u> | <u>2,295,730</u> |

In addition to the annual minimum lease payments, the SEA Group is entitled to, in respect of leases, in addition to committed rent, additional rental based on a specified percentage of revenue, if achieved, earned by the tenant. No such additional rental was received during the year and the preceding year.

The lease terms of the remaining leased properties range from 1 to 23 years (2015: 1 to 18 years).

**38. PLEDGE OF ASSETS**

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

- (a) Fixed charges on investment properties and property, plant and equipment with an aggregate carrying value of HK\$3,066,398,000 (2015: HK\$10,905,555,000) 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 aggregate carrying values of HK\$646,244,000 (2015: HK\$666,251,000) together with a floating charge over all the assets of the properties owning subsidiaries and benefits accrued to the relevant properties.
- (c) Fixed charges on properties under development held for sale with an aggregate carrying value of HK\$195,963,000 as at 31 December 2015, which were released in the current year.
- (d) Fixed charges on properties for development with an aggregate carrying value of HK\$186,898,000 as at 31 December 2015, which were released in the current year.
- (e) Note receivables of HK\$54,282,000 (2015: HK\$54,256,000).
- (f) Pledged bank balances and cash of HK\$533,105,000 (2015: nil).
- (g) Listed debt securities of HK\$882,094,000 (2015: nil).



**2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE SEA GROUP**  
(Continued)**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (Continued)  
*For the year ended 31 December 2016***39. SHARE-BASED PAYMENTS****Share Option Scheme of SEA**

The employee share option scheme adopted by SEA on 25 August 2005 (the “2005 SEA Share Option Scheme”). Upon expiry of the 2005 SEA Share Option Scheme, no further options should be granted thereunder but the options granted and yet to be exercised under the 2005 SEA Share Option Scheme shall remain in force and effect.

SEA adopted a new share option scheme (the “2015 SEA Share Option Scheme”) on 29 May 2015. Unless terminated earlier by the board of directors of SEA (the “Board”), the 2015 SEA Share Option Scheme shall be valid and effective for a term of 10 years until 28 May 2025. Under the 2015 SEA Share Option Scheme, the Board may offer to eligible participants options to subscribe for shares of SEA at a price at least the highest of (i) the nominal value of the share of SEA; (ii) the average of the closing price of the share of SEA on the Stock Exchange for the five business days immediately preceding the date of grant of the option; and (iii) the closing price of the share of SEA on the Stock Exchange on the date of grant of the option.

Without prior approval of the shareholders of SEA in general meeting, no option may be granted to (a) an eligible participant which, if exercised in full, would result in the total number of shares issued and to be issued upon exercise of all options already granted or to be granted to such eligible participant (including both exercised and outstanding options) in any 12-month period, exceeding 1% of the shares of SEA then in issue; and (b) a substantial shareholder or an independent non-executive director of SEA or any of their respective associates which, if exercised in full, would result in the total number of shares issued and to be issued upon exercise of all options already granted or to be granted (including options exercised, cancelled and outstanding) to such person in any 12-month period, exceeding 0.1% of the shares of SEA then in issue and with an aggregate value exceeding HK\$5 million.

Options granted must be taken up within 28 days from the date of grant upon payment of HK\$10. The period during which an option may be exercised is determined by the Board at its absolute discretion, save that no option may be exercised more than 10 years after it has been granted. Unless otherwise determined by the Board at its sole discretion, there is no minimum period for which an option must be held before it can be exercised.

## 2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE SEA GROUP (Continued)

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) For the year ended 31 December 2016

#### 39. SHARE-BASED PAYMENTS (Continued)

##### Share Option Scheme of SEA (Continued)

Details of the share options granted under the 2005 SEA Share Option Scheme and the 2015 SEA Share Option Scheme during the two years ended 31 December 2016 are as follows:

| Date of grant                       | Exercise period upon vesting | Exercise price per share (HK\$) | Number of share options |         |              |           |                     |         |  |                          |        |           |                     |
|-------------------------------------|------------------------------|---------------------------------|-------------------------|---------|--------------|-----------|---------------------|---------|--|--------------------------|--------|-----------|---------------------|
|                                     |                              |                                 | At 1 January 2015       | Granted | Exercised    | Lapsed    | At 31 December 2015 | Granted | Transferred to/from other category during the year | Exercised                | Lapsed | Cancelled | At 31 December 2016 |
| <b>Granted to the Directors</b>     |                              |                                 |                         |         |              |           |                     |         |  |                          |        |           |                     |
| 12.07.2012                          | 01.07.2013 to 30.06.2015     | 3.454                           | 222,000                 | —       | (222,000)    | —         | —                   | —       | —  | —                        | —      | —         | —                   |
| 12.07.2012                          | 01.07.2014 to 30.06.2016     | 3.454                           | 6,464,000               | —       | (3,122,000)  | —         | 3,342,000           | —       | (446,000) <sup>(1)</sup>                           | (2,896,000)              | —      | —         | —                   |
| 12.07.2012                          | 01.07.2015 to 30.06.2017     | 3.454                           | 10,032,000              | —       | (6,690,000)  | —         | 3,342,000           | —       | (446,000) <sup>(2)</sup>                           | (444,000)                | —      | —         | 2,452,000           |
|                                     |                              |                                 | 16,718,000              | —       | (10,034,000) | —         | 6,684,000           | —       | (892,000)  | (3,340,000)              | —      | —         | 2,452,000           |
| <b>Granted to the employees</b>     |                              |                                 |                         |         |              |           |                     |         |  |                          |        |           |                     |
| 12.07.2012                          | 01.01.2014 to 31.12.2015     | 3.454                           | 520,000                 | —       | (520,000)    | —         | —                   | —       | —  | —                        | —      | —         | —                   |
| 12.07.2012                          | 01.07.2014 to 30.06.2016     | 3.454                           | 1,050,000               | —       | (1,050,000)  | —         | —                   | —       | —  | —                        | —      | —         | —                   |
| 12.07.2012                          | 01.01.2015 to 31.12.2016     | 3.454                           | 1,600,000               | —       | (1,600,000)  | —         | —                   | —       | —  | —                        | —      | —         | —                   |
| 12.07.2012                          | 01.07.2015 to 30.06.2017     | 3.454                           | 6,180,000               | —       | (4,520,000)  | (260,000) | 1,400,000           | —       | —  | (1,400,000)              | —      | —         | —                   |
| <b>Granted to the Past Director</b> |                              |                                 |                         |         |              |           |                     |         |  |                          |        |           |                     |
| 12.07.2012                          | 01.07.2014 to 30.06.2017     | 3.454                           | —                       | —       | —            | —         | —                   | —       | 446,000 <sup>(1)</sup>                             | (446,000) <sup>(1)</sup> | —      | —         | —                   |
| 12.07.2012                          | 01.07.2015 to 30.06.2018     | 3.454                           | —                       | —       | —            | —         | —                   | —       | 446,000 <sup>(2)</sup>                             | (446,000) <sup>(2)</sup> | —      | —         | —                   |
|                                     |                              |                                 | 9,350,000               | —       | (7,690,000)  | (260,000) | 1,400,000           | —       | 892,000  | (2,292,000)              | —      | —         | —                   |
|                                     |                              |                                 | 26,068,000              | —       | (17,724,000) | (260,000) | 8,084,000           | —       | —  | (5,632,000)              | —      | —         | 2,452,000           |

#### Notes:

- (1) The share options were exercised by a past director of SEA who retired on 30 May 2016, and his share options were transferred to other category on the same date and his share options were extended by the Board from 30 June 2016 to 30 June 2017.
- (2) The share options were exercised by a past director of SEA who retired on 30 May 2016, and his share options were transferred to other category on the same date and his share options were extended by the Board from 30 June 2017 to 30 June 2018.

## 2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE SEA GROUP (Continued)

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) For the year ended 31 December 2016

#### 39. SHARE-BASED PAYMENTS (Continued)

##### Share Option Scheme of SEA (Continued)

| Date of grant   | Exercise period upon vesting | Exercise price per share (HK\$) | Number of share options |            |              |             |                     |         |             |             |             |                     |
|---|------------------------------|---------------------------------|-------------------------|------------|--------------|-------------|---------------------|---------|-------------|-------------|-------------|---------------------|
|   |                              |                                 | At 1 January 2015       | Granted    | Exercised    | Lapsed      | At 31 December 2015 | Granted | Exercised   | Lapsed      | Cancelled   | At 31 December 2016 |
| Granted to the employees  |                              |                                 |                         |            |              |             |                     |         |             |             |             |                     |
| 02.07.2015  | 03.07.2015 to 02.07.2017     | 6.302                           | —                       | 150,000    | —            | —           | 150,000             | —       | (150,000)   | —           | —           | —                   |
| 02.07.2015  | 01.01.2016 to 31.12.2017     | 6.302                           | —                       | 750,000    | —            | —           | 750,000             | —       | (675,000)   | (75,000)    | —           | —                   |
| 02.07.2015  | 01.07.2016 to 30.06.2018     | 6.302                           | —                       | 2,600,000  | —            | —           | 2,600,000           | —       | (1,100,000) | —           | (1,500,000) | —                   |
| 02.07.2015  | 01.01.2017 to 31.12.2018     | 6.302                           | —                       | 3,500,000  | —            | (500,000)   | 3,000,000           | —       | —           | (350,000)   | —           | 2,650,000           |
| 02.07.2015  | 01.07.2017 to 30.06.2019     | 6.302                           | —                       | 3,400,000  | —            | (150,000)   | 3,250,000           | —       | —           | (750,000)   | —           | 2,500,000           |
| 02.07.2015  | 01.01.2018 to 31.12.2019     | 6.302                           | —                       | 3,150,000  | —            | —           | 3,150,000           | —       | —           | (600,000)   | —           | 2,550,000           |
| 02.07.2015  | 01.07.2018 to 30.06.2020     | 6.302                           | —                       | 8,100,000  | —            | (700,000)   | 7,400,000           | —       | —           | (750,000)   | —           | 6,650,000           |
|   |                              |                                 | —                       | 21,650,000 | —            | (1,350,000) | 20,300,000          | —       | (1,925,000) | (2,525,000) | (1,500,000) | 14,350,000          |
| (2005 SEA Share Option Scheme and 2015 SEA Share Option Scheme) |                              |                                 |                         |            |              |             |                     |         |             |             |             |                     |
| Total   |                              |                                 | 26,068,000              | 21,650,000 | (17,724,000) | (1,610,000) | 28,384,000          | —       | (7,557,000) | (2,525,000) | (1,500,000) | 16,802,000          |
| Exercisable at year end   |                              |                                 | 8,256,000               |            |              |             | 8,234,000           |         |             |             |             | 2,452,000           |

Total consideration received by the SEA Group for exercising the share options during the year amounted to HK\$31,584,000 (2015: HK\$61,219,000) and the weighted average share price at the dates of exercise was HK\$17.96 (2015: HK\$8.41). 100,000 shares were issued on 7 January 2016 pursuant to the options exercised on 17 December 2015.

On 2 July 2015, 21,650,000 share options under the 2015 SEA Share Option Scheme were granted to the employees of SEA and the closing price of SEA's shares immediately preceding the date of grant was HK\$6.23. The estimated fair value of the share options granted to employees of SEA on that date was HK\$21,499,000. The directors determined the fair values of share options with reference to the calculation of the fair value of the share options granted made by an independent professional valuer.

The fair values were calculated using The Binominal Option Pricing model. The inputs into the model were as follows:

|                               | Share Option Granted on<br>12 July 2012 | 2 July 2015     |
|-------------------------------|---|-----------------|
| Share price as at grant date: | HK\$3.340                               | HK\$6.200       |
| Exercise price:               | HK\$3.454                               | HK\$6.302       |
| Expected volatility:          | 24.68% – 31.22%                         | 21.58% – 24.24% |
| Expected dividend yield:      | 3.29%                                   | 1.75%           |
| Risk-free rate:               | 0.18% – 0.33%                           | 0.385% – 1.188% |

**2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE SEA GROUP**  
(Continued)**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (Continued)  
*For the year ended 31 December 2016***39. SHARE-BASED PAYMENTS** (Continued)**Share Option Scheme of SEA** (Continued)

Expected volatility was determined by using the historical volatility of SEA's share price over the previous five years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The variables and assumptions used in computing the fair value of the share options were based on director's best estimate. The value of option varied with different variables of certain subjective assumptions.

**Share Award Scheme of SEA**

The share award scheme of SEA (the "SEA Share Award Scheme") was approved by the shareholders of SEA on 27 May 2010 and came into effect on 15 June 2010. Unless terminated earlier by the Board, the SEA Share Award Scheme shall be valid and effective for a term of 15 years until 14 June 2025.

The purpose of the SEA Share Award Scheme is to provide a flexible means to recognise and acknowledge the performance and/or contribution of the eligible participants (as defined in the SEA Share Award Scheme). Under the SEA Share Award Scheme, the Board (or any committee delegated by the Board) may at its absolute discretion grant awards, which may comprise (a) new shares of SEA; (b) existing shares of SEA in issue and is listed on the Stock Exchange from time to time; (c) cash in lieu of the shares of SEA; or (d) a combination of (a), (b) and (c), to any eligible participants as it thinks fit and appropriate and subject to the terms and conditions of the SEA Share Award Scheme. No award may be granted under the SEA Share Award Scheme if the aggregate number of shares which may be issued and/or transferred upon vesting of all outstanding awards granted under the SEA Share Award Scheme and any other share award scheme of SEA and which may be issued upon exercise of all outstanding options granted and yet to be exercised under any share option scheme of SEA exceed 30% of the shares of SEA in issue from time to time.

SEA has appointed a trustee to acquire SEA's shares from the open market with funds provided by SEA and to hold the shares before they are vested and transferred to the selected participants.

## 2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE SEA GROUP (Continued)

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) For the year ended 31 December 2016

#### 39. SHARE-BASED PAYMENTS (Continued)

##### Share Option Scheme of AGP

The share option scheme of AGP (the “AGP Share Option Scheme”) was approved by the shareholders of SEA on 27 May 2010 and by the board of directors of AGP (the “AGP Board”) on 28 May 2010 and came into effect on 16 August 2010. Unless terminated earlier by the AGP Board, the AGP Share Option Scheme shall be valid and effective for a term of 10 years until 15 August 2020.

Under the AGP Share Option Scheme, the AGP Board (or any committee delegated by the AGP Board) may offer to the eligible participants options to subscribe for shares of AGP at a price at least the highest of (i) the closing price of the share of AGP on the AIM Market of The London Stock Exchange plc. (the “AIM Market”) on the date of grant of the option; (ii) the average of the closing price of the share of AGP on the AIM Market for the five business days immediately preceding the date of grant of the option; and (iii) the par value of the share of AGP.

Without prior approval of the shareholders of SEA in general meeting, no option may be granted to (a) an eligible participant which, if exercised in full, would result in the total number of shares issued and to be issued upon exercise of all options already granted or to be granted to such eligible participant in any 12-month period, exceeding 1% of the shares of AGP then in issue; and (b) a substantial shareholder and/or an independent non-executive director of SEA or AGP or any of their respective associates which, if exercised in full, would result in the total number of shares issued and to be issued upon exercise of all options granted or to be granted to such person in any 12-month period, exceeding 0.1% of the shares of AGP then in issue and with an aggregate value exceeding HK\$5 million (or its equivalent amount in British Pound).

Options granted must be taken up within 28 days from the date of grant upon payment of HK\$10 (or its equivalent amount in British Pound or United States dollars). The period during which an option may be exercised is determined by the AGP Board (or any committee delegated by the AGP Board) at its absolute discretion, save that no option may be exercised more than 10 years after it has been granted. Unless otherwise determined by the AGP Board (or any committee delegated by the AGP Board) at its sole discretion, there is no minimum period for which an option must be held before it can be exercised.

No option was granted since the commencement of the AGP Share Option Scheme.

**2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE SEA GROUP**  
(Continued)**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (Continued)  
*For the year ended 31 December 2016***39. SHARE-BASED PAYMENTS** (Continued)**Share Award Scheme of AGP**

The share award scheme of AGP (the “AGP Share Award Scheme”) was approved by the shareholders of SEA on 27 May 2010 and by the AGP Board on 28 May 2010 and came into effect on 16 August 2010. Unless terminated earlier by the AGP Board, the AGP Share Award Scheme shall be valid and effective for a term of 15 years until 15 August 2025.

The purpose of the AGP Share Award Scheme is to provide a flexible means to recognise and acknowledge the performance and/or contribution of the eligible participants (as defined in the AGP Share Award Scheme). Under the AGP Share Award Scheme, the AGP Board (or any committee delegated by the AGP Board) may at its absolute discretion grant awards, which may comprise (a) new shares of AGP; (b) existing shares of AGP in issue and is listed on the AIM Market from time to time; (c) cash in lieu of the shares of AGP; or (d) a combination of (a), (b) and (c), to any eligible participants as it thinks fit and appropriate and subject to the terms and conditions of the AGP Share Award Scheme. No award may be granted under the AGP Share Award Scheme if the aggregate number of shares which may be issued and/or transferred upon vesting of all outstanding awards granted under the AGP Share Award Scheme and any other share award scheme of AGP and which may be issued upon exercise of all outstanding options granted and yet to be exercised under any share option scheme of AGP exceed 30% of the shares of AGP in issue from time to time.

No award was granted since the commencement of the AGP Share Award Scheme.

**40. RETIREMENT BENEFIT PLANS**

The SEA Group participates in defined contribution schemes which are registered under the Occupational Retirement Schemes Ordinance (the “ORSO Scheme”) and a Mandatory Provident Fund Scheme (the “MPF Scheme”) established under the Mandatory Provident Fund Schemes Ordinance of Hong Kong in December 2000 for eligible employees in Hong Kong. The assets of the schemes are held separately from those of the SEA Group, in funds under the control of trustees. Employees who were members of the ORSO Scheme prior to the establishment of the MPF Scheme were offered a choice of staying within the ORSO Scheme or switching to the MPF Scheme, whereas all new employees joining the SEA Group on or after 1 December 2000 are required to join the MPF Scheme.

The ORSO Scheme is funded by monthly contributions from both employees and the SEA Group at rates ranging from 5% to 15% of the employee’s basic salary, depending on the length of service with the SEA Group.

For members of the MPF Scheme, the SEA Group contributes 5% to 15% of relevant payroll costs to the scheme for members of the MPF Scheme, depending on the length of service with the SEA Group.

The employees of the Group’s subsidiaries in the PRC are members of state-managed retirement benefit scheme operated by the government of the PRC.

The total contribution paid to the retirement benefit schemes by the SEA Group charged to profit or loss for the year amounted to HK\$7,828,000 (2015: HK\$8,579,000). No forfeited contributions have been used to reduce the level of contributions in either year.

**2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE SEA GROUP**  
(Continued)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (Continued)  
For the year ended 31 December 2016

**41. RELATED PARTY TRANSACTIONS**

The remuneration of directors of SEA who are the Group's key management personnel is set out in note 15.

The remuneration of directors and key executives of SEA is determined/recommended to the Board for approval by the remuneration committee having regard to the performance of individuals and market trends.

**42. CONTINGENT LIABILITIES**

At 31 December 2015, the SEA Group had given guarantees to banks in respect of mortgage loans provided to the Group's customers for the purchase of the Group's properties located in Kaifeng, the PRC. The total outstanding mortgage loans which were under the guarantee were HK\$43,382,000. This development project has been disposed during the year as set out in note 44(b) and the contingent liabilities therefore no longer exist at 31 December 2016.

**43. ACQUISITIONS OF SUBSIDIARIES**

On 7 November 2016, the SEA Group entered into a sale and purchase agreement with an independent third party to acquire indirectly the entire issued units in a trust that owns the property known as 20 Moorgate, London, EC2R 6DA a total consideration of approximately £154 million (approximately HK\$1,491 million) (the "Acquisition"). The Acquisition was financed by (i) a bank facility of £100.8 million secured by the property and (ii) bank facility of £57 million pledged by cash deposits.

**Assets acquired and liabilities recognised at the date of acquisition are as follows:**

|                                   | <i>HK\$ '000</i>        |
|-----------------------------------|-------------------------|
| Investment properties             | 1,505,213               |
| Other receivables and prepayments | 1,030                   |
| Trade and other payables          | (12,310)                |
|                                   | <u>1,493,933</u>        |
|                                   | <u><u>1,493,933</u></u> |

**2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE SEA GROUP**  
(Continued)**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (Continued)  
*For the year ended 31 December 2016***44. GAIN ON DISPOSAL OF SUBSIDIARIES**

During the year ended 31 December 2016, the SEA Group has disposed of certain subsidiaries which owned the following properties/projects:

**(a) Everbright Centre**

On 25 February 2016, the SEA Group entered into a sale and purchase agreement, pursuant to which the SEA 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 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.

**(b) Kaifeng Nova City**

On 19 April 2016, the SEA Group entered into a sale and purchase agreement, pursuant to which the SEA 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.

**(c) Huangshan project**

On 3 August 2016, the SEA Group entered into a sale and purchase agreement with an independent third party to sell the entire issued share capital of Rich Motion Development Limited, which wholly owns the entire registered capital of the investment company of a property development project located at Huangshan, Anhui Province, the PRC for a consideration of HK\$2 million in cash. The disposal was completed on the same date.

**(d) Chengdu Nova City**

On 22 August 2016, the SEA Group entered into a sale and purchase agreement with an independent third party to sell the entire issued share capital of Healthy Time International Limited, which wholly owns the beneficial interest in the property development project located in Chengdu, Sichuan Province, the PRC for a consideration of HK\$890 million in cash. The disposal was completed on 29 August 2016.



## 2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE SEA GROUP

(Continued)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2016

## 44. GAIN ON DISPOSAL OF SUBSIDIARIES (Continued)

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

|  | Everbright<br>Centre<br>HK\$'000 | Kaifeng<br>Nova City<br>HK\$'000 | Huangshan<br>project<br>HK\$'000 | Chengdu<br>Nova City<br>HK\$'000 | Total<br>HK\$'000   |
|--|----------------------------------|----------------------------------|----------------------------------|----------------------------------|---------------------|
| Investment property                                      | 8,983,000                        | —                                | —                                | —                                | 8,983,000           |
| Property for development                                 | —                                | 531,322                          | 85,338                           | 610,285                          | 1,226,945           |
| Property, plant and equipment                            | 213,165                          | 2,129                            | 210                              | 445                              | 215,949             |
| Properties held for sale                                 |                                  |                                  |                                  |                                  |                     |
| Completed properties                                     | —                                | 419,107                          | —                                | —                                | 419,107             |
| Properties under development                             | —                                | 148,832                          | —                                | 86,879                           | 235,711             |
| Receivables, deposits and<br>prepayments                 | 18,719                           | 2,360                            | 175                              | 661                              | 21,915              |
| Tax recoverable (tax liabilities)                        | (4,130)                          | 3,449                            | —                                | 12                               | (669)               |
| Bank balances and cash                                   | 44,229                           | 118,580                          | 191                              | 124,746                          | 287,746             |
| Payables, deposits and<br>accrued charges                | (86,256)                         | (52,754)                         | (61,552)                         | (72,458)                         | (273,020)           |
| Sales deposits   | —                                | (17,671)                         | —                                | —                                | (17,671)            |
| Bank borrowings  | —                                | (159,078)                        | —                                | —                                | (159,078)           |
| Deferred tax liabilities                                 | (26,218)                         | —                                | —                                | —                                | (26,218)            |
| Net assets disposed of                                   | <u>9,142,509</u>                 | <u>996,276</u>                   | <u>24,362</u>                    | <u>750,570</u>                   | <u>10,913,717</u>   |
| Gain (loss) on disposal of<br>subsidiaries:              |                                  |                                  |                                  |                                  |                     |
| Cash consideration                                       | 10,100,710                       | 900,000                          | 2,000                            | 890,000                          | 11,892,710          |
| Add: Realisation of translation<br>reserve upon disposal | —                                | 6,654                            | 759                              | (9,261)                          | (1,848)             |
| Less: Transaction costs incurred                         | (150,250)                        | (903)                            | (10,677)                         | (3,059)                          | (164,889)           |
| Less: Write off of unamortised<br>front-end fee          | (10,566)                         | —                                | —                                | —                                | (10,566)            |
| Less: Net assets disposed of                             | <u>(9,142,509)</u>               | <u>(996,276)</u>                 | <u>(24,362)</u>                  | <u>(750,570)</u>                 | <u>(10,913,717)</u> |
| Gain (loss) on disposal of<br>subsidiaries               | <u>797,385</u>                   | <u>(90,525)</u>                  | <u>(32,280)</u>                  | <u>127,110</u>                   | <u>801,690</u>      |
| Cash consideration                                       | 10,100,710                       | 900,000                          | 2,000                            | 890,000                          | 11,892,710          |
| Less: Cash consideration receivable                      | —                                | —                                | —                                | (445,000)                        | (445,000)           |
| Less: Cash and cash equivalents<br>disposed of           | (44,229)                         | (118,580)                        | (191)                            | (124,746)                        | (287,746)           |
| Less: Transaction costs paid                             | <u>(150,250)</u>                 | <u>(903)</u>                     | <u>(10,677)</u>                  | <u>(3,059)</u>                   | <u>(164,889)</u>    |
| Net cash inflow (outflow)<br>arising on disposal         | <u>9,906,231</u>                 | <u>780,517</u>                   | <u>(8,868)</u>                   | <u>317,195</u>                   | <u>10,995,075</u>   |

The each consideration receivable, including in receivables, deposits and prepayment as set out in note 29 will be settled in August 2017.

**2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE SEA GROUP**  
(Continued)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (Continued)  
For the year ended 31 December 2016

**44. GAIN ON DISPOSAL OF SUBSIDIARIES** (Continued)

On 30 September 2015, after taking into account the market conditions, the current development plan has been changed. The SEA Group entered into a sale and purchase agreement, pursuant to which the SEA Group agreed to sell the subsidiaries, being the owner of a piece of land known as Sha Tin Town Lot No. 75 and the Remaining Portion of Lot No. 744 in the Demarcation District No. 176 and situated at 1-11 Au Pui Wan Street, Fo Tan, Sha Tin, New Territories, Hong Kong, to the purchaser at an aggregate consideration of HK\$1,400 million, subject to certain adjustments not exceeding HK\$10 million. The disposal was completed on 30 November 2015.

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

|                                       | <i>HK\$ '000</i> |
|---------------------------------------|------------------|
| Properties under development for sale | 918,188          |
| Receivables, deposits and prepayments | 603              |
|                                       | <u>918,791</u>   |
| Gain on disposal of subsidiaries:     |                  |
| Cash consideration                    | 1,400,000        |
| Add: Consideration receivable         | 603              |
|                                       | <u>1,400,603</u> |
| Total consideration                   | 1,400,603        |
| Less: Transaction costs incurred      | (17,650)         |
| Less: Net assets disposed of          | (918,791)        |
|                                       | <u>464,162</u>   |
| Cash consideration received           | 1,400,000        |
| Less: Transaction costs paid          | (17,500)         |
|                                       | <u>1,382,500</u> |
| Net cash inflow arising on disposal   | <u>1,382,500</u> |

Management did not consider the disposal of the subsidiaries comprising the entire early stage development projects or investment property, to be in the normal course of business of the SEA Group and for that reason the gain or loss on disposal was presented below profit from operations after fair value changes on investment properties.

**2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE SEA GROUP**  
(Continued)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (Continued)  
For the year ended 31 December 2016

**45. STATEMENT OF FINANCIAL POSITION AND RESERVES OF SEA**

|                                | <b>2016</b><br><i>HK\$'000</i> | <b>2015</b><br><i>HK\$'000</i> |
|--------------------------------|--------------------------------|--------------------------------|
| <b>Non-current assets</b>      |                                |                                |
| Interests in subsidiaries      | 6,198,505                      | 5,902,696                      |
| <b>Current assets</b>          |                                |                                |
| Receivables and deposits       | 158                            | 211                            |
| Bank balances                  | 90,069                         | 168,163                        |
|                                | 90,227                         | 168,374                        |
| <b>Current liabilities</b>     |                                |                                |
| Payables and accrued charges   | 2,591                          | 3,658                          |
| Amounts due to subsidiaries    | 65,490                         | 4,111,829                      |
| Unsecured bank borrowings      | 720,000                        | 403,000                        |
|                                | 788,081                        | 4,518,487                      |
| <b>Net current liabilities</b> | (697,854)                      | (4,350,113)                    |
| <b>Net assets</b>              | 5,500,651                      | 1,552,583                      |
| <b>Capital and reserves</b>    |                                |                                |
| Share capital                  | 67,656                         | 67,765                         |
| Reserves                       | 5,432,995                      | 1,484,818                      |
|                                | 5,500,651                      | 1,552,583                      |

## 2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE SEA GROUP (Continued)

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) For the year ended 31 December 2016

#### 45. STATEMENT OF FINANCIAL POSITION AND RESERVES OF SEA (Continued)

##### Movement in the Company's reserve

|   | Attributable to the Company's shareholders |                           |                                 |  |   |                                 |                                  |                              |                   |
|---|--|---------------------------|---------------------------------|--|---|---------------------------------|----------------------------------|------------------------------|-------------------|
|   | Share capital<br>HK\$'000                  | Share premium<br>HK\$'000 | Contributed surplus<br>HK\$'000 | Capital redemption reserve<br>HK\$'000 | Shares on trust for awardees under share award scheme<br>HK\$'000 | Share award reserve<br>HK\$'000 | Share option reserve<br>HK\$'000 | Retained profits<br>HK\$'000 | Total<br>HK\$'000 |
| At 1 January 2015   | 68,962                                     | 425,501                   | 190,081                         | 4,451                                  | —   | —                               | 14,917                           | 1,033,700                    | 1,737,612         |
| Profit and total comprehensive income for the year          | —  | —                         | —                               | —                                      | —   | —                               | —                                | 51,242                       | 51,242            |
| Recognition of equity-settled share-based payments          |  |                           |                                 |  |   |                                 |                                  |                              |                   |
| — share options   | —  | —                         | —                               | —                                      | —   | —                               | 7,066                            | —                            | 7,066             |
| — share awards  | —  | —                         | —                               | —                                      | —   | 55,800                          | —                                | —                            | 55,800            |
| Shares issued upon exercise of share options                | 1,762                                      | 70,372                    | —                               | —                                      | —   | —                               | (11,261)                         | —                            | 60,873            |
| Purchase of shares under share award scheme                 | —  | —                         | —                               | —                                      | (70,217)  | —                               | —                                | —                            | (70,217)          |
| Shares transferred to participants under share award scheme | —  | —                         | —                               | —                                      | 70,217  | (55,800)                        | —                                | —                            | 14,417            |
| Repurchase of ordinary shares                               | (2,959)                                    | (225,571)                 | —                               | —                                      | —   | —                               | —                                | —                            | (228,530)         |
| Dividends paid  | —  | —                         | —                               | —                                      | —   | —                               | —                                | (75,680)                     | (75,680)          |
| At 31 December 2015   | 67,765                                     | 270,302                   | 190,081                         | 4,451                                  | —   | —                               | 10,722                           | 1,009,262                    | 1,552,583         |
| Profit and total comprehensive income for the year          | —  | —                         | —                               | —                                      | —   | —                               | —                                | 5,506,207                    | 5,506,207         |
| Recognition of equity-settled share-based payments          |  |                           |                                 |  |   |                                 |                                  |                              |                   |
| — share options   | —  | —                         | —                               | —                                      | —   | —                               | 5,462                            | —                            | 5,462             |
| Shares issued upon exercise of share options                | 765  | 36,370                    | —                               | —                                      | —   | —                               | (5,142)                          | —                            | 31,993            |
| Repurchase of ordinary shares                               | (874)                                      | (165,062)                 | —                               | —                                      | —   | —                               | —                                | —                            | (165,936)         |
| Dividends paid  | —  | —                         | —                               | —                                      | —   | —                               | —                                | (1,429,658)                  | (1,429,658)       |
| At 31 December 2016   | <u>67,656</u>                              | <u>141,610</u>            | <u>190,081</u>                  | <u>4,451</u>                           | <u>—</u>  | <u>—</u>                        | <u>11,042</u>                    | <u>5,085,811</u>             | <u>5,500,651</u>  |

#### 46. EVENT AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, the SEA Group has issued guaranteed notes with principal amount of US\$200,000,000, due on 19 January 2020 (the "Notes"). At maturity, the Notes are payable at their principal amount.

The Notes will bear interest from, and including 19 January 2017 at the rate of 4.50% per annum, until 19 January 2020, payable semi-annually in arrears on 19 January and 19 July each year.

**2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE SEA GROUP**  
(Continued)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (Continued)  
For the year ended 31 December 2016

**47. PRINCIPAL SUBSIDIARIES**

| Name of subsidiary   | Place/country of incorporation/ operation | Issued and paid up share capital/ registered capital | Effective % of issued share capital/ registered capital held by SEA |      | Principal activities                                    |
|--|---|--|---|------|---|
|  |   |  | 2016  | 2015 |   |
| <i>Direct subsidiaries</i>   |   |  |   |      |   |
| SEABO Pacific Limited  | Bermuda/<br>Hong Kong                     | HK\$767,919  | 100   | 100  | Investment holding                                      |
| South-East Asia Investment And Agency Company, Limited                       | Hong Kong                                 | HK\$10,000,000                                       | 100   | 100  | Provision of corporate and property management services |
| <i>Indirect subsidiaries</i>   |   |  |   |      |   |
| AGP (Diamond Hill) Limited   | Hong Kong                                 | HK\$2  | 97  | 97   | Property development                                    |
| Asian Growth Properties Limited <sup>#</sup>                                 | Bermuda/<br>Hong Kong                     | US\$44,317,390.60                                    | 97  | 97   | Investment holding                                      |
| Chengdu Huashang House Development Co., Ltd.*<br>成都華商房屋開發有限公司                | PRC                                       | RMB200,000,000<br>registered capital                 | 97  | 97   | Property investment                                     |
| Chengdu Yulong No.1 Property Development Company Limited*<br>成都裕龍壹號房地產開發有限公司 | PRC                                       | RMB345,000,000<br>registered capital                 | —   | 97   | Property development                                    |
| Chengdu Yulong No.2 Property Development Company Limited*<br>成都裕龍貳號房地產開發有限公司 | PRC                                       | RMB80,000,000<br>registered capital                  | —   | 97   | Property development                                    |

**2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE SEA GROUP**  
(Continued)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (Continued)  
For the year ended 31 December 2016

**47. PRINCIPAL SUBSIDIARIES** (Continued)

| Name of subsidiary   | Place/country of incorporation/ operation | Issued and paid up share capital/ registered capital | Effective % of issued share capital/ registered capital held by SEA |      | Principal activities                                |
|--|---|--|---|------|---|
|  |   |  | 2016  | 2015 |   |
| <i>Indirect subsidiaries (Continued)</i>   |   |  |   |      |   |
| Chengdu Yulong No.3 Property Development Company Limited*<br>成都裕龍叁號房地產開發有限公司                                     | PRC                                       | RMB450,000,000 registered capital                    | —   | 97   | Property development                                |
| Concord Way Limited  | Hong Kong                                 | HK\$100  | 97  | 97   | Hotel operation                                     |
| Giant Well Enterprises Limited   | BVI/<br>Hong Kong                         | US\$1  | 97  | 97   | Investment holding                                  |
| Grace Art Development Limited  | Hong Kong                                 | HK\$1  | 97  | 97   | Treasury services                                   |
| Guangzhou Yingfat House Property Development Co., Ltd. *<br>廣州市盈發房產發展有限公司  | PRC                                       | US\$20,110,000 registered capital                    | 97  | 97   | Property development and investment                 |
| Harvest Hill Limited   | Hong Kong                                 | HK\$2  | 97  | 97   | Financing   |
| Huangshan City Huizhou District Feng Dan Bailu Investment and Development Company Limited*<br>黃山市徽州區楓丹白露投資開發有限公司 | PRC                                       | RMB35,000,000 registered capital                     | —   | 97   | Property and tourist leisure facilities development |
| Kaifeng International City No.1 Realty Development Company Limited*<br>開封國際城一號實業開發有限公司                           | PRC                                       | US\$152,500,000 registered capital                   | —   | 97   | Property development                                |

**2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE SEA GROUP**  
(Continued)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (Continued)  
For the year ended 31 December 2016

**47. PRINCIPAL SUBSIDIARIES** (Continued)

| Name of subsidiary  | Place/country<br>of incorporation/<br>operation | Issued and<br>paid up<br>share capital/<br>registered capital | Effective % of<br>issued share capital/<br>registered capital<br>held by SEA |      | Principal activities                             |
|---|---|---|--|------|--|
|   |   |   | 2016   | 2015 |  |
| <i>Indirect subsidiaries (Continued)</i>  |   |   |  |      |  |
| Kaifeng International<br>City No.5 Realty<br>Development Company<br>Limited*<br>開封國際城五號實業<br>開發有限公司                       | PRC   | US\$42,450,000<br>registered capital                          | —  | 97   | Property development                             |
| Kingston Pacific<br>Investment Limited  | BVI/<br>Hong Kong                               | US\$100   | 53   | 53   | Property development                             |
| Leighton Road Hotel<br>Management Services<br>Limited   | Hong Kong                                       | HK\$1   | 97   | 97   | Hotel operation                                  |
| Nanjing Hushu Ecology<br>Travel Development<br>Co., Ltd. <sup>@</sup><br>南京湖熟生態旅遊發展<br>有限公司<br>("NJ Hushu")               | PRC   | RMB100,000,000<br>registered capital                          | 50   | 50   | Property, cultural<br>and tourism<br>development |
| Luck Marker Limited   | BVI/<br>Hong Kong                               | US\$1   | 97   | —    | Financial investment                             |
| Nanjing Taligang<br>Tourist Leisure<br>Facilities Company<br>Limited <sup>@</sup><br>南京搭里崗旅遊<br>開發有限公司<br>("NJ Taligang") | PRC   | RMB35,000,000<br>registered capital                           | 50   | 50   | Property, cultural<br>and tourism<br>development |
| Pearl Hope Limited  | BVI   | US\$1   | 100  | 100  | Investment holding                               |
| Rainbow Mark<br>Investment Limited  | BVI/<br>Hong Kong                               | US\$1   | 97   | —    | Financial investment                             |

**2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE SEA GROUP**  
(Continued)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (Continued)  
For the year ended 31 December 2016

**47. PRINCIPAL SUBSIDIARIES** (Continued)

| Name of subsidiary   | Place/country of incorporation/ operation | Issued and paid up share capital/ registered capital | Effective % of issued share capital/ registered capital held by SEA |      | Principal activities                                |
|--|---|--|---|------|---|
|  |   |  | 2016  | 2015 |   |
| <i>Indirect subsidiaries (Continued)</i>   |   |  |   |      |   |
| SEA Island Holdings Pty. Limited   | Australia                                 | A\$320,000 paid up share capital                     | 100   | 100  | Property investment                                 |
| Shine Concord Investments Limited  | Hong Kong                                 | HK\$1  | 97  | 97   | Hotel operation                                     |
| Sino Harvest Real Estate Development (Chengdu) Company Limited*<br>漢泰房地產開發(成都)有限公司 | PRC                                       | US\$3,000,000 registered capital                     | 97  | 97   | Property investment                                 |
| Sky Trend Investments Limited  | Hong Kong                                 | HK\$2  | 97  | 97   | Hotel operation                                     |
| Sunfold Development Limited  | Hong Kong                                 | HK\$1  | 97  | 97   | Hotel operation                                     |
| Top Paragon Investments Limited  | BVI                                       | US\$1  | 100   | 100  | Property investment                                 |
| Treasure Indicator Limited   | BVI/<br>Hong Kong                         | US\$1  | 97  | —    | Financial investment                                |
| Tycoon Honour Limited  | BVI/<br>Hong Kong                         | US\$1  | 97  | —    | Investment holding of The Moorgate Unit Trust units |
| Wing Siu Company Limited   | Hong Kong                                 | HK\$2  | —   | 97   | Property investment                                 |
| Worthy Merit Limited   | BVI/<br>Hong Kong                         | US\$1  | 97  | —    | Investment holding of The Moorgate Unit Trust units |

\* Wholly foreign owned enterprises.

@ Sino-foreign equity joint venture.

# Changed its domicile from the BVI to Bermuda with effective from 5 December 2016.



## 2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE SEA GROUP (Continued)

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) For the year ended 31 December 2016

#### 47. PRINCIPAL SUBSIDIARIES (Continued)

The directors of SEA are of the opinion that a complete list of the particulars of all subsidiaries of SEA will be of excessive length and therefore the above list contains only the particulars of subsidiaries which principally affect the results or assets of the SEA Group.

None of the subsidiaries has issued any debt securities at the end of the year.

#### Subsidiaries with material non-controlling interest

Except for the non-controlling interest in Asian Growth Properties Limited, whose results announcement was published on 17 March 2017, no other non-controlling interest is considered material.

## 3. STATEMENT OF INDEBTEDNESS

As at 30 April 2017, the SEA Group had outstanding total unguaranteed borrowings in Hong Kong and PRC amounting to HK\$3,832.2 million, which was comprised of secured bank loans of HK\$3,682.2 million and unsecured bank loans of HK\$150.0 million. The secured bank loans were secured by the SEA Group's properties valued at HK\$3,492.8 million (being their carrying amounts as at 31 December 2016) and listed debt securities with a carrying amount as at 30 April 2017 of HK\$1,410.6 million and pledged cash of HK\$561.1 million.

As at 30 April 2017, a subsidiary of the SEA Group operating in Australia had pledged its properties with an aggregate carrying value of HK\$158.4 million as at 31 December 2016 to secure bank loans of HK\$75.7 million which are unguaranteed.

As at 30 April 2017, a subsidiary of the SEA Group operating in United Kingdom pledged its properties with an aggregate carrying value of HK\$61.4 million as at 31 December 2016 to secure bank loans of HK\$40.7 million which are unguaranteed.

In addition, the SEA Group has issued guaranteed notes on 19 January 2017 with a principal amount of US\$200 million (equivalent to HK\$1,555.7 million) maturing on 19 January 2020.

Save as aforesaid and apart from intra-group liabilities, the SEA Group did not, as at 30 April 2017, have any material outstanding (i) debt securities, whether issued and outstanding, authorized or otherwise created but unissued or term loan, whether guaranteed, unguaranteed, secured (whether the security is provided by SEA or by third parties) or unsecured; (ii) other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits or finance lease commitments, whether guaranteed, unguaranteed, secured or unsecured; (iii) mortgage or charges; or (iv) guarantees or other material contingent liabilities.

Upon completion of Distribution in Specie, the SEA Group no longer consolidates the indebtedness of AGP and AGP PRC Assets. In addition, bank loans of HK\$917 million and £169 million (approximately HK\$1,724 million) have been drawn on 16 June 2017 and 17 July 2017 for the acquisition of the Target Companies (as defined below) and 33 Old Broad Street Investment Company Limited, respectively. Save as above disclosed, the SEA Directors are not aware of any material change in the indebtedness and contingent liability position of the SEA Group since 30 April 2017.

#### 4. MATERIAL CHANGE

Save for the following material changes, the SEA Directors were not aware of any material change in the financial or trading position or outlook of the SEA Group since 31 December 2016, the date to which the latest published audited consolidated financial statements of the SEA Group were made up, up to and including the Latest Practicable Date:

- (i) on 31 March 2017, SEA entered into the SP Agreement with AGP pursuant to which SEA has conditionally agreed to purchase, and AGP has conditionally agreed to sell, Benefit Strong Group Limited, being the holding company of the AGP Non-PRC Assets, at the consideration of HK\$8,913,354,000 (£913,637,286), subject to adjustment pursuant to the SP Agreement. The SP Agreement and the Assets Redistribution were completed on 15 May 2017. Details of the SP Agreement and the Asset Redistribution were disclosed in the Circular;
- (ii) on 31 March 2017, SEA announced the special dividend in the form of the Distribution in Specie of the 861,278,857 AGP Shares to the Qualifying SEA Shareholders on the basis of 1,268 AGP Shares for every 1,000 SEA Share held. The Distribution in Specie was completed on 15 May 2017. Details of the Distribution in Specie were disclosed in the Circular;
- (iii) on 31 March 2017, SEA announced the SEA Special Cash Dividend of HK\$3.0 per SEA Share with an aggregate amount of approximately HK\$2,036 million. The SEA Special Cash Dividend was approved at the special general meeting of SEA held on 4 May 2017 and paid on 21 June 2017. Details of the SEA Special Cash Dividend were disclosed in the Circular;

- (iv) New Rose Investments Limited (a wholly-owned subsidiary of SEA) issued guaranteed notes with a principal amount of US\$200,000,000, due on 19 January 2020 (the “Notes”). At maturity, the Notes are payable at their principal amount. The Notes will bear interest from, and including 19 January 2017 at the rate of 4.50% per annum, until 19 January 2020, payable semi-annually in arrear on 19 January and 19 July in each year. Details of the Notes were disclosed in the announcements of SEA dated 12 January 2017 and 19 January 2017;
- (v) as disclosed in the announcement of SEA dated 4 May 2017, Allied Eagle Global Limited, Treasure Base Global Limited and Spring Yield Global Limited (the “Purchasers”), all of which are wholly-owned subsidiaries of SEA, and SEA as the Purchasers’ Guarantor entered into three sale and purchase agreements with independent third parties in relation to the acquisition of the entire issued share capital of One Valley View Limited, Two Valley View Limited, Seven Valley View Limited, Ten Valley View Limited, Twenty Valley View Limited, Twenty-One Valley View Limited, Sunni City Limited and Silver Rank Development Limited (the “Target Companies”) and the assignment of the shareholder loans or director loans of the Target Companies (as the case may be) at the consideration of HK\$841,885,191.00, HK\$135,643,014.00 and HK\$550,471,795.00 (all of which shall be subject to post-completion adjustments) respectively, amounting to HK\$1,528,000,000.00 in aggregate; and
- (vi) as disclosed in the announcement of SEA dated 15 May 2017, Business Empire Investments Limited, a wholly-owned subsidiary of SEA, and 33 Old Broad Street (Holdings) Limited entered into the share purchase agreement pursuant to which Business Empire Investments Limited agreed to purchase, and 33 Old Broad Street (Holdings) Limited agreed to sell, the entire issued share capital of 33 Old Broad Street Investment Company Limited for a consideration of approximately £258 million (approximately HK\$2,592 million) (subject to adjustments).

**A. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE AGP  
REMAINING GROUP****Introduction**

The accompanying unaudited pro forma financial information (the “**Unaudited Pro Forma Financial Information**”) of the remaining group of Asian Growth Properties Limited (“**AGP**”) and its subsidiaries (hereafter collectively referred to as the “**AGP Remaining Group**”), after the redistribution of the AGP Non-PRC Assets from AGP to SEA pursuant to the SP Agreement (“**Assets Redistribution**”) and AGP Special Dividend Payment (as defined in the composite document), comprising the unaudited pro forma consolidated statement of financial position of the AGP Remaining Group as at 31 December 2016, the unaudited pro forma consolidated statement of profit or loss and the unaudited pro forma consolidated statement of cash flows of the AGP Remaining Group for the year ended 31 December 2016, has been prepared by the directors of AGP (the “**AGP Directors**”) in accordance with Paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) for the purpose of illustrating the effect of the proposed Assets Redistribution and AGP Special Dividend Payment.

The preparation of the unaudited pro forma consolidated statement of financial position of the AGP Remaining Group is based on the audited consolidated statement of financial position of the AGP Group as at 31 December 2016 which has been extracted from the annual report of the AGP Group dated 17 March 2017; and adjusted in accordance with the pro forma adjustments described in the notes thereto, as if the Assets Redistribution and AGP Special Dividend Payment had been completed on 31 December 2016.

The preparation of the unaudited pro forma consolidated statement of profit or loss and the unaudited pro forma consolidated statement of cash flows of the AGP Remaining Group is based on the audited consolidated statement of profit or loss and the audited consolidated statement of cash flows of the AGP Group for the year ended 31 December 2016 which have been extracted from the annual report of the AGP Group dated 17 March 2017 for the year ended 31 December 2016, adjusted in accordance with the pro forma adjustments described in the notes thereto, as if the Assets Redistribution and AGP Special Dividend Payment had been completed on 1 January 2016.

A narrative description of the pro forma adjustments of the Assets Redistribution and AGP Special Dividend Payment that are directly attributable to the transactions and factually supportable, is summarised in the accompanying notes.

The Unaudited Pro Forma Financial Information has been prepared based on a number of assumptions, estimates, uncertainties, currently available information and are prepared for illustrative purpose only. Because of its hypothetical nature, it may not purport to describe the results of operations, financial positions or cash flows of the AGP Remaining Group had the Assets Redistribution and AGP Special Dividend Payment been completed as at the respective dates to which it is made up to or at any future dates.

Furthermore, the Unaudited Pro Forma Financial Information does not purport to predict the AGP Remaining Group's future results of operations, financial position or cash flows. The Unaudited Pro Forma Financial Information should be read in conjunction with the financial information of the AGP Group, the annual report of the AGP Group dated 17 March 2017, the Company's announcement dated 31 March 2017 and other financial information included elsewhere in this Composite Document. The Unaudited Pro Forma Financial Information does not take into account any trading or other transactions subsequent to the dates of the respective financial statements of the companies comprising the AGP Remaining Group, including but not limited to the transaction set out in note 5.

Unaudited Pro Forma Consolidated Statement of Financial Position of the AGP  
Remaining Group

|  | Pro forma adjustments   |  |  |                    | Unaudited<br>pro forma<br>consolidated<br>statement of<br>financial<br>positional of<br>the AGP<br>Remaining<br>Group<br>HKD '000<br>Note 5 |
|--|---|--|--|--------------------|---|
|  | Adjustment 1  |  | Adjustment 2   |                    |   |
|  | Assets Redistribution   |  |  |                    |   |
| Audited<br>consolidated<br>statement of<br>financial<br>position of the<br>AGP Group<br>as at<br>31 December<br>2016<br>HKD '000<br>Note 1 | Disposal<br>of AGP<br>Non-PRC<br>Assets<br>to SEA<br>HKD '000<br>Note 2 | Consideration<br>payable by<br>SEA to AGP<br>for disposal<br>of AGP<br>Non-PRC<br>Assets<br>HKD '000<br>Note 3 | AGP Special<br>Dividend<br>Payment<br>following<br>completion of<br>the Assets<br>Redistribution<br>HKD '000<br>Note 4 |                    |   |
| <b>Non-current assets</b>  |   |  |  |                    |   |
| Investment properties  | 3,445,337   | (1,494,100)  | —  | —                  | 1,951,237   |
| Property, plant and equipment  | 951,687   | (910,326)  | —  | —                  | 41,361  |
| Loan receivables   | 3,160   | (3,160)  | —  | —                  | —   |
| Note receivables   | 38,773  | (38,773)   | —  | —                  | —   |
| Available-for-sale investments   | 1,253,243   | (1,245,487)  | —  | —                  | 7,756   |
| Restricted bank deposits   | 5,589   | —  | —  | —                  | 5,589   |
|  | <u>5,697,789</u>  | <u>(3,691,846)</u>   | <u>—</u>   | <u>—</u>           | <u>2,005,943</u>  |
| <b>Current assets</b>  |   |  |  |                    |   |
| Properties held for sale   |   |  |  |                    |   |
| Completed properties   | 423,061   | —  | —  | —                  | 423,061   |
| Inventories  | 1,196   | (1,196)  | —  | —                  | —   |
| Loan receivables   | 376   | (376)  | —  | —                  | —   |
| Note receivables   | 15,509  | (15,509)   | —  | —                  | —   |
| Available-for-sale investments   | 137,204   | (133,327)  | —  | —                  | 3,877   |
| Receivables, deposits<br>and prepayments   | 585,379   | (63,940)   | 8,913,354  | (8,913,354)        | 521,439   |
| Tax recoverable  | 3,088   | (3,088)  | —  | —                  | —   |
| Amounts due from<br>non-controlling interests  | 38  | (38)   | —  | —                  | —   |
| Pledged bank deposits  | 533,105   | (533,105)  | —  | —                  | —   |
| Bank balances and cash   | 9,240,168   | (5,235,708)  | —  | (260,346)          | 3,744,114 Note 5  |
|  | <u>10,939,124</u>   | <u>(5,986,287)</u>   | <u>8,913,354</u>   | <u>(9,173,700)</u> | <u>4,692,491</u>  |

|  | Pro forma adjustments   |  |  |                           | Unaudited<br>pro forma<br>consolidated<br>statement of<br>financial<br>positional of<br>the AGP<br>Remaining<br>Group<br>HKD '000<br>Note 5 |
|--|---|--|--|---------------------------|---|
|  | Adjustment 1  |  | Adjustment 2   |                           |   |
|  | Assets Redistribution   |  |  |                           |   |
| Audited<br>consolidated<br>statement of<br>financial<br>position of the<br>AGP Group<br>as at<br>31 December<br>2016<br>HKD '000<br>Note 1 | Disposal<br>of AGP<br>Non-PRC<br>Assets<br>to SEA<br>HKD '000<br>Note 2 | Consideration<br>payable by<br>SEA to AGP<br>for disposal<br>of AGP<br>Non-PRC<br>Assets<br>HKD '000<br>Note 3 | AGP Special<br>Dividend<br>Payment<br>following<br>completion of<br>the Assets<br>Redistribution<br>HKD '000<br>Note 4 |                           |   |
| <b>Current liabilities</b>   |   |  |  |                           |   |
| Payables, rental deposits<br>and accrued charges   | 157,629   | (72,815)   | —  | —                         | 84,814  |
| Tax liabilities  | 7,424   | (4,910)  | —  | —                         | 2,514   |
| Amounts due to<br>non-controlling interests  | 87,754  | —  | —  | —                         | 87,754  |
| Bank borrowings<br>due within one year   | 1,464,928   | (1,419,582)  | —  | —                         | 45,346  |
|  | <u>1,717,735</u>  | <u>(1,497,307)</u>   | <u>—</u>   | <u>—</u>                  | <u>220,428</u>  |
| <b>Net current assets</b>  | <u>9,221,389</u>  | <u>(4,488,980)</u>   | <u>8,913,354</u>   | <u>(9,173,700)</u>        | <u>4,472,063</u>  |
| <b>Total assets less current liabilities</b>   | <u><u>14,919,178</u></u>  | <u><u>(8,180,826)</u></u>  | <u><u>8,913,354</u></u>  | <u><u>(9,173,700)</u></u> | <u><u>6,478,006</u></u>   |
| <b>Capital and reserves</b>  |   |  |  |                           |   |
| Share capital  | 345,204   | —  | —  | —                         | 345,204   |
| Reserves   | 12,444,309  | (6,271,369)  | 8,913,354  | (9,173,700)               | 5,912,594   |
|  | <u>12,789,513</u>   | <u>(6,271,369)</u>   | <u>8,913,354</u>   | <u>(9,173,700)</u>        | <u>6,257,798</u>  |
| Equity attributable to the<br>Company's shareholders   |   |  |  |                           |   |
| Non-controlling interests  | (80,244)  | (3,674)  | —  | —                         | (83,918)  |
|  | <u>12,709,269</u>   | <u>(6,275,043)</u>   | <u>8,913,354</u>   | <u>(9,173,700)</u>        | <u>6,173,880</u>  |
| <b>Total equity</b>  | <u>12,709,269</u>   | <u>(6,275,043)</u>   | <u>8,913,354</u>   | <u>(9,173,700)</u>        | <u>6,173,880</u>  |
| <b>Non-current liabilities</b>   |   |  |  |                           |   |
| Bank borrowings<br>— due after one year  | 1,993,705   | (1,902,803)  | —  | —                         | 90,902  |
| Deferred taxation  | 216,204   | (2,980)  | —  | —                         | 213,224   |
|  | <u>2,209,909</u>  | <u>(1,905,783)</u>   | <u>—</u>   | <u>—</u>                  | <u>304,126</u>  |
|  | <u><u>14,919,178</u></u>  | <u><u>(8,180,826)</u></u>  | <u><u>8,913,354</u></u>  | <u><u>(9,173,700)</u></u> | <u><u>6,478,006</u></u>   |

Unaudited Pro Forma Consolidated Statement of Profit or Loss of the AGP  
Remaining Group

|   | Pro forma adjustment<br>for the Assets Redistribution   |  |   | Unaudited<br>pro forma<br>consolidated<br>statement of<br>profit or loss<br>of the AGP<br>Remaining<br>Group<br>HK\$'000 |
|---|---|--|---|--|
|   | Adjustment 1  |  |   |  |
|   | Audited<br>consolidated<br>statement<br>of profit<br>or loss of the<br>AGP Group for<br>the year ended<br>31 December<br>2016<br>HK\$'000<br>Note 6 | Exclusion of<br>result of AGP<br>Non-PRC<br>Assets<br>HK\$'000<br>Note 7 | Gain on<br>disposal of AGP<br>Non-PRC<br>Assets<br>HK\$'000<br>Note 8 |  |
| Revenue   | 539,643   | (407,998)  | —   | 131,645  |
| Other income  | 17,435  | (2,149)  | —   | 15,286   |
| Costs:  |   |  |   |  |
| Property and related costs  | (41,480)  | 7,854  | —   | (33,626)   |
| Staff costs   | (89,026)  | 73,885   | —   | (15,141)   |
| Depreciation and amortisation   | (47,040)  | 37,308   | —   | (9,732)  |
| Other expenses  | (313,756)   | 243,281  | —   | (70,475)   |
|   | (491,302)   | 362,328  | —   | (128,974)  |
| Profit from operations before<br>fair value changes on<br>investment properties | 65,776  | (47,819)   | —   | 17,957   |
| Fair value changes on investment<br>properties                                  | (100,671)   | —  | —   | (100,671)  |
| Loss from operations after<br>fair value changes on<br>investment properties    | (34,895)  | (47,819)   | —   | (82,714)   |
| Other gains and losses  | 334,398   | (611,499)  | 2,580,309   | 2,303,208  |
| Finance costs   | (78,562)  | 57,876   | —   | (20,686)   |
| Profit before taxation  | 220,941   | (601,442)  | 2,580,309   | 2,199,808  |
| Income tax credit   | 80,031  | 12,042   | —   | 92,073   |
| Profit for the year   | 300,972   | (589,400)  | 2,580,309   | 2,291,881  |



## Unaudited Pro Forma Consolidated Statement of Cash Flows of the AGP Remaining Group

|  | Pro forma adjustment  |  | Unaudited<br>pro forma<br>consolidated<br>statement of<br>cash flows of the<br>AGP Remaining<br>Group<br>HK\$'000 |
|--|---|--|---|
|  | Audited<br>consolidated<br>statement of<br>cash flows of<br>the AGP Group for<br>the year ended<br>31 December 2016<br>HK\$'000<br>Note 6 | Assets<br>Redistribution —<br>Exclusion of AGP<br>Non-PRC Assets<br>HK\$'000<br>Note 7 |   |
| <b>Operating activities</b>                                    |   |  |   |
| Profit before taxation   | 220,941   | 1,978,867  | 2,199,808   |
| Adjustments for:   |   |  |   |
| Interest expenses  | 71,610  | (51,409)   | 20,201  |
| Depreciation and amortisation                                  | 47,040  | (37,307)   | 9,733   |
| Fair value changes   |   |  |   |
| on investment properties                                       | 100,671   | —  | 100,671   |
| Write off of bad debts from<br>tenants                         | 14,115  | —  | 14,115  |
| Write off of other receivables                                 | 353,127   | —  | 353,127   |
| Reversal of relocation costs                                   | (71,721)  | —  | (71,721)  |
| Gain on disposal of subsidiaries                               | (615,804)   | (1,968,810)  | (2,584,614)   |
| Interest income  | (5,169)   | 234  | (4,935)   |
| Loss on disposal of property,<br>plant and equipment           | 41  | (23)   | 18  |
| Operating cash flows before<br>movements in working capital    | 114,851   | (78,448)   | 36,403  |
| Decrease(increase) in properties<br>held for sale              | 195   | (430)  | (235)   |
| Decrease in inventories  | 55  | (55)   | —   |
| (Increase)decrease in receivables,<br>deposits and prepayments | (56,959)  | 60,864   | 3,905   |
| Decrease in guaranteed<br>bank balances                        | 3,094   | —  | 3,094   |
| Increase in payables, rental<br>deposits and accrued charges   | 151,128   | (36,957)   | 114,171   |
| Increase in sales deposits                                     | 4,507   | —  | 4,507   |

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

|   | Pro forma adjustment  |   |              | Unaudited<br>pro forma<br>consolidated<br>statement of<br>cash flows of the<br>AGP Remaining<br>Group<br>HK\$'000 |
|---|---|---|--------------|---|
|   | Audited<br>consolidated<br>statement of<br>cash flows of<br>the AGP Group for<br>the year ended<br>31 December 2016<br>HK\$'000<br>Note 6 | Assets<br>Redistribution —<br>Exclusion of<br>AGP Non-PRC<br>Assets<br>HK\$'000<br>Note 7 | Adjustment 1 |   |
|   |   |   |              | AGP Special<br>Dividend<br>Payment<br>following<br>completion of<br>the sale<br>HK\$'000                          |
| Cash generated from operations                                      | 216,871   | (55,026)  | —            | 161,845   |
| Interest paid   | (82,364)  | 57,141  | —            | (25,223)  |
| Tax paid  | (4,093)   | (4,576)   | —            | (8,669)   |
| <b>Net cash from operating activities</b>                           | <b>130,414</b>  | <b>(2,461)</b>  | <b>—</b>     | <b>127,953</b>  |
| <b>Investing activities</b>   |   |   |              |   |
| Acquisition of and additional cost<br>on properties for development | (45,759)  | —   | —            | (45,759)  |
| Interest received   | 7,605   | (520)   | —            | 7,085   |
| Decrease in loan receivables  | 624   | (624)   | —            | —   |
| Increase in fixed deposits  | (4,460,201)   | 4,354,000   | —            | (106,201)   |
| Increase in restricted bank deposits                                | (347)   | —   | —            | (347)   |
| Increase in pledged bank deposits                                   | (533,105)   | 533,105   | —            | —   |
| Fixed deposits refunded   | 364,048   | (12,735)  | —            | 351,313   |
| Purchase of property, plant<br>and equipment                        | (1,840)   | 1,725   | —            | (115)   |
| Purchase of investment properties                                   | (1,505,213)   | 1,505,213   | —            | —   |
| Additional interest in<br>available-for-sale investments            | (1,387,803)   | 1,387,803   | —            | —   |
| Net consideration received<br>on disposal of subsidiaries           | 10,995,075  | (9,906,621)   | —            | 1,088,454   |
| <b>Net cash from investing activities</b>                           | <b>3,433,084</b>  | <b>(2,138,654)</b>  | <b>—</b>     | <b>1,294,430</b>  |

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

|  | Pro forma adjustment   |   | Unaudited<br>pro forma<br>consolidated<br>statement of<br>cash flows of the<br>AGP Remaining<br>Group<br>HK\$'000 |
|--|--|---|---|
|  | Adjustment 1   | Adjustment 2  |   |
| <b>Audited<br/>consolidated<br/>statement of<br/>cash flows of<br/>the AGP Group for<br/>the year ended<br/>31 December 2016<br/>HK\$'000<br/>Note 6</b> | <b>Assets<br/>Redistribution —<br/>Exclusion of<br/>AGP Non-PRC<br/>Assets<br/>HK\$'000<br/>Note 7</b> | <b>AGP Special<br/>Dividend<br/>Payment<br/>following<br/>completion of<br/>the sale<br/>HK\$'000</b> |   |
| <b>Financing activities</b>  |  |   |   |
| Draw down of bank loans  | 2,324,015  | (2,312,091)   | 11,924  |
| Repayments of bank loans   | (2,695,024)  | 2,421,301   | (273,723)   |
| Payment of front-end fee   | (9,716)  | 9,716   | —   |
| Advances to non-controlling<br>interests   | (38)   | 38  | —   |
| Dividends paid   | (1,684,061)  | 1,684,061   | (260,346)   |
| Dividends paid to non-controlling<br>interests   | (347)  | 347   | —   |
| <b>Net cash used in<br/>financing activities</b>   | <b>(2,065,171)</b>   | <b>1,803,372</b>  | <b>(260,346)</b>  |
| <b>Net increase in cash and<br/>cash equivalents</b>   | <b>1,498,327</b>   | <b>(337,743)</b>  | <b>900,238</b>  |
| <b>Cash and cash equivalents<br/>at beginning of the year</b>  | <b>3,298,440</b>   | <b>(555,899)</b>  | <b>2,742,541</b>  |
| Effect of foreign exchange rate<br>changes   | (16,800)   | 11,934  | (4,866)   |
| <b>Cash and cash equivalents<br/>at end of the year</b>  | <b>4,779,967</b>   | <b>(881,708)</b>  | <b>3,637,913</b>  |
| Represented by:  |  |   |   |
| Bank balances and cash   | 9,240,168  | (5,235,708)   | 3,744,114   |
| Less: Fixed deposits with original<br>maturity date more than<br>3 months and not<br>exceeding 1 year  | (4,460,201)  | 4,354,000   | (106,201)   |
|  | <b>4,779,967</b>   | <b>(881,708)</b>  | <b>3,637,913</b>  |

*Notes:*

- (1) The asset, liabilities and equity figures of the AGP Group have been extracted from the audited consolidated statement of financial position of the AGP Group as at 31 December 2016 prepared in accordance with International Financial Reporting Standards.
- (2) The financial information relating to the AGP Non-PRC Assets has been extracted from the underlying accounting record of financial position of the AGP Group as at 31 December 2016.
- (3) The consideration has been determined by reference to the SP Agreement. Under the SP Agreement, the consideration was calculated by reference to the net asset value at 31 December 2016 of the AGP Non-PRC Assets and taking into account the market value of Crowne Plaza Hong Kong Causeway Bay of HK\$3,500 million as at 28 February 2017 as valued by an independent third party valuer.
- (4) AGP Special Dividend Payment of HK\$9,173,700,000 being one of the completion conditions of the Assets Redistribution as set out in SP Agreement.
- (5) The unaudited pro forma consolidated statement of financial position of the AGP Remaining Group has not taken into account the special dividend of HK\$2.25 per AGP Share declared by AGP on 17 March 2017 on the issued share capital of 886,347,812 AGP Shares, totaling HK\$1,994,283,000 and payable in cash as such dividend is not directly attributable to these transactions and does not form part of the pro forma adjustment under the Listing Rules.

If the above cash movement is taken into account, the bank balance and cash will be HK\$1,749,831,000, which is same as the unaudited pro forma consolidated statement of financial position of the AGP Remaining Group as set out in the AGP Circular published on 31 March 2017 on AIM Board.

- (6) The amounts are extracted from the audited consolidated statement of profit or loss and audited consolidated statement of cash flows of the AGP Group for the year ended 31 December 2016 prepared in accordance with International Financial Reporting Standards as published on 17 March 2017.
- (7) The adjustment reflects the exclusion of the results and cash flows of the AGP Non-PRC Assets for the year ended 31 December 2016, which is extracted from the underlying accounting records of the AGP Group for the year ended 31 December 2016, assuming the Assets Redistribution and AGP Special Dividend Payment had been taken place on 1 January 2016.
- (8) According to the SP Agreement, the consideration is determined by reference to the net asset value of the AGP Non-PRC Assets, and taking into account the market value adjustment on a hotel property. Therefore, the gain on disposal of the AGP Non-PRC Assets represents the market value of hotel property less its carrying value. An independent valuation of the hotel property was undertaken by an independent qualified external valuer as at 28 February 2017. For the purpose of this pro forma financial information, it was assumed that there is no change in the market value of hotel property on 1 January 2016 and 31 December 2016.

**B. ACCOUNTANTS' REPORT FROM THE REPORTING ACCOUNTANTS ON  
UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE AGP GROUP**

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

**Deloitte.****德勤****INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE  
COMPILATION OF PRO FORMA FINANCIAL INFORMATION****To the Directors of Asian Growth Properties Limited**

We have completed our assurance engagement to report on the compilation of pro forma financial information of Asian Growth Properties Limited (the “AGP”) and its subsidiaries (hereinafter collectively referred to as the “AGP Group”) by the directors of AGP (the “AGP Directors”) for illustrative purposes only. The pro forma financial information consists of the pro forma consolidated statement of financial position as at 31 December 2016, the pro forma consolidated statement of profit or loss for the year ended 31 December 2016, the pro forma consolidated statement of cash flows for the year ended 31 December 2016 and related notes as set out on pages IV-1 to IV-9 of the composite document issued by AGP dated 28 July 2017 (the “Composite Document”). The applicable criteria on the basis of which the AGP Directors have compiled the unaudited pro forma financial information are described on pages IV-1 to IV-9 of the Composite Document.

The pro forma financial information has been compiled by the AGP Directors to illustrate the impact of the proposed Assets Redistribution and AGP Special Dividend Payment (both as defined in the Composite Document), on the AGP Group’s financial position as at 31 December 2016 and its financial performance and cash flows for the year ended 31 December 2016 as if both transactions had taken place at 31 December 2016 and 1 January 2016, respectively. As part of this process, information about the AGP Group’s financial position, financial performance and cash flows has been extracted by the AGP Directors from the AGP Group’s financial statements for the year ended 31 December 2016, on which an auditor’s report has been published.



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The unaudited pro forma financial information is also regarded as a profit forecast under Rule 10 of The Codes on Takeovers and Mergers and Share Buy-backs issued by the Securities and Futures Commission (the “**Takeover Code**”).

### **Directors’ Responsibilities for the Pro Forma Financial Information**

The AGP Directors are responsible for compiling the pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“**AG 7**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) as well as relevant requirements under Rule 10 of the Takeover Code.

### **Our Independence and Quality Control**

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

Our firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### **Reporting Accountants’ Responsibilities**

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the pro forma financial information and to report our opinion to you. We are also required to report to you on the accounting policies and calculations of the unaudited pro forma financial information under Rule 10 of the Takeover Code. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the AGP Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA and whether, so far as the accounting policies and calculations are concerned, the AGP Directors have properly compiled the unaudited pro forma financial information on the basis of preparation on pages IV-1 to IV-9 in Appendix IV described in the Composite Document.

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

The purpose of pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the AGP Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 December 2016 or 1 January 2016 would have been as presented.

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

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

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

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

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

**Opinion**

In our opinion:

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

In connection with reporting under Rule 10 of the Takeover Code, so far as the accounting policies and calculations are concerned, the unaudited pro forma financial information has been properly compiled in accordance with the basis adopted by the AGP Directors as stated on pages IV-1 to IV-9 in Appendix IV in the Composite Document, in particular, the unaudited pro forma consolidated statement of financial position as at 31 December 2016, and the unaudited pro forma consolidated statement of profit or loss for the year ended 31 December 2016 and the unaudited pro forma consolidated statement of cash flows for the year ended 31 December 2016 are prepared in accordance with the accounting policies adopted by the AGP Group as set out in the annual report of AGP for the year ended 31 December 2016.

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

Hong Kong, 28 July 2017



**C. REPORT FROM INDEPENDENT FINANCIAL ADVISER ON UNAUDITED PRO  
FORMA FINANCIAL INFORMATION OF THE AGP GROUP**

*The following is the text of a letter received from Independent Financial Adviser, addressed to the Directors and prepared for the sole purpose of inclusion in this Composite Document.*

**VEDA | CAPITAL**  
**智 略 資 本**

**Veda Capital Limited**  
Room 1106, 11/F  
Wing On Centre  
111 Connaught Road Central  
Hong Kong

28 July 2017

The Board of Directors  
**Asian Growth Properties Limited**

Dear Sirs,

We refer to the composite offer and response document jointly issued by the Company and Nan Luen International Limited dated 28 July 2017 (the “**Composite Document**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Composite Document unless otherwise specified.

We refer to the unaudited pro forma statement of financial position of the AGP Remaining Group as at 31 December 2016, the unaudited pro forma statement of profit or loss of the AGP Remaining Group for the year ended 31 December 2016 and the unaudited pro forma statement of cash flows of the AGP Remaining Group for the year ended 31 December 2016 contained in the unaudited pro forma financial information of the AGP Remaining Group (the “**Unaudited Pro Forma Financial Information**”), which are treated as profit forecast pursuant to Rule 10 of the Takeovers Code as set out in section A of Appendix IV to the Composite Document. We have discussed with the Directors the basis of preparation of the Unaudited Pro Forma Financial Information and are of the view that the Unaudited Proforma Financial Information has been made with due care and consideration. We have also considered the report issued by Deloitte Touche

Tohmatsu, the reporting accountant of the Company, relating to the Unaudited Pro Forma Financial Information as set out in section B of Appendix IV to this Composite Document (the “**Deloitte’s Report**”). Pursuant to Deloitte’s Report, Deloitte Touche Tohmatsu is of the opinion that (a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated; (b) such basis is consistent with the accounting policies of the AGP Group; and (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,  
For and on behalf of  
**Veda Capital Limited**  
**Julisa Fong**  
*Managing Director*

**A. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE SEA REMAINING GROUP****Introduction**

The accompanying unaudited pro forma financial information (the “**Unaudited Pro Forma Financial Information**”) of the remaining group of S E A Holdings Limited (“**SEA**”) and its subsidiaries (hereafter collectively referred to as the “**SEA Remaining Group**”), after the Distribution in Specie, comprising the unaudited pro forma consolidated statement of financial position of the SEA Remaining Group as at 31 December 2016, the unaudited pro forma consolidated statement of profit or loss and the unaudited pro forma consolidated statement of cash flows of the SEA Remaining Group for the year ended 31 December 2016, has been prepared by the directors of SEA (the “**SEA Directors**”) in accordance with Paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of illustrating the effect of the proposed Distribution in Specie.

The preparation of the unaudited pro forma consolidated statement of financial position of the SEA Remaining Group is based on the audited consolidated statement of financial position of the SEA Group as at 31 December 2016 which has been extracted from the annual report of the SEA Group dated 27 March 2017 for the year ended 31 December 2016; and adjusted in accordance with the pro forma adjustments described in the notes thereto, as if the Distribution in Specie had been completed on 31 December 2016.

The preparation of the unaudited pro forma consolidated statement of profit or loss and the unaudited pro forma consolidated statement of cash flows of the SEA Remaining Group is based on the audited consolidated statement of profit or loss and the audited consolidated statement of cash flows of the SEA Group for the year ended 31 December 2016 which have been extracted from the annual report of the SEA Group dated 27 March 2017 for the year ended 31 December 2016, adjusted in accordance with the pro forma adjustments described in the notes thereto, as if the Distribution in Specie had been completed on 1 January 2016.

A narrative description of the pro forma adjustments of the Distribution in Specie that are directly attributable to the transactions and factually supportable, is summarised in the accompanying notes.

The Unaudited Pro Forma Financial Information has been prepared based on a number of assumptions, estimates, uncertainties, currently available information and are prepared for illustrative purpose only. Because of its hypothetical nature, it may not purport to describe the results of operations, financial positions or cash flows of the SEA Remaining Group had the Distribution in Specie been completed as at the respective dates to which it is made up to or at any future dates.

Furthermore, the Unaudited Pro Forma Financial Information does not purport to predict the SEA Remaining Group's future results of operations, financial positions or cash flows. The Unaudited Pro Forma Financial Information should be read in the conjunction with the financial information of the SEA Group, the published annual report of the SEA Group dated 27 March 2017 for the year ended 31 December 2016, SEA's announcement dated 2 April 2017 and other financial information included elsewhere in this composite document. The Unaudited Pro Forma Financial Information does not take into account any trading or other transactions subsequent to the dates of the respective financial statements of the companies comprising the SEA Remaining Group, including but not limited to the transaction set out in note 4(b).

### Unaudited Pro Forma Consolidated Statement of Financial Position of the SEA Remaining Group

|                                | Pro forma adjustments   |  | Unaudited<br>pro forma<br>consolidated<br>statement<br>of financial<br>position of<br>the SEA<br>Remaining<br>Group after the<br>pro forma<br>adjustments<br>HK\$'000 |
|--------------------------------|---|--|---|
|                                | Adjustment 1  | Adjustment 2   |   |
|                                | Audited<br>consolidated<br>statement<br>of financial position<br>of the SEA Group as at<br>31 December 2016<br>HK\$'000<br>Note 1 | AGP Special<br>Dividend<br>Payment of<br>HK\$10.35<br>per share<br>declared by AGP<br>HK\$'000<br>Note 2 | Distribution<br>in Specie<br>by SEA of<br>its AGP shares<br>HK\$'000<br>Note 3  |
| <b>Non-current assets</b>      |   |  |   |
| Investment properties          | 3,679,641   | —  | (1,951,237) <sup>#</sup> 1,728,404 <sup>▲</sup>   |
| Property, plant and equipment  | 699,280   | —  | (33,148) 666,132 <sup>◎</sup>   |
| Club memberships               | 6,899   | —  | — 6,899   |
| Loan receivables               | 3,160   | —  | — 3,160   |
| Note receivables               | 38,773  | —  | — 38,773  |
| Available-for-sale investments | 1,377,434   | —  | (7,756) 1,369,678   |
| Restricted bank deposits       | 5,589   | —  | (5,589) —   |
|                                | <u>5,810,776</u>  | <u>—</u>   | <u>(1,997,730)</u> <u>3,813,046</u>   |

|  | Audited consolidated statement of financial position of the SEA Group as at 31 December 2016 | Pro forma adjustments  |  | Unaudited pro forma consolidated statement of financial position of the SEA Group after the pro forma adjustments |
|--|--|--|--|---|
|  |  | Adjustment 1   | Adjustment 2   |   |
|  | HK\$'000<br><i>Note 1</i>  | AGP Special Dividend Payment of HK\$10.35 per share declared by AGP<br>HK\$'000<br><i>Note 2</i> | Distribution in Specie by SEA of its AGP shares<br>HK\$'000<br><i>Note 3</i> | HK\$'000  |
| <b>Current assets</b>                      |  |  |  |   |
| Properties held for sale                   |  |  |  |   |
| Completed properties                       | 192,098  | —  | (192,098) <sup>@</sup>   | —   |
| Inventories                                | 1,196  | —  | —  | 1,196   |
| Loan receivables                           | 376  | —  | —  | 376   |
| Note receivables                           | 15,509   | —  | —  | 15,509  |
| Available-for-sale investments             | 137,204  | —  | (3,877)  | 133,327   |
| Receivables, deposits and prepayments      | 587,311  | —  | (521,439) *  | 65,872  |
| Tax recoverable                            | 3,120  | —  | —  | 3,120   |
| Amounts due from non-controlling interests | 38   | —  | —  | 38  |
| Pledged bank deposits                      | 533,105  | —  | —  | 533,105   |
| Bank balances and cash                     | 9,999,155  | (259,464)  | (1,749,831)  | 7,989,860 <sup>(note 4)</sup>   |
|  | <u>11,469,112</u>  | <u>(259,464)</u>   | <u>(2,467,245)</u>   | <u>8,742,403</u>  |

|  | Pro forma adjustments   |  | Unaudited<br>pro forma<br>consolidated<br>statement<br>of financial<br>position of<br>the SEA<br>Group after the<br>pro forma<br>adjustments<br>HK\$'000 |
|--|---|--|--|
|  | Adjustment 1  | Adjustment 2   |  |
|  | Audited<br>consolidated<br>statement<br>of financial position<br>of the SEA Group as at<br>31 December 2016<br><i>HK\$'000</i><br><i>Note 1</i> | AGP Special<br>Dividend<br>Payment of<br>HK\$10.35<br>per share<br>declared by AGP<br><i>HK\$'000</i><br><i>Note 2</i> | Distribution<br>in Specie<br>by SEA of<br>its AGP shares<br><i>HK\$'000</i><br><i>Note 3</i>   |
| <b>Current liabilities</b>                       |   |  |  |
| Payables, rental deposits and<br>accrued charges | 188,421   | —  | (84,814)   |
| Tax liabilities                                  | 9,056   | —  | (2,514)  |
| Amounts due to non-controlling<br>interests      | 87,754  | —  | (87,754)   |
| bank borrowings-due within<br>one year           | 2,186,719   | —  | (45,346)   |
|  | <u>2,471,950</u>  | <u>—</u>   | <u>(220,428)</u>   |
| <b>Net current assets</b>                        | <u>8,997,162</u>  | <u>(259,464)</u>   | <u>(2,246,817)</u>   |
| <b>Total assets less current liabilities</b>     | <u><u>14,807,938</u></u>  | <u><u>(259,464)</u></u>  | <u><u>(4,244,547)</u></u>  |

|  | Pro forma adjustments   |  | Unaudited<br>pro forma<br>consolidated<br>statement<br>of financial<br>position of<br>the SEA<br>Group after the<br>pro forma<br>adjustments<br>HK\$'000 |
|--|---|--|--|
|  | Adjustment 1  | Adjustment 2   |  |
|  | <b>Audited<br/>consolidated<br/>statement<br/>of financial position<br/>of the SEA Group as at<br/>31 December 2016</b> | <b>AGP Special<br/>Dividend<br/>Payment of<br/>HK\$10.35<br/>per share<br/>declared by AGP</b> | <b>Distribution<br/>in Specie<br/>by SEA of<br/>its AGP shares</b>   |
|  | <i>HK\$'000</i>   | <i>HK\$'000</i>  | <i>HK\$'000</i>  |
|  | <i>Note 1</i>   | <i>Note 2</i>  | <i>Note 3</i>  |
| <b>Capital and reserves</b>                  |   |  |  |
| Share capital                                | 67,656  | —  | 67,656   |
| Reserves                                     | 11,983,321  | —  | (3,797,817)  |
|  |   |  | 8,185,504  |
| Equity attributable to<br>SEA's shareholders | 12,050,977  | —  | (3,797,817)  |
| Non-controlling interests                    | 281,727   | (259,464)  | (18,589)   |
|  |   |  | 3,674  |
| <b>Total equity</b>                          | <b>12,332,704</b>   | <b>(259,464)</b>   | <b>(3,816,406)</b>   |
|  |   |  | 8,256,834  |
| <b>Non-current liabilities</b>               |   |  |  |
| Bank borrowings-due<br>after one year        | 2,103,935   | —  | (90,902)   |
| Deferred taxation                            | 371,299   | —  | (337,239)  |
|  | 2,475,234   | —  | (428,141)  |
|  | 14,807,938  | (259,464)  | (4,244,547)  |
|  |   |  | 10,303,927   |

## Unaudited Pro Forma Consolidated Statement of Profit or Loss of the SEA Remaining Group

|   | Pro forma adjustment   |  |  |
|---|--|--|--|
|   | Audited<br>consolidated<br>statement of<br>profit or loss of<br>the SEA Group<br>for the year ended<br>31 December 2016<br><i>HK\$ '000</i><br><i>Note 5</i> | Exclusion of<br>AGP and its<br>PRC Assets<br><i>HK\$ '000</i><br><i>Note 6</i> | Unaudited<br>pro forma<br>consolidated<br>statement of<br>profit or loss of<br>the SEA<br>Remaining<br>Group<br><i>HK\$ '000</i> |
| Revenue   | 565,979  | (131,645)  | 434,334  |
| Other income  | 18,412   | (15,286)   | 3,126  |
| Costs:  |  |  |  |
| Property and related costs  | (41,519)   | 33,626   | (7,893)  |
| Staff costs   | (175,051)  | 15,141   | (159,910)  |
| Depreciation<br>and amortisation  | (38,449)   | 9,530  | (28,919)   |
| Other expenses  | (159,320)  | 40,029   | (119,291)  |
|   | (414,339)  | 98,326   | (316,013)  |
| Profit from operations<br>before fair value changes<br>on investment properties | 170,052  | (48,605)   | 121,447  |
| Fair value changes on<br>investment properties                                  | (104,625)  | 100,671  | (3,954)  |
| Profit from operations<br>after fair value changes<br>on investment properties  | 65,427   | 52,066   | 117,493  |
| Other gains and losses  | 520,284  | 277,101  | 797,385  |
| Finance costs   | (89,136)   | 20,686   | (68,450)   |
| Profit before taxation  | 496,575  | 349,853  | 846,428  |
| Income tax credit charge  | 75,346   | (92,073)   | (16,727)   |
| Profit for the year   | 571,921  | 257,780  | 829,701  |



## Unaudited Pro Forma Consolidated Statement of Cash Flows of the SEA Remaining Group

|  | Audited<br>consolidated<br>statement of<br>cash flows of<br>the SEA Group<br>for the year ended<br>31 December 2016<br><i>HK\$'000</i><br><i>Note 5</i> | Pro forma adjustment  |   | Unaudited<br>pro forma<br>consolidated<br>statement of<br>cash flows of<br>the SEA<br>Remaining<br>Group<br><i>HK\$'000</i> |
|--|---|---|---|---|
|  |   | AGP Special<br>Dividend<br>Payment of<br>HK\$10.35<br>per share<br>to be declared<br>by AGP<br><i>HK\$'000</i><br><i>Note 2</i> | Exclusion of<br>AGP and its<br>PRC Assets<br><i>HK\$'000</i><br><i>Note 6</i> |   |
| <b>Operating activities</b>                                  |   |   |   |   |
| Profit before taxation                                       | 496,575   | —   | 349,853   | 846,428   |
| Adjustments for:   |   |   |   |   |
| Interest expenses  | 81,335  | —   | (20,201)  | 61,134  |
| Depreciation and amortisation                                | 38,449  | —   | (9,530)   | 28,919  |
| Fair value changes on<br>investment properties               | 104,625   | —   | (100,671)   | 3,954   |
| Write off of bad debts<br>from tenants                       | 14,115  | —   | (14,115)  | —   |
| Write off of other receivables                               | 353,127   | —   | (353,127)   | —   |
| Reversal of relocation costs                                 | (71,721)  | —   | 71,721  | —   |
| Gain on disposal of subsidiaries                             | (801,690)   | —   | 4,305   | (797,385)   |
| Gain on disposal of<br>club membership                       | (698)   | —   | —   | (698)   |
| Interest income  | (5,409)   | —   | 4,935   | (474)   |
| Gain on disposal of<br>property, plant and equipment         | (19)  | —   | (18)  | (37)  |
| Share-based payment expenses                                 | 5,462   | —   | —   | 5,462   |
| Operating cash flows before<br>movements in working capital  | 214,151   | —   | (66,848)  | 147,303   |
| Decrease in properties<br>held for sale                      | 195   | —   | 235   | 430   |
| Decrease in inventories                                      | 55  | —   | —   | 55  |
| Increase in receivables,<br>deposits and prepayments         | (56,504)  | —   | (3,905)   | (60,409)  |
| Decrease in guaranteed<br>bank balances                      | 3,094   | —   | (3,094)   | —   |
| Increase in payables, rental<br>deposits and accrued charges | 119,227   | —   | (114,171)   | 5,056   |
| Increase in sales deposits                                   | 4,507   | —   | (4,507)   | —   |

**APPENDIX V**
**UNAUDITED PRO FORMA FINANCIAL  
INFORMATION OF THE SEA GROUP**

|  | Pro forma adjustment  |   |   | Unaudited<br>pro forma<br>consolidated<br>statement of<br>cash flows of<br>the SEA<br>Remaining<br>Group<br>HK\$'000 |
|--|---|---|---|--|
|  | Audited<br>consolidated<br>statement of<br>cash flows of<br>the SEA Group<br>for the year ended<br>31 December 2016<br>HK\$'000<br>Note 5 | AGP Special<br>Dividend<br>Payment of<br>HK\$10.35<br>per share<br>to be declared<br>by AGP<br>HK\$'000<br>Note 2 | Exclusion of<br>AGP and its<br>PRC Assets<br>HK\$'000<br>Note 6 |  |
| Cash generated from operations   | 284,725   | —   | (192,290)   | 92,435   |
| Interest paid  | (91,994)  | —   | 25,223  | (66,771)   |
| Tax paid   | (18,639)  | —   | 14,721  | (3,918)  |
| Tax refunded   | 10,884  | —   | (6,052)   | 4,832  |
| <b>Net cash from (used in)<br/>operating activities</b>                | <b>184,976</b>  | <b>—</b>  | <b>(158,398)</b>  | <b>26,578</b>  |
| <b>Investing activities</b>  |   |   |   |  |
| Acquisition of and additional<br>cost on properties<br>for development | (45,759)  | —   | 45,759  | —  |
| Interest received  | 7,759   | —   | (7,085)   | 674  |
| Decrease in loan receivables   | 624   | —   | —   | 624  |
| Increase in fixed deposits   | (4,460,201)   | —   | 106,201   | (4,354,000)  |
| Increase in restricted<br>bank deposits                                | (347)   | —   | 347   | —  |
| Increase in pledged<br>bank deposits                                   | (533,105)   | —   | —   | (533,105)  |
| Fixed deposits refunded  | 364,048   | —   | (351,313)   | 12,735   |
| Purchase of property,<br>plant and equipment                           | (3,035)   | —   | 115   | (2,920)  |
| Purchase of investment<br>properties                                   | (1,505,213)   | —   | —   | (1,505,213)  |
| Proceeds on disposals of<br>property, plant and equipment              | 60  | —   | —   | 60   |
| Proceeds on disposals of<br>club membership                            | 2,578   | —   | —   | 2,578  |
| Disposal of available-for-sale<br>investments                          | 15,122  | —   | —   | 15,122   |
| Additional interest in<br>available-for-sale investments               | (1,388,144)   | —   | —   | (1,388,144)  |
| Net consideration received on<br>disposal of subsidiaries              | 10,995,075  | —   | (1,088,454)   | 9,906,621  |
| <b>Net cash from investing<br/>activities</b>                          | <b>3,449,462</b>  | <b>—</b>  | <b>(1,294,430)</b>  | <b>2,155,032</b>   |

**APPENDIX V**
**UNAUDITED PRO FORMA FINANCIAL  
INFORMATION OF THE SEA GROUP**

|   | Pro forma adjustment  |   |   | Unaudited<br>pro forma<br>consolidated<br>statement of<br>cash flows of<br>the SEA<br>Remaining<br>Group<br>HK\$'000 |
|---|---|---|---|--|
|   | Audited<br>consolidated<br>statement of<br>cash flows of<br>the SEA Group<br>for the year ended<br>31 December 2016<br>HK\$'000<br>Note 5 | AGP Special<br>Dividend<br>Payment of<br>HK\$10.35<br>per share<br>to be declared<br>by AGP<br>HK\$'000<br>Note 2 | Exclusion of<br>AGP and its<br>PRC Assets<br>HK\$'000<br>Note 6 |  |
| <b>Financing activities</b>   |   |   |   |  |
| Draw down of bank loans   | 3,491,280   | —   | (11,924)  | 3,479,356  |
| Repayments of bank loans  | (3,501,983)   | —   | 273,723   | (3,228,260)  |
| Payment of front-end fee  | (10,159)  | —   | —   | (10,159)   |
| Issue of new shares   | 31,993  | —   | —   | 31,993   |
| Repurchase of ordinary shares   | (165,936)   | —   | —   | (165,936)  |
| Advances to non-controlling<br>interests  | (38)  | —   | —   | (38)   |
| Dividends paid  | (1,429,658)   | —   | —   | (1,429,658)  |
| Dividends paid to non-controlling<br>interests  | (47,978)  | (259,464)   | 47,978  | (259,464)  |
| <b>Net cash (used in) from<br/>financing activities</b>   | <b>(1,632,479)</b>  | <b>(259,464)</b>  | <b>309,777</b>  | <b>(1,582,166)</b>   |
| <b>Net increase in cash and<br/>cash equivalents</b>  | <b>2,001,959</b>  | <b>(259,464)</b>  | <b>(1,143,051)</b>  | <b>599,444</b>   |
| <b>Cash and cash equivalents<br/>at beginning of the year</b>   | <b>3,555,870</b>  | <b>—</b>  | <b>(505,460)</b>  | <b>3,050,410</b>   |
| Effect of foreign exchange<br>rate changes  | (18,875)  | —   | 4,881   | (13,994)   |
| <b>Cash and cash equivalents<br/>at end of the year</b>   | <b>5,538,954</b>  | <b>(259,464)</b>  | <b>(1,643,630)</b>  | <b>3,635,860</b>   |
| Represented by:   |   |   |   |  |
| Bank balances and cash  | 9,999,155   |   |   | 7,989,860  |
| Less: Fixed deposits with<br>original maturity date<br>more than 3 months<br>and not exceeding 1 year | (4,460,201)   |   |   | (4,354,000)  |
|   | <u>5,538,954</u>  |   |   | <u>3,635,860</u>   |

**Notes to Unaudited Pro Forma Financial Information of the SEA Remaining Group**

- (1) The amounts are extracted from the audited consolidated statement of financial position of the SEA Group as at 31 December 2016, as set out in the annual report of SEA for the year ended 31 December 2016.
- (2) A special dividend of HK\$10.35 per share totaling HK\$9,173,700,000 declared by AGP (being one of the completion conditions of the Distribution in Specie), assuming the Restructuring had been taken place as at 31 December 2016, of which HK\$259,464,000 represents the dividend paid to the minority shareholders of AGP in relation to such special dividend.
- (3) The adjustment reflects the exclusion of the assets and liabilities of the AGP PRC Assets business as if the Distribution in Specie had taken place on 31 December 2016. The assets and liabilities of the AGP PRC Assets business as at 31 December 2016 have been extracted from the underlying accounting records of AGP and its subsidiaries as at 31 December 2016.
- (4) The unaudited pro forma consolidated statement of financial position of the SEA Remaining Group have not taken into account the following material cash movements subsequent to 31 December 2016:
  - (a) Net proceeds of HK\$1,537,876,000 were received from the issuance of US\$200 million 4.5% fixed interest rate guarantee notes on 19 January 2017.
  - (b) A special dividend of HK\$2.25 per AGP Share was declared by AGP on 17 March 2017 on the issued share capital of 886,347,812 AGP Shares, totaling HK\$1,994,283,000 and payable in cash. As AGP was a 97.17% owned subsidiary of the SEA Group, there is a cash outflow of HK\$56,438,000 representing the dividend paid to the minority shareholders of AGP.

If the above cash movement is taken into account, the bank balance and cash will be HK\$9,471,298,000.

- (5) The amounts are extracted from the audited consolidated statement of profit or loss and audited consolidated statement of cash flows of the SEA Group for the year ended 31 December 2016, as set out in the annual report of SEA dated 27 March 2017.
- (6) The adjustment reflects the exclusion of the results and cash flows of AGP and its subsidiaries holding the AGP PRC Assets business for the year ended 31 December 2016, which is extracted from the underlying accounting records of AGP and its subsidiaries for the year ended 31 December 2016, assuming the Distribution in Specie had been taken place on 1 January 2016.

# Market value of the Properties under PRC Assets as at 28 February 2017 as set out in the valuation report is as follows.

|                                      | Market Value                         |  |   | Total<br>HK\$'000 |
|--------------------------------------|--------------------------------------|--|---|-------------------|
|                                      | Chengdu Plaza<br>Central<br>HK\$'000 | Chengdu New<br>Century Plaza<br>HK\$'000 | Guangzhou<br>Westmin Plaza<br>II-Office<br>HK\$'000 |                   |
| <b>Classification</b>                |                                      |  |   |                   |
| Investment properties portion        | 1,512,964                            | 151,923                                  | 286,350   | 1,951,237         |
| Property, plant and equipment (note) | 31,972                               | —  | 3,186   | 35,158            |
| Total                                | <u>1,544,936</u>                     | <u>151,923</u>                           | <u>289,536</u>                                      | <u>1,986,395</u>  |
| Fair value at RMB (@1.1179)          | <u>1,382,000</u>                     | <u>135,900</u>                           | <u>259,000</u>                                      | <u>1,776,900</u>  |

Note: A portion of Chengdu Plaza Central and Guangzhou Westmin Plaza II-Office are occupied by the SEA Group for own use, which are classified under property, plant and equipment with an aggregate carrying amount of HK\$30.6 million as at 31 December 2016.

@ The Properties held for sale - Completed properties with carrying amount of HK\$192.1 million represented Room Nos. B101, 101, 102, 103, 104, 108 and 201 together with 448 Car Parking Spaces, Westmin Plaza Phase II, 48-58 Zhongshan 7th Road, Liwan District, Guangzhou, Guangdong Province, PRC, of which the market value was RMB440 million as at 28 February 2017 set out in the valuation report.

\* Details of Receivable, deposits and prepayments as below:

|  | HK\$'000       |
|--|----------------|
| Accrued income                                   | 71,800         |
| Deposits and prepayments                         | 1,400          |
| Trade receivables                                | 2,700          |
| Amount receivables from disposal of subsidiaries | 445,000        |
| Others   | 539            |
|  | <u>521,439</u> |

▲ The amount of HK\$1,728,404,000 as at 31 December 2016 comprises the properties namely 20 Moorgate, Lizard Island Resort, John Sinclair House and other Hong Kong properties, which were all stated at their market value at 31 December 2016.

The valuation of these properties as at 28 February 2017 in aggregate HK\$1,760,943,000 (being GBP157,000,000, AUD28,300,000, GBP6,420,000 and HK\$14,500,000 respectively set out in Appendix VI) which are same as that as of 31 December 2016. The difference represented the exchange fluctuation during the period from 31 December 2016 to 28 February 2017.

○ Included in this figure, the carrying value of hotel property is HK\$646,245,000 stated at cost less depreciation. Its fair value at 28 February 2017 is HK\$3,500,000,000 as set out in Appendix VI.

**B. ACCOUNTANTS' REPORT FROM THE REPORTING ACCOUNTANTS ON  
UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE SEA REMAINING  
GROUP**

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

**Deloitte.****德勤****INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE  
COMPILATION OF PRO FORMA FINANCIAL INFORMATION****To the Directors of S E A Holdings Limited**

We have completed our assurance engagement to report on the compilation of pro forma financial information of S E A Holdings Limited (“SEA”) and its subsidiaries (hereinafter collectively referred to as the “SEA Group”) by the directors of SEA (the “SEA Directors”) for illustrative purposes only. The pro forma financial information consists of the unaudited pro forma consolidated statement of financial position as at 31 December 2016, the unaudited pro forma consolidated statement of profit or loss for the year ended 31 December 2016, the unaudited pro forma consolidated statement of cash flows for the year ended 31 December 2016 and related notes as set out on pages V-1 to V-10 of the composite document issued by Asian Growth Properties Limited and NLI dated 28 July 2017 (the “Composite Document”). The applicable criteria on the basis of which the SEA Directors have compiled the unaudited pro forma financial information are described on pages V-1 to V-10 of the Composite Document.

The unaudited pro forma financial information has been compiled by the SEA Directors to illustrate the impact of the proposed Distribution in Specie (as defined in the Composite Document) on the SEA Group’s financial position as at 31 December 2016 and its financial performance and cash flows for the year ended 31 December 2016 as if the transaction had taken place at 31 December 2016 and 1 January 2016, respectively. As part of this process, information about the SEA Group’s financial position, financial performance and cash flows have been extracted by the SEA Directors from the SEA Group’s financial statements for the year ended 31 December 2016, on which an auditor’s report has been published.



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The unaudited pro forma financial information is also regarded as a profit forecast under Rule 10 of The Code on Takeovers and Mergers and Share Buy-backs issued by the Securities and Futures Commission (the “**Takeover Code**”).

### **Directors’ Responsibilities for the Pro Forma Financial Information**

The SEA Directors are responsible for compiling the pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“**AG 7**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) as well as relevant requirements under Rule 10 of the Takeover Code.

### **Our Independence and Quality Control**

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

Our firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### **Reporting Accountants’ Responsibilities**

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the pro forma financial information and to report our opinion to you. We are also required to report to you on the accounting policies and calculations of the unaudited pro forma financial information under Rule 10 of the Takeover Code. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the SEA Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA and whether, so far as the accounting policies and calculations are concerned, the SEA Directors have properly compiled the unaudited pro forma financial information on the basis of preparation on pages V-1 to V-10 in Appendix V described in the Composite Document.

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

The purpose of pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the SEA Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 December 2016 or 1 January 2016 would have been as presented.

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

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

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

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

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

**Opinion**

In our opinion:

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



In connection with reporting under Rule 10 of the Takeover Code, so far as the accounting policies and calculations are concerned, the unaudited pro forma financial information has been properly compiled in accordance with the basis adopted by the SEA Directors as stated on pages V-1 to V-10 in Appendix V in the Composite Document, in particular, the unaudited pro forma consolidated statement of financial position as at 31 December 2016, and the unaudited pro forma consolidated statement of profit or loss for the year ended 31 December 2016 and the unaudited pro forma consolidated statement of cash flows for the year ended 31 December 2016 are prepared in accordance with the accounting policies adopted by the SEA Group as set out in the annual report of SEA for the year ended 31 December 2016.

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

Hong Kong, 28 July 2017

**C. REPORT FROM BAOQIAO PARTNERS ON UNAUDITED PRO FORMA FINANCIAL  
INFORMATION OF THE SEA GROUP**

*The following is the text of a report from BaoQiao Partners Capital Limited, prepared for the purpose of inclusion in this composite document.*

**BAOQIAO PARTNERS CAPITAL LIMITED**

Unit 501, 5/F, Tower 1, Admiralty Centre,  
18 Harcourt Road, Admiralty, Hong Kong

28 July 2017

**The Board of Directors**  
**SEA Holdings Limited**  
26/F, Everbright Centre  
108 Gloucester Road  
Wanchai, Hong Kong

Dear Sirs,

We refer to the composite document jointly issued by Nan Luen International Limited and Asian Growth Properties Limited dated 28 July 2017 (the “**Composite Document**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Composite Document unless otherwise specified.

We refer to the unaudited pro forma consolidated statement of financial position of the SEA Group as at 31 December 2016, the unaudited pro forma consolidated statement of profit or loss of the SEA Group for the year ended 31 December 2016 and the unaudited pro forma consolidated statement of cash flows of the SEA Group for the year ended 31 December 2016 as set out in section A of Appendix V “UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE SEA GROUP” to the Composite Document (the “**Unaudited Pro Forma Financial Information**”). The Unaudited Pro Forma Financial Information is prepared by the SEA Directors for the purpose of illustrating the effect of the Distribution in Specie, which is treated as profit forecast pursuant to Rule 10 of the Takeovers Code. We have discussed with the SEA Directors the bases of preparation of the Unaudited Pro Forma Financial Information. We have also considered the report issued by Deloitte Touche Tohmatsu, the reporting accountant of SEA, relating to the Unaudited Pro Forma Financial Information as set out in section B of Appendix V to the Composite Document (“**Deloitte’s Report**”). Pursuant to Deloitte’s Report, Deloitte Touche Tohmatsu is of the opinion that (a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated; (b) such basis is consistent with the accounting policies of the SEA Group; and (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Based on the above, we are of the opinion that the Unaudited Pro Forma Financial Information, for which the SEA Directors are solely responsible, has been prepared after due and careful consideration.

Yours faithfully,  
For and on behalf of  
**BaoQiao Partners Capital Limited**  
**Monica Lin**  
*Managing Director*

**(A) PROPERTIES HELD BY SEA GROUP****1. VALUATION REPORT ON CROWNE PLAZA HONG KONG CAUSEWAY BAY****CBRE**

28 July 2017

S E A Holdings Limited  
26th Floor  
Everbright Centre  
108 Gloucester Road  
Wanchai  
Hong Kong

Asian Growth Properties Limited  
Suites 2506-10  
25th Floor  
Everbright Centre  
108 Gloucester Road  
Wanchai  
Hong Kong

Nan Luen International Limited  
c/o 26th Floor  
Everbright Centre  
108 Gloucester Road  
Wanchai  
Hong Kong

Dear Sirs/Madams,

**Re: Valuation of 8 Leighton Road, Causeway Bay, Hong Kong**

We refer to the instruction received from Nan Luen International Limited, S E A Holdings Limited and Asian Growth Properties Limited (the “**Instructing Party**”) to carry out valuation of 8 Leighton Road, Causeway Bay, Hong Kong (the “**Property**”) also known as “Crowne Plaza Hong Kong Causeway Bay” owned by Concord Way Limited with details stated in the valuation certificate attached. We confirm that we have made relevant investigations and enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of such property interests as at 30 April 2017 (the “**Date of Valuation**”) for public circular purpose.

Suites 1204-06,12/F, 3/F & 4/F  
Three Exchange Square  
8 Connaught Place  
Central, Hong Kong  
T 852 2820 2800  
F 852 2810 0830  
香港中環康樂廣場八號交易廣場第三期  
十二樓1204-06室, 三樓及四樓  
電話 852 2820 2800 傳真 852 2810 0830

[www.cbre.com.hk](http://www.cbre.com.hk)

地產代理(公司)牌照號碼  
Estate Agent’s Licence No: C-004065

### Valuation Basis, Assumptions and Methodology

This valuation is prepared in accordance with the “HKIS Valuation Standards (2012 Edition)” published by the Hong Kong Institute of Surveyors. In addition to the above, this valuation has been prepared in accordance with the RICS Valuation – Professional Standards of Royal Institution of Chartered Surveyors and is complied with International Valuation Standards (IVS). We have also complied with all the requirements set out in Chapter 5 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Rule 11 of the Code on Takeovers and Mergers (the “**Takeovers Code**”) published by the Securities and Futures Commission in Hong Kong.

We have valued the property on the basis of market value which we would define as intended to mean “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 and where the parties had each acted knowledgeably, prudently and without compulsion.”

We have valued the property interests with the Discounted Cash Flow Analysis. This form of analysis allows an investor or owner to make an assessment of the longer term return that is likely to be derived from a property with a combination of both income and capital growth over an assumed investment horizon. In undertaking this analysis, a wide range of assumptions are made including a target or pre-selected internal rate of return, income growth, sale price of the Property at the end of the investment horizon, potential capital expenditure, costs associated with the initial purchase of the Property and also its disposal at the end of the investment period.

Having regard to these factors, we have carried out a discounted cash flow analysis over a ten-year investment horizon. We have assumed that the Property is sold at the commencement of the eleventh year. The analysis proceeds on a before tax basis, and while we have not qualified any potential taxation benefits associated with the Property, we are of the view that these are an issue which a prospective purchaser would reflect in its consideration.

No allowance has been made in our 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. Unless otherwise stated, it is assumed that the Property is free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value.

Saleable Area is defined as the floor area exclusively allocated to the property unit and is measured to the exterior of the enclosing walls of the unit. Enclosing wall separating the unit from the common areas is deemed an external wall and its full thickness has been included. Besides, the area is measured to the center line of the party wall separating the subject unit from the adjacent unit, if any. Common areas are excluded from our Saleable Area calculation.

The following staff has provided professional assistance to the person signing this report:

Mr. Edmond Wong

### **Source of Information**

We have relied to a considerable extent on information provided by the Instructing Party, particularly in respect to matters such as floor areas, occupancy/tenancies, statutory notice and all other relevant matters. No on-site measurement has been taken. All dimensions, measurements and areas included in the valuation certificate are based on or measured from the information provided by the Instructing Party or documents obtained from government departments and are only approximations.

Whilst we have taken every reasonable care both whilst examining the information provided to us and in making relevant enquiries, we have not scrutinised the original documents to verify the correctness of the information or to ascertain any subsequent amendments which may not appear on the copies handed to us. We have no reason to doubt the truth and accuracy of the information which is material to this valuation. Furthermore, the Instructing Party has confirmed that no material facts have been omitted from the information provided to us.

We have undertaken searches at the Land Registry. We have not scrutinised the original documents to verify ownership and encumbrances or to ascertain any subsequent amendments which may not appear on the copies handed to us.

Site inspection of the Property was carried by Ms. Janice Yau (MHKIS) on 13 March 2017. Ms. Yau has over 9 years of experience in the real estate sector in Hong Kong. We have inspected the exterior and, where possible, the interior of the Property. However, we advise that we have not carried out a structural survey nor tested any of the services or facilities and are therefore unable to state that these are free from defect. We advise that we have not inspected those parts of the Property which were covered, unexposed or inaccessible and such parts have been assumed to be in reasonable condition.

### **Valuer's Interest**

We hereby certify that the valuer is suitably qualified and authorised to practise as Independent Valuer; does not have a pecuniary interest, financial or otherwise, that could conflict with the proper valuation of the Property (including the parties with whom our client is dealing, including the lender or selling agent, if any); accepts instructions to value the Property only from the Instructing Party.

**Confidentiality and Disclaimers**

This report and valuation shall be used only in its entirety and no part shall be used without making reference to the whole report. They may not be used for any purposes other than the intended purpose mentioned above. Possession of this report or any copy thereof does not carry with it the right of copying. Neither the whole nor any part of the content of this valuation may be published in any document, statement, circular or otherwise by any party other than CBRE, nor in any communication with any third party, without the prior written approval from CBRE, and subject to any conditions determined by CBRE, including the form and context in which it is to appear.

The liability of CBRE and its directors and employees is limited to the Addressee of this report only. No accountability, obligation or liability to any third parties is accepted.

The Instructing Party agrees to indemnify and hold us harmless against and from any and all losses, claims, actions, damages, expenses, or liabilities, including reasonable attorneys' fees, to which we may become subjects in connection with this engagement. Your obligation for indemnification and reimbursement shall extend to any controlling person of CBRE, including any director, officer, employee, subcontractor, affiliate or agent. In the event we are subject to any liability in connection with this engagement, regardless of legal theory advanced, such liability will be limited to three times of the amount of fees we received for this engagement.

**Potential Tax Liabilities**

According to our established practice, in the course of our valuation we have neither verified nor taken into account such tax liability. For the purpose of compliance with Rule 11.3 of the Takeovers Code, as advised by the SEA Group, except for applicable stamp duties of a rate of 1.5% to 8.5%, depending on the value of the consideration, the potential gain arising from disposal of the property in Hong Kong shall be capital in nature and not subject to any taxation.

The precise tax implication will be subject to the prevailing rules and regulation at the time of disposal. As advised by the SEA Group, the likelihood of the potential tax liability being crystallized is remote as we are advised that the SEA Group does not intend to dispose of the property.

This valuation report is provided subject to the assumptions, disclaimers, limitations and qualifications detailed throughout this report and to those included within the Assumptions, Disclaimers, Limitations & Qualifications section of this report.

We enclose herewith our valuation certificate.

Yours faithfully,  
For and on behalf of  
**CBRE Limited**  
**Janice Yau**  
*MHKIS, RPS(GP)*  
*Director*  
Valuation & Advisory Services



## VALUATION CERTIFICATE

| Property                                 | Description and Tenure   | Particular of Occupancy   | Market Value<br>as at<br>30 April 2017  |
|--|--|---|---|
| 8 Leighton Road, Causeway Bay, Hong Kong | <p>The subject property is a hotel building of 29-storey completed in 2009. Ground floor is designated for hotel lobby, parking and loading/unloading area. The first floor is for restaurant use. The second floor consists of meeting rooms and a business center. The third floor and fourth floor consist of plant rooms. The fifth floor is the refuge floor. Hotel guestrooms are located on the sixth floor to the twenty-sixth floor. Twenty-seventh and twenty-eighth floor are floors for ancillary accommodation and guest facilities for non-domestic use. The accommodation of the Property above is in accordance to the occupation permit HK9/2009 (OP).</p> <p>The site area of the Lot is 10,725 sq ft (996.377 sq.m.). The property has a gross floor area of approximately 160,871 sq ft (14,945.248 sq.m.) excluding the Exempted Lift Shaft Area according to the building plans dated 19 January 2009.</p> <p>The property is held under Government Lease for a term of 75 years renewable for 75 years commencing from 6 November 1899.</p> <p>The Government Rent payable from 1 November 2009 is HK\$898,210 p.a.</p> | <p>Under Hotel and Guesthouse Accommodation Ordinance, the hotel granted Licence No. H/4270 dated 13 October 2016. According to the information on the hotel license, the hotel is operated and managed by Concord Way Limited. The Property has 263 hotel guestrooms according to the building plans. A portion of the hotel on G/F, 1/F and 2/F are subject to three tenancies with total monthly rent of HK\$804,360. The leases of portion of G/F with a term for 6 years from 1 November 2016 to 31 October 2022, the lease of portion of 2/F with a term for 6 years from 1 March 2017 to 28 February 2023 and the lease of 1/F with a term for 3 years from 10 April 2017 to 9 April 2020.</p> | <p>HK\$3,500,000,000<br/>(HONG KONG DOLLARS THREE BILLION AND FIVE HUNDRED MILLION)</p> |

*Notes:*

- i. For IL4369, 4370, 4371, 4372, 4373, 4374, 4375, 4376, 4377 the registered owner of the lots is Concord Way Limited via a Certified Copy Certificate of Amalgamation with the effective date of 1 April 2017 dated 2 December 2016 vide Memorial No. 17011802580187.
- ii. The following encumbrances are registered in the land registry against the subject property:
  - a) No-Objection Letter for lots IL4369, IL4370, IL4371 and IL4372 dated 9 October 2001 registered vide Memorial No. UB8550687;
  - b) License to Modify Offensive Trade Clause for lots IL4373, IL4375 and IL4376 dated 17 April 2008 registered vide Memorial No. 08050501970258;
  - c) Modification Letter for lots IL4369, IL4370, IL4371 and IL4372 dated 1 April 2008 registered vide Memorial No. 08040700580018;
  - d) Certified True Copy of Undertaking Letter-podium, Sky-garden with layout plans dated 20 November 2006 registered vide Memorial No. 09030502350153;
  - e) Debenture and Mortgage in favor of Bank of China (Hong Kong) Limited dated 30 June 2014 registered vide Memorial No. 14070802520075;
  - f) Memorandum of Lease RE Portion of 2/F of Crowne Plaza Hong Kong Causeway Bay in favor of Bestly Development Hong Kong Limited for 6 years from 1 March 2011 to 28 February 2017 registered vide Memorial No. 11050302890049;
  - g) Memorandum of Lease RE Portion of 2/F of Crowne Plaza Hong Kong Causeway Bay in favor of Imperial Treasure (International) Company Limited for 6 years from 1 March 2017 to 28 February 2023 dated 26 October 2016 registered vide Memorial No. 16110402790079;
  - h) Memorandum of Lease RE Portion of G/F of Crowne Plaza Hong Kong Causeway Bay in favor of Golden Mart Enterprise Limited for 6 years from 1 November 2016 to 31 October 2022 dated 22 November 2016 registered vide Memorial No. 16113002450368; and
  - i) Memorandum of Lease RE Portion of 1/F of Crowne Plaza Hong Kong Causeway Bay in favour of Star Leader International Limited for 3 years from 10 April 2017 to 9 April 2020 dated 31 March 2017 registered vide Memorial No. 17042402520212.

## 2. VALUATION REPORT ON 20 MOORGATE



28 July 2017

S E A Holdings Limited  
26th Floor  
Everbright Centre  
108 Gloucester Road  
Wanchai  
Hong Kong

Asian Growth Properties Limited  
c/o 26th Floor  
Everbright Centre  
108 Gloucester Road  
Wanchai  
Hong Kong

Nan Luen International Limited  
c/o 26th Floor  
Everbright Centre  
108 Gloucester Road  
Wanchai  
Hong Kong

Dear Sirs

**PROPERTY: 20 MOORGATE, LONDON EC2R 6DA**

In accordance with your instructions, as confirmed in our engagement letter dated 22 May 2017, we have inspected the Property, made relevant searches and enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the Market Value of the Property as at 30 April 2017 (the "Valuation Date").

Chris Perry  
E: cperry@savills.com  
DL: 020 7409 8139

33 Margaret Street  
London W1G 0JD  
T: +44 (0) 20 7499 8644  
savills.co.uk

### **Purpose of Valuation**

It is understood this is a regulated purpose valuation in connection with Nan Luen International Limited's proposed offer to exchange its shares in S E A Holdings Limited for the shares in Asian Growth Properties Limited. The valuation maybe required for inclusion in a composite document issued on the date hereof by Asian Growth Properties Limited and Nan Luen International Limited, pursuant to the requirements set out in Chapter 5 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and Rule 11 of the Code on Takeovers and Mergers published by the Securities and Futures Commission in Hong Kong (the "**Takeovers Code**").

### **RICS Compliance**

The valuation has been carried out in compliance with the International Valuation Standards (IVS) and the Royal Institution of Chartered Surveyors' ("RICS") Valuation - Professional Standards January 2014 (the "RICS Red Book") published in November 2013 and effective from 6 January 2014.

This is a condensed version of our valuation report and has been prepared in accordance with the requirements of VPS 3 (Valuation Reports). We have also had regard to UKVS 2 (Valuations for Financial Statements), UKVS 4.1 (Regulated Purpose Valuations) and RICS UK Appendix 7 (FCA Listing Rules).

We have also complied with all the requirements set out in Chapter 5 of the Listing Rules and Rule 11 of the Takeovers Code.

### **Identification and Status of Valuer**

Savills Advisory Services Limited is an independent company and the Valuer is in a position to act pursuant to the definition of "independence of valuer" in Chapter 5 of the Listing Rules. We will be acting as External Valuers, as defined in the Red Book.

We have no current involvement with the Property, although Savills (UK) Limited has previously valued the Property on behalf of S E A Holdings Limited's lender as at 14 October 2016 and, most recently, 31 December 2016. In addition, Savills Advisory Services Limited has valued the Property as at 28 February 2017 in connection with the transfer of the Property from Asian Growth Properties Limited to S E A Holdings Limited and the valuation maybe required for inclusion in a circular to be issued by Asian Growth Properties Limited.

Notwithstanding this previous involvement, both S E A Holdings Limited and the lender have confirmed that you agree to us undertaking the Valuation. Furthermore you represent and warrant, having taken appropriate legal advice, that Savills can act as Independent Valuer as defined in the Listing Rules in relation to this Valuation. We accept this appointment to act as Independent Valuer in relation to the Valuation in reliance of this representation and warranty. As such, we are not aware of any conflict of interest which prevents us in accepting your instruction to value the Property.

In accordance with RICS PS 2 and UKVS 4.3, we are required to make the following disclosures:

- a) Savills (UK) Limited has previously valued the Property twice for S E A Holdings Limited's lender in 2016. The valuations were required for loan security purposes. In addition, Savills Advisory Services Limited has also valued the Property as at 28 February 2017 in connection with the proposed transfer of the Property from Asian Growth Properties Limited to S E A Holdings Limited.
- b) Chris Perry MRICS and Duncan Hall MRICS were co-signatories to the previous valuations. Savills' current internal policy is that the valuer responsible for the valuation will be rotated at least every seven years.
- c) The total fees earned from S E A Holdings Limited, Asian Growth Properties Limited and Nan Luen International Limited is less than 5% of the total fee income of Savills and no material increase in the proportion of the fees payable is anticipated.

The valuation has been undertaken by Chris Perry MRICS and has been reviewed by Duncan Hall MRICS, both of whom are RICS Registered Valuers. Furthermore, in accordance with VPS 3.7, we confirm that the aforementioned individuals have sufficient current local, national and international (as appropriate) knowledge of the particular market and the skills and understanding to undertake the valuation competently.

### **Identification of the Property**

The Property comprises the head leasehold interest in a City of London office building and is held for investment purposes.

### **Basis of Valuation**

In undertaking our valuations, we have adopted the RICS definitions of Market Value, as detailed below:

Valuation Standard VPS 4 1.2 of the Red Book defines Market Value (MV) 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 and where the parties had each acted knowledgeably, prudently and without compulsion.”*

### **Date of Valuation**

Our opinion of value is as at 30 April 2017. The importance of the date of valuation must be stressed as property values can change over a relatively short period.

### **Inspection and Extent of Due Diligence Enquiries**

The Property was inspected on 17 March 2017 by Chris Perry MRICS. We were able to inspect the Property, both externally and internally, but limited to sample floors and those areas that were easily accessible or visible.

The extent of the due diligence enquiries we have undertaken and the sources of the information we have relied upon for the purpose of our valuation are set out below under Assumptions and Sources of Information. We have assumed that the information provided to us is complete and correct.

### **Valuation Approach**

We have valued the Property using the direct comparison and traditional “all risks” investment yield method of valuation, having regard to comparable evidence and investment market sentiment. We have also had regard to the marketing history prior to the acquisition of the Property in November 2016.

The investment market remains predominantly initial yield driven and so we have analysed comparable office investment transactions on the basis of their net initial yield and then made adjustments to the net initial yield to be applied to the net rental income from the Property by taking into account size, location, terms, covenant and other material factors.

In accordance with your instructions, we have valued the Property on the basis of a sale of 100% of the shares in the Guernsey Unit Trust which holds the long leasehold interest (assuming no other assets or contingent liabilities) and subject to the occupational leases. The acquisition by way of the purchase of the shares of a company entity is commensurate with a major central London investment property transaction and will attract nil Stamp Duty Land Tax. As instructed we have considered the Property on the basis of a transfer attracting nil Stamp Duty.

Our valuation reflects a net initial yield of 4.25%, assuming purchaser’s costs of 1.8% (nil stamp duty) and a capital value of approximately £1,014 per sq ft (£10,913 per sq.m.).

### **Assumptions and Sources of Information**

Our valuation is subject to the following assumptions and conditions:—

#### *Floor Areas*

We have relied upon the floor areas provided to us by S E A Holdings Limited, which are referenced from an Area Measurement Report dated April 2016 prepared by others. We assume that these floor area figures are complete and correct and are the net internal floor areas calculated in accordance with the Code of Measuring Practice issued by the RICS.

#### *Building Condition*

We have not undertaken any structural survey nor have we tested any of the services or made any investigations into the presence of deleterious or hazardous materials. We have had sight of a copy of a Building Survey Report dated April 2016 prepared by others on behalf of the vendor, which was provided to us by S E A Holdings Limited, but have otherwise assumed that the building is structurally sound and there are no structural, latent or other material defects. Our inspection of the Property and this report do not constitute a building survey.

#### *Environmental Issues & Ground Conditions*

We have not undertaken any investigations into ground conditions, contamination or other environmental issues. We have had sight of a copy of a Phase I Environmental Report dated April 2016 prepared by others on behalf of the vendor which was provided to us by S E A Holdings Limited. We have had regard to the findings of the Phase 1 Environmental Report, but have otherwise assumed that the Property has not suffered any land contamination in the past, nor are they likely to become so contaminated in the foreseeable future. However, should it subsequently be established that land contamination exists at either of the Property, or on any neighbouring land, then we may wish to review our valuation advice.

In addition, we have assumed that there are no abnormal ground conditions and that the services are suitable for the existing building or any future development.

*Town planning and statutory requirements*

We have made informal town planning enquiries only and information has been provided to us on the basis that it should not be relied upon. We have assumed that the Property is used in accordance with its present lawful uses and that the building complies with current planning laws and building regulations and that it is not subject to any adverse proposals or possible enforcement actions.

*Tenure and Tenancies*

We have not inspected the Title Deeds or Land Registry Certificate.

We have been provided with a copy of a final Certificate of Title dated 7 November 2016 prepared by vendor's counsel which was provided to us by S E A Holdings Limited. We confirm that we have had regard to all matters contained therein in arriving at our valuation.

We have also read copies of the head lease and principal occupational leases.

Unless otherwise stated in our report, we have assumed the Property is not subject to any unusual or especially onerous restrictions, encumbrances or outgoing contained in the Freehold or Leasehold Title. Should there be any mortgages or charges, we have assumed that the Property would be sold free of them.

*Disposal Costs and Liabilities*

No allowances have been made for any expenses of realisation nor for taxation which might arise in the event of a disposal of a property.

*Currency*

Unless otherwise stated, all money amounts stated in our valuations are in Great Britain Pound ("GBP" or "£").

*Potential Tax Liabilities*

For the purpose of compliance with Rule 11.3 of the Codes of Takeovers and Mergers, we confirm that S E A Holdings Limited has advised us that it has obtained specialist tax advice as follows:



“If an exit by way of a direct disposal of the Moorgate property takes place, as at today, the following should be considered

- (1) On the understanding that the Moorgate property is held by the Guernsey Property Unit Trusts (“GPUT”) as an investment, and the GPUT and the trust of the GPUT (“Trustees”) are tax resident in Guernsey only, with the Trustees effectively exercising management and control of the GPUT from Guernsey (and in particular not resident in the UK), UK capital gains tax should not apply on any gain arising on the disposal of Moorgate property;
- (2) However, the ‘Profits from Trading in and Developing UK Land’ legislation will need to be considered on any disposal, as this could create a corporation tax charge in the UK. These rules will apply to a direct disposal (or potentially indirect) of UK land where, a person realises a profit or a gain from a disposal of any UK land, where broadly, the main purpose, or one of the main purposes, of acquiring the land (or any property deriving its value from the land) or developing the land, was to realise a profit or gain from disposing of that land. Where this legislation applies, any gain can be subject to UK corporation tax at the current rate of 19%. Therefore, provided the conditions are not met, in particular that there is no actual intention to sell the Moorgate property now, there should be no UK corporation tax on the disposal of the Moorgate property.”

We are informed by S E A Holdings Limited that there is no intention to dispose of the property and that it is unlikely that any such tax liabilities will be crystallized. As property valuers we are not qualified to comment on such matters and therefore do not warrant the advice. As stated elsewhere in this report our valuation is reported gross of tax.

#### **Limitations on Liability**

In accordance with our standard practice and the recommendations of the RICS, we would state that this report is provided solely for the purpose stated above. It is confidential to and for the use only of the parties to whom it is addressed only, and no responsibility is accepted to any third party for the whole or any part of its contents. We do not accept liability to any third party or for any direct or indirect consequential losses or loss of profits as a result of this valuation. Neither the whole nor any part of this Valuation Report nor any reference thereto may be included in any other published document, circular or statement, nor published in any way without our written approval of the form and context in which it is to appear.

Savills Advisory Services Limited has prepared the valuation based on information and data available to us as at the Valuation Date. It must be recognised that the real estate market is subject to market fluctuations, while changes in policy direction and social environment could be immediate and have sweeping impacts on the real estate market. It should therefore be noted that any market violation, policy and social changes or other unexpected incidents after the Valuation Date may affect the value of the Property.

We enclose herewith a summary of our valuation at Schedule 1.

Yours faithfully

For and on behalf of Savills Advisory Services Limited

**CHRIS PERRY MRICS**  
RICS Registered Valuer  
*Director*

**DUNCAN HALL MRICS**  
RICS Registered Valuer  
*Director*

## SCHEDULE 1

| Property                | Description and tenure   | Particulars of occupancy  | Market Value as at 30 April 2017   |
|-------------------------|--|---|--|
| 20 Moorgate, London EC2 | <p>20 Moorgate is located in the heart of the traditional banking district of the City of London, a short distance to the north of the Bank of England and with excellent public transport links.</p> <p>The Property was developed in 2002 and comprises a substantial headquarters office building of 150,307 sq ft (13,964 sq.m.), arranged over basement, lower ground, ground and seven upper floors, together with a public house of 4,547 sq ft (422 sq.m.) on part ground and lower ground floors fronting Telegraph Street.</p> <p>The Property is held long leasehold under a head lease with c. 135.5 years unexpired. The head rent of £753,872 per annum is geared to 10% of rents received, subject to a minimum rent of £500,000 per annum.</p> | <p>The Property is fully multi-let to two tenants on full repairing and insuring (FRI) leases with a weighted average unexpired lease term of 10.39 years, effectively without breaks.</p> <p>The offices are entirely let to JP Morgan on an underlease until 24 March 2019 (break exercised) at a passing rent of £7,401,224 per annum, subject to 5 yearly, upward only, open market rent reviews - outstanding rent review from 25 December 2016.</p> <p>The office premises have been entirely sub-let to The Bank of England on a co-terminous underlease, who has also entered into a reversionary underlease until 30 June 2027 (c. 10.17 years unexpired), without breaks.</p> <p>The public house is let to Fuller Smith &amp; Turner plc on an underlease until 24 December 2039 (c. 22.65 years unexpired), without breaks, at a passing rent of £137,500 per annum - next rent review 25 December 2019.</p> <p>The aggregate gross contracted rent is £7,538,724 per annum exclusive, equating to a net rent of £6,784,852 per annum after deduction of head rent.</p> | <p><b>£157,000,000</b></p> <p>(Great Britain Pounds One Hundred and Fifty Seven Million)</p> |

### 3. VALUATION REPORT ON LIZARD ISLAND RESORT

*The following is the text of a letter with the summary of values and valuation certificates received from CBRE Limited, prepared for the purpose of incorporation in the Composite Document, in connection with their valuation as of 30 April 2017 of all the property interests of SEA.*

# CBRE

**SEA Holdings Limited**

26th Floor  
Everbright Centre  
108 Gloucester Road  
Wanchai  
Hong Kong

4/F Three Exchange Square  
8 Connaught Place  
Central, Hong Kong  
T 852 2820 2800  
F 852 2810 0830  
香港中環康樂廣場八號交易廣場第三期四樓  
電話 852 2820 2800 傳真 852 2810 0830

**Asian Growth Properties Limited**

Suites 2506-10  
25th Floor  
Everbright Centre  
108 Gloucester Road  
Wanchai  
Hong Kong

www.cbre.com.hk  
地產代理(公司)牌照號碼  
Estate Agent's License No: C-004065

28 July 2017

**Nan Luen International Limited**

c/o 26th Floor Everbright Centre  
108 Gloucester Road  
Wanchai  
Hong Kong

Dear Sirs,

In accordance with instructions from SEA Island Holdings Pty Limited (the “**Company**”) to value the certain property interests held by SEA Island Holdings Pty Limited. We confirm that we have carried out inspections, made relevant enquiries, and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of property interest as of 30 April 2017 (the “**Valuation Date**”).

### Valuation Basis, Assumptions and Methodology

Our valuation is prepared in accordance with “The HKIS Valuation Standards (2012 Edition)” (“**the Standards**”) published by The Hong Kong Institute of Surveyors (“**the HKIS**”).

The Valuation is also prepared in accordance with the Australian Property Institute Australia and New Zealand Valuation and Property Standards, having regard to ANZGN8 Valuations.

Our valuation is made on the basis of Market Value which is defined by the International Valuation Standards and followed by the HKIS to mean “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.”

We have also complied with all the requirements contained in the Companies Ordinance, Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and Rule 11 of the Code on Takeovers and Mergers published by the Securities and Futures Commission in Hong Kong (the “**Takeovers Code**”).

Our valuation has been made on the assumption that the owner sells the property on the open market without the benefit or burden of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which would serve to affect the values of the property interests.

No allowance has been made in our valuation for any charges, mortgages or amounts owing neither on the property nor for any expenses or taxation which may be incurred in effecting sale. Unless otherwise stated, it is assumed that the properties were free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

For the purpose of compliance with Rule 11.3 of the Takeovers Code, the Company’s advisor has confirmed the potential tax liabilities which could arise. According to our established practice, in the course of our valuation we have neither verified nor taken into account such tax liability.

Where SEA disposes of its Australian real estate assets, either through a disposal of the actual property asset or a disposal of the Australian subsidiary, SEA Island Holdings Pty. Limited, Australian capital gains tax would arise at a rate of 30% at the time of the disposal event. Both the property itself as well as the shares in SEA Island Holdings Pty. Limited are Taxable Australian Property. With regard to the shares in SEA Island Holdings Pty. Limited this is based on the latest accounts of the company which show that the market value of the company is more than 50% attributable to the market value of its Australian real estate.

The gain arising on disposal of the Property or the shares in SEA Island Holdings Pty Limited would be calculated based on the difference between the higher of the market value or consideration received on sale and the written down value of the property in case of an asset sale or the difference between the costs base in the shares of SEA Island Holdings Pty. Limited and the higher of the market value or the consideration received.

A sale of the company or property would also trigger Queensland Stamp Duty at a rate of approximately 5.75%, which this however customarily born by the purchaser.

The precise tax implications will be subject to the prevailing rules and regulations at the time of disposal. As advised by the Company, the likelihood of the potential tax liability being crystallized in the short term is remote as we are advised that the Company does not intend to dispose of the property.

In valuing the property which is completed and held by the Company for investment in Australia, we have adopted the Income Capitalization Approach by capitalization of the net rental income derived from the existing tenancies with due allowance for the reversionary income potential of the properties. In addition, we have adopted the Discounted Cash Flow Approach and analysed the long term return that is likely to be derived from a property with a combination of both income and capital growth over an assumed investment horizon.

In undertaking this analysis, a wide range of assumptions are made including a target or pre-selected internal rate of return, net property income, income growth, potential capital expenditure, costs associated with the initial purchase of the property and also its disposal at the end of the investment period.

We have not undertaken nor have we been provided with audited accounts for the years analysed, therefore, we have relied upon the fact that all information provided by SEA Island Holdings and the sub lessee, including historic trading performance, is correct and provides an accurate representation of performance.

Further more, we assume that the property will continue to be professionally managed and marketed, that the property will remain fully insured including cover for natural disasters such as tropical cyclones and that there is no further deterioration in the world economic and financial conditions.

We note that Dealing Number 71073827 lodged by the Department of Natural Resources and Water on 22 June 2007 states that disposal of any part of the land including the disposal of all the land in parts to different owners will result in the expiry of the Water License 78242K. As the operation of the resort relies on the ability to extract bore water we have specifically assumed that a new water license would be granted to a new party.

Our valuation calculations include rental growth assumptions throughout a defined cash flow period. These assumptions have been based on prevailing economic and market conditions as at the date of valuation. Market conditions will change over time influenced by internal and external factors against which a review of the assumptions may be warranted. Therefore, reliance upon these projections must be made with full acceptance of their limited reliability and with due consideration of the commercial risks related to such forecasts. The Discounted Cash Flow method of valuation referred to in the Valuation Report has been undertaken for the purpose of assisting in the determination of the current market value of the interest in the property and we make no guarantees or warranty as to the accuracy of future rental income stream projections, as these can be impacted by a combination of unforeseen circumstances.

Our valuation is based upon the most current information available at the time the valuation was prepared. CBRE accepts no responsibility for subsequent changes in information as to income, expenses or market conditions. Any subsequent change in lease terms may also have a corresponding change to the value.

In the current market, it is our view that a 6-9 month marketing period may be required to effect a disposal of the interest in the asset assuming a professional marketing campaign.

#### **Source of Information**

In the course of our valuation, we have relied on information provided by the Company, in particular, but not limited to the sales records, planning approvals, statutory notices, easements, development scheme, site area and floor area, tenancy schedules, and relevant information. No on-site measurement has been taken. Dimensions, measurements and areas included in the property summaries and valuation certificates are only approximations. We have taken every reasonable care both during inspecting the information provided to us and in making relevant enquiries. We have no reason to doubt the truth and accuracy of the information provided to us by the Company, which is material to the valuation. We were also advised by the Company that no material facts have been omitted from the information provided to us.

CBRE independently verified the property ownership. There are no known covenants, conditions, or restrictions impacting the site that are considered to affect the marketability or the highest and best use of the property which are not considered in the valuation analysis.

### **Property Inspection**

We inspected the property whilst undertaking this valuation. In the course of our inspection, we did not notice any serious defects. However, we have not carried out any structural survey nor any tests were made on the building services. Therefore, we are not able to report whether the property is free of rot, infestation, or any other structural defects.

We have not carried out site measurements to verify the correctness of the site area of the property. We have assumed that the site area shown on the documents and official site plan is correct. During our inspection, we have not carried our investigations on the site to determine the suitability of the ground conditions and the services for any future development. Our valuation is on the basis that these aspects are satisfactory.

The property inspection in Australia was carried out on 7 April 2017 by Ms. Jaqueline Reiser AAPI. Ms. Reiser is a Director in CBRE Hotels Valuation and Advisory Services based out of Brisbane. She is a certified valuer in Australia and has more than 20 years of valuation experience.

### **Currency**

Unless otherwise stated, all monetary amounts are stated in Australian Dollars (“AUD”), the official currency of Australia.

### **Disclaimers, Limitations and Qualifications**

The liability of CBRE and its directors and employees is limited to the addressee of this report only. No accountability, obligation or liability to any third parties is accepted.

You agree to indemnify and hold us harmless against and from any and all losses, claims, actions, damages, expenses, or liabilities, including reasonable attorneys’ fees, to which we may become subjects in connection with this engagement. Your obligation for indemnification and reimbursement shall extend to any controlling person of CBRE, including any director, officer, employee, subcontractor, affiliate or agent. In the event we are subject to any liability in connection with this engagement, regardless of legal theory advanced, such liability will be limited to three times of the amount of fees we received for this engagement.



This valuation report is provided subject to the assumptions, qualifications, limitations and disclaimers detailed throughout this report. Reliance on this report and extension of our liability is conditional upon the reader's acknowledgement and understanding of these statements. This valuation is for the use only of the party to whom it is addressed and for no other purpose. No responsibility is accepted to any third party who may use or rely on the whole or any part of the content of this valuation. The valuer has no pecuniary interest that would conflict with the proper valuation of the property.

This Summary Letter does not constitute financial product advice. Investors should consider obtaining independent advice from their financial advisor before making any investment decision.

CBRE disclaims any liability to any person in the event of any omission from, or false and misleading statements included in this Circular other than in respect to this Summary Letter and the full Valuation Report.

The Valuation Report and this Summary Letter are strictly limited to the matters contained within those documents, and are not to read as extending, by implication or otherwise, to any other matter in Circular. Without limitation to the above, no liability is accepted for any loss, harm, cost and damage (including special, consequential or economic harm or loss) suffered as a consequence of fluctuations in the real estate market subsequent to the date of valuation.

CBRE has prepared the full Valuation Report and this Summary Letter relying on and referring to information provided by third parties including financial and market information ("**Information**"). CBRE assumes that the information is accurate, reliable and complete and it has not tested the Information in that respect.

References to the Property's value within this Summary Letter or the Circular have been extracted from CBRE's Full Valuation Report. The Valuation Report draws attention to the key issues and considerations impacting value and provides a detailed assessment and analysis as well as key critical assumptions, assumptions, disclaimers, limitations and qualifications and recommendations. As commercial investments of this nature are inherently complex and the market conditions have changed and/or have been uncertain in recent times, CBRE recommends that this Summary Letter and any references to value within Circular must be read and considered together with the Valuation Report. This Summary Letter is to be read in conjunction with our full Valuation Report dated and is subject to the Assumptions, Limitations, Disclaimers and Qualifications contained therein. We refer the reader to SEA Island Holdings Pty Limited to obtain a copy of the Full Valuation report.

No responsibility is accepted for any loss or damage arising as a result of reliance upon this Summary Letter and the Full Valuation report. Neither this Summary Letter nor the full Valuation report may be reproduced in whole or in part without the prior written approval for CBRE.

CBRE charges a professional fee for producing valuation reports, and the fee paid by SEA Island Holdings Pty Limited for the Valuation Report and this Summary Letter. We confirm that the valuer does not have a pecuniary interest that would conflict with a proper valuation of the interest in the property.

This document is for the sole use of persons directly provided with it CBRE. Use by, or reliance upon this document by anyone other than those parties named above is not authorized by CBRE and CBRE is not liable for any loss arising from such unauthorized use or reliance.

We enclose herewith our valuation certificate.

Yours faithfully,  
For and on behalf of  
**CBRE Limited**

**Daniel Mohr**  
*MRICS AAPI*  
*Executive Director*  
Valuation & Advisory Services

*Note: Mr. Daniel Mohr is a member of Royal Institution of Chartered Surveyors. He has over 25 years of valuation experience in the Asia Pacific region.*

*Under the supervision of Mr. Daniel Mohr, qualified valuers of Hotels Valuation and Advisory Services Australia undertook the valuation. Our responsible local valuers have over 20 years post-qualification experiences in valuation of hotel properties in the Australia.*

## VALUATION CERTIFICATE

| Property   | Description and tenure  | Details of occupancy   | Capital value as of<br>30 April 2017  |
|--|---|--|---|
| A luxury resort on Lizard Island, via Cairns Queensland 4871, Australia. | <p>The property comprises 3 parcels of land with a combined site area of approximately 410,103 sq.m. (198,400 sq.m. resort land, 205,500 sq.m. airstrip land and 6,203 sq.m. of land containing bore water supply).</p> <p>The property consists of the land and improvements of a luxury island resort with 40 rooms, restaurant, spa and recreational facilities. The infrastructure includes staff accommodation, workshops, other facilities and an airstrip.</p> <p>The improvements were originally completed in 2000 and the resort facilities were last renovated in 2015.</p> <p>The property comprises 3 parcels of land each held under individual crown leases expiring concurrently on 30 Sep 2050 (remaining land lease terms of approximately 33 years).</p> | <p>As at the Valuation Date, the property was operated by Delaware North Lizard Island Pty Limited via a sublease of the ground lease.</p> <p>The sublease is a triple net lease comprising a base and turnover rent.</p> <p>The current base rental is AUD226,866.18/month excluding GST.</p> <p>The rent is increased every two years by CPI.</p> <p>The sublease expiry date is 31 August 2033.</p> | <p>AUD28,300,000</p> <p>(AUSTRALIAN DOLLAR – TWENTY-EIGHT MILLION THREE HUNDRED THOUSAND)</p> |

*Notes:*

1. The crown lease rights of Lot 4 (Crown Plan 856826, commenced on 1 October 1975), lot 5 and lot 6, Lot 5 (Crown Plan 856826, commenced on 21 February 1997) and Lot 7 (Crown Plan 856826, commenced on 21 February 1997) are held by SEA Island Holdings Pty Limited.
2. To the best of our knowledge here have been no sale transactions in the past five years.
3. The property is encumbered by a mortgage (No. 710248843 dated 11 January 2007) to St George Bank Limited.
4. In valuing the property, we have adopted the Income Approach. In the capitalisation analysis we have assumed 9%. In our Discounted Cash Flow Approach, we have adopted a Discount Rate of 10.5% and an exit yield of 10.25%.
5. In undertaking our valuation, we have made reference to hotel and resort investment sales (subject to leases). These comparable transactions show yields of 7.25% to 8.60% and prices per room varying from AUD255,000 to AUD303,604.

## 4. VALUATION REPORT ON JOHN SINCLAIR HOUSE



28 July 2017

S E A Holdings Limited  
26th Floor  
Everbright Centre  
108 Gloucester Road  
Wanchai  
Hong Kong

Asian Growth Properties Limited  
c/o 25th Floor  
Everbright Centre  
108 Gloucester Road  
Wanchai  
Hong Kong

Nan Luen International Limited  
c/o 26th Floor  
Everbright Centre  
108 Gloucester Road  
Wanchai  
Hong Kong

Dear Sirs

**PROPERTY: JOHN SINCLAIR HOUSE, 16 BERNARD TERRACE,  
EDINBURGH, EH8 9NX**

In accordance with your instructions, as confirmed in our engagement letter dated 22nd May 2017, we have inspected the Property, made relevant searches and enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the Market Value of the Property as at the 30 April 2017 (the “Valuation Date”).

Graeme Fraser  
E: gfraser@savills.com  
DL: 0141 222 5866

Wemyss House  
8 Wemyss Place  
Edinburgh  
EH3 6DH  
savills.co.uk

### **Purpose of Valuation**

It is understood that this is a regulated purpose valuation in connection with Nan Luen International Limited's proposed offer to exchange its shares in S E A Holdings Limited for the shares in Asian Growth Properties Limited. The valuation may be required for inclusion in a composite document issued on the date hereof by Asian Growth Properties Limited and Nan Luen International Limited, pursuant to the requirements set out in Chapter 5 of the Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the Rule 11 of the Code on Takeovers and Mergers published by the Securities and Futures Commission in Hong Kong (the "**Takeovers Code**").

### **RICS Compliance**

The valuation has been carried out in compliance with the International Valuation Standards (IVS) and the Royal Institution of Chartered Surveyors' ("RICS") Valuation – Professional Standards January 2014 (the "RICS Red Book") published in November 2013 and effective from 6th January 2014.

This is a condensed version of our valuation report and has been prepared in accordance with the requirements of VPS 3 (Valuation Reports), UKVS 2 (Valuations for Financial Statements), UKVS 4.1 (Regulated Purpose Valuations) and RICS UK Appendix 7 (FCA Listing Rules).

We have also complied with all requirements set out in Chapter 5 of the Listing Rules and Rule 11 of the Takeovers Code.

### **Identification and Status of Valuer**

Savills Advisory Services Limited is an independent company and the Valuer is in a position to act as an "independent expert" in accordance with the Listing Rules. We will be acting as External Valuers, as defined in the Red Book.

We have no current involvement with the Property, although Savills (UK) Limited has previously valued the Property on behalf of S E A Holdings Limited as at 31st December 2016. Notwithstanding this previous involvement, S E A Holdings Limited has confirmed that you agree to us undertaking the Valuation. Furthermore, you represent and warrant, having taken appropriate legal advice, that Savills Advisory Services Limited can act as Independent Valuer as defined in the Listing Rules in relation to this Valuation. We accept this appointment to act as Independent Valuer in relation to the Valuation in reliance of this representation and warranty. As such, we are not aware of any conflict of interest which prevents us in accepting your instruction to value the Property.

In accordance with RICS PS 2 and UKVS 4.3, we are required to make the following disclosures:

- a) Savills (UK) Limited has previously valued the Property on behalf of S E A Holdings Limited. The valuation was required for accounts purposes.

- b) David Boyce MRICS and Graeme Fraser MRICS were co-signatories to the previous valuation. Savills Advisory Services Limited's current internal policy is that the valuer responsible for the valuation will be rotated at least every seven years.
- c) The total fees earned from S E A Holdings Limited and Asian Growth Properties Limited and Nan Luen International Limited is less than 5% of the total fee income of Savills Advisory Services Limited and no material increase in the proportion of the fees payable is anticipated.

The valuation has been undertaken by David Boyce MRICS and has been reviewed by Graeme Fraser MRICS, both of whom are RICS Registered Valuers. Furthermore, in accordance with VPS 3.7, we confirm that the aforementioned individuals have sufficient current local, national and international (as appropriate) knowledge of the particular market and the skills and understanding to undertake the valuation competently.

### **Identification of the Property**

The property comprises the heritable interest (Scottish equivalent of English freehold) in an office building, which is held for investment purposes.

### **Basis of Valuation**

In undertaking our valuation, we have adopted the RICS definitions of Market Value, as detailed below:

Valuation Standard VPS 4 1.2 of the Red Book defines Market Value (MV) 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 and where the parties had each acted knowledgeably, prudently and without compulsion.”*

### **Date of Valuation**

Our opinion of value is as at 30th April 2017. The importance of the date of valuation must be stressed as property values can change over a relatively short period.

### **Inspection and Extent of Due Diligence Enquiries**

The property was inspected on 18 January 2017 by David Boyce MRICS and Jeremy Tolley. We were able to inspect the property, both externally and internally, but limited to those areas that were easily accessible or visible. We have subsequently inspected the property externally on 23rd May 2017.

The extent of the due diligence enquiries we have undertaken and the sources of the information we have relied upon for the purpose of our valuation are set out below under Assumptions and Sources of Information. We have assumed that the information provided to us is complete and correct.

### **Valuation Approach**

We have valued the property using the direct comparison and traditional investment method of valuation, in which we have reflected the current lease terms and capitalised the appropriate income stream, having regard to the nature and location of the property, the unexpired term of the lease and the lot size of the asset.

We have valued the heritable interest (Scottish equivalent of English freehold) in the property.

In arriving at our opinion of value we consider that an investor would be predominantly initial yield driven and we have analysed comparable office investment transactions on their net initial yield and then made adjustments to reflect the characteristics of the property outlined in our report. We have also had regard to the resultant capital value per sq ft.

Our valuation reflects a net initial yield of 6.75%, assuming purchaser's costs of 6.15% and a capital value of approximately £191 per sq ft (£2,056 per sq.m.).

### **Assumptions and Sources of Information**

Our valuation is subject to the following assumptions and conditions:–

#### *Floor Areas*

We have relied upon the floor areas provided to us, which are referenced from the Investment Sales Brochure dated October 2015 prepared by the original vendor's agent. We assume that these floor area figures are complete and correct and are the net internal floor areas calculated in accordance with the Code of Measuring Practice issued by the RICS.

#### *Building Condition*

We have not undertaken any structural survey nor have we tested any of the services or made any investigations into the presence of deleterious or hazardous materials. We have been provided with a copy of a Building Inspection Report dated November 2015, which was provided to us by S E A Holdings Limited. We have had regard to the findings of the Building Inspection Report, but have otherwise assumed that the building is structurally sound and there are no structural, latent or other material defects. Our inspection of the property and this report do not constitute a building survey.

*Environmental Issues & Ground Conditions*

We have not undertaken any investigations into ground conditions, contamination or other environmental issues. We have been provided with a Phase I Environmental Desk Assessment dated November 2015, which was provided to us by S E A Holdings Limited. We have had regard to the findings of the Phase I Environmental Desk Assessment, but have otherwise assumed that the Property has not suffered any land contamination in the past, nor are they likely to become so contaminated in the foreseeable future. However, should it subsequently be established that land contamination exists at either of the property, or on any neighbouring land, then we may wish to review our valuation advice.

In addition, we have assumed that there are no abnormal ground conditions and that the services are suitable for the existing building or any future development.

*Town planning and statutory requirements*

We have made informal town planning enquiries only and information has been provided to us on the basis that it should not be relied upon. We have assumed that the Property is used in accordance with its present lawful uses and that the building complies with current planning laws and building regulations and that it is not subject to any adverse proposals or possible enforcement actions.

*Tenure and Tenancies*

We have not inspected the Title Deeds or Land Registry Certificate.

We have read a copy of the occupational lease.

Unless otherwise stated in our report, we have assumed the property is not subject to any unusual or especially onerous restrictions, encumbrances or outgoing contained in the heritable title. Should there be any mortgages or charges, we have assumed that the property would be sold free of them.

*Disposal Costs and Liabilities*

Our valuation assumes that Land and Buildings Transaction Tax (LBTT) will be levied on the property at the appropriate rate.



*Currency*

Unless otherwise stated, all money amounts stated in our valuations are in Great Britain Pound (“GBP” or “£”).

*Potential Tax Liabilities*

For the purpose of compliance with Rule 11.3 of the Takeovers Code, we confirm that the S E A Holdings Limited has advised us that it has obtained specialist tax advice as follows:

“The potential UK tax liabilities that could arise on the disposal of UK commercial property include:

Land and Building Transaction Tax (of up to 4.5%) on the purchase price will be payable by the purchaser and not the seller.

No charge to UK capital gains tax should arise on the disposal of UK commercial property by a non-UK tax resident company.

No UK Value Added Tax (VAT) at a rate of 20% arises where the property has not been opted to tax. If the property has been opted, VAT at 20% arises on sale and is payable by the purchaser unless the conditions for Transfer of Going Concern relief are met in which case the transfer is outside the scope of VAT.

Income tax at 20% can arise where the sale price apportionment to fixtures is in excess of the tax depreciation. It is unlikely that this charge would arise as a s198 election is made to fix the allowances available at the tax depreciation value.”

We are informed by the S E A Holdings Limited that there is no intention to dispose of the property and that it is unlikely that any such tax liabilities will be crystallized. As property valuers we are not qualified to comment on such matters and therefore do not warrant the advice. As stated elsewhere in this report our valuation is reported gross of tax.

**Limitations on Liability**

In accordance with our standard practice and the recommendations of the RICS, we would state that this report is provided solely for the purpose stated above. It is confidential to and for the use only of the parties to whom it is addressed only, and no responsibility is accepted to any third party for the whole or any part of its contents. We do not accept liability to any third party or for any direct or indirect consequential losses or loss of profits as a result of this valuation. Neither the whole nor any part of this Valuation Report nor any reference thereto may be included in any other published document, circular or statement, nor published in any way without our written approval of the form and context in which it is to appear.

Savills Advisory Services Limited has prepared the valuation based on information and data available to us as at the Valuation Date. It must be recognised that the real estate market is subject to market fluctuations, while changes in policy direction and social environment could be immediate and have sweeping impacts on the real estate market. It should therefore be noted that any market violation, policy and social changes or other unexpected incidents after the Valuation Date may affect the value of the Property.

We enclose herewith a summary of our valuation at Schedule 1.

Yours faithfully

For and on behalf of Savills Advisory Services Limited

**DAVID BOYCE MRICS**  
RICS Registered Valuer  
*Associate Director*

**GRAEME FRASER MRICS**  
RICS Registered Valuer  
*Director*

## SCHEDULE 1

| Property   | Description and tenure   | Particulars of occupancy  | Market Value as at 30 April 2017   |
|--|--|---|--|
| John Sinclair House, 16 Bernard Terrace, Edinburgh EH8 9NX | <p data-bbox="515 417 799 825">Situated approximately 2 miles south of Edinburgh's city centre, John Sinclair House occupies a position on the south side of Bernard Terrace. The property is located within a secondary office location with the main use classes within the area being residential, student accommodation and retail.</p> <p data-bbox="515 859 799 1327">John Sinclair House was constructed in 1936 as a furniture warehouse and converted to office use in the 1980's. The property comprises two components, an office building configured over ground, mezzanine and three upper floors with plant facilities located at roof level, and an additional 'cottage' annexed to the main building configured over ground and first floors.</p> <p data-bbox="515 1361 799 1534">The accommodation extends to a net internal area of 33,603 sq ft (3,121.79 sq.m.) and has 50 car parking spaces to the rear of the property.</p> <p data-bbox="515 1568 799 1766">The property is held heritable (Scottish equivalent of English Freehold) and we have assumed benefits from a good and marketable title.</p> | <p data-bbox="834 417 1118 619">The property is fully let to a single tenant, The Scottish Ministers, on a Full Repairing and Insuring (FRI) lease, which expires on 1st November 2026.</p> <p data-bbox="834 653 1118 795">The tenant has a break option on 1st October 2022, subject to serving six months' prior written notice.</p> <p data-bbox="834 829 1118 942">The passing rent is £460,000 per annum payable quarterly in advance.</p> <p data-bbox="834 976 1118 1066">There is a rent review outstanding from 1st January 2017.</p> | <p data-bbox="1273 417 1406 444">£6,420,000</p> <p data-bbox="1155 478 1406 591">(Great Britain Pounds Six Million Four Hundred and Twenty Thousand)</p> |

## 5. VALUATION REPORT ON OTHER HONG KONG PROPERTIES



The Directors  
S E A Holdings Limited  
26th Floor  
Everbright Centre  
108 Gloucester Road  
Wanchai  
Hong Kong

Savills Valuation and  
Professional Services Limited  
23/F Two Exchange Square  
Central, Hong Kong

T: (852) 2801 6100  
F: (852) 2530 0756

The Directors  
Nan Luen International Limited  
c/o 26th Floor  
Everbright Centre  
108 Gloucester Road  
Wanchai  
Hong Kong

EA LICENCE: C-023750  
savills.com

The Directors  
Asian Growth Properties Limited  
Suites 2506-10  
25th Floor  
Everbright Centre  
108 Gloucester Road  
Wanchai  
Hong Kong

28 July 2017

Dear Sirs,

**RE: VALUATION OF VARIOUS PROPERTIES IN HONG KONG**

**Instructions**

In accordance with your instructions for us to value various properties situated in Hong Kong in which S E A Holdings Limited (“SEA”) or its subsidiaries (collectively referred to the “SEA Group”) have interests, we confirm that we

have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market values of the properties as at 30 April 2017 (the “Valuation Date”) for inclusion in a composite document.

### **Basis of Valuation**

Our valuation is our opinion of the market value of the property concerned which we would define as intended to mean “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 and where the parties had each acted knowledgeably, prudently and without compulsion”.

Market value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

Our valuation is prepared in compliance with the requirements set out in Rule 11 of the Code on Takeovers and Mergers published by the Securities and Futures Commission in Hong Kong (the “Takeovers Code”), Chapter 5 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as well as in accordance with The HKIS Valuation Standards (2012 Edition) published by The Hong Kong Institute of Surveyors.

### **Property Categorization and Valuation Methodology**

The properties are held by the SEA Group for investment purposes in Hong Kong. In the course of our valuation for the properties, we have adopted the direct comparison approach and made reference to the sales of comparable properties as available in the market.

### **Title Investigation**

We have not been provided with any title documents relating to the properties but we have caused searches to be made at the Land Registry. We have not, however, searched the original documents to verify ownership or to ascertain the existence of any amendment which does not appear on the copies handed to us. We do not accept a liability for any interpretation which we have placed on such information which is more properly the sphere of your legal advisers. As advised by the SEA Group, there are no investigations, notices, pending litigation, breaches of law or title defects against the properties.

**Valuation Assumptions and Source of Information**

We have relied to a considerable extent on the information given by the SEA Group and accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, particulars of occupancy, floor areas and all other relevant matters. Dimensions, measurements and areas included in the valuation certificate are based on the information provided to us and are therefore only approximations. No on-site measurements have been taken. We have no reason to doubt the truth and accuracy of the information provided to us by the SEA Group, which is material to our valuation. We have also sought confirmation from the SEA Group that no material facts have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view.

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

**Site Inspection**

We have inspected the exterior and where possible, the interior of the properties. Our inspections were undertaken by our Mr. Henry Au and Ms. Amber Lee in April 2017. During the course of our inspections, we did not note any serious defects. Moreover, no structural survey has been made, we are therefore unable to report whether the properties are free from rot, infestation or any other structural defects. No tests were carried out on any of the services. In undertaking our valuation, we have assumed that the properties are maintained and finished in a reasonable condition commensurate with their age and uses and are in their original layout without any unauthorized extension or structural alteration as at the Valuation Date.

**Potential Tax Liabilities**

For the purpose of compliance with Rule 11.3 of the Takeovers Code and as advised by the SEA Group, except for applicable stamp duties of a rate of 1.5% to 8.5%, depending on the value of the consideration, the potential gain arising from disposal of the properties in Hong Kong shall be capital in nature and not subject to any taxation.

As advised by the SEA Group, the SEA Group has no intention to dispose of these properties and it is unlikely that such tax liabilities will be crystallized.

According to our established practice, in the course of our valuation, we have neither verified or taken into account such tax liabilities.

We enclose herewith our summary of values and valuation certificate.

Yours faithfully

For and on behalf of

**Savills Valuation and Professional Services Limited**

**Anthony C.K. Lau**

*MRICS MHKIS RPS(GP)*

*Director*

*Note:* Mr. Anthony C.K. Lau is a professional surveyor who has over 24 years' experience in valuation of properties in Hong Kong and the PRC.

## SUMMARY OF VALUES

| No.  | Property   | Market value in<br>existing state as at<br>30 April 2017 |
|--|--|--|
| <b>Properties held by the SEA Group for investment purposes in Hong Kong</b> |  |  |
| 1.   | 7th Floor,<br>2 Leighton Road<br>Causeway Bay,<br>Hong Kong                        | HK\$5,900,000  |
| 2.   | Flat C on 17th Floor,<br>York Place,<br>22 Johnston Road,<br>Wanchai,<br>Hong Kong | HK\$8,600,000  |
| Grand Total:   |  | <hr/> <b>HK\$14,500,000</b> <hr/>                        |



## VALUATION CERTIFICATE

## Properties held by the SEA Group for investment purposes in Hong Kong

| No. | Property   | Description and tenure   | Particulars of occupancy                           | Market value in existing state as at 30 April 2017 |
|-----|--|--|--|--|
| 1.  | 7th Floor,<br>2 Leighton Road,<br>Causeway Bay,<br>Hong Kong<br><br>1/18th parts of shares of and in The Remaining Portion of Inland Lot No. 4378. | 2 and 2A Leighton Road is a 9-storey commercial/residential building completed in 1965. The Ground Floor of the building is designed for commercial uses whilst the remaining upper floors accommodate residential flats.<br><br>The property comprises a residential flat on the 7th Floor of the building with a saleable area of approximately 476 sq ft (44.22 sq.m.).<br><br>Inland Lot No. 4378 is held from the Government under a Government Lease for a term of 75 years from 6 November 1899 renewable for a further term of 75 years. The Government rent of the entire lot is HK\$3,034 per annum. | As at the Valuation Date, the property was vacant. | HK\$5,900,000                                      |

*Notes:*

- The registered owner of the property is Best Ego Enterprises Limited, in which the SEA Group has a 100% shareholding interest.
- The property is subject to Deed of Mutual Covenant vide Memorial No. UB613758 dated 10 February 1968.
- The property currently lies within an area zoned "Residential (Group A)" under Approved Wong Nai Chung Outline Zoning Plan No. S/H7/19.
- We have also issued a valuation report to SEA dated 10 March 2017 for the valuation of the property as at 31 December 2016 for accounting purpose. The market value of the property as at 31 December 2016 is HK\$5,900,000.

| No. | Property   | Description and tenure  | Particulars of occupancy                           | Market value in existing state as at 30 April 2017 |
|-----|--|---|--|--|
| 2.  | Flat C on 17th Floor, York Place, 22 Johnston Road, Wanchai, Hong Kong<br><br>39/5,883th parts or shares of and in Marine Lot No. 296. | York Place is a 35-storey private residential building erected over a 4-level commercial/recreational podium completed in 2009.<br><br>The property comprises a residential flat on the 17th Floor of the building with a saleable area of approximately 408 sq ft (37.90 sq.m.).<br><br>Marine Lot No. 296 is held from the Government for a lease term of 999 years commencing on 5 October 1849. The Government rent of the entire lot is HK\$144 per annum. | As at the Valuation Date, the property was vacant. | HK\$8,600,000                                      |

*Notes:*

- The registered owner of the property is Far Sky Investment Limited, in which the SEA Group has a 100% shareholding interest.
- The property is subject to Occupation Permit No. HK7/2009 (OP) vide Memorial No. 09042902070015 dated 26 March 2009.
- The property is also subject to Deed of Mutual Covenant and Management Agreement vide Memorial No. 09052202680027 dated 11 May 2009.
- The property currently lies within an area zoned "Residential (Group A)" under Wan Chai Outline Zoning Plan No. S/H5/27.
- We have also issued a valuation report to SEA dated 10 March 2017 for the valuation of the property as at 31 December 2016 for accounting purpose. The market value of the property as at 31 December 2016 is HK\$8,600,000.

**(B) PROPERTIES HELD BY AGP GROUP****1. VALUATION REPORT ON PRC PROPERTIES**

The Directors  
S E A Holdings Limited  
26th Floor  
Everbright Centre  
108 Gloucester Road  
Wanchai  
Hong Kong

Savills Valuation and  
Professional Services Limited  
23/F Two Exchange Square  
Central, Hong Kong

T: (852) 2801 6100

F: (852) 2530 0756

The Directors  
Nan Luen International Limited  
c/o 26th Floor  
Everbright Centre  
108 Gloucester Road  
Wanchai  
Hong Kong

EA LICENCE: C-023750  
savills.com

The Directors  
Asian Growth Properties Limited  
Suites 2506-10  
25th Floor  
Everbright Centre  
108 Gloucester Road  
Wanchai  
Hong Kong

28 July 2017

Dear Sirs,

**Re: Valuation of Various Properties in the People's Republic of China**

**Instructions**

In accordance with your instructions for us to value various properties situated in the People's Republic of China (the "PRC") in which Asian Growth Properties Limited ("AGP") or its subsidiaries (collectively referred to the "AGP Group") have

interests, we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market values of the properties as at 30 April 2017 (the “Valuation Date”) for inclusion in a composite document.

### **Basis of Valuation**

Our valuation is our opinion of the market value of the property concerned which we would define as intended to mean “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 and where the parties had each acted knowledgeably, prudently and without compulsion”.

Market value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

Our valuation is prepared in compliance with the requirements set out in Rule 11 of the Code on Takeovers and Mergers published by the Securities and Futures Commission in Hong Kong (the “Takeovers Code”), Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as well as in accordance with The HKIS Valuation Standards (2012 Edition) published by The Hong Kong Institute of Surveyors.

### **Property Categorization and Valuation Methodology**

The properties in Group I are held by the AGP Group for investment purposes in the PRC and the property in Group II is held by the AGP Group for sale in the PRC. In the course of our valuation of the shop and office portions of the properties in Groups I and II, we have adopted the income capitalization approach whereby the rental incomes of contractual tenancies are capitalized for the unexpired terms of tenancies. We have also taken into account the reversionary market rents after the expiry of tenancies in capitalization.

In the course of our valuation of the car park portion of the properties in Groups I and II, we have adopted the direct comparison approach and made reference to the sales of comparable properties as available in the market.

**Title Investigation**

We have been provided with copies of extracts of the title documents relating to the properties in the PRC. However, we have not searched the original documents to verify ownership or to ascertain the existence of any amendments which may not appear on the copies provided to us. In the course of our valuation, we have relied to a considerable extent on the information given by the AGP Group and the legal opinion issued by the AGP Group's legal adviser, regarding the titles to the properties in the PRC.

**Valuation Assumptions and Source of Information**

In valuing the properties in the PRC, unless otherwise stated, we have assumed that transferable land use rights of the properties for respective specific terms at nominal annual land use fees have been granted and that any land grant premium payable has already been fully paid. Unless otherwise stated, we have also assumed that the AGP Group has enforceable titles to the properties and has free and uninterrupted rights to occupy, use, lease or transfer the properties for the whole of the respective unexpired terms as granted.

In the course of our valuation, we have relied to a considerable extent on the information given by the AGP Group and accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, particulars of occupancy, site and floor areas and all other relevant matters. Dimensions, measurements and areas included in the valuation certificate are based on the information provided to us and are therefore only approximations. No on-site measurements have been taken. We have had no reason to doubt the truth and accuracy of the information provided to us by the AGP Group, which is material to our valuation. We have also sought confirmation from the AGP Group that no material facts have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view.

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

**Site Inspection**

We have inspected the exterior and where possible, the interior of the properties. Our inspections were undertaken by our Mr. Anthony Lau, Ms. Joanna Cheung and Ms. Julia Qin in the period between January to March 2017. During the course of our inspections, we did not note any serious defects. Moreover, no structural survey has been made, we are therefore unable to report whether the properties are free from rot, infestation or any other structural defects. No tests were carried out on any of the services.

**Potential Tax Liabilities**

For the purpose of compliance with Rule 11.3 of the Takeovers Code and as advised by the AGP Group, the potential tax liabilities which would arise on the disposal of the properties in the PRC mainly comprise value-added tax at 5.6%; land appreciation tax at progressive rates from 30% to 60%; stamp duty at 0.05% and corporate income tax at 25%.

As advised by the AGP Group, in respect of Property Nos. 1 to 3 in Group I which are held by the AGP Group in the PRC for investment, the AGP Group has no intention to dispose of those properties and it is unlikely that such tax liabilities will be crystallized. For Property No. 4 in Group II in the PRC which is held by the AGP Group for sale, it is likely that the potential tax liability will be crystallized upon sale. As advised by the AGP Group, the total estimated amount of potential tax liability in respect of this property is approximately RMB100 million.

According to our established practice, in the course of our valuation, we have neither verified or taken into account such tax liabilities.

**Remarks**

Unless otherwise stated, all money amounts are stated in Renminbi (“RMB”).

We enclose herewith our summary of values and valuation certificate.

Yours faithfully

For and on behalf of

**Savills Valuation and Professional Services Limited**

**Anthony C.K. Lau**

*MRICS MHKIS RPS(GP)*

*Director*

*Note:* Mr. Anthony C.K. Lau is a professional surveyor who has over 24 years’ experience in valuation of properties in Hong Kong and the PRC.

## SUMMARY OF VALUES

| <b>No. Property</b>  | <b>Market value in<br/>existing state as at<br/>30 April 2017</b> |
|--|---|
| <b>Group I – Properties held by the AGP Group for investment purposes in the<br/>PRC</b>   |   |
| 1. Plaza Central,<br>8 Shunchengda Street, Yanshikou,<br>Jinjiang District,<br>Chengdu,<br>Sichuan Province,<br>PRC  | RMB1,382,000,000  |
| 2. Office Tower,<br>Westmin Plaza Phase II,<br>50 Zhongshan 7th Road,<br>Liwang District,<br>Guangzhou,<br>Guangdong Province,<br>PRC  | RMB259,000,000  |
| 3. Commercial Podium in Zone B and<br>50 Car Parking Spaces on<br>Basements 2 and 3,<br>New Century Plaza,<br>6 Xiyulong Street,<br>Qingyang District,<br>Chengdu,<br>Sichuan Province,<br>PRC | RMB135,900,000  |
| Sub-total:   | <hr/> RMB1,776,900,000 <hr/>                                      |



| <b>No.</b>   | <b>Property</b>  | <b>Market value in<br/>existing state as at<br/>30 April 2017</b> |
|--|--|---|
| <b>Group II – Property held by the AGP Group for sale in the PRC</b> |  |   |
| 4.   | Room Nos. B101, 101, 102, 103, 104,<br>108 and 201 together with<br>448 Car Parking Spaces,<br>Westmin Plaza Phase II,<br>48–58 Zhongshan 7th Road,<br>Liwan District,<br>Guangzhou,<br>Guangdong Province,<br>PRC | RMB440,000,000  |
|  | Sub-total:   | <hr/> RMB440,000,000 <hr/>  |
|  | Grand-total:   | <hr/> <hr/> RMB2,216,900,000 <hr/> <hr/>                          |

## VALUATION CERTIFICATE

## Group I – Properties held by the AGP Group for investment purposes in the PRC

| No.     | Property  | Description and tenure   | Particulars of occupancy | Market value in existing state as at 30 April 2017 |                                      |         |        |           |        |      |           |       |  |                  |  |                  |
|---------|---|--|--------------------------|--|--------------------------------------|---------|--------|-----------|--------|------|-----------|-------|--|------------------|--|------------------|
| 1.      | Plaza Central, 8 Shunchengda Street, Yanshikou, Jinjiang District, Chengdu, Sichuan Province, PRC | <p>Plaza Central comprises two 30-storey office towers erected on a 6-storey (including a basement) commercial podium plus another 2 basements for car-parking purpose. The development was completed in about 2005 and is erected on a parcel of land with a site area of approximately 7,719.49 sq.m.</p> <p>The property is situated in Yanshikou, Jinjiang District. Developments in the locality are mainly medium to high-rise residential and commercial buildings. Tianfu Square Metro Station is about 10 to 15 minutes walking distance from the property. Taxis and buses are accessible to the property.</p> <p>The total gross floor area of the property (excluding the car parking area) is approximately 79,225.07 sq.m., the breakdown of which is as follows:–</p> <table border="1"> <thead> <tr> <th>Floor</th> <th>Use</th> <th>Approximate Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>6 – 38*</td> <td>Office</td> <td>50,466.72</td> </tr> <tr> <td>B1 – 5</td> <td>Shop</td> <td>28,758.35</td> </tr> <tr> <td colspan="2">Total</td> <td><u>79,225.07</u></td> </tr> </tbody> </table> | Floor                    | Use  | Approximate Gross Floor Area (sq.m.) | 6 – 38* | Office | 50,466.72 | B1 – 5 | Shop | 28,758.35 | Total |  | <u>79,225.07</u> | <p>As at the Valuation Date, the shopping mall of the property was fully leased out and subject to two tenancies with the latest one expiring on 30 April 2026 at a total monthly rent of approximately RMB3,000,000.</p> <p>About 65% and 61% of Office Tower 1 and Tower 2 respectively and portion of car parking spaces were leased out and subject to various tenancies with the latest one expiring on 30 November 2022 at a total monthly rental of approximately RMB3,100,000 exclusive of management fees and all outgoings.</p> <p>Office space with gross floor area of approximately 1,704.04 sq.m. was occupied by the owner whilst the remaining portion was vacant.</p> | RMB1,382,000,000 |
| Floor   | Use   | Approximate Gross Floor Area (sq.m.)   |                          |  |                                      |         |        |           |        |      |           |       |  |                  |  |                  |
| 6 – 38* | Office  | 50,466.72  |                          |  |                                      |         |        |           |        |      |           |       |  |                  |  |                  |
| B1 – 5  | Shop  | 28,758.35  |                          |  |                                      |         |        |           |        |      |           |       |  |                  |  |                  |
| Total   |   | <u>79,225.07</u>   |                          |  |                                      |         |        |           |        |      |           |       |  |                  |  |                  |

(\*there being no 14th, 24th and 34th floors)

| No. | Property | Description and tenure  | Particulars of occupancy | Market value in existing state as at 30 April 2017 |
|-----|----------|---|--------------------------|--|
|     |          | In addition, the gross floor area of 225 car parking spaces in Basements 2 and 3 and the passage in Basement 1 is approximately 12,229.92 sq.m. |                          |  |
|     |          | The land use rights of the property were granted for a term of 70 years from 7 October 1993 for composite use.                                  |                          |  |

*Notes:*

1. Pursuant to the State-owned Land Use Certificate – Cheng Guo Yong (1993) Zi Di No. 056 dated 7 October 1993 issued by the State-owned Land Resources Administrative Bureau of Chengdu, the land use rights of a parcel of land with a site area of 7,719.49 sq.m. were granted to Chengdu Huashang House Development Company Limited (成都華商房屋開發有限公司) (“Chengdu Huashang”) for a term of 70 years from 7 October 1993 for composite use. AGP has a 100% interest in the registered capital of Chengdu Huashang.
2. Pursuant to the Building Ownership Certificates – Cheng Fang Quan Zheng Jian Zheng Zi Di Nos. 1611210, 1611213, 1611228 and 1611802 issued by the Real Estate Administrative Bureau of Chengdu in November 2007, the building ownership of the property with a total gross floor area of 91,454.99 sq.m. is vested in Chengdu Huashang.
3. We have been provided with a legal opinion on the title to the property issued by the AGP Group’s PRC legal adviser dated 20 March 2017, which contains, inter alia, the following information:
  - (i) the land use rights and building ownership of the property are legally owned by Chengdu Huashang;
  - (ii) the Building Ownership Certificates – Cheng Fang Quan Zheng Jian Zheng Zi Di Nos. 1611210 and 1611213 of the property are subject to a mortgage in favour of Bank of China Limited Chengdu Kaifaxiqu Branch (中國銀行股份有限公司成都開發西區支行) for a term due to expire on 25 December 2021;
  - (iii) except for the mortgaged portion, Chengdu Huashang is entitled to occupy, use, receive income and dispose of (including but not limited to transfer, lease and mortgage) the property; and
  - (iv) after obtaining the consent from the mortgagee, Chengdu Huashang is entitled to dispose of (including but not limited to transfer, lease and mortgage) the mortgaged portion of the property.
4. We have issued valuation reports to AGP and S E A Holdings Limited in respect of the property, details of which are as follows:

|                        | Issue Date    | Valuation Purpose | Valuation Date   | Market Value     |
|------------------------|---------------|-------------------|------------------|------------------|
| AGP                    | 10 March 2017 | Accounting        | 31 December 2016 | RMB1,382,000,000 |
| AGP                    | 31 March 2017 | Circular          | 28 February 2017 | RMB1,382,000,000 |
| S E A Holdings Limited | 18 April 2017 | Circular          | 28 February 2017 | RMB1,382,000,000 |

| No. | Property  | Description and tenure  | Particulars of occupancy   | Market value in existing state as at 30 April 2017 |
|-----|---|---|--|--|
| 2.  | Office Tower, Westmin Plaza Phase II, 50 Zhongshan 7th Road, Liwan District, Guangzhou, Guangdong Province, PRC | <p>Phase II of Westmin Plaza comprises 4 residential blocks and an office tower erected on a 5-storey (including 3 basement levels) commercial/ car-parking podium. The development was completed in March 2008. The office building is erected on a parcel of land with a site area of approximately 6,547.00 sq.m.</p> <p>The property is situated in Liwan District. Developments in the locality are mainly high-rise office and commercial buildings. Ximenkou Metro Station is about 5 minutes walking distance from the property. Taxis and buses are accessible to the property.</p> <p>The property comprises the whole of the office tower from Levels 3 to 18 (there being no Levels 4 and 14) with a total gross floor area of approximately 16,111.93 sq.m.</p> <p>The land use rights of the property were granted for terms of 70 years, 40 years and 50 years from 23 May 2000 for residential use, commercial, entertainment and tourism use and other use respectively.</p> | <p>As at the Valuation Date, about 99% of the property was leased out and subject to various tenancies with the latest one expiring on 7 April 2020 at a total monthly rental of approximately RMB1,700,000 exclusive of management fees.</p> <p>Office space with gross floor area of approximately 174.00 sq.m. was occupied by the owner whilst the remaining portion was vacant.</p> | RMB259,000,000                                     |

*Notes:*

1. Pursuant to the Guangzhou Real Estate Ownership Certificate (廣州市房地產權屬證明書) No. B0002691 dated 8 January 2009, the property is held by Guangzhou Yingfat House Property Development Company Limited (廣州市盈發房產發展有限公司) (“Guangzhou Yingfat”) for terms of 70 years, 40 years and 50 years from 23 May 2000 for residential use, commercial, entertainment and tourism use and other use respectively. AGP has a 100% interest in the registered capital of Guangzhou Yingfat.
2. Pursuant to the 14 Building Ownership Certificates – Yue Fang Di Quan Zheng Sui Zi Di Nos. 0120146462, 0120146463, 0120146467, 0120146470, 0120146472, 0120146474, 0120146475, 0120146477, 0120146478, 0120146482, 0120146485, 0120146487, 0120146490 and 0120146492 issued by Guangzhou Municipal Land Resources and Housing Administrative Bureau registered on 11 October 2010, the building ownership of the property with a total gross floor area of 16,111.93 sq.m. is vested in Guangzhou Yingfat.
3. We have been provided with a legal opinion on the title to the property issued by the AGP Group’s PRC legal adviser dated 23 March 2017 which contains, inter alia, the following information:
  - (i) the land use rights and the building ownership of the property are legally owned by Guangzhou Yingfat;
  - (ii) the 14 Building Ownership Certificates of the property are subject to a mortgage in favour of Bank of China Limited Guangzhou Liwan Branch (中國銀行股份有限公司廣州荔灣支行) for a term due to expire on 21 April 2021; and
  - (iii) after obtaining the consent from the mortgagee, Guangzhou Yingfat is entitled to dispose of (including but not limited to transfer, lease and mortgage) the property.
4. We have issued valuation reports to AGP and S E A Holdings Limited in respect of the property, details of which are as follows:

|                        | <b>Issue Date</b> | <b>Valuation Purpose</b> | <b>Valuation Date</b> | <b>Market Value</b> |
|------------------------|-------------------|--------------------------|-----------------------|---------------------|
| AGP                    | 10 March 2017     | Accounting               | 31 December 2016      | RMB259,000,000      |
| AGP                    | 31 March 2017     | Circular                 | 28 February 2017      | RMB259,000,000      |
| S E A Holdings Limited | 18 April 2017     | Circular                 | 28 February 2017      | RMB259,000,000      |

| No. | Property  | Description and tenure  | Particulars of occupancy   | Market value in existing state as at 30 April 2017 |
|-----|---|---|--|--|
| 3.  | Commercial Podium in Zone B and 50 Car Parking Spaces on Basements 2 and 3, New Century Plaza, 6 Xiyulong Street, Qingyang District, Chengdu, Sichuan Province, PRC | <p data-bbox="619 357 916 676">New Century Plaza is a 35-storey plus a 3-level basement commercial/ office building. The development was completed in about 2003 and is erected on a parcel of land with a site area of approximately 6,725.82 sq.m.</p> <p data-bbox="619 708 916 1123">The property is situated in Yanshikou, Jinjiang District. Developments in the locality are mainly medium to high-rise residential and commercial buildings. Luomashi Metro Station is about 5 to 10 minutes walking distance from the property. Taxis and buses are accessible to the property.</p> <p data-bbox="619 1155 916 1378">The property comprises the entire commercial spaces on Levels 1 to 5 and Basement 1 in Zone B, and 50 car parking spaces on Basements 2 and 3 of the development.</p> <p data-bbox="619 1410 916 1570">The total gross floor area of the property (excluding the car parking area) is approximately 16,280.02 sq.m.</p> <p data-bbox="619 1602 916 1796">The land use rights of the property were granted for a term expiring on 18 May 2063 for commercial and other commercial service (office) uses.</p> | <p data-bbox="948 357 1145 868">The commercial podium is leased for a term expiring on 19 June 2027 at a monthly rent of RMB45/sq.m. (exclusive of management fee) for the first three years and it will be increased by 8% for every three years until the tenancy expires.</p> | RMB135,900,000                                     |

*Notes:*

1. Pursuant to the State-owned Land Use Certificate – Cheng Guo Yong (2008) Di No. 300 dated 21 March 2008 issued by the State-owned Land Resources Administrative Bureau of Chengdu, the land use rights of a parcel of land with a site area of 1,638.59 sq.m. were granted to Sino Harvest Real Estate Development (Chengdu) Company Limited (漢泰房地產開發(成都)有限公司) (“Sino Harvest Chengdu”) for a term expiring on 18 May 2063 for commercial and other commercial service (office) uses. AGP has a 100% interest in the registered capital of Sino Harvest Chengdu.
2. Pursuant to the Building Ownership Certificate – Cheng Fang Quan Zheng Jian Zheng Zi Di No. 1629268 dated 7 January 2008 issued by the Real Estate Administrative Bureau of Chengdu, the building ownership of the property with a total gross floor area of 19,261.34 sq.m. is vested in Sino Harvest Chengdu.
3. We have been provided with a legal opinion on the title to the property issued by the AGP Group’s PRC legal adviser dated 20 March 2017, which contains, inter alia, the following information:
  - (i) the land use rights and building ownership of the property are legally owned by Sino Harvest Chengdu;
  - (ii) the Building Ownership Certificate of the property is subject to a mortgage in favour of Bank of China Limited Chengdu Kaifaxiqu Branch (中國銀行股份有限公司成都開發西區支行) for a term due to expire on 9 June 2025; and
  - (iii) after obtaining the consent from the mortgagee, Sino Harvest Chengdu is entitled to dispose of (including but not limited to transfer, lease and mortgage) the property.
4. We have issued valuation reports to AGP and S E A Holdings Limited in respect of the property, details of which are as follows:

|                        | <b>Issue Date</b> | <b>Valuation Purpose</b> | <b>Valuation Date</b> | <b>Market Value</b> |
|------------------------|-------------------|--------------------------|-----------------------|---------------------|
| AGP                    | 10 March 2017     | Accounting               | 31 December 2016      | RMB135,900,000      |
| AGP                    | 31 March 2017     | Circular                 | 28 February 2017      | RMB135,900,000      |
| S E A Holdings Limited | 18 April 2017     | Circular                 | 28 February 2017      | RMB135,900,000      |

## Group II – Property held by the AGP Group for sale in the PRC

| No. | Property   | Description and tenure  | Particulars of occupancy   | Market value in existing state as at 30 April 2017 |
|-----|--|---|--|--|
| 4.  | Room Nos. B101, 101, 102, 103, 104, 108 and 201 together with 448 Car Parking Spaces, Westmin Plaza Phase II, 48–58 Zhongshan 7th Road, Liwan District, Guangzhou, Guangdong Province, PRC | <p>Phase II of Westmin Plaza (the “Development”) comprises 4 residential blocks and an office tower erected on a 5-storey (including 3 basement levels) commercial/car-parking podium. The development was completed in March 2008.</p> <p>The property is situated in Liwan District. Developments in the locality are mainly high-rise office and commercial buildings. Ximenkou Metro Station is about 5 minutes walking distance from the property. Taxis and buses are accessible to the property.</p> <p>The property comprises the commercial spaces on Basement 1, Levels 1 and 2 of the podium with a total gross floor area of approximately 26,403.74 sq.m. and 448 car parking spaces on both Basements 2 and 3.</p> <p>The land use rights of the property were granted for terms of 70 years, 40 years and 50 years from 23 May 2000 for residential use, commercial, entertainment and tourism use and other use respectively.</p> | <p>As at the Valuation Date, portion of the property with a gross floor area of approximately 217.53 sq.m. was leased out and subject to two tenancies with the latest one expiring on 19 November 2028 at a total monthly rental of approximately RMB78,000 exclusive of management fees.</p> <p>The car parking spaces of the property on Basements 2 and 3 were let on either monthly or hourly basis.</p> <p>The remaining portion of the property was vacant.</p> | RMB440,000,000                                     |



*Notes:*

1. Pursuant to the Guangzhou Real Estate Ownership Proof Certificate (廣州市房地產權屬證明書) Nos. B0002690 and B0002691 registered on 8 January 2009, the property is held by Guangzhou Yingfat House Property Development Company Limited (廣州市盈發房產發展有限公司) (“Guangzhou Yingfat”) for terms of 70 years, 40 years and 50 years from 23 May 2000 for residential use, commercial, entertainment and tourism use and other use respectively. AGP has a 100% interest in the registered capital of Guangzhou Yingfat.
2. Pursuant to the Building Ownership Certificates – Yue Fang Di Quan Zheng Sui Zi Di Nos. 0620029299, 0620029304, 0620029303, 0620029300 and 0620029125 issued by Guangzhou Municipal Land Resources and Housing Administrative Bureau on 31 October 2012 and 2 November 2012, the building ownership of Room Nos. B101, 101, 103, 104 and 201 of the property with a total gross floor area of 23,282.57 sq.m. is vested in Guangzhou Yingfat.

As advised by the AGP Group, the building ownership of Room Nos. 102 and 108 of the property with a total gross floor area of 3,121.17 sq.m. is held by Guangzhou Yingfat as evidenced by the Ownership Proof Certificate as mentioned in Note 1.

3. Pursuant to 448 Building Ownership Certificates issued by Guangzhou Municipal Land Resources and Housing Administrative Bureau registered in February 2011, the building ownership of 448 car parking spaces is vested in Guangzhou Yingfat.
4. We have been provided with a legal opinion on the title to the property issued by the AGP Group’s PRC legal adviser dated 23 March 2017, which contains, inter alia, the following information:
  - (i) the land use rights and building ownership of the property are legally held by Guangzhou Yingfat;
  - (ii) Guangzhou Yingfat is entitled to occupy, use, receive income and dispose of (including but not limited to transfer, lease and mortgage) the property;
  - (iii) there are no legal impediments for the AGP Group to obtain the Building Ownership Certificates of Room Nos. 102 and 108 of the property with a total gross floor area of 3,121.17 sq.m.; and
  - (iv) the property is free any mortgages.
5. We have issued valuation reports to AGP and SEA Holdings Limited in respect of the property, details of which are as follows:

|                      | <b>Issue Date</b> | <b>Valuation Purpose</b> | <b>Valuation Date</b> | <b>Market Value</b> |
|----------------------|-------------------|--------------------------|-----------------------|---------------------|
| AGP                  | 10 March 2017     | Accounting               | 31 December 2016      | RMB440,000,000      |
| AGP                  | 31 March 2017     | Circular                 | 28 February 2017      | RMB440,000,000      |
| SEA Holdings Limited | 18 April 2017     | Circular                 | 28 February 2017      | RMB440,000,000      |

**1. RESPONSIBILITY STATEMENT**

The directors of the Offeror and SEA Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than that relating to the AGP Group), and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than that expressed by the AGP Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement contained herein misleading.

**2. SHARE CAPITAL**

The number of authorised and issued shares of the Offeror as at the Latest Practicable Date were as follows:

|                               | HK\$       |
|-------------------------------|------------|
| <i>Authorised</i>             |            |
| 300,000 shares of the Offeror | 30,000,000 |
| <i>Issued</i>                 |            |
| 156,460 shares of the Offeror | 15,646,000 |

The number of authorised and issued SEA Shares as at the Latest Practicable Date were as follows:

|                          | HK\$        |
|--------------------------|-------------|
| <i>Authorised</i>        |             |
| 1,000,000,000 SEA Shares | 100,000,000 |
| <i>Issued</i>            |             |
| 681,666,726 SEA Shares   | 68,166,673  |

All the existing SEA Shares rank pari passu in all respects with one another, including all rights as to dividends, voting and interests in capital.

As at the Latest Practicable Date, SEA had nil and 6,950,000 outstanding SEA share options granted under the employee share option schemes adopted by SEA on 25 August 2005 (“**2005 Share Option Scheme**”) and 29 May 2015 (“**2015 Share Option Scheme**”), respectively. Particulars of the outstanding SEA share options under the 2005 Share Option Scheme and 2015 Share Option Scheme are as follows:

|                                 | <b>Number of share<br/>options of SEA</b> |
|---------------------------------|---|
| <b>2005 Share Option Scheme</b> |   |
| SEA Directors                   | —   |
| Other employees                 | —   |
|                                 | <hr/>                                     |
| <b>Total</b>                    | —   |
|                                 | <hr/> <hr/>                               |
| <b>2015 Share Option Scheme</b> |   |
| SEA Directors                   | —   |
| Other employees                 | 6,950,000                                 |
|                                 | <hr/>                                     |
| <b>Total</b>                    | <b>6,950,000</b>                          |
|                                 | <hr/> <hr/>                               |

Save for the SEA share options disclosed above, neither the Offeror nor SEA had any outstanding options, warrants or conversion rights affecting SEA Shares or shares in the Offeror, as at the Latest Practicable Date.

There was no reorganisation of the share capital of the Offeror and SEA during the two financial years preceding the commencement of the Offer Period.

Apart from 2,527,000 and 2,860,000 SEA Shares allotted and issued during the period from 30 September 2016 to 12 June 2017 as a result of the exercise of share options pursuant to the 2005 Share Option Scheme and the 2015 Share Option Scheme respectively, there has been no change to the issued share capital of SEA and no SEA Shares have been bought back since 31 December 2016, the date to which the latest published audited consolidated accounts of the SEA Group were made up.

## 3. DISCLOSURE OF INTERESTS

**Interests of the Offeror, directors of the Offeror and persons acting in concert with the Offeror in AGP**

As at the Latest Practicable Date, the shareholdings of AGP in which the Offeror, directors of the Offeror and any persons acting in concert with the Offeror were interested (as defined in Note 3 to paragraph 4 of Schedule I of the Takeovers Code) were as follows:

| Name            | Nature of interests                         | Number of AGP Shares held | Approximate percentage of the issued share capital of AGP<br>(Note 3) |
|-----------------|---|---------------------------|---|
| The Offeror     | Beneficial owner                            | 562,340,612               | 63.44%  |
| Mr. Lu Wing Chi | Beneficial owner                            | 13,792,397                | 1.56%   |
| NYH Limited     | Beneficial owner (Note 1)                   | 5,237,854                 | 0.59%   |
| Mr. Lambert Lu  | Beneficial owner                            | 22,390,346                | 2.53%   |
| Mr. Lincoln Lu  | Beneficial owner                            | 23,432,642                | 2.64%   |
| SEA             | Interest in controlled corporation (Note 2) | 34,598                    | 0.004%  |

*Notes:*

1. NYH Limited is an exempted company incorporated in Bermuda with limited liability and is wholly owned by Mr. Lu Wing Chi, the executive director of SEA and AGP. As such, Mr. Lu Wing Chi is also deemed to be interested in all 5,237,854 AGP Shares held by NYH Limited.
2. SEA is interested in these AGP Shares through its wholly-owned subsidiary.
3. The total number of issued AGP Shares as at the Latest Practicable Date was 886,347,812.

Save as disclosed in this section, none of the Offeror, directors of the Offeror or any persons acting in concert with the Offeror owned or controlled or had any other interest (as defined in Note 3 to paragraph 4 of Schedule I of the Takeovers Code) in the AGP Shares, warrants, options, derivatives and securities carrying conversion or subscription rights in AGP as at the Latest Practicable Date.

**Dealing in the AGP Shares**

During the Relevant Period, none of the Offeror, the directors of the Offeror or any persons acting in concert with the Offeror had dealt for value in the AGP Shares, warrants, options, derivatives and securities carrying conversion or subscription rights in the AGP Shares.

**Interests of the directors of the Offeror and persons acting in concert with the Offeror in SEA**

As at the Latest Practicable Date, details of interests in the SEA Shares, underlying SEA Shares, debentures or other relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of SEA held or controlled by the directors of the Offeror and parties acting in concert with the Offeror were as follows:

| <b>Name</b>     | <b>Nature of interests</b>                       | <b>No. of SEA Shares held</b> | <b>Approximate percentage of the issued share capital of SEA (Note 2)</b> |
|-----------------|--|-------------------------------|---|
| Mr. Lu Wing Chi | Beneficial owner                                 | 13,107,285                    | 1.92%   |
|                 | Interest held by controlled corporation (Note 1) | 447,617,089                   | 65.67%  |
| Mr. Lambert Lu  | Beneficial owner                                 | 17,658,002                    | 2.59%   |
| Mr. Lincoln Lu  | Beneficial owner                                 | 18,480,002                    | 2.71%   |
| NYH Limited     | Beneficial owner (Note 1)                        | 4,130,800                     | 0.61%   |

*Notes:*

1. Among these shares, 4,130,800 SEA Shares were held by NYH Limited (“NYH”) and 443,486,289 SEA Shares were held by the Offeror. The Offeror is 63.58% owned by JCS Limited, 30% owned by Mr. Lu Wing Chi, 3.21% owned by Mr. Lambert Lu and 3.21% owned by Mr. Lincoln Lu. NYH is wholly owned by Mr. Lu Wing Chi and JCS Limited is 49% owned by Mr. Lu Wing Chi. By virtue of Mr. Lu Wing Chi’s interests in JCS Limited and NYH, he is deemed to be interested in these shares.
2. The total number of issued shares of SEA as at the Latest Practicable Date was 681,666,726.

**Dealing in the SEA Shares**

During the Relevant Period, Mr. Lu Wing Chi, a director of the Offeror, had dealt in SEA Shares as follows:

| <b>Date of transaction</b> | <b>No. of SEA Shares purchased</b> | <b>No. of SEA Shares sold</b> | <b>Average unit price per SEA Share</b><br><i>HK\$</i> |
|----------------------------|------------------------------------|-------------------------------|--|
| 14 November 2016           | 60,000                             | —                             | 19.02  |

On 5 June 2017 and 12 June 2017, Mr. Chung Pui Lam, a director of SEA, and Mr. Lu Wing Chi had respectively exercised 222,000 and 2,230,000 share options for SEA Shares pursuant to the 2005 Share Option Scheme, at an exercise price of HK\$3.454 per SEA Share.

Save as disclosed above, none of the directors of the Offeror or any persons acting in concert with the Offeror had dealt for value in any SEA Shares or any convertible securities, warrants, options or derivatives in respect of such shares during the Relevant Period.

**4. ADDITIONAL DISCLOSURE OF INTERESTS AND DEALINGS**

As at the Latest Practicable Date:

- (a) each of SEA, the Offeror and parties acting in concert with any of them had not entered into any agreement, arrangement or understanding to transfer, charge or pledge the securities to be acquired in pursuance of the Offer to any other persons;
- (b) save for the irrevocable undertakings to accept the Offer given by Mr. Lu Wing Chi, Mr. Lambert Lu, Mr. Lam Sing Tai and his spouse, Mr. Lincoln Lu, Mr. Walujo Santoso, Wally, Mr. Leung Hok Lim, Mr. Chung Pui Lam and Mr. David Andrew Runciman (details of which are set out in the paragraphs headed “2.7 Irrevocable undertaking to accept the Offer” in the “Letter from Ample Capital” and “Irrevocable undertakings to accept the Offer” in the “Letter from AGP Board” to this Composite Document), no person had irrevocably committed himself to accept or reject the Offer and no person had any arrangement (whether by way of option, indemnity or otherwise) of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with SEA, the Offeror or any person acting in concert with any of them;
- (c) AGP had no shareholding in SEA or the Offeror and was not interested in any convertible securities, warrants, options or any derivatives in respect of such shares. AGP had not dealt for value in any SEA Shares or the AGP Shares or any convertible securities, warrants, options or derivatives in respect of such shares during the Relevant Period;
- (d) none of SEA, the Offeror or any persons acting in concert with any of them had borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in SEA or AGP;

- (e) there was no agreement, arrangement or understanding (including any compensation arrangement) between SEA, the Offeror or any persons acting in concert with any of them and any AGP Directors or AGP Shareholders having any connection with or being dependent upon the Offer;
- (f) there was no agreement or arrangement to which SEA, the Offeror or any person acting in concert with any of them, is a party which relates to circumstances in which the Offeror may or may not seek to invoke a condition to the Offer;
- (g) no benefit was or will be given to any AGP Director as compensation for loss of office in any members of the AGP Group or otherwise in connection with the Offer;
- (h) none of the SEA Directors or the directors of the Offeror will be affected in terms of their emoluments in connection with the Offer or by any other associated transaction; and
- (i) it is expected that upon full acceptance of the Offer, apart from the reduction in its cash level due to satisfaction of the Cash Portion of the Offer, there will be no immediate and material effect on the assets, liabilities, profits and business of the Offeror.

## 5. MARKET PRICES

The table below set out the closing prices of the SEA Shares quoted on the Stock Exchange on (i) the last Business Day on which trading took place in each of the calendar months during the Relevant Period; (ii) the Last SEA Trading Day; and (iii) the Latest Practicable Date.

| Date  | Closing price<br>per SEA Share<br><i>HK\$</i> |
|---|---|
| 30 September 2016                           | 19.36   |
| 31 October 2016                             | 19.78   |
| 30 November 2016                            | 19.54   |
| 30 December 2016                            | 18.60   |
| 27 January 2017                             | 18.52   |
| 28 February 2017                            | 15.58   |
| 29 March 2017 (i.e. Last SEA Trading Day)   | 17.64   |
| 31 March 2017                               | 17.64 <sup>(Note)</sup>                       |
| 28 April 2017                               | 19.56   |
| 31 May 2017                                 | 11.20   |
| 30 June 2017                                | 9.98  |
| 25 July 2017 (i.e. Latest Practicable Date) | 9.30  |

*Note:* Pending the release of the Joint Announcement, SEA voluntarily suspended trading of SEA Shares on 30 March 2017 and 31 March 2017.

The highest and lowest closing prices of the SEA Shares as quoted on the Stock Exchange during the Relevant Period were HK\$20.30 per SEA Share on 16 December 2016 and HK\$9.22 per SEA Share on 19 July 2017, respectively.

For the purpose of the Financial Services and Markets Act 2000, set out below is certain past performance information of SEA Shares for the last five years (i.e. five complete 12-month periods) immediately preceding the Latest Practicable Date:

| Period  | Average closing price on the Stock Exchange approximately (HK\$) | Total trading volume (no. of SEA Shares) | Average daily trading volume approximately (no. of SEA Shares) | Proportion of average daily trading volume to total number of issued SEA Shares (%) approximately (Note) | Number of trading days on the Stock Exchange during the period |
|---|--|--|--|--|--|
| July 2012 - June 2013                                       | 3.90   | 36,413,390                               | 149,235  | 0.02189%   | 244  |
| July 2013 - June 2014                                       | 3.48   | 14,609,649                               | 59,389   | 0.00871%   | 246  |
| July 2014 - June 2015                                       | 4.21   | 33,618,138                               | 136,106  | 0.01997%   | 247  |
| July 2015 - June 2016                                       | 10.76  | 144,634,811                              | 585,566  | 0.08590%   | 247  |
| July 2016 - June 2017                                       | 14.29  | 32,069,123                               | 130,894  | 0.01920%   | 245  |
| July 2017 (up to and including the Latest Practicable Date) | 9.40   | 627,846                                  | 36,932   | 0.005418%  | 17   |

Source: This information was obtained from Bloomberg on 25 July 2017.

Note: The percentage above is calculated based on 681,666,726 SEA Shares in issue as at the Latest Practicable Date.

**Please note that the above figures refer to the past, and past performance is not a reliable indicator of future results.**

## 6. LITIGATION

As at the Latest Practicable Date, neither the Offeror nor any member of the SEA Group was engaged in any litigation, arbitration or claims of material importance and no litigation, arbitration or claim of material importance was known to the directors of the Offeror and the SEA Directors to be pending or threatened by or against the Offeror or any member of the SEA Group.



**7. MATERIAL CONTRACTS**

As at the Latest Practicable Date, the following material contracts (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Offeror and/or the SEA Group) have been entered into by the SEA Group within the two years preceding the commencement of the Offer Period and ending on the Latest Practicable Date:

- (i) a share purchase agreement dated 15 May 2017 entered into between Business Empire Investments Limited (a wholly-owned subsidiary of SEA) as purchaser and 33 Old Broad Street (Holdings) Limited as seller, to purchase the entire issued share capital of 33 Old Broad Street Investment Company Limited, a company holding property in London for a consideration of approximately £258 million (approximately HK\$2,592 million);
- (ii) a sale and purchase agreement dated 4 May 2017 entered into between Allied Eagle Global Limited (a wholly-owned subsidiary of SEA) as purchaser, SEA as purchaser's guarantor and Hope and Company, Limited as seller, to purchase the entire issued share capital of One Valley View Limited, Two Valley View Limited, Seven Valley View Limited, Ten Valley View Limited, Twenty Valley View Limited and Twenty-One Valley View Limited, which hold properties in Hong Kong for a total consideration of approximately HK\$841,885,191;
- (iii) a sale and purchase agreement dated 4 May 2017 entered into between Treasure Base Global Limited (a wholly-owned subsidiary of SEA) as purchaser, SEA as purchaser's guarantor and Yip Shiu-Kwong and Yip Choi Sheung-Kwan together as sellers, to purchase the entire issued share capital of Sunni City Limited, a company holding a property in Hong Kong for a consideration of approximately HK\$135,643,014;
- (iv) a sale and purchase agreement dated 4 May 2017 entered into between Spring Yield Global Limited (a wholly-owned subsidiary of SEA) as purchaser, SEA as purchaser's guarantor, Highlander Company Limited as seller and Jade Cloud Estates, Limited as seller's guarantor, to purchase the entire issued share capital of Silver Rank Development Limited, a company holding properties in Hong Kong for a consideration of HK\$550,471,795;
- (v) the cost sharing agreement entered into between South-East Asia Investment and Agency Company, Limited (a direct wholly-owned subsidiary of SEA) and AGP dated 31 March 2017 in relation to the provision of certain services such as finance, compliance and company secretarial staff support to the AGP Group on a cost sharing arrangement for a period not exceeding one year from the date of completion of the Distribution in Specie. The total value of the services to be provided under this agreement will be de minimis;

- (vi) the SP Agreement;
- (vii) a sale and purchase agreement dated 7 November 2016 entered into between Tycoon Honour Limited as first buyer and Worthy Merit Limited as second buyer (both indirect wholly-owned subsidiaries of SEA (after the Assets Redistribution)), PFM EuroSelect Elf GmbH & Co KG as first seller, Lapis Grundstücksverwaltungs-GmbH as second seller, Moorgate I Limited as first trustee and Moorgate II Limited as second trustee relating to the acquisition of the entire issued units in a trust that owns the property known as 20 Moorgate, London, EC2R 6DA for a total consideration of approximately £154 million (approximately HK\$1,491 million);
- (viii) a sale and purchase agreement dated 22 August 2016 entered into between Benefit Strong Group Limited (a direct wholly-owned subsidiary of SEA (after the Assets Redistribution)) as vendor and Creative Charm Investments Limited as purchaser to sell the entire issued share capital of Healthy Time International Limited, which wholly owns the beneficial interest in the property development project located in Chengdu, Sichuan Province, the PRC for a consideration of HK\$890 million in cash;
- (ix) a sale and purchase agreement dated 3 August 2016 entered into between Fancy Luck Enterprises Limited (an indirect wholly-owned subsidiary of AGP) as seller, SEA as seller's guarantor and Great Group Development Limited as purchaser to sell the entire issued share capital of Rich Motion Development Limited, which wholly owns the entire registered capital of the investment company of a property development project located at Huangshan, Anhui Province, the PRC for a consideration of HK\$2 million in cash;
- (x) a sale and purchase agreement dated 19 April 2016 entered into between Benefit Strong Group Limited (a direct wholly-owned subsidiary of SEA (after the Assets Redistribution)) as vendor, Blackbird BB Limited as purchaser and HEC Capital Limited as purchaser's guarantor, pursuant to which the SEA Group agreed to sell the entire issued share capital of New Insight Holdings Limited, which wholly owns the issued shares of all investment companies (the beneficial owners of a property development project located at Kaifeng, Henan Province, the PRC), to the purchaser at an aggregate consideration of HK\$900 million in cash;
- (xi) the agreement relating to the disposal of 10,000 ordinary shares of HK\$10.00 each in the capital of SEA (BVI) Limited, being all the issued shares of that company, entered into on 25 February 2016 between Giant Well Enterprises Limited (a direct wholly-owned subsidiary of SEA after the Assets Redistribution) as vendor, AGP as vendor's guarantor, Gao Sheng Global Limited as purchaser and China Everbright Holdings Company Limited as purchaser's guarantor at an aggregate consideration of HK\$10,000 million. SEA (BVI) Limited, through its wholly-owned subsidiary, owned the property of Dah Sing Financial Centre (currently known as Everbright Centre); and

- (xii) an option agreement and a sale and purchase agreement both dated 30 September 2015 entered into between the SEA Group and independent third parties, relating to the sale of all the issued share capital of Ever Reality Limited and the assignment of all loans owed to the SEA Group at an aggregate consideration of HK\$1,400 million. Ever Reality Limited, through its wholly-owned subsidiary, held the development land at Fo Tan, Sha Tin, New Territories, Hong Kong.

Save as disclosed above, as at the Latest Practicable Date, no material contract (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the SEA Group) had been entered into by SEA or any of its subsidiaries within the two years before the commencement of the Offer Period and ending on the Latest Practicable Date.

## 8. CONSENT AND QUALIFICATION

The names and qualifications of the experts who have given opinions, letters or advice to the Offeror which are contained in this Composite Document and/or who have been named in this Composite Document are set out below:

| <b>Name</b>   | <b>Qualification</b>   |
|---|--|
| Ample Capital                                       | a corporation licensed to carry out type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO |
| BaoQiao Partners Capital Limited                    | a corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO                             |
| Deloitte Touche Tohmatsu                            | Certified Public Accountant  |
| Savills Valuation and Professional Services Limited | professional property surveyors and valuers  |
| Savills Advisory Services Limited                   | property valuer  |
| CBRE Limited  | property valuer  |

Each of the above experts has given and have not withdrawn their written consent to the issue of this Composite Document with the inclusion of the text of their letters and/or reports and the references to their names in the form and context in which they appear respectively.

**9. MISCELLANEOUS**

- (i) Information regarding the principal members of the Offeror's concert group is set out below:
  - (a) the Offeror's registered office is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda;
  - (b) the registered office of SEA is situated at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its principal place of business in Hong Kong is located at 26th Floor, Everbright Centre, 108 Gloucester Road, Wanchai, Hong Kong;
  - (c) the registered office of NYH Limited is situated at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda;
  - (d) Mr. Lu Wing Chi is a director of both the Offeror and SEA, and his correspondence address is 26th Floor, Everbright Centre, 108 Gloucester Road, Wanchai, Hong Kong;
  - (e) Mr. Lu Wing Chi is the sole shareholder of NYH Limited and the board of directors of NYH Limited comprises Mr. Lu Wing Chi, Mr. Lambert Lu and Mr. Lincoln Lu and their correspondence address is 26th Floor, Everbright Centre, 108 Gloucester Road, Wanchai, Hong Kong;
  - (f) the board of directors of the Offeror comprises Mr. Lu Wing Chi, Mr. Lambert Lu and Mr. Lincoln Lu, and their corresponding address is 26th Floor, Everbright Centre, 108 Gloucester Road, Wanchai, Hong Kong; and
  - (g) the board of directors of SEA comprises two executive directors, being Mr. Lu Wing Chi and Mr. Lambert Lu; two non-executive directors, being Mr. Lam Sing Tai and Mr. Lincoln Lu; three independent non-executive directors, being Mr. Walujo Santoso, Wally, Mr. Leung Hok Lim and Mr. Chung Pui Lam.
- (ii) The registered office of Ample Capital is situated at Unit A, 14/F, Two Chinachem Plaza, 135 Des Voeux Road Central, Hong Kong.

## 1. RESPONSIBILITY STATEMENT

The AGP Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document, other than that relating to the Offeror, SEA and parties acting in concert with any of them (excluding for this purpose AGP), and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than those expressed by the directors of the Offeror and SEA Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement contained herein misleading.

## 2. SHARE CAPITAL

The authorised and issued share capital of AGP of US\$0.05 each as at the Latest Practicable Date were as follows:

|                          | US\$       |
|--------------------------|------------|
| <i>Authorised</i>        |            |
| 1,300,000,000 AGP Shares | 65,000,000 |
| <i>Issued</i>            |            |
| 886,347,812 AGP Shares   | 44,317,391 |

AGP did not have any outstanding options, warrants or derivatives or convertible rights affecting the AGP Shares or other types of securities in AGP as at the Latest Practicable Date.

All AGP Shares in issue rank pari passu in all respects with each other including rights to dividends, voting and return of capital. AGP has not issued any AGP Shares since 31 December 2016, the date to which the latest published audited financial statements of the AGP Group were made up, up to the Latest Practicable Date. Neither AGP nor any of its subsidiaries has made any repurchase of the AGP Shares since the last financial year ended 31 December 2016.

## 3. DISCLOSURE OF INTERESTS

### Interests of AGP Directors in the AGP Shares, options and derivatives

As at the Latest Practicable Date, save for 13,792,397 AGP Shares held by Mr. Lu Wing Chi, 22,390,346 AGP Shares held by Mr. Lambert Lu, 4,092,442 AGP Shares held by Mr. Lam Sing Tai and his spouse, 23,432,642 AGP Shares held by Mr. Lincoln Lu and 520,000 AGP Shares held by Mr. David Andrew Runciman, none of the AGP Directors had any other interest in the shares, convertible securities, warrants, options, derivatives or the relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of AGP.

**Interests of AGP Directors in the SEA Shares**

As at the Latest Practicable Date, save as disclosed below, none of the AGP Directors had any interest in the shares, convertible securities, warrants, options, or the relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of SEA:

| <b>Name of AGP Directors</b> | <b>Nature of interests</b>                        | <b>Number of SEA Shares held</b> | <b>Approximate percentage of the issued share capital of SEA (Note 2)</b> |
|------------------------------|---|----------------------------------|---|
| Mr. Lu Wing Chi              | Beneficial owner                                  | 13,107,285                       | 1.92%   |
|                              | Interest held by controlled corporations (Note 1) | 447,617,089                      | 65.67%  |
| Mr. Lambert Lu               | Beneficial owner                                  | 17,658,002                       | 2.59%   |
| Mr. Lam Sing Tai             | Beneficial owner                                  | 3,221,739                        | 0.47%   |
|                              | Interest of spouse                                | 5,739                            | 0.0008%   |
| Mr. Lincoln Lu               | Beneficial owner                                  | 18,480,002                       | 2.71%   |

*Notes:*

1. Among these shares, 4,130,800 SEA Shares were held by NYH Limited (“NYH”) and 443,486,289 SEA Shares were held by the Offeror. The Offeror is owned by JCS Limited as to 63.58%, Mr. Lu Wing Chi as to 30%, Mr. Lambert Lu as to 3.21% and Mr. Lincoln Lu as to 3.21%. NYH is wholly owned by Mr. Lu Wing Chi. By virtue of Mr. Lu Wing Chi’s interests in JCS Limited and NYH, he is deemed to be interested in these shares.
2. The total number of issued SEA Shares as at the Latest Practicable Date was 681,666,726.

**Dealing in the SEA Shares**

During the Relevant Period, Mr. Lu Wing Chi, an executive director of AGP, had dealt in SEA Shares as follows:

| <b>Date of transaction</b> | <b>No. of SEA Shares purchased</b> | <b>No. of SEA Shares sold</b> | <b>Average unit price per SEA Share<br/>HK\$</b> |
|----------------------------|------------------------------------|-------------------------------|--|
| 14 November 2016           | 60,000                             | —                             | 19.02  |

On 12 June 2017, Mr. Lu Wing Chi had exercised 2,230,000 share options for SEA Shares pursuant to the 2005 Share Option Scheme, at an exercise price of HK\$3.454 per SEA Share.

Save as disclosed above, none of the AGP Directors had dealt for value in any shares or any convertible securities, warrants, options or the relevant securities of the Offeror, SEA or AGP or any derivatives in respect of such shares during the Relevant Period.

**4. ADDITIONAL DISCLOSURE OF INTERESTS AND DEALINGS**

As at the Latest Practicable Date:

- (a) AGP did not have any shareholding and/or other interest in the shares, convertible securities, warrants, options or the relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Offeror or SEA or any derivatives in respect of such securities, and AGP had not dealt for value in any shares, convertible securities, warrants, options of the Offeror or SEA or any derivatives in respect of such securities during the Relevant Period;
- (b) save as disclosed in the sections headed “Shareholding Structure of AGP” and “The Offer — Irrevocable undertakings to accept the Offer” in the “Letter from the AGP Board” in this Composite Document, “3. Disclosure of interests” in Appendix VII to this Composite Document and “3. Disclosure of interests” in Appendix VIII to this Composite Document, none of the AGP Directors were interested in (interpreted according to the SFO) any shares, convertible securities, warrants, options or the relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Offeror, SEA or AGP or any derivatives in respect of such securities and none of the AGP Directors had dealt for value in any shares, convertible securities, warrants, options of the Offeror, AGP or SEA or any derivatives in respect of such securities during the Relevant Period;

- (c) none of (i) the subsidiaries of AGP; (ii) the pension fund of AGP or of a subsidiary of AGP; or (iii) any advisers to AGP (as specified in class (2) of the definition of “associate” under the Takeovers Code) had any interests in the shares, convertible securities, warrants, options of the Offeror, SEA or AGP or any derivatives in respect of such securities, and none of them had dealt in any shares, convertible securities, warrants, options of the Offeror, SEA or AGP or any derivatives in respect of such securities during the Relevant Period;
- (d) save for the irrevocable undertakings to accept the Offer given by Mr. Lu Wing Chi, Mr. Lambert Lu, Mr. Lam Sing Tai and his spouse, Mr. Lincoln Lu, Mr. Walujo Santoso, Wally, Mr. Leung Hok Lim, Mr. Chung Pui Lam and Mr. David Andrew Runciman, no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with AGP or with any person who is an associate of AGP by virtue of classes (1), (2), (3) and (4) of the definition of “associate” under the Takeovers Code. Details of such irrevocable undertakings, and of these persons’ shareholdings in SEA and AGP, are set out in the paragraphs headed “2.7 Irrevocable undertakings to accept the Offer” in the “Letter from Ample Capital” and “Irrevocable undertakings to accept the Offer” in the “Letter from AGP Board” to this Composite Document. Save as disclosed in the section headed “Dealing in the SEA Shares” in Appendix VIII to this Composite Document, none of these persons had dealt for value in any SEA Shares or AGP Shares or any convertible securities, warrants, options or derivatives in respect of such shares during the Relevant Period;
- (e) no shares, convertible securities, warrants, options of the Offeror, SEA or AGP or any derivatives in respect of such securities were managed on a discretionary basis by any fund managers connected with AGP and none of them had dealt in any shares, convertible securities, warrants, options or derivatives of the Offeror, SEA or AGP during the Relevant Period;
- (f) save for the irrevocable undertakings to accept the Offer given by Mr. Lu Wing Chi, Mr. Lambert Lu, Mr. Lam Sing Tai, Mr. Lincoln Lu and Mr. David Andrew Runciman (details of which are set out in the paragraphs headed “2.7 Irrevocable undertakings to accept the Offer” in the Letter from Ample Capital and “Irrevocable undertakings to accept the Offer” in the Letter from AGP Board to this Composite Document), being all the AGP Directors who hold AGP Shares as at the Latest Practicable Date, none of the AGP Directors had irrevocably committed or indicated an intention, in respect of their own beneficial shareholdings if any, to accept or reject the Offer;
- (g) no shares, convertible securities, warrants, options of the Offeror, SEA or AGP or any derivatives in respect of such securities had been borrowed or lent by any of the AGP Directors or by AGP;
- (h) no benefit was or will be given to any AGP Director as compensation for loss of office in any members of the AGP Group or otherwise in connection with the Offer;



- (i) there was no agreement or arrangement between any AGP Director and any other person which is conditional on or dependent upon the outcome of the Offer or otherwise connected with the Offer; and
- (j) there was no material contract entered into by any member of the AGP Group in which any AGP Director has a material personal interest.

## 5. MARKET PRICES

The table below sets out the closing prices of the AGP Shares on AIM on (i) the last Business Day of each of the calendar months during the Relevant Period; (ii) the Last AGP Trading Day; and (iii) the Latest Practicable Date:

|   | <b>Closing<br/>Price<br/>(£)</b> |
|---|----------------------------------|
| 30 September 2016                           | 0.385                            |
| 31 October 2016                             | 0.365                            |
| 30 November 2016                            | 0.375                            |
| 30 December 2016                            | 0.415                            |
| 31 January 2017                             | 0.410                            |
| 28 February 2017                            | 0.415                            |
| 30 March 2017 (i.e. Last AGP Trading Day)   | 0.635                            |
| 31 March 2017                               | 0.610                            |
| 28 April 2017                               | 1.290                            |
| 31 May 2017                                 | 0.275                            |
| 30 June 2017                                | 0.240                            |
| 25 July 2017 (i.e. Latest Practicable Date) | 0.250                            |

During the Relevant Period, the highest closing price of the AGP Shares as quoted on AIM was £1.345 (approximately HK\$13.1) on 19 April 2017, 20 April 2017, 21 April 2017 and 26 April 2017, and the lowest closing price of the AGP Shares as quoted on AIM was £0.23 (approximately HK\$2.24) on 19 June 2017.

For the purpose of the Financial Services and Markets Act 2000, set out below is certain past performance information of AGP Shares for the last five years (i.e. five complete 12-month periods) immediately preceding the Latest Practicable Date:

| Period  | Average closing price on AIM approximately (£) | Total trading volume (no. of AGP Shares) | Average daily trading volume approximately (no. of AGP Shares) | Proportion of average daily trading volume to total number of issued AGP Shares (%) approximately (Note) | Number of trading days on AIM during the period |
|---|--|--|--|--|---|
| July 2012 - June 2013                                       | 0.169  | 393,290                                  | 1,561  | 0.00023%   | 252   |
| July 2013 - June 2014                                       | 0.171  | 866,005                                  | 3,423  | 0.00050%   | 253   |
| July 2014 - June 2015                                       | 0.160  | 3,182,751                                | 12,580   | 0.00185%   | 253   |
| July 2015 - June 2016                                       | 0.244  | 1,407,142                                | 5,540  | 0.00081%   | 254   |
| July 2016 - June 2017                                       | 0.456  | 4,490,358                                | 17,748   | 0.00200%   | 253   |
| July 2017 (up to and including the Latest Practicable Date) | 0.253  | 108,321                                  | 6,372  | 0.00072%   | 17  |

Source: This information was obtained from Bloomberg on 25 July 2017.

Note: The percentage above is calculated based on 886,347,812 AGP Shares in issue as at Latest Practicable Date.

**Please note that the above figures refer to the past, and past performance is not a reliable indicator of future results.**

## 6. LITIGATION

As at the Latest Practicable Date, no member of the AGP Group was engaged in any litigation, arbitration or claims of material importance and no litigation, arbitration or claims of material importance was known to the AGP Directors to be pending or threatened by or against AGP or any member of the AGP Group.

## 7. MATERIAL CONTRACTS

As at the Latest Practicable Date, the following material contracts (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the AGP Group) have been entered into by the AGP Group within the two years preceding the commencement of the Offer Period and ending on the Latest Practicable Date:

- (i) the SP Agreement;

- (ii) the cost sharing agreement entered into between South-East Asia Investment and Agency Company, Limited and AGP dated 31 March 2017 in relation to the provision of certain services such as finance, compliance and company secretarial staff support to the AGP Group on a cost sharing arrangement for a period not exceeding one year from the date of completion of the Distribution in Specie. The total value of the services to be provided under this agreement will be de minimis;
- (iii) the deed dated 31 March 2017 entered into between AGP and the Offeror at nil consideration setting out how the parties deal with business opportunities arising following completion of SP Agreement, AGP Special Dividend Payment and the Distribution in Specie;
- (iv) a sale and purchase agreement dated 7 November 2016 entered into between Tycoon Honour Limited as first buyer and Worthy Merit Limited as second buyer (both indirect wholly-owned subsidiaries of AGP (before the Assets Redistribution)), PFM EuroSelect Elf GmbH & Co KG as first seller, Lapis Grundstücksverwaltungs-GmbH as second seller, Moorgate I Limited as first trustee and Moorgate II Limited as second trustee relating to the acquisition of the entire issued units in a trust that owns the property known as 20 Moorgate, London, EC2R 6DA for a total consideration of approximately £154 million (approximately HK\$1,491 million);
- (v) a sale and purchase agreement dated 22 August 2016 entered into between Benefit Strong Group Limited (a direct wholly-owned subsidiary of AGP (before the Assets Redistribution)) as vendor and Creative Charm Investments Limited as purchaser to sell the entire issued share capital of Healthy Time International Limited, which wholly owns the beneficial interest in the property development project located in Chengdu, Sichuan Province, the PRC for a consideration of HK\$890 million in cash;
- (vi) a sale and purchase agreement dated 3 August 2016 entered into between Fancy Luck Enterprises Limited (an indirect wholly-owned subsidiary of AGP) as seller, AGP as seller's guarantor and Great Group Development Limited as purchaser to sell the entire issued share capital of Rich Motion Development Limited, which wholly owns the entire registered capital of the investment company of a property development project located at Huangshan, Anhui Province, the PRC for a consideration of HK\$2 million in cash;
- (vii) a sale and purchase agreement dated 19 April 2016 entered into between Benefit Strong Group Limited (a direct wholly-owned subsidiary of AGP (before the Assets Redistribution)) as vendor, Blackbird BB Limited as purchaser and HEC Capital Limited as purchaser's guarantor, pursuant to which the AGP Group (before the Assets Redistribution) agreed to sell the entire issued share capital of New Insight Holdings Limited, which wholly owns the issued shares of all investment companies (the beneficial owners of a property development project located at Kaifeng, Henan Province, the PRC), to the purchaser at an aggregate consideration of HK\$900 million in cash;

- (viii) the agreement relating to the disposal of 10,000 ordinary shares of HK\$10.00 each in the share capital of SEA (BVI) Limited, being all the issued shares of that company, entered into on 25 February 2016 between Giant Well Enterprises Limited (a direct wholly-owned subsidiary of AGP before the Assets Redistribution) as vendor, AGP as vendor's guarantor, Gao Sheng Global Limited as purchaser and China Everbright Holdings Company Limited as purchaser's guarantor at an aggregate consideration of HK\$10,000 million. SEA (BVI) Limited, through its wholly-owned subsidiary, owned the property of Dah Sing Financial Centre (currently known as Everbright Centre); and
- (ix) an option agreement and a sale and purchase agreement both dated 30 September 2015 entered into between the AGP Group (before the Assets Redistribution), SEA and independent third parties, relating to the sale of all the issued share capital of Ever Reality Limited and the assignment of all loans owed to the AGP Group at an aggregate consideration of HK\$1,400 million. Ever Reality Limited, through its wholly-owned subsidiary, held the development land at Fo Tan, Sha Tin, New Territories, Hong Kong.

Save as disclosed above, as at the Latest Practicable Date, no material contract (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the AGP Group) had been entered into by AGP or any of its subsidiaries within the two years before the commencement of the Offer Period and ending on the Latest Practicable Date.

## 8. CONSENT AND QUALIFICATION

The names and qualifications of the experts who have given opinions, letters or advice to AGP which are contained in this Composite Document and/or who have been named in this Composite Document are set out below:

| <b>Name</b>   | <b>Qualification</b>  |
|---|---|
| Veda Capital Limited                                | a corporation licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO |
| Deloitte Touche Tohmatsu                            | Certified Public Accountants  |
| Savills Valuation and Professional Services Limited | professional property surveyors and valuers   |

Each of the above experts has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion of the text of its letter and/or report and the references to its name in the form and context in which it is included herein.

**9. AGP DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the AGP Directors had entered into any service contracts with AGP or any of its subsidiaries or associated companies which (i) (including both continuous and fixed-term contracts) have been entered into or amended within 6 months preceding the commencement of the Offer Period; (ii) are continuous contracts with a notice period of 12 months or more; or (iii) are fixed-term contracts with more than 12 months to run irrespective of the notice period.

None of the AGP Directors has entered into any service contract or has an unexpired service contract with AGP which is not determinable by AGP within one year without payment of compensation (other than statutory compensation).

**10. MISCELLANEOUS**

- (a) The registered office of AGP is situated at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.
- (b) The principal place of business of AGP is Suites 2506-10, 25th Floor, Everbright Centre, 108 Gloucester Road, Wanchai, Hong Kong.
- (c) The company secretary of AGP is SHL Services Limited, situated at 18th Floor, United Centre, 95 Queensway, Hong Kong.
- (d) The principal share registrar of AGP is Computershare Investor Services (Bermuda) Limited, situated at 5 Reid Street, Hamilton HM 11, Bermuda.

Copies of the following documents are available for inspection (i) on the website of SEA ([www.seagroup.com.hk](http://www.seagroup.com.hk)); (ii) on the website of AGP ([www.asiangrowth.com](http://www.asiangrowth.com)); (iii) on the website of the SFC ([www.sfc.hk](http://www.sfc.hk)); (iv) the principal place of business of SEA at 26th Floor, Everbright Centre, 108 Gloucester Road, Wanchai, Hong Kong; and (v) the principal place of business of AGP at Suites 2506-10, 25th Floor, Everbright Centre, 108 Gloucester Road, Wanchai, Hong Kong during normal business hours from 9:00 a.m. to 5:00 p.m. from the date of this Composite Document up to and including the Closing Date or the date on which the Offer lapses or is withdrawn (whichever is earlier) (except for Saturdays, Sundays and public holidays):

- (a) the memorandum of association and bye-laws of the Offeror;
- (b) the memorandum of association and bye-laws of SEA;
- (c) the memorandum of continuance and bye-laws of AGP;
- (d) the annual report of AGP for the year ended 31 December 2016;
- (e) the annual report of AGP for the year ended 31 December 2015;
- (f) the annual report of AGP for the year ended 31 December 2014;
- (g) the annual report of SEA for the year ended 31 December 2016;
- (h) the annual report of SEA for the year ended 31 December 2015;
- (i) the annual report of SEA for the year ended 31 December 2014;
- (j) the letter from Ample Capital, the text of which is set out on pages 11 to 32 of this Composite Document;
- (k) the letter from the AGP Board, the text of which is set out on pages 33 to 44 of this Composite Document;
- (l) the letter from the AGP IBC to the Independent AGP Shareholders, the text of which is set out on pages 45 to 47 of this Composite Document;
- (m) the letter from the Independent Financial Adviser to the AGP IBC, the text of which is set out on pages 48 to 83 of this Composite Document;
- (n) the valuation certificates and valuation reports, the text of which is set out in Appendix VI to this Composite Document;
- (o) the unaudited pro forma financial information of the AGP Group (including the reports from Deloitte Touche Tohmatsu and Independent Financial Adviser on the unaudited pro forma information of the AGP Group), the text of which is set out in Appendix IV to this Composite Document;

- (p) the unaudited pro forma financial information of the SEA Group (including the reports from Deloitte Touche Tohmatsu and BaoQiao Partners Capital Limited on the unaudited pro forma information of the SEA Group), the text of which is set out in Appendix V to this Composite Document;
- (q) the written consents referred to under the section headed “Consent and Qualification” in Appendix VII and Appendix VIII to this Composite Document;
- (r) the material contracts referred to under the section headed “Material Contracts” in Appendix VII and Appendix VIII to this Composite Document;
- (s) the irrevocable undertakings given by Mr. Lu Wing Chi, Mr. Lambert Lu, Mr. Lam Sing Tai and his spouse, Mr. Lincoln Lu, Mr. Walujo Santoso, Wally, Mr. Leung Hok Lim, Mr. Chung Pui Lam and Mr. David Andrew Runciman to accept the Offer in respect of the AGP Shares held directly or indirectly by them;
- (t) the Circular; and
- (u) this Composite Document and the accompanying Form of Acceptance.

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