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If you are in any doubt about this circular or as to the action you should take, you should consult your stockbroker, bank manager, solicitor, professional accountant or other professional adviser.

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

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ARMADA
Armada Holdings Limited
(南潮控股有限公司)*
(incorporated in Bermuda with limited liability)
(Stock Code: 583)

**MAJOR TRANSACTION
IN RELATION TO THE DISPOSAL OF
COASTLINE INTERNATIONAL LIMITED
AND
SPECIAL CASH DIVIDENDS**

Financial Adviser to the Company



* *For identification purpose only*

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DEFINITIONS

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

“acting in concert”	has the meaning given to it in the Takeovers Code
“Announcement”	the announcement dated 6 September 2016 made by the Company relating to, among other matters, the Third Party Coastline SPA
“Armada Property” or “Coastline Seller”	Armada Property Investment Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company as at the Latest Practicable Date
“associate(s)”	has the meaning given to it in the Listing Rules
“Bank of America Tower Property”	the investment property owned by the Group located at 20th and 21st Floors and Car Parking Spaces Nos. 21, 22 and 23 on 4th Floor, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong
“Board”	the board of Directors
“Business Day”	any day (excluding a Saturday or Sunday or public holiday) on which banks are generally open for business in Hong Kong (and no Typhoon Signal No. 8 (or above) and no Black Rainstorm Warning Signal is hoisted in Hong Kong)
“close associate(s)”	has the meaning given to it in the Listing Rules
“Coastline”	Coastline International Limited, a company incorporated in The Bahamas with limited liability and an indirect wholly-owned subsidiary of the Company as at the Latest Practicable Date and prior to Coastline Completion
“Coastline Business Day”	any day (excluding a Saturday or Sunday or public holiday) on which banks are generally open for business in Hong Kong and The Bahamas (and no Typhoon Signal No.8 (or above) and no Black Rainstorm Warning Signal is hoisted in Hong Kong)
“Coastline Completion”	completion of the Coastline Disposal in accordance with the Third Party Coastline SPA

DEFINITIONS

“Coastline Disposal”	transfer of the entire issued share capital of Coastline from Armada Property and its nominee to the Coastline Purchaser as contemplated under the Third Party Coastline SPA
“Coastline Disposal Longstop Date”	26 January 2017 or such later date as the parties to the Third Party Coastline SPA may agree
“Coastline Purchaser”	Paulton Global Limited, a company incorporated under the laws of the British Virgin Islands
“Coastline Shares”	the entire issued share capital of Coastline at Coastline Completion
“Coastline Special Cash Dividend”	the special cash dividend to be paid after Coastline Completion, details of which are set out in the section headed “Possible Coastline Special Cash Dividend” in the Letter from the Board in this circular
“Company”	Armada Holdings Limited (formerly known as SCMP Group Limited (南華早報集團有限公司)*), an exempted company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the main board of the Stock Exchange (Stock Code: 583)
“Completion”	completion of the Sale and Purchase
“Condition(s) Precedent”	condition(s) precedent to Completion in accordance with the Share Purchase Agreement
“connected persons”	has the meaning given to it in the Listing Rules
“controlling shareholder”	has the meaning given to it in the Listing Rules
“Director(s)”	the director(s) of the Company
“Encumbrance”	any encumbrance including any mortgage, pledge, charge, lien, deposit or assignment by way of security, bill of sale, right to acquire, option or right of pre-emption, beneficial ownership (including usufruct and similar entitlements), any provisional or executorial attachment and any other interest or right of any nature held, or claim that could be raised, by a third party, and any agreement, commitment or right to give, create or enforce any of the foregoing

DEFINITIONS

“First Coastline SPA”	the sale and purchase agreement relating to the entire issued share capital of Coastline whose sole asset is the TV City Property, dated 12 August 2016 between Armada Property and Wealth Luck Holdings Limited, which was terminated on 2 September 2016 in accordance with its terms
“Go-Shop Period”	under the First Coastline SPA, a period of 21 days from the date of the First Coastline SPA, under which Armada Property had the right to solicit, discuss and negotiate with any third party a possible sale of the Coastline Shares to such third party, provided that, if by the end of such 21 day period (being 2 September 2016) no binding sale and purchase agreement containing terms identical to those in the First Coastline SPA (except for the details of the purchaser, the consideration (which must be higher than HK\$930 million), exclusion of an equivalent “go-shop” right and “price-matching” right and any amendments required by the Listing Rules or the Takeovers Code) was entered into, all such discussions and negotiations would cease immediately
“Group”	the Company and its subsidiaries (excluding, following Coastline Completion, Coastline) and the terms “Group Company” and “member of the Group” shall be construed accordingly
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong” or “Hong Kong SAR”	the Hong Kong Special Administrative Region of the PRC
“Joint Announcement”	the announcement dated 12 August 2016 jointly issued by the Company and the Offeror in relation to, among other matters, the Sale and Purchase and the First Coastline SPA
“Ko Fai Industrial Building Property”	the investment property held by the Group located at Ground and 1st Floors, Block B, Ko Fai Industrial Building, 7 Ko Fai Road, Yau Tong, Kowloon, Hong Kong

DEFINITIONS

“Latest Practicable Date”	21 September 2016, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers
“Offer”	the possible mandatory unconditional cash offer to be made by BOCI Asia Limited (a corporation licensed to carry on type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, the financial adviser to the Offeror) on behalf of the Offeror to acquire all the issued Shares not already owned or agreed to be acquired by the Offeror and parties acting in concert with it or the Purchaser in accordance with the Takeovers Code as a result of (and subject to and upon) Completion
“Offer Shares”	the Shares which are subject to the Offer
“Offeror”	Great Wall Pan Asia (BVI) Holding Limited, a company incorporated in the British Virgin Islands, which is a wholly-owned subsidiary of the Purchaser
“percentage ratio”	any of the five ratios set out in Rule 14.07 of the Listing Rules
“PRC”	the People’s Republic of China
“Pre-Completion Dividend”	the pre-completion dividend proposed to be made prior to Completion under the Share Purchase Agreement, details of which are set out in the section headed “Possible Pre-Completion Dividend” in the Letter from the Board in this circular
“Purchaser”	Great Wall Pan Asia International Investment Co., Limited, a company incorporated under the laws of Hong Kong
“Related Parties”	Luanda Limited, Parasol Investments Limited, Kerry Asset Management Limited and Trendfield Inc.

DEFINITIONS

“Residual Cash Amount”	HK\$60 million plus an amount equal to the current liabilities and non-current liabilities of the Group (all of which are determined and calculated in a manner consistent with the accounting policies and principles adopted by the Group for the year ended 31 December 2015) as set out in a consolidated balance sheet as at the date of Completion in accordance with the Share Purchase Agreement
“Sale and Purchase”	the sale and purchase of 1,163,151,308 Shares, representing approximately 74.19% of the total number of issued Shares, pursuant to the terms of the Share Purchase Agreement
“Sale Shares”	1,163,151,308 Shares, representing approximately 74.19% of the total number of issued Shares, and each a “Sale Share”
“Savills”	Savills Valuation and Professional Services Limited, an independent property valuer
“Seaview Estate Property”	the investment property held by the Group located at 8th Floor of Block C, Sea View Estate, 8 Watson Road, North Point, Hong Kong
“Seller”	Kerry Media Limited, a company incorporated under the laws of the British Virgin Islands, and a substantial shareholder of the Company
“SFC”	the Securities and Futures Commission
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Share Purchase Agreement”	the sale and purchase agreement dated 12 August 2016 between the Purchaser and the Seller in relation to the Sale and Purchase
“Special Cash Dividends”	the Coastline Special Cash Dividend and the Pre-Completion Dividend

DEFINITIONS

“Special Cash Dividends Record Date”	Wednesday, 5 October 2016 (being the record date for the Coastline Special Cash Dividend and the Pre-Completion Dividend)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Third Party Coastline SPA”	the sale and purchase agreement relating to the Coastline Shares dated 2 September 2016 between Armada Property and the Coastline Purchaser
“TV City Property”	an investment property held by the Company through Coastline located at The Remaining Portion of Lot No. 214 and Sections A & B of Lot No. 220 in Demarcation District No. 229, Clear Water Bay Road, A Kung Wan, Sai Kung, New Territories, Hong Kong
“Yue King Building Property”	the investment property held by the Group located at G/F-3/F, Yue King Building, 1 Leighton Road, Causeway Bay, Hong Kong
“%”	per cent.

LETTER FROM THE BOARD

ARMADA
Armada Holdings Limited
(南潮控股有限公司)*
(incorporated in Bermuda with limited liability)
(Stock Code: 583)

Directors

Non-executive Directors

Dr David J. Pang (*Chairman*)

Mr Tse Kai Chi

Independent Non-Executive Directors

Dr Yeung Hin Chung John

Mr Chua Phuay Hee

Mr Wong Kai Man

Executive Directors

Ms Tong Shao Ming

Mr Chak Chung Luen Albert

Registered office

Canon's Court

22 Victoria Street

Hamilton HM12

Bermuda

***Head Office and Principal Place
of Business in Hong Kong***

31/F, Kerry Centre

683 King's Road

Quarry Bay

Hong Kong

26 September 2016

To Shareholders

Dear Sir or Madam,

**MAJOR TRANSACTION
IN RELATION TO THE DISPOSAL OF
COASTLINE INTERNATIONAL LIMITED
AND
SPECIAL CASH DIVIDENDS**

INTRODUCTION

We refer to the Joint Announcement dated 12 August 2016 in which the Board announced, among other matters, that Armada Property and Wealth Luck Holdings Limited had entered into the First Coastline SPA, and the Announcement dated 6 September 2016 in which the Board announced, among other matters, that Armada Property and the Coastline Purchaser had entered into the Third Party Coastline SPA, together with certain other details of the Coastline Disposal.

* *For identification purpose only*

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among other matters, (i) further details of the Coastline Disposal, the Coastline Special Cash Dividend, and the Pre-Completion Dividend; (ii) the valuation report on the TV City Property prepared by Savills; and (iii) other information as required under the Listing Rules.

DISPOSAL OF COASTLINE

On 12 August 2016, Armada Property, a wholly-owned subsidiary of the Company, and Wealth Luck Holdings Limited entered into the First Coastline SPA. Pursuant to the First Coastline SPA, Wealth Luck Holdings Limited agreed to acquire and Armada Property agreed to sell, or procure the sale of, the Coastline Shares (representing the entire issued share capital of Coastline), for a consideration of HK\$930 million (representing approximately HK\$0.5932 per issued Share before deduction of transaction expenses).

As disclosed in the Joint Announcement, under the First Coastline SPA, Armada Property had the right to solicit, discuss and negotiate with any third party a possible sale of the Coastline Shares to such third party within the Go-Shop Period, provided that, if by the end of the Go-Shop Period, no binding sale and purchase agreement containing terms identical to those in the First Coastline SPA (except for the details of the purchaser, the consideration (which had to be higher than HK\$930 million), exclusion of an equivalent “go-shop” right and “price-matching” right, and any amendments required by the Listing Rules or the Takeovers Code) was entered into, all such discussions and negotiations would cease immediately. If Armada Property entered into a binding sale and purchase agreement with a third party for a sale of the Coastline Shares on such terms, the First Coastline SPA would terminate immediately.

Pursuant to the terms of the First Coastline SPA, Wealth Luck Holdings Limited had a right to match any higher offer made by a *bona fide* third party purchaser by notifying Armada Property and, provided that such notification was given within the requisite time period, Armada Property had undertaken to enter into an amendment agreement with Wealth Luck Holdings Limited to reflect the increased consideration payable to Armada Property.

At the expiry of the Go-Shop Period, the highest offer received by the Company in respect of the Coastline Shares was from the Coastline Purchaser which made a *bona fide* offer to acquire the Coastline Shares for a consideration of HK\$990 million.

In accordance with the terms of the First Coastline SPA, Wealth Luck Holdings Limited was provided the opportunity to exercise its right to match (or exceed) the highest offer made by the Coastline Purchaser by notification to Armada Property within the requisite time period. This right was not exercised by Wealth Luck Holdings Limited.

On 2 September 2016, Armada Property and the Coastline Purchaser entered into the Third Party Coastline SPA. Pursuant to the Third Party Coastline SPA, the Coastline Purchaser has agreed to acquire and Armada Property has agreed to sell, or procure the sale of, the Coastline Shares (representing the entire issued share capital of Coastline), for a consideration

LETTER FROM THE BOARD

of HK\$990 million (representing approximately HK\$0.6315 per issued Share before deduction of transaction expenses). Other than the details relating to the Coastline Purchaser, the consideration payable for the Coastline Shares, exclusion of a “go-shop” right and “price-matching” right, amendments required by the Listing Rules and the Takeovers Code and certain factual and/or consequential changes, the terms of the Third Party Coastline SPA are identical to the terms of the First Coastline SPA. Upon the entering into the Third Party Coastline SPA, the First Coastline SPA immediately terminated in accordance with its terms.

Coastline Completion is subject to the satisfaction of certain conditions precedent, as detailed in the paragraph headed “Conditions precedent to the Third Party Coastline SPA” below. In connection with the Third Party Coastline SPA, the Seller under the Share Purchase Agreement has provided a deed of indemnity in favour of the Company, as detailed in the paragraph headed “Representations and warranties and deed of indemnity” below.

The principal terms of the Third Party Coastline SPA are set out as follows:

The Third Party Coastline SPA

Date

2 September 2016

Parties

(1) Coastline Seller: Armada Property, a wholly-owned subsidiary of the Company

(2) Coastline Purchaser: Paulton Global Limited

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, the Coastline Purchaser, its ultimate beneficial owner and their respective associates are third parties independent of the Company and, as at the Latest Practicable Date, are not Shareholders or connected persons (as defined in the Listing Rules) of the Company and do not have any interests in the Shares.

Assets to be disposed of

Subject to and in accordance with the terms and conditions of the Third Party Coastline SPA, Armada Property has agreed to sell (or procure the sale of), and the Coastline Purchaser has agreed to purchase, the Coastline Shares (representing the entire issued share capital of Coastline).

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Consideration

The consideration payable by the Coastline Purchaser to Armada Property is HK\$990 million, which shall be satisfied in cash upon Coastline Completion.

The consideration offered by the Coastline Purchaser, and accepted by Armada Property, is higher than the consideration of HK\$930 million payable by Wealth Luck Holdings Limited under the First Coastline SPA and which, under the terms of the First Coastline SPA, must be exceeded in order for Armada Property to sign a binding sale and purchase agreement with a third party.

Conditions precedent to the Third Party Coastline SPA

Coastline Completion is conditional upon and subject to the fulfilment or waiver of the following:

- (a) the Third Party Coastline SPA and the transactions contemplated thereunder being approved by Shareholders in accordance with the Listing Rules within five months from the date of the Share Purchase Agreement;
- (b) all amounts owed by Coastline to Armada Property having been capitalised;
- (c) the Coastline Purchaser being notified in writing by the Seller that the Conditions Precedent (other than the Condition Precedent in respect of the Coastline Disposal) have been satisfied or are capable of being satisfied (or waived, as the case may be);
- (d) Armada Property (i) remaining the legal owner of the Coastline Shares (except for the one of the Coastline Shares held by Armada Nominees Limited on trust for Armada Property) and (ii) remaining the beneficial owner of the Coastline Shares free from any Encumbrance; and
- (e) save as disclosed to the Coastline Purchaser in accordance with the Third Party Coastline SPA, Coastline remaining the sole legal and beneficial owner of the TV City Property on Coastline Completion and Coastline not having encumbered the TV City Property since the date of the Third Party Coastline SPA.

If the above conditions have not been satisfied or are not capable of being satisfied or (in the case of the conditions referred to in paragraphs (d) and (e)) waived by midnight on the Coastline Disposal Longstop Date, all liabilities and obligations of the parties to the Third Party Coastline SPA shall cease, provided that such termination shall be without prejudice to any rights or remedies of the parties to the Third Party Coastline SPA in respect of any antecedent breach by the other party of any obligation under the Third Party Coastline SPA or any other agreement and undertaking referred to in the Third Party Coastline SPA. Only the conditions referred to in paragraphs (d) and (e) may be waived, and they may be waived by the Coastline Purchaser.

LETTER FROM THE BOARD

As at the Latest Practicable Date, all of the conditions precedent to the Third Party Coastline SPA have been (or continue to be) fulfilled. In respect of the condition set out at paragraph (a) above), please refer to the section headed “Written Shareholder’s Approval” below for details.

Representations and warranties and deed of indemnity

The Third Party Coastline SPA contains representations and warranties which are usual and customary for a transaction of this nature and scale. However, Armada Property shall not have any liability in connection with the warranties provided by it under the Third Party Coastline SPA and any other claims or action made or threatened by the Coastline Purchaser in respect of the Third Party Coastline SPA other than in relation to any matter attributable to fraud on the part of Armada Property.

The Seller under the Share Purchase Agreement has provided a deed of indemnity in favour of the Company. Under this deed of indemnity, the Seller indemnifies the Company against any damages arising from any claims or proceedings brought against Armada Property by the Coastline Purchaser in relation to the sale of the Coastline Shares.

Coastline Completion

Coastline Completion shall take place at 3:00 p.m. Hong Kong time on the fifth Coastline Business Day after the conditions of the Third Party Coastline SPA have been satisfied (or waived, as the case may be) or such other date as the parties to the Third Party Coastline SPA may agree in writing.

As the Company received written approval for approving the Coastline Disposal on 21 September 2016 (details of which are set out in the section headed “Written Shareholder’s Approval” below), Coastline Completion will take place on or around 28 September 2016. A further announcement will be published upon Coastline Completion.

INFORMATION ON COASTLINE AND THE TV CITY PROPERTY

Coastline was established as an international business company in accordance with the laws of The Bahamas. As at the Latest Practicable Date, Coastline is an indirect wholly-owned subsidiary of the Company. Coastline is principally engaged in property investment. Its major asset is the TV City Property. The TV City Property was indirectly acquired by the Company in 1996 and has been held for long-term investment purposes. The Company has been taking active steps to enhance the value of the property, including exploring options to develop it into a residential project.

LETTER FROM THE BOARD

Financial information relating to Coastline

Set out below is certain audited financial information of Coastline for each of the two years ended 31 December 2014 and 2015:

	For the year ended 31 December 2015	For the year ended 31 December 2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit/(loss) before taxation	72,007	(4,540)
Profit/(loss) attributable to the shareholder	72,575	(4,022)

The net asset value of Coastline based on unaudited management accounts as of 31 July 2016 was HK\$671,455,000. The net asset value was arrived at after taking into account the value of the TV City Property of HK\$885 million as at 31 July 2016 (based on the independent valuation by Savills, details of which are set out in “Appendix II – Property Valuation Report”) and deducting an amount of HK\$201,630,000 due to its immediate holding company, Armada Property. The amount due to Armada Property has now been capitalised to equity, in satisfaction of one of the conditions precedent to the Third Party Coastline SPA (please refer to paragraph (b) of the section headed “Conditions precedent to the Third Party Coastline SPA”), pursuant to which Armada Property has subscribed for 26,016,774 shares of US\$1.00 par value each in the capital of Coastline for an aggregate subscription amount of US\$26,016,774 (approximately HK\$201,630,000). Assuming the capitalisation had taken place on 31 July 2016, the net asset value of Coastline based on the unaudited management accounts as of 31 July 2016 would be approximately HK\$873,085,000.

FINANCIAL EFFECT OF THE COASTLINE DISPOSAL

Upon Coastline Completion, Coastline will cease to be a subsidiary of the Company, and its financial results will cease to be consolidated to the financial statements of the Company.

Upon Coastline Completion, the Company will receive a cash payment in the sum of HK\$990 million.

As set out above in the section headed “Information on Coastline and the TV City Property”, assuming the capitalisation had taken place on 31 July 2016, the adjusted net asset value of Coastline based on the unaudited management accounts as of 31 July 2016 would be approximately HK\$873 million. Upon Coastline Completion, the difference between the consideration in respect of the Coastline Disposal and the adjusted net asset value of Coastline amounts to an excess of approximately HK\$117 million.

Upon Coastline Completion, based on the adjusted net asset value of Coastline as of 31 July 2016, the Group will record an estimated gain on the Coastline Disposal of approximately HK\$103 million after deducting transaction expenses of approximately HK\$14

LETTER FROM THE BOARD

million. The actual gain on the Coastline Disposal to be recognised by the Group will depend on the net asset value of Coastline on the date of Coastline Completion and the amount of transaction expenses, and therefore may be different from the amount referred to above.

Financial effect on earnings, assets and liabilities

Upon Coastline Completion, the financial statements of Coastline will no longer be consolidated in the consolidated financial statements of the Group going forward.

Except for the estimated gain on disposal and transaction expenses relating to the Coastline Disposal, there will be no material effect on the earnings of the Group associated with the Coastline Disposal, as the TV City Property does not generate any rental income.

Upon Coastline Completion, the total assets of the Group would increase by approximately HK\$102 million based on the consideration of HK\$990 million, and the total liabilities of the Group would decrease by approximately HK\$1 million.

INTENDED USE OF PROCEEDS

The consideration for the Coastline Disposal is HK\$990 million. The Board will apply an amount equivalent to the net proceeds from the Coastline Disposal of approximately HK\$976 million (being the consideration of the Coastline Disposal less related transaction expenses) to the payment of the Coastline Special Cash Dividend, subject to certain conditions (see the section headed “Possible Coastline Special Cash Dividend” for further details).

REASONS FOR AND BENEFITS OF THE COASTLINE DISPOSAL

The Board considers that the Coastline Disposal, on the terms of the Third Party Coastline SPA, is in the interests of the Shareholders for the following reasons:

- (a) at HK\$990 million, the consideration under the Third Party Coastline SPA for the Coastline Disposal is above (i) the book value of the TV City Property of HK\$893 million as set out in the audited accounts of Coastline for the year ended 31 December 2015; and (ii) the previous offer of HK\$930 million received by Armada Property from Wealth Luck Holdings Limited under the First Coastline SPA;
- (b) an amount equivalent to the net proceeds from the Coastline Disposal will be distributed to the Shareholders upon Coastline Completion in the form of the Coastline Special Cash Dividend; and
- (c) the disposal of Coastline is a Condition Precedent to Completion, which in turn will trigger the Offer. The Offer, which can only take place upon Completion, presents an opportunity for the Shareholders to realise their investment in the Shares by accepting the Offer or, should any Shareholder decline the Offer, following the

LETTER FROM THE BOARD

resumption of trading after the public float has been re-established by the Offeror after completion of the Offer, remain as Shareholders but with the freedom and flexibility to make market disposals in the future if they so wish.

Having regard to the above and taking into consideration that save for the price and other terms described in the section headed “The Third Party Coastline SPA” above, the terms of the Third Party Coastline SPA are identical to those in the First Coastline SPA which were determined after arm’s length negotiations between the relevant parties, the Directors are of the view that the terms of the Third Party Coastline SPA are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, if the Company were to convene a general meeting to approve the Coastline Disposal, the Directors would recommend that the Shareholders vote in favour of the resolution.

SPECIAL CASH DIVIDENDS

Possible Coastline Special Cash Dividend

The Company intends to declare a special cash dividend out of retained profits in the aggregate amount equivalent to the net proceeds from the Coastline Disposal. The Board proposes that, subject to the conditions set out below, a Coastline Special Cash Dividend in the aggregate amount of approximately HK\$976 million, which is equal to the net proceeds to be received by the Company upon Coastline Completion (being the consideration of the Coastline Disposal less related transaction expenses), will be paid to the Shareholders whose names appear on the register of members of the Company on the Special Cash Dividends Record Date.

As at the Latest Practicable Date, there were 1,567,745,596 Shares in issue. If an amount equivalent to the net proceeds of HK\$976 million from the Coastline Disposal were to be distributed to the Shareholders, and no new Shares are issued and no Share repurchases are made between the Latest Practicable Date and the Special Cash Dividends Record Date, the Coastline Special Cash Dividend would be HK\$0.6225 per Share (rounded to the nearest four decimal places).

The Board considers that, taking into account the Company’s focus on its remaining investment properties following Coastline Completion and the Company’s near term cash needs for such operations, it is appropriate for the Company to make the Coastline Special Cash Dividend to the Shareholders.

The declaration and payment of the Coastline Special Cash Dividend is subject to the following conditions:

- (a) approval of the Shareholders in respect of the Coastline Disposal having been obtained; and
- (b) Coastline Completion having taken place.

LETTER FROM THE BOARD

If the above conditions referred to are not fulfilled, the Coastline Special Cash Dividend will not be paid. In respect of the condition at paragraph (a) above, the Company received written approval for approving the Coastline Disposal on 21 September 2016 (details of which are set out in the section headed “Written Shareholder’s Approval” below), and the condition has therefore been fulfilled.

Subject to compliance with the appropriate sections of the Companies Act 1981 (as amended) of Bermuda, the Bye-laws of the Company and the fulfilment of the above conditions, the Coastline Special Cash Dividend will be payable by the Company from the cash held by the Company to the Shareholders by way of dividend of profits. The Coastline Special Cash Dividend will be paid to the Shareholders whose names appear on the register of members of the Company on the Special Cash Dividends Record Date.

Possible Pre-Completion Dividend

In addition to the Coastline Special Cash Dividend and subject to (a) compliance with all applicable laws under the Companies Act 1981 (as amended) of Bermuda, the Bye-laws of the Company and (b) all Conditions Precedent having been satisfied or waived in accordance with the terms of the Share Purchase Agreement (other than the payment of the Coastline Special Cash Dividend), the Company intends to declare the Pre-Completion Dividend of approximately HK\$195 million to be made out of the retained profits of the Company after taking into account the amount of the Coastline Special Cash Dividend, which will be paid to the Shareholders whose names appear on the register of members of the Company on the Special Cash Dividends Record Date.

As at the Latest Practicable Date, there were 1,567,745,596 Shares in issue. If no new Shares are issued and no Share repurchases are made between the Latest Practicable Date and the Special Cash Dividends Record Date, the Pre-Completion Dividend would be HK\$0.1244 per Share (rounded to the nearest four decimal places). The Board has carefully considered the recent financial position of the Group, including the Company’s interim report for the six months ended 30 June 2016, and confirms that the declaration and payment of the Pre-Completion Dividend and the Coastline Special Cash Dividend will not have any material adverse effect on the financial position of the Company and the Group.

Book closure period, Special Cash Dividends Record Date and despatch of cheques

In order to determine the identity of the members of the Company who are entitled to the Coastline Special Cash Dividend and the Pre-Completion Dividend on the Special Cash Dividends Record Date (being 5 October 2016), the register of members of the Company will be closed on Wednesday, 5 October 2016, during which period no transfer of Shares will be effected. All transfers accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited of Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong, not later than 4:30 p.m. on Tuesday, 4 October 2016 so as to qualify for the Coastline Special Cash Dividend and the Pre-Completion Dividend.

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Subject to the conditions to the Coastline Special Cash Dividend and the Pre-Completion Dividend being fulfilled, the cheques for the Special Cash Dividends will be despatched on or around Monday, 17 October 2016 to the Shareholders whose names appear on the register of members of the Company on Wednesday, 5 October 2016.

INFORMATION ON THE COMPANY AND THE GROUP

The Company was incorporated in Bermuda on 30 April 1990 as an exempted company with limited liability. The Company became listed on the Main Board of the Stock Exchange on 29 June 1990, trading under the stock code 583.

The Group is principally engaged in the property investment business and currently owns five investment properties, including the TV City Property (see sub-section headed “Continued suitability for listing” in the section headed “Implications of the Coastline Disposal under the Listing Rules and the Takeovers Code” for further details about the investment properties).

After the Coastline Disposal, the Group will continue to focus on its property investment business which will continue to provide rental income to the Group.

INFORMATION ON THE COASTLINE PURCHASER

The Coastline Purchaser is a company incorporated in the British Virgin Islands with limited liability and its principal business activity is investment holding. The Coastline Purchaser is an indirect wholly-owned subsidiary of Fosun International Limited, a company listed on the Stock Exchange with stock code 656.

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, the Coastline Purchaser, its ultimate beneficial owner and their respective associates are third parties independent of the Company and, as at the Latest Practicable Date, are not Shareholders or connected persons (as defined in the Listing Rules) of the Company and do not have any interests in the Shares.

IMPLICATIONS OF THE COASTLINE DISPOSAL UNDER THE LISTING RULES AND THE TAKEOVERS CODE

As one or more of the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules in respect of the Coastline Disposal are more than 25% but less than 75%, the Coastline Disposal constitutes a major transaction for the Company and is subject to the reporting, announcement, circular and shareholders’ approval requirements under Chapter 14 of the Listing Rules.

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, the Coastline Purchaser, its ultimate beneficial owner and their respective associates are third parties independent of the Company and, as at the Latest Practicable Date, are not Shareholders or connected persons (as defined in the Listing Rules) of the Company

LETTER FROM THE BOARD

and do not have any interests in the Shares. Accordingly, the Coastline Disposal is not an arrangement with a Shareholder and does not constitute a special deal for the Company under the Takeovers Code. Moreover, as the disposal of the Coastline Shares is a condition precedent to the Share Purchase Agreement (the completion of which will result in the Offer being made), there are no other consents or approvals required under the Takeovers Code in relation to the Coastline Disposal.

The Directors are of the view that no Shareholder has a material interest (within the meaning of the Listing Rules) in the Coastline Disposal, and accordingly no Shareholder would be required to abstain from voting on any proposed resolution to approve the Coastline Disposal and the transactions contemplated under the Third Party Coastline SPA if a general meeting were to be convened.

In coming to this view, the Directors took into account the following considerations:

- (a) to the best of the Directors' knowledge, information and belief, no Shareholder or any close associates of any Shareholders (other than the Group) is a party to the Third Party Coastline SPA; and
- (b) no Shareholder has an interest in the Coastline Disposal and completion of the Third Party Coastline SPA which is materially different from other Shareholders in so far as the Third Party Coastline SPA is concerned.

While completion of the Coastline Disposal is a Condition Precedent to Completion under the Share Purchase Agreement to which the Seller is a party, the satisfaction of this Condition Precedent ultimately benefits all Shareholders in the same manner because Completion will result in the Offer being made to the minority Shareholders, providing all Shareholders the opportunity to sell their Shares and realise value from their current investment in the Company at the Offer price. Given that the Offer price of HK\$1.3459 for each Offer Share is equal to the price payable to the Seller for each Sale Share (rounded up to the nearest four decimal places) under the Share Purchase Agreement, the Directors are of the view that there is no material difference between the sale of Shares by the Seller and the Related Parties to the Purchaser under the Share Purchase Agreement on the one hand and the acceptance of the Offer by minority Shareholders on the other hand, and both events are subject to Coastline Completion.

Moreover, in connection with the Share Purchase Agreement, the Seller has given certain representations, warranties and an indemnity which minority Shareholders do not need to do under the Offer and accordingly the position of the Seller under the Share Purchase Agreement is in this respect less favourable than those of the minority Shareholders under the Offer, even though the Offer price is equal to the price payable to the Seller for each Sale Share (rounded up to the nearest four decimal places) under the Share Purchase Agreement.

Continued suitability for listing

Rule 13.24 of the Listing Rules requires an issuer to carry out, directly or indirectly, a sufficient level of operations or have tangible assets of sufficient value and/or intangible assets for which a sufficient potential value can be demonstrated to warrant a continued listing on the Stock Exchange.

LETTER FROM THE BOARD

The Group's investment property portfolio comprises the vacant TV City Property, the Bank of America Tower Property, the Ko Fai Industrial Building Property, the Seaview Estate Property, and the Yue King Building Property. Excluding the Yue King Building Property, the carrying value of these investment properties as of 31 December 2015 was HK\$1,923 million. The Yue King Building Property, which was accounted for as an owner-occupied property for the year ended 31 December 2015, has subsequently been reclassified as an investment property upon completion of the Company's disposal of the media business in April 2016.

Following the Coastline Disposal, the Group will continue to own four investment properties: the Yue King Building Property, the Bank of America Tower Property, the Ko Fai Industrial Building Property and the Seaview Estate Property. The book value of the TV City Property as set out in the audited accounts of Coastline for the year ended 31 December 2015 was HK\$893 million and as of 31 July 2016, it is valued at HK\$885 million. Excluding the TV City Property and the Yue King Building Property, the aggregate asset value of these investment properties as of 31 December 2015 was HK\$1,030.4 million. The aggregate asset value of all five investment properties was HK\$2,441.5 million as of 30 June 2016. The investment properties also brought in a rental income of approximately HK\$55.6 million for the year ended 31 December 2015 and approximately HK\$27.5 million for the six months ended 30 June 2016.

In light of the above, the Directors consider that the Company has a sufficient level of operations and tangible assets of sufficient value to warrant the continued listing of the Shares on the Stock Exchange after the Coastline Disposal.

WRITTEN SHAREHOLDER'S APPROVAL

As the Directors are of the view that no Shareholder would be required to abstain from voting on any proposed resolution to approve the Coastline Disposal and the transactions contemplated under the Third Party Coastline SPA if a general meeting were to be convened, pursuant to Rule 14.44 of the Listing Rules, in lieu of a resolution to be passed at a general meeting of the Company, written approval for the Coastline Disposal was obtained on 21 September 2016 from the controlling shareholder of the Company, namely the Seller, which holds 1,078,717,308 Shares in the Company as at the Latest Practicable Date (representing approximately 68.81% of the total number of issued Shares of the Company).

ADDITIONAL INFORMATION

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

Yours faithfully,
For and on behalf of the Board of
Armada Holdings Limited
David J. Pang
Chairman

1. FINANCIAL INFORMATION OF THE GROUP

The published audited consolidated financial statements of the Group for each of the three financial years ended 31 December 2013, 2014 and 2015 are disclosed on pages 105-183, 103-183 and 90-169 respectively of the Company's annual reports for each of the three financial years ended 31 December 2013, 2014 and 2015, and the financial information of the Group for the six months ended 30 June 2016 is disclosed on pages 1-17 of the Company's interim report for the six months ended 30 June 2016, all of which can be accessed on the website of the Company (<http://www.armada.com.hk>) and the website of the Stock Exchange (<http://www.hkexnews.hk>).

2013: <http://www.hkexnews.hk/listedco/listconews/SEHK/2014/0428/LTN20140428796.pdf>

2014: <http://www.hkexnews.hk/listedco/listconews/SEHK/2015/0422/LTN20150422415.pdf>

2015: <http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0425/LTN20160425275.pdf>

Interim report for the six months ended 30 June 2016:

<http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0914/LTN20160914432.pdf>

2. INDEBTEDNESS

As at 31 July 2016, being the latest practicable date for the purpose of preparing this statement of indebtedness prior to the printing of this circular, the Group did not have any borrowings.

Save as disclosed above and apart from intra-group liabilities and normal trade payables in the normal course of business, as at the Latest Practicable Date, the Group did not have any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, hire purchases commitments, guarantees or other material contingent liabilities.

3. WORKING CAPITAL

The Directors, after due and careful consideration and taking into account the present internal resources and the proceeds from the Coastline Disposal and the distribution of the Coastline Special Cash Dividend and the Pre-Completion Dividend, are of the opinion that the Group has sufficient working capital for its present requirements for at least 12 months from the date of this circular, in the absence of any unforeseeable circumstances or any changes to the operations or business of the Group after Completion.

4. FINANCIAL AND TRADING PROSPECTS

Upon Coastline Completion, the Group will continue to operate and focus on its property investment business.

The Group currently owns five investment properties, including the TV City Property. The Group's investment property portfolio brought in a rental income of approximately HK\$55.6 million for the year ended 31 December 2015. As noted above in the section headed "Financial effect of the Coastline Disposal" in the Letter from the Board, the TV City Property is a vacant property and has not generated any rental income. Following the Coastline Disposal, it is expected that the Group's remaining investment property portfolio will continue to provide rental income to the Group.

The following is the full text of the letter and valuation certificate prepared for the incorporation in this circular received from Savills, an independent property valuer, in connection with their valuation of the TV City Property as at 31 July 2016.



The Directors
Armada Holdings Limited
c/o 31st Floor
Kerry Centre
683 King's Road
Quarry Bay
Hong Kong

Savills Valuation and
Professional Services Limited
23/F Two Exchange Square
Central, Hong Kong

T : (852) 2801 6100
F : (852) 2530 0756

EA LICENCE: C-023750
savills.com

26 September 2016

Dear Sirs

Re: The Remaining Portion of Lot No. 214 and Sections A & B of Lot No. 220 in Demarcation District No. 229, Clear Water Bay Road, A Kung Wan, Sai Kung, New Territories, Hong Kong (the "Property")

In accordance with the instructions from Armada Holdings Limited ("the Company") for us to value the Property held by the Company or its subsidiary for investment purposes, we confirm that we have carried out an inspection, 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 31 July 2016 for the purposes of inclusion in a circular to be issued by the Company in connection with the disposal of Coastline International Limited, a wholly owned subsidiary of the Company and the owner of the Property.

BASIS OF VALUATION

Our valuation of the Property is our opinion of its 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".

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.

We are independent of the Company and our valuation is prepared in accordance with “The HKIS Valuation Standards (2012 Edition)” published by The Hong Kong Institute of Surveyors. We have also complied with the requirements set out in Chapter 5 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Rule 11 of The Codes on Takeovers and Mergers and Share Buy-backs published by the Securities and Futures Commission.

VALUATION METHODOLOGY

In undertaking our valuation for the Property, we have made reference to the sale evidence as available in the market. We have taken into account the potential of the Property for redevelopment in accordance with a proposed development scheme set out in a planning application which has been approved by the Town Planning Board on 14 November 2014, subject to approval of a land exchange by the Lands Department and payment of land premium to the Government.

TITLE INVESTIGATIONS

We have not been provided with any title documents relating to the Property 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 Company, there are no investigations, notices, pending litigation, breaches of law or title defects against the Property.

VALUATION CONSIDERATION AND ASSUMPTIONS

We have relied to a very considerable extent on information given by the Company and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, occupancy status and all other relevant matters.

We have not carried out on-site measurements to verify the correctness of the site area in respect of the Property but have assumed that the site/floor areas shown on the documents handed to us are correct. Dimensions, measurements and areas included in the valuation certificate are based on the information contained in the documents provided to us and are therefore only approximations.

We have inspected the exterior of the Property valued. Our inspection was carried out by Mr Eric Lau, BEnv, on 26 July 2016. However, we have not been able to carry out investigations on site to determine the suitability of the ground conditions and services for future development. Moreover, no environmental study for the Property has been made. Our valuation is prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred during the construction period.

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.

According to the information provided by the Company, disposal of the Property is effected by disposal of the shares of Coastline International Limited and this transaction should be capital in nature and is not subject to Hong Kong profits tax.

We enclose herewith our valuation certificate.

Yours faithfully
For and on behalf of
Savills Valuation and Professional Services Limited
Charles C K Chan
MSc FRICS FHKIS MCI Arb RPS(GP)
Managing Director

Enc

Note: Charles C K Chan is a chartered surveyor and has about 32 years' experience in the valuation of properties in Hong Kong.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 July 2016
The Remaining Portion of Lot No. 214 and Sections A & B of Lot No. 220 in Demarcation District No. 229, Clear Water Bay Road, A Kung Wan, Sai Kung, New Territories, Hong Kong.	The Property is situated on the north-eastern side of Clear Water Bay Road, immediately next to The University of Hong Kong Science and Technology. Developments in the locality comprise low-rise and low-density residential developments and village houses.	As at the date of valuation, the Property is vacant.	HK\$885,000,000 (Hong Kong Dollars Eight Hundred and Eighty Five Million)
	The Property comprises three contiguous lots with a total registered site area of approximately 265,982.90 sq ft (24,710.41 sq m).		
	The site forms part of a broadcasting and film studio. Currently standing on the site are various buildings and structures designed for broadcasting and film production uses.		
	According to various sets of building plans approved by the Building Authority in 1996, the approximate gross floor areas of the buildings and structures are as follows:–		
	Approximate gross floor area (sq m) (sq ft)		
	Production Block Sound Stages	25,390.58	273,304
	VII to X	4,199.71	45,206
	TVB Prop	8,656.44	93,178
	Shed	219.36	2,361
	DG Store	45.00	484
	TVB Office (former		
	Dormitory No. 2)	2,908.20	31,304
	TVB House	10,152.94	109,286
	Sound Stages III		
	and IV	2,729.02	29,375
	The TVB Office, Sound Stages III and IV and Sound Stages VII to X were completed in the 1960's. The Production Block was completed in 1988. The TVB House was completed in 1994. The TVB Prop was completed in 1995.		
	The Property is held from the Government under New Grant Nos. 4197 and 4945 each for a term of 99 years less 3 days commencing on 1 July 1898 and statutorily extended to 30 June 2047 without premium but at a revised annual Government rent at 3% of the rateable value for the time being of the lot.		

Notes:

- (1) The current registered owner of the Property is Coastline International Limited, which is a wholly-owned subsidiary of the Company.
- (2) The Property is, inter alia, subject to the following encumbrances:–
 - i. Modification Letter dated 2 January 1964, registered vide memorial no. SK76771 (for The Remaining Portion of Lot No. 214 in Demarcation District No. 229 only);
 - ii. Modification Letter dated 20 January 1972, registered vide memorial no. SK85139 (for The Remaining Portion of Lot No. 214 in Demarcation District No. 229 only);
 - iii. Deed of Release, Variation and Grant dated 30 April 1987, registered vide memorial no. SK119679; and
 - iv. Deed of Covenant dated 3 July 1993, registered vide memorial no. SK205733 (for Sections A and B of Lot No. 220 in Demarcation District No. 229 only).
- (3) Pursuant to the New Grants and the Modification Letters, the Property shall be used for Film Studio purposes only.
- (4) The Property lies within an area zoned “Sub-areas (a)(i) and (a)(ii)” of “Comprehensive Development Area (2)” under Approved Clear Water Bay Peninsula North Outline Zoning Plan No. S/SK-CWBN/6 gazetted on 13 December 2013.
- (5) On land designated “Comprehensive Development Area (2)”, no new development or redevelopment shall result in a total development or redevelopment in excess of the restrictions as set out below or the plot ratio/GFA, site coverage and height of the existing domestic building, whichever is the greater. No addition, alteration and/or modification to an existing building (other than a building which was in existence on the date of the first publication in the Gazette of the notice of the draft development permission area plan) shall result in a total development in excess of the restrictions as set out below or the plot ratio/GFA, site coverage and height of the building, whichever is the greater.

Sub-areas	Maximum Gross Floor Area (sq m)		Maximum Plot Ratio		Maximum Site Coverage	Maximum Building Height (excluding basement(s))	
	Domestic	Non-Domestic	Domestic	Non-Domestic		No. of Storeys	Building Height (m)
Area (a)(i)	N.A.		1.5	N.A.	35%	8	24
Area (a)(ii)						6	18

- (6) According to a planning application no. A/SK-CWBN/33 approved by the Town Planning Board (“TPB”) on 14 November 2014, the Property, together with the adjoining private lots and Government land, obtained planning permission for a comprehensive development with residential, commercial and residential institution uses. The planning permission is valid until 14 November 2018, and after the said date, the permission will cease to have effect unless before the said date, the permitted development has commenced or the permission is renewed.
- (7) The planning permission is subject to various conditions in relation to the approval requirements of the details and technical issues of the future development by the Government of Hong Kong SAR.
- (8) The development scheme set out in the planning permission is also subject to approval of a land exchange by the Lands Department and payment of land premium to the Government of Hong Kong SAR.

1. RESPONSIBILITY STATEMENT

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

The Directors of the Company jointly and severally accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this circular have been arrived at after due and careful consideration and there are no other facts not contained in this circular the omission of which would make any statements in this circular misleading.

2. DISCLOSURE OF DIRECTORS' INTERESTS

Directors' and Chief Executive Officer's interests in Shares, underlying shares and debentures

As at the Latest Practicable Date, the Directors and Chief Executive Officer of the Company had the following interests or short positions in shares, underlying shares and debentures of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code:

Associated corporations

Name of associated corporation	Name of Director	Number of ordinary shares held			Total	Approximate % of issued voting shares
		Personal interests	Family/ other interests	Number of underlying ordinary shares held under equity derivatives		
Kerry Group Limited	Dr David J. Pang	1,800,000	–	200,000 ¹	2,000,000	0.131% ³
	Mr Tse Kai Chi	1,100,000	–	1,500,000 ²	2,600,000	0.171% ³
	Ms Tong Shao Ming	1,000,000	–	–	1,000,000	0.066% ³
Kerry Properties Limited	Mr Tse Kai Chi	70,000	–	–	70,000	0.005% ⁴

Notes:

- This represents interests in options held by Dr David J. Pang to subscribe for the relevant underlying ordinary shares in respect of option shares granted by Kerry Group Limited, details of which are set out in the section headed "Directors' and Chief Executive Officer's rights to acquire shares or debentures" below.

2. This represents interests in options held by Mr Tse Kai Chi to subscribe for the relevant underlying ordinary shares in respect of option shares granted by Kerry Group Limited, details of which are set out in the section headed “Directors’ and Chief Executive Officer’s rights to acquire shares or debentures” below.
3. Approximate percentage calculated based on the 1,524,092,740 ordinary shares of Kerry Group Limited in issue as at the Latest Practicable Date.
4. Approximate percentage calculated based on the 1,443,147,728 ordinary shares of Kerry Properties Limited in issue as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and Chief Executive Officer of the Company nor their associates had any interests or short positions in the Shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which had been recorded in the register kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Directors’ and Chief Executive Officer’s rights to acquire Shares or debentures

(i) Company

As at the Latest Practicable Date, none of the Directors and Chief Executive Officer (including their spouses and children under 18 years of age) have any interest in, or had been granted or had exercised, any rights to subscribe for Shares or debentures of the Company required to be disclosed pursuant to the SFO.

(ii) Associated Corporation

As at the Latest Practicable Date, the Directors and Chief Executive Officer of the Company (including their spouses and children under 18 years of age) had the following interests in share options to subscribe for shares in the associated corporations of the Company (within the meaning of the SFO) required to be disclosed pursuant to the SFO:

Name of associated corporation	Name of Director	Date of grant (DD/MM/YYYY)	Number of options held as at Latest Practicable Date	Exercise price/share (HK\$)	Exercise period (DD/MM/YYYY)
Kerry Group Limited	Dr David J. Pang	16/07/2010	200,000	10.00	19/07/2010 – 15/07/2017
	Mr Tse Kai Chi	16/07/2010	1,500,000	10.00	19/07/2010 – 15/07/2017

All the interests stated above represent long positions in the Shares of the Company or its associated corporations.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and Chief Executive Officer of the Company nor their associates have any interests in, or had been granted, or had exercised, any rights to subscribe for shares or debentures of the associated corporations of the Company required to be disclosed pursuant to the SFO.

3. DISCLOSURE OF INTEREST OF SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as is known to the Directors and Chief Executive Officer of the Company, the following persons (not being a Director or Chief Executive Officer of the Company) had interests or short positions in the shares and underlying shares of the Company representing 5% or more of the voting power at any general meeting of the Company as recorded in the register required to be kept under Section 336 of the SFO were as follows:

Name of Shareholder	Capacity/ nature of interests	Number of ordinary shares held	Long position/ short position	Approximate % of issued voting shares ⁹
China Great Wall Asset Management Corporation	Interest of controlled corporations	1,384,516,308 ¹	Long position	88.31%
Great Wall Pan Asia International Investment Co., Limited	Interest of controlled corporations	1,384,516,308 ²	Long position	88.31%
Great Wall Pan Asia (BVI) Holding Limited	Beneficial owner	1,384,516,308 ³	Long position	88.31%
Kerry Group Limited	Other	1,155,061,308	Long position	73.68%
Kerry Holdings Limited	Other	1,155,061,308 ⁴	Long position	73.68%
Kerry 1989 (C.I.) Limited	Other	1,078,717,308 ⁵	Long position	68.81%
Kerry Media Limited	Other	1,078,717,308 ⁶	Long position	68.81%
Silchester International Investors LLP	Other	221,365,000	Long position	14.12%
Silchester International Investors International Value Equity Trust	Other	108,275,634 ^{7,8}	Long position	6.91%

Notes:

1. China Great Wall Asset Management Corporation has acquired an interest in (a) 1,163,151,308 Shares pursuant to the Share Purchase Agreement and (b) 221,365,000 Shares pursuant to an irrevocable undertaking executed by Silchester International Investors LLP in favour of Great Wall Pan Asia International Investment Co., Limited and Great Wall Pan Asia (BVI) Holding Limited.
2. Great Wall Pan Asia International Investment Co., Limited has acquired an interest in (a) 1,163,151,308 Shares pursuant to the Share Purchase Agreement and (b) 221,365,000 Shares pursuant to an irrevocable undertaking executed by Silchester International Investors LLP in favour of Great Wall Pan Asia International Investment Co., Limited and Great Wall Pan Asia (BVI) Holding Limited, and its interests in the 1,384,516,308 Shares are duplicated in the interests reported above for China Great Wall Asset Management Corporation.
3. Great Wall Pan Asia (BVI) Holding Limited has acquired an interest in (a) 1,163,151,308 Shares pursuant to the Share Purchase Agreement and (b) 221,365,000 Shares pursuant to an irrevocable undertaking executed by Silchester International Investors LLP in favour of Great Wall Pan Asia International Investment Co., Limited and Great Wall Pan Asia (BVI) Holding Limited, and its interests in the 1,384,516,308 Shares are duplicated in the interests reported above for China Great Wall Asset Management Corporation and Great Wall Pan Asia International Investment Co., Limited.
4. The interests in the 1,155,061,308 Shares held by Kerry Holdings Limited are duplicated in the interests reported above for Kerry Group Limited.
5. The interests in the 1,078,717,308 Shares held by Kerry 1989 (C.I.) Limited are duplicated in the respective interests reported above for Kerry Group Limited and Kerry Holdings Limited.
6. The interests in the 1,078,717,308 Shares held by Kerry Media Limited are duplicated in the respective interests reported above for Kerry Group Limited, Kerry Holdings Limited and Kerry 1989 (C.I.) Limited.
7. The Company has been notified informally that as at 30 June 2016, Silchester International Investors International Value Equity Trust was interested in 100,513,634 Shares (representing approximately 6.41% of the Company's issued share capital) and this decrease in shareholding was not required to be disclosed under Part XV of the SFO.
8. The interests held by Silchester International Investors International Value Equity Trust are duplicated in the interests reported above for Silchester International Investors LLP.
9. Approximate percentage calculated based on the 1,567,745,596 ordinary shares of the Company in issue as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other person (other than the Directors of the Company) who had, or was deemed to have, any interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO or, who was, directly or indirectly, interested in 10% or more of the issued voting shares of any member of the Group.

4. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or any of their respective associates was interested in any business apart from the business of the Group, which competed or was likely to compete either directly or indirectly with the business of the Group.

5. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had an unexpired service contract with the Group, which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

6. INTERESTS IN ASSETS OR CONTRACTS

As at the Latest Practicable Date, save for the interests disclosed under paragraph 2 above, none of the Directors or Chief Executive Officer of the Company had any interest, direct or indirect, in any asset which had been since 31 December 2015, being the date up to which the latest published audited financial statements of the Group were made, acquired or disposed of by or leased to any member of the Group or were proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, save for the interests disclosed under paragraph 2 above, none of the Directors or Chief Executive Officer of the Company was materially interested in any contract or arrangement subsisting at the Latest Practicable Date which is significant in relation to the business of the Group.

7. MATERIAL LITIGATION

As at the Latest Practicable Date, as far as the Directors are aware, none of the members of the Group was engaged in any litigation or arbitration or claim of material importance, and there was no litigation or claims of material importance known to the Directors to be pending or threatened against any member of the Group.

8. MATERIAL CONTRACTS

The following material contracts (not being contracts entered into in the ordinary course of business) have been entered into by the members of the Group within the two years immediately preceding the issue of this circular:

- (a) the agreement dated 31 October 2014 relating to the sale of 20% of the issued share capital of Peak HK Publishing Limited between HMI China, Inc., SCMP Retailing Limited and SCMP Nominees Limited (now known as Armada Nominees Limited), and the related shareholders' agreement and shareholder loan agreement;
- (b) the sale and purchase and subscription agreement dated 19 October 2015 between Affleck Limited, a wholly-owned subsidiary of the Company, and among others, MyDress AME Group Limited and MyDress Holdings Limited, pursuant to which Affleck Limited conditionally agree to acquire 31% of the existing issued shares in the capital of MyDress Holdings Limited from MyDress AME Group Limited and subscribe for a further 37.18% of the enlarged issued share capital of MyDress Holdings Limited and the HK\$3 million note convertible into shares in MyDress Holdings Limited, which was subsequently terminated by the termination agreement dated 11 December 2015;
- (c) the sale and purchase agreement dated 11 December 2015 between the Company and Alibaba Investment Limited, pursuant to which the Company agreed to sell and Alibaba Investment Limited agreed to purchase the media business of the Group for a cash consideration of HK\$2,060.6 million;

- (d) the deed of adherence dated 5 April 2016 executed by the Company, pursuant to which the Company agreed to be bound by and comply with the shareholders agreement dated 1 November 1997 between Dymocks Franchise Systems (NSW) Pty Limited, South China Morning Post Finance (Cayman) Limited, New Trend International Limited and Dymocks Franchise Systems (China) Limited with respect to New Trend International Limited;
- (e) the novation agreement dated 11 April 2016 between SCMP Retailing Limited (as the retiring party), Dymocks Franchise Systems (China) Limited (as the continuing party) and the Company (as the new party), pursuant to which the parties agreed to transfer by novation from SCMP Retailing Limited to the Company the rights and obligations under a loan agreement dated 24 February 2009;
- (f) the First Coastline SPA;
- (g) the deed of indemnity dated 12 August 2016 executed by the Seller and the Company under which the Seller granted an indemnity in favour of the Company in connection with the Third Party Coastline SPA; and
- (h) the Third Party Coastline SPA.

9. QUALIFICATIONS AND CONSENT OF EXPERT

The qualifications of the expert which has been named in this circular or has given its opinion or advice which is contained herein are set out below:

Name	Qualification
Savills	Professional surveyor and valuer

- (a) As at the Latest Practicable Date, Savills had no shareholding or interest, direct or indirect, in any member of the Group or any right (whether legally enforceable or not), to subscribe for or to nominate persons to subscribe for securities in any member of the Group.
- (b) As at the Latest Practicable Date, Savills had no interest, direct or indirect, in any assets which have been since 31 December 2015, the date up to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.
- (c) Savills has given and has not withdrawn its written consent to the issue of this circular with its report included in the form and context in which it is included.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the principal place of business of the Company in Hong Kong during normal business hours on any Business Day from the date of this circular up to and including 9 October 2016:

- (a) the memorandum of association and bye-laws of the Company;
- (b) the material contracts disclosed in the paragraph under the heading “Material Contracts” in this Appendix to this circular;
- (c) the valuation report from Savills of the TV City Property, the text of which is set out in “Appendix II – Property Valuation Report” to this circular;
- (d) the written consent referred to in paragraph headed “Qualifications and Consent of Expert” of this Appendix;
- (e) the annual reports of the Company for the three years ended 31 December 2013, 2014 and 2015; and
- (f) this circular.

11. MISCELLANEOUS

- (a) The company secretary of the Company is Mr Lau Che Yin Ian, who holds a Bachelor’s degree in Law from the University of Bristol of the United Kingdom and was qualified in Hong Kong as a solicitor in 1992.
- (b) The Company’s Hong Kong branch share registrar is Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong.
- (c) The registered office of the Company is Canon’s Court, 22 Victoria Street, Hamilton HM12, Bermuda.
- (d) The head office and principal place of business of the Company in Hong Kong is 31/F, Kerry Centre, 683 King’s Road, Quarry Bay, Hong Kong.
- (e) The English text of this circular shall prevail over the Chinese text in the case of any inconsistency.