

I N T E R I M R E P O R T

2016



ARMADA

ARMADA HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code : 583

www.armada.com.hk



The board of directors (the “Board” or “Directors”) of Armada Holdings Limited (the “Company”) are pleased to announce the unaudited interim results of the Company and its group of companies (the “Group”) for the six months ended 30 June 2016. These results have been reviewed by the Company’s auditor, PricewaterhouseCoopers, in accordance with the Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” and by the Audit Committee of the Company. The review report of the auditor is set out on page 18.

Condensed Consolidated Balance Sheet

	Notes	(Unaudited) 30 June 2016 HK\$'000	(Audited) 31 December 2015 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	3	1,267	96,954
Investment properties	4	2,441,500	1,923,400
Investment in associates		3,905	4,350
Available-for-sale financial assets		-	114,738
		2,446,672	2,139,442
Current assets			
Prepayments, deposits and other receivables		4,851	2,341
Available-for-sale financial assets		24,058	24,522
Cash and bank balances		271,753	39,487
		300,662	66,350
Assets of disposal group classified as held for sale		-	1,526,228
		300,662	1,592,578
Total assets		2,747,334	3,732,020
EQUITY			
Capital and reserves			
Share capital	5	156,775	156,106
Reserves		2,546,869	3,161,849
Shareholders’ funds		2,703,644	3,317,955
Non-controlling interests		-	56,534
Total equity		2,703,644	3,374,489
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		11,119	17,959
		11,119	17,959
Current liabilities			
Accounts payable and accrued liabilities	7	26,566	40,461
Amounts due to associates		2,239	2,290
Current income tax liabilities		3,766	506
		32,571	43,257
Liabilities of disposal group classified as held for sale		-	296,315
		32,571	339,572
Total liabilities		43,690	357,531
Total equity and liabilities		2,747,334	3,732,020
Net current assets		268,091	1,253,006
Total assets less current liabilities		2,714,763	3,392,448

The notes on pages 6 to 17 form an integral part of these condensed consolidated interim financial information.

Condensed Consolidated Statement of Comprehensive Income

	Notes	(Unaudited)	
		For the six months ended 30 June	
		2016	2015
		HK\$'000	HK\$'000 (Restated)
CONTINUING OPERATIONS			
Revenue	2	26,848	26,182
Other income		33	1,264
Depreciation and amortisation		(1,413)	(2,602)
Other operating expenses		(12,760)	(5,071)
Fair value gain on investment properties	1	114,100	137,100
Operating profit of continuing operations		126,808	156,873
Net finance income	9	746	742
Share of losses of associates		(444)	(4,316)
Gain on disposal of available-for-sale financial assets		27,062	-
Gain on disposal of asset held for sale		30,089	-
Gain on disposal of interests in an associate		-	43,349
Profit before income tax from continuing operations		184,261	196,648
Income tax credit/(expense)	10	3,470	(2,949)
Profit for the period from continuing operations		187,731	193,699
DISCONTINUED OPERATIONS			
(Loss)/profit for the period from discontinued operations	15(a)	(12,999)	23,099
Gain on disposal of discontinued operations	15(c)	1,421,731	-
Profit for the period from discontinued operations		1,408,732	23,099
Profit for the period		1,596,463	216,798
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Fair value gain recognised upon the transfer from leasehold land and buildings to investment properties		307,948	-
Remeasurement of defined benefit plan obligation		-	4,450
Share of remeasurement of defined benefit plan obligation of an associate		-	(721)
		307,948	3,729
Items that may be/have been reclassified subsequently to profit or loss:			
Fair value gain on available-for-sale financial assets		8,392	2,880
Fair value gain on available-for-sale financial assets released upon disposal		(18,616)	-
Currency translation difference on consolidation		(152)	520
Currency translation difference released upon disposal of asset held for sale		10,170	-
Currency translation difference released upon disposal of interests in an associate		-	10,011
Disposal of interests in subsidiaries		(4,337)	-
		(4,543)	13,411
Other comprehensive income for the period, net of tax		303,405	17,140
Total comprehensive income for the period		1,899,868	233,938

Condensed Consolidated Statement of Comprehensive Income (continued)

	Notes	(Unaudited)	
		For the six months ended 30 June	
		2016	2015
		HK\$'000	HK\$'000 (Restated)
Profit attributable to:			
Continuing operations		187,731	193,699
Discontinued operations		1,407,641	14,962
Shareholders of the Company		1,595,372	208,661
Non-controlling interests - discontinued operations		1,091	8,137
		1,596,463	216,798
Total comprehensive income attributable to:			
Continuing operations		495,625	205,869
Discontinued operations		1,403,152	19,932
Shareholders of the Company		1,898,777	225,801
Non-controlling interests - discontinued operations		1,091	8,137
		1,899,868	233,938
Earnings per share			
	11		
Continuing operations		11.99 cents	12.41 cents
Discontinued operations		89.90 cents	0.96 cents
Basic		101.89 cents	13.37 cents
Continuing operations		11.99 cents	12.40 cents
Discontinued operations		89.88 cents	0.96 cents
Diluted		101.87 cents	13.36 cents

The notes on pages 6 to 17 form an integral part of these condensed consolidated interim financial information.

		HK\$'000	HK\$'000
Dividends	12	2,499,499	20,294

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2016

	(Unaudited)							
	Attributable to shareholders						Non-controlling interests	Total equity
	Share capital	Share premium	Contributed surplus	Other reserves	Retained profits	Total		
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Balance at 1 January 2016	156,106	41,126	803,234	36,632	2,280,857	3,317,955	56,534	3,374,489
Profit for the period	-	-	-	-	1,595,372	1,595,372	1,091	1,596,463
Other comprehensive income	-	-	-	303,405	-	303,405	-	303,405
Total comprehensive income	-	-	-	303,405	1,595,372	1,898,777	1,091	1,899,868
Transaction with shareholders:								
Dividends declared and paid (Note 12)	-	-	(492,393)	-	(2,030,622)	(2,523,015)	(21,920)	(2,544,935)
Employee share-based compensation benefits	-	-	-	2	-	2	-	2
Shares issued upon exercise of share options	669	9,256	-	-	-	9,925	-	9,925
Disposal of subsidiaries	-	-	-	-	-	-	(35,705)	(35,705)
Transfer	-	-	-	(3,894)	3,894	-	-	-
Total transactions with shareholders	669	9,256	(492,393)	(3,892)	(2,026,728)	(2,513,088)	(57,625)	(2,570,713)
Balance at 30 June 2016	156,775	50,382	310,841	336,145	1,849,501	2,703,644	-	2,703,644
Balance at 1 January 2015	156,106	41,126	803,234	66,222	2,049,795	3,116,483	53,396	3,169,879
Profit for the period	-	-	-	-	208,661	208,661	8,137	216,798
Other comprehensive income	-	-	-	13,411	3,729	17,140	-	17,140
Total comprehensive income	-	-	-	13,411	212,390	225,801	8,137	233,938
Transaction with shareholders:								
Dividends declared and paid (Note 12)	-	-	-	-	(59,320)	(59,320)	-	(59,320)
Employee share-based compensation benefits	-	-	-	83	-	83	-	83
Total transactions with shareholders	-	-	-	83	(59,320)	(59,237)	-	(59,237)
Balance at 30 June 2015	156,106	41,126	803,234	79,716	2,202,865	3,283,047	61,533	3,344,580

The notes on pages 6 to 17 form an integral part of these condensed consolidated interim financial information.

Condensed Consolidated Statement of Cash Flows

	Note	(Unaudited)	
		For the six months ended 30 June	
		2016	2015
		HK\$'000	HK\$'000
Cash flows from operating activities			
Cash (used in)/generated from operations		(10,087)	118,217
Hong Kong profits tax paid		(5,527)	(7,881)
Net cash (used in)/generated from operating activities		(15,614)	110,336
Cash flows from investing activities			
Purchase of property, plant and equipment, intangible assets		(10,954)	(20,335)
Interest received		1,398	2,829
Dividends received from listed investments		-	1,264
Proceeds from disposal of available-for-sale financial assets		132,734	-
Proceeds from disposal of asset held for sale		53,611	-
Proceeds from disposal of interests in an associate		-	66,504
Net cash inflow from disposal of interests in subsidiaries	15(c)	2,037,962	-
Net cash generated from investing activities		2,214,751	50,262
Cash flows from financing activities			
Dividend paid to the Company's shareholders		(2,523,015)	(59,320)
Dividend paid to non-controlling shareholders of subsidiaries		(21,920)	-
Proceeds from shares issued		9,925	-
Net cash used in financing activities		(2,535,010)	(59,320)
Net (decrease)/increase in cash and cash equivalents		(335,873)	101,278
Cash and cash equivalents at 1 January		607,626	464,137
Cash and cash equivalents at 30 June		271,753	565,415

The notes on pages 6 to 17 form an integral part of these condensed consolidated interim financial information.

Notes to the Condensed Consolidated Interim Financial Information

1. Basis of preparation and accounting policies

The unaudited condensed consolidated interim financial information (“interim financial information”) for the six months ended 30 June 2016 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”).

The interim financial information should be read in conjunction with the consolidated financial statements for the year ended 31 December 2015, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

Except as described below, the accounting policies and methods of computation used in the preparation of this interim financial information are consistent with those used in the consolidated financial statements for the year ended 31 December 2015, including the restatement of the prior period comparatives in respect of the discontinued operations of the media business.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group’s accounting policies and the critical accounting estimates and judgements were the same as those that applied to the consolidated financial statements for the year ended 31 December 2015.

The investment properties were valued by an independent professional valuer to determine their fair value as at 30 June 2016. The Group has adopted such valuation and recognised a fair value gain of HK\$114,100,000 accordingly. During the period, Yue King Building was reclassified as investment property upon completion of the disposal of media business. The principal assumptions underlying management’s estimation of fair values of the investment properties and the basis of valuation are consistent with those applied in the consolidated financial statements for the year ended 31 December 2015, except for the rental rate estimated based on recent lettings of HK\$32 psf to HK\$100 psf (2015: HK\$79.5 psf to HK\$80.0 psf) for the office buildings. The lower the rents, the lower the fair value.

Amendments to HKFRSs effective for the financial year ending 31 December 2016 do not have a material impact on the Group.

Key event

On 5 April 2016, the Group has completed the sale of the entire issued voting shares of SCMP Newspapers Limited, SCMP Publications Limited, SCMP.com Limited, SCMP Retailing Limited and SCMP.com Holdings Limited (the “Target Companies”) to Alibaba Investment Limited for a cash consideration of HK\$2,133.3 million. Details of this disposal were set out in note 15(c) to the condensed consolidated financial information.

2. Revenue and segment information

The chief operating decision-maker has been identified as the Managing Director of the Group, who reviews the Group’s internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The Group had three reportable segments: newspaper, magazine and property. Newspaper segment is engaged in the publication of *South China Morning Post*, *Sunday Morning Post* and other related print and digital publications. It derives its revenue mainly from advertising and sales of newspapers. Magazine segment is engaged in the publication of various magazines in Chinese and English language and related print and digital publications. Its revenue is derived from advertising and sales of magazines. Both Newspaper and Magazine segments are classified as discontinued operations. As the sale of media business was completed on 5 April 2016, the revenue and results of operations of Newspaper and Magazine segment in 2016 only covered the period up to 5 April 2016 as compared with a six-month operating results in 2015. Property segment holds various commercial and industrial properties in Hong Kong. It derives revenue through leasing out its properties.

2. Revenue and segment information (continued)

The operating results from advertising board of Yue King property under the continuing operations, which had been originally classified under “Others” in the previous period, have been transferred to “Property” in the segment information presented herein as this asset forms part of the continuing operations of the Group after the disposal of its media business. The segment information for the period ended 30 June 2015 has been restated accordingly.

The chief operating decision-maker assesses the performance of the operating segments based on a number of measures, including adjusted EBITDA (defined as earnings before interest, tax, depreciation and amortisation, other income and fair value gain on investment properties) and profit or loss after tax. The Group considers that the measurement principles for profit or loss after tax are most consistent with those used in measuring the corresponding amounts in the Group’s financial statements. Hence, profit or loss after tax is used for reporting segment profit or loss.

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies in the consolidated financial statements for the year ended 31 December 2015 and Note 1 above, except that interest in the profit or loss of associates is accounted for on the basis of dividend received or receivable in segment profit or loss while such interest is accounted for under the equity method in the Group’s consolidated financial statements.

The Group’s reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different marketing strategies. Transactions between reportable segments are accounted for on arm’s length basis.

Turnover consists of revenue from all of the Group’s reportable segments, which comprise newspaper, magazine, property, as well as other segments whose contributions to the Group’s revenue and profit or loss are below the quantitative threshold for separate disclosures. The turnover for the continuing and discontinued operations in the six months ended 30 June 2016 and 2015 were HK\$237,459,000 and HK\$549,277,000 respectively.

The segment information for the six months ended 30 June 2016 and 2015 is as follows:

(a) Reportable segment profit or loss

	(Unaudited)							
	Continuing operations			Discontinued operations				Total HK\$'000
	Property HK\$'000	Others HK\$'000	Sub-total HK\$'000	Newspaper HK\$'000	Magazine HK\$'000	Others HK\$'000	Sub-total HK\$'000	
For the six months ended 30 June 2016								
Total segment revenue	27,534	-	27,534	152,739	58,254	1,762	212,755	240,289
Inter-segment revenue	(686)	-	(686)	(21)	(2,064)	(59)	(2,144)	(2,830)
Revenue from external customers	26,848	-	26,848	152,718	56,190	1,703	210,611	237,459
Reportable segment profit/(loss)	135,485	22,723	158,208	(18,149)	5,342	(313)	(13,120)	145,088

	(Unaudited)							
	Continuing operations			Discontinued operations				Total HK\$'000
	Property HK\$'000 (restated)	Others HK\$'000 (restated)	Sub-total HK\$'000 (restated)	Newspaper HK\$'000 (restated)	Magazine HK\$'000 (restated)	Others HK\$'000 (restated)	Sub-total HK\$'000 (restated)	
For the six months ended 30 June 2015								
Total segment revenue	27,559	-	27,559	373,039	138,316	15,934	527,289	554,848
Inter-segment revenue	(1,377)	-	(1,377)	(1,117)	(3,077)	-	(4,194)	(5,571)
Revenue from external customers	26,182	-	26,182	371,922	135,239	15,934	523,095	549,277
Reportable segment profit/(loss)	152,174	1,996	154,170	(318)	26,378	(2,768)	23,292	177,462

2. Revenue and segment information (continued)
(b) Reconciliation of reportable segment profit or loss

	(Unaudited)					
	For the six months ended 30 June					
	Continuing operations HK\$'000	2016 Discontinued operations HK\$'000	Total HK\$'000	Continuing operations HK\$'000 (Restated)	2015 Discontinued operations HK\$'000 (Restated)	Total HK\$'000 (Restated)
Profit/(loss) for reportable segments	135,485	(12,807)	122,678	152,174	26,060	178,234
Profit/(loss) for other segments	22,723	(313)	22,410	1,996	(2,768)	(772)
	158,208	(13,120)	145,088	154,170	23,292	177,462
Reconciling items:						
Elimination of inter-segment transactions	(122)	122	-	192	(192)	-
Share of losses of associates under equity method of accounting	(444)	(1)	(445)	(4,316)	(1)	(4,317)
Deferred tax on undistributed profit of an associate	-	-	-	304	-	304
Gain on disposal of discontinued operations	-	1,421,731	1,421,731	-	-	-
Gain on disposal of asset held for sale	30,089	-	30,089	-	-	-
Gain on disposal of interests in an associate	-	-	-	43,349	-	43,349
	29,523	1,421,852	1,451,375	39,529	(193)	39,336
Profit for the period	187,731	1,408,732	1,596,463	193,699	23,099	216,798

3. Property, plant and equipment

	(Unaudited)				
	Leasehold land and buildings HK\$'000	Plant & machinery HK\$'000	Other fixed assets HK\$'000	Assets in progress HK\$'000	Total HK\$'000
At 1 January 2016	89,617	38	6,637	662	96,954
Additions	-	-	483	1,295	1,778
Depreciation	(923)	(3)	(487)	-	(1,413)
Revaluation upon transfer to investment properties	307,948	-	-	-	307,948
Transfer to investment properties	(396,642)	(35)	(7,323)	-	(404,000)
Reclassification	-	-	1,957	(1,957)	-
Net book value at 30 June 2016	-	-	1,267	-	1,267
At 30 June 2016					
Cost	-	-	4,792	-	4,792
Accumulated depreciation	-	-	(3,525)	-	(3,525)
Net book value at 30 June 2016	-	-	1,267	-	1,267

4. Investment properties

	(Unaudited) 30 June 2016 HK\$'000	(Audited) 31 December 2015 HK\$'000
Opening balance	1,923,400	1,732,000
Transfer from property, plant and equipment	404,000	-
Fair value gain	114,100	191,400
Ending balance	2,441,500	1,923,400

5. Share capital

	(Unaudited) 30 June 2016		(Audited) 31 December 2015	
	Number of shares	Amount HK\$'000	Number of shares	Amount HK\$'000
Authorised:				
Ordinary shares of HK\$0.10 each	5,000,000,000	500,000	5,000,000,000	500,000
Issued and fully paid:				
Opening balance	1,561,057,596	156,106	1,561,057,596	156,106
Shares issued under share option scheme	6,688,000	669	-	-
Ending balance	1,567,745,596	156,775	1,561,057,596	156,106

Pursuant to the employee share option scheme of the Group, 6,688,000 options were exercised during the period ended 30 June 2016 which resulted in the equal number of shares being issued, with cash proceeds of HK\$9,925,000. There were no shares issued under share option scheme for the period ended 30 June 2015.

6. Other reserves

	(Unaudited)					
	Investment revaluation reserve HK\$'000	Asset revaluation reserve HK\$'000	Translation reserve HK\$'000	Employee share-based compensation reserve HK\$'000	Capital reserve HK\$'000	Total HK\$'000
At 1 January 2016	10,364	26,117	(5,288)	3,892	1,547	36,632
Other comprehensive income/(losses)						
Fair value gain recognised upon the transfer from leasehold land and buildings to investment properties (Note 3)	-	307,948	-	-	-	307,948
Available-for-sale financial assets						
- Fair value gain credited to equity	8,392	-	-	-	-	8,392
- Fair value gain released upon disposal	(18,616)	-	-	-	-	(18,616)
Currency translation difference on consolidation	-	-	(152)	-	-	(152)
Currency translation difference released upon disposal of asset held for sale	-	-	10,170	-	-	10,170
Disposal of interests in subsidiaries	4	-	(4,341)	-	-	(4,337)
Total other comprehensive (losses)/income	(10,220)	307,948	5,677	-	-	303,405
Employee share-based compensation benefits	-	-	-	2	-	2
Transfer to retained earnings	-	-	-	(3,894)	-	(3,894)
At 30 June 2016	144	334,065	389	-	1,547	336,145

6. Other reserves (continued)

	(Unaudited)					
	Investment revaluation reserve HK\$'000	Asset revaluation reserve HK\$'000	Translation reserve HK\$'000	Employee share-based compensation reserve HK\$'000	Capital reserve HK\$'000	Total HK\$'000
At 1 January 2015	55,783	26,117	(21,017)	3,792	1,547	66,222
Other comprehensive income						
Available-for-sale financial assets						
- Fair value gain credited to equity	2,880	-	-	-	-	2,880
Currency translation difference on consolidation	-	-	520	-	-	520
Currency translation difference released upon partial disposal of interests in an associate	-	-	10,011	-	-	10,011
Total other comprehensive income	2,880	-	10,531	-	-	13,411
Employee share-based compensation benefits	-	-	-	83	-	83
At 30 June 2015	58,663	26,117	(10,486)	3,875	1,547	79,716

7. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities are the following accounts payable by invoice date:

	(Unaudited) 30 June 2016		(Audited) 31 December 2015	
	Balance HK\$'000	Percentage %	Balance HK\$'000	Percentage %
0 to 30 days	-	-	29,939	69.6
31 to 60 days	-	-	9,217	21.4
61 to 90 days	-	-	1,874	4.4
Over 90 days	-	-	1,961	4.6
Total accounts payable	-	-	42,991	100.0
Accrued liabilities	26,566		188,011	
	26,566		231,002	
Less: Liabilities of disposal group classified as held for sale	-		(190,541)	
Total accounts payable and accrued liabilities	26,566		40,461	

8. Capital commitments

	(Unaudited) 30 June 2016 HK\$'000	(Audited) 31 December 2015 HK\$'000
Capital commitments for property, plant and equipment for the continuing operations		
Contracted, but not provided for	-	1,769

9. Net finance income

	(Unaudited)	
	For the six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000 (Restated)
Finance income of continuing operations		
- Interest income on available-for-sale financial assets	746	742

10. Income tax (credit)/expense

Hong Kong profits tax of continuing operations has been provided for at a rate of 16.5% (2015: 16.5%) on the estimated assessable profit for the period. Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates.

Income tax expense is recognised based on management's estimate of the weighted average annual income tax rate expected for the full financial year.

	(Unaudited)	
	For the six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000 (Restated)
Current income tax		
Hong Kong profits tax	3,370	3,617
Deferred income tax		
Deferred tax credits	(6,840)	(668)
	(3,470)	2,949

11. Earnings per share

The calculation of basic earnings per share is based on the profit for the period attributable to shareholders of HK\$1,595,372,000 (2015: HK\$208,661,000), the profit from continuing operations attributable to shareholders of HK\$187,731,000 (2015: HK\$193,699,000), the profit from discontinued operations attributable to shareholders of HK\$1,407,641,000 (2015: HK\$14,962,000) and the weighted average of 1,565,727,948 shares in issue (2015: 1,561,057,596 shares in issue) during the period.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares arising from exercise of all outstanding share options granted under the Company's share option scheme. A calculation is done to determine the number of shares that could have been acquired at fair value (determined with reference to the latest closing market share price of the Company's shares) based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

The calculation of diluted earnings per share is based on 1,565,727,948 shares (2015: 1,561,057,596 shares) which is the weighted average number of shares in issue during the period plus the weighted average of 470,031 shares (2015: 1,263,940 shares) deemed to be issued if all outstanding share options granted under the Company's share option scheme has been exercised.

12. Dividends

A 2015 final dividend of HK1.5 cents per share, totaling HK\$23,516,000 was paid out of the Company's contributed surplus in June 2016. A 2014 final dividend of HK3.8 cents per share, totaling HK\$59,320,000 was paid out of the Company's retained profits in June 2015.

A special cash payment of HK\$1.594327 per share, totaling HK\$2,499,499,000 was paid out of the Company's retained profits and contributed surplus in April 2016.

The Directors have resolved not to declare any interim dividend for the six months ended 30 June 2016 (2015: HK1.3 cents per share, totaling HK\$20,294,000).

13. Fair value measurement of financial instruments

(a) Financial assets measured at fair value

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the Group's financial assets that are measured at fair value at 30 June 2016 and 31 December 2015.

	Level 1 30 June 2016 HK\$'000	Level 1 31 December 2015 HK\$'000
Financial assets:		
Available-for-sale financial assets		
- Equity securities	-	114,749
- Debt investments	24,058	24,522
	24,058	139,271

(b) Fair values of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial assets and liabilities carried at amortised cost, including other receivables, amounts due to associates, cash and bank balances and accounts payable are not materially different from their fair values as at 30 June 2016 and 31 December 2015.

14. Related party transactions

Kerry Media Limited, a company incorporated in the British Virgin Islands, is the immediate holding company of the Company. Kerry Group Limited, a company incorporated in the Cook Islands, is the ultimate holding company of Kerry Media Limited. The directors regard Kerry Group Limited as the ultimate holding company of the Company as of the balance sheet date.

(a) Transactions with Kerry Group

Significant transactions with Kerry Group Limited and its subsidiaries (“Kerry Group”), which were carried out in the normal course of the Group’s business at terms determined and agreed by the underlying parties, are as follows:

	(Unaudited) For the six months ended 30 June	
	2016 HK\$'000	2015 HK\$'000
Rendering of services		
- Advertising revenue	400	722
- Newspaper subscription	408	839
	808	1,561
Sales proceeds from disposal of available-for-sale financial assets	1,345	-
Agency fee expense	209	-
Consultancy fee expense	150	-
	359	-

(b) Balances arising from transactions with Kerry Group

	(Unaudited) 30 June 2016 HK\$'000	(Audited) 31 December 2015 HK\$'000
Receivables arising from advertising services	-	273
Receivables arising from newspaper subscription	-	103
Receivables arising from magazine production services	-	706
Receivables arising from disposal of available-for-sale financial assets	1,345	-
Payables arising from consultancy fee expense	(75)	-
	1,270	1,082

14. Related party transactions (continued)

(c) Transactions with HCI group

Hearst Communications Inc. ("HCI"), a company formed under the laws of the State of Delaware in the United States of America, through its subsidiaries, exercises significant influence over SCMP Hearst Publications Limited and SCMP Hearst Hong Kong Limited, both are indirect subsidiaries of the Company. After the disposal of the Target Companies on 5 April 2016, HCI is no longer a related party of the Group. During the period, the Group had significant transactions with HCI and its subsidiaries, which were carried out in the normal course of the Group's business at terms determined and agreed by the underlying parties up to 5 April 2016, as follows:

	(Unaudited) For the six months ended 30 June	
	2016 HK\$'000	2015 HK\$'000
Rendering of services		
- Royalty expenses	2,528	5,950
- Payment in respect of advertising sales/agency agreement	1,326	3,867
	3,854	9,817

(d) Balances arising from transactions with HCI group

	(Unaudited) 30 June 2016 HK\$'000	(Audited) 31 December 2015 HK\$'000
Royalty expenses payable	-	2,818
Amount payable in respect of advertising sales/agency agreements	-	212
	-	3,030

(e) Key management personnel compensation

	(Unaudited) For the six months ended 30 June	
	2016 HK\$'000	2015 HK\$'000
Salaries and other short-term employee benefits	6,779	15,509
Post-employment benefits	160	331
Employee share-based compensation benefits	2,812	55
	9,751	15,895

15. Discontinued operations

The results of the Target Companies together with the related gain on disposal have been presented as discontinued operations in the condensed consolidated statement of comprehensive income for the six months ended 30 June 2016. The prior period comparatives of the discontinued operations have been restated accordingly.

(a) Analysis of the results of the discontinued operations is as follows:

	(Unaudited)	
	For the six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000 (Restated)
Revenue	210,611	523,095
Other income	353	1,006
Staff costs	(137,731)	(270,126)
Cost of production materials	(35,148)	(89,643)
Rental and utilities	(6,405)	(14,861)
Depreciation and amortisation	-	(29,794)
Advertising and promotion	(8,028)	(15,293)
Other operating expenses	(34,884)	(77,550)
Operating (loss)/profit of discontinued operations	(11,232)	26,834
Net finance income	507	1,865
Share of losses of associates	(1)	(1)
(Loss)/profit before income tax from discontinued operations	(10,726)	28,698
Income tax expense	(2,273)	(5,599)
(Loss)/profit for the period from discontinued operations	(12,999)	23,099

Operating (loss)/profit of discontinued operations is stated after charging/crediting:

	(Unaudited)	
	For the six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000 (Restated)
Charging		
Net loss on disposal of property, plant and equipment and intangible assets	2	5
Auditors' remuneration	599	1,466
Crediting		
Interest income on bank deposit	507	1,865

15. Discontinued operations (continued)

(b) Analysis of the cash flows of discontinued operations:

	(Unaudited)	
	For the six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
Net cash (outflow)/inflow from operating activities	(8,152)	93,102
Net cash outflow from investing activities	(8,368)	(18,216)
Net cash (outflow)/inflow from financing activities	(459,367)	13,390
Net cash (outflow)/inflow from discontinued operations	(475,887)	88,276

(c) Disposal of subsidiaries (the Target Companies)

	(Unaudited) HK\$'000
Net assets disposed of:	
Intangible assets	176,630
Property, plant and equipment	406,024
Defined benefit plan's assets	56,328
Interests in associates	319
Available-for-sale financial assets	11
Deposit paid for property, plant and equipment	1,077
Inventories	14,849
Accounts receivable	229,574
Prepayments, deposits and other receivables	24,349
Taxation recoverable	1,800
Cash and bank balances	92,252
Trade payables and accrued liabilities	(157,447)
Amount due to an associate	(955)
Subscription in advance	(30,780)
Loan from a non-controlling shareholder	(2,240)
Deferred income tax liabilities	(63,266)
Non-controlling interests	(35,705)
	712,820
Translation reserve	(4,341)
Investment revaluation reserve	4
	708,483
Expenses incurred on disposal during the current period	3,094
	711,577
Cash consideration	2,133,308
Profit on disposal of subsidiaries	1,421,731

An analysis of net cash inflow in respect of the disposal of the subsidiaries is as follows:

	(Unaudited) HK\$'000
Cash consideration	2,133,308
Cash and bank balances disposed of	(92,252)
Expenses incurred on disposal during the current period	(3,094)
Net cash inflow in respect of disposal of subsidiaries	2,037,962



16. Subsequent events

On 12 August 2016, the Company and Great Wall Pan Asia (BVI) Holding Limited (“Great Wall”) jointly announced that, Kerry Media Limited (“KML”), the controlling shareholder of the Company, has signed a share purchase agreement with Great Wall Pan Asia International Investment Co., Limited (“Purchaser”) pursuant to which it has agreed to sell (and procure the sale of) 1,163,151,308 shares in the Company (representing approximately 74.19% of the total issued voting shares of the Company) to the Purchaser (“Share Purchase Agreement”). As stated in the joint announcement on 12 August 2016, it is intended by the Purchaser that upon completion, the shares in the Company acquired by the Purchaser will be held by Great Wall, a wholly-owned subsidiary of the Purchaser.

On the same day, in connection with the Share Purchase Agreement, Armada Property Investment Limited (“Armada Property”), a wholly-owned subsidiary of the Company, signed a sale and purchase agreement (“First Coastline SPA”) with Wealth Luck Holdings Limited (“Wealth Luck”), a wholly-owned subsidiary of Kerry Properties Limited, for the sale of Armada Property’s entire interest in Coastline International Limited (“Coastline”), representing the entire issued voting shares of Coastline (“Coastline Shares”). The consideration under the First Coastline SPA was HK\$930 million. Pursuant to 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 a period of 21 days from the date of the First Coastline SPA (which expired on 2 September 2016), provided that the binding sale and purchase agreement with such third party must contain 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). 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.

Details of the sale of the Company’s shares, the First Coastline SPA and conditions are set out in the joint announcement issued by the Company and Great Wall on 12 August 2016.

17. Approval of the interim financial information

This interim financial information was approved by the Board of Directors on 30 August 2016.

REVIEW REPORT OF THE AUDITOR



羅兵咸永道

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF ARMADA HOLDINGS LIMITED (FORMERLY KNOWN AS SCMP GROUP LIMITED)

(incorporated in Bermuda with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 1 to 17, which comprises the condensed consolidated balance sheet of Armada Holdings Limited (formerly known as SCMP Group Limited) (the “Company”) and its subsidiaries (together, the “Group”) as at 30 June 2016 and the related condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, and other explanatory notes. The Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 30 August 2016

MANAGEMENT DISCUSSION AND ANALYSIS

Operating Results of the Group

The Group's consolidated operating results for the six months ended 30 June 2016 and 2015 were as follows:

<i>(HK\$ millions, except per share amounts)</i>	For the six months ended 30 June		
	2016	2015 (Restated)	% Change
Continuing operations			
Revenue	26.8	26.2	2
Other income	-	1.3	*
Depreciation and amortisation	(1.4)	(2.6)	(46)
Other operating expenses	(12.7)	(5.1)	*
Fair value gain on investment properties	114.1	137.1	(17)
Operating profit	126.8	156.9	(19)
Net finance income	0.7	0.7	-
Share of losses of associates	(0.4)	(4.3)	(91)
Gain on disposal of available-for-sale financial assets	27.1	-	*
Gain on disposal of asset held for sale	30.1	-	*
Gain on disposal of interests in an associate	-	43.3	*
Profit before income tax	184.3	196.6	(6)
Income tax credit/(expense)	3.5	(2.9)	*
Profit for the period from continuing operations	187.8	193.7	(3)
Discontinued operations			
(Loss)/profit for the period from discontinued operations	(13.0)	23.1	*
Gain on disposal of discontinued operations	1,421.7	-	*
Profit for the period from discontinued operations	1,408.7	23.1	*
Profit for the period	1,596.5	216.8	*
Non-controlling interests - discontinued operations	(1.1)	(8.1)	(86)
Profit attributable to shareholders	1,595.4	208.7	*
Earnings per share (HK cents)	101.9	13.4	*

* Represents a change in excess of 100%

Profit attributable to shareholders in the first half of 2016 was \$1,595.4 million, which included \$1,421.7 million gain on disposal of media business, \$114.1 million fair value gain on investment properties, \$27.1 million gain on disposal of available-for-sale financial assets and \$30.1 million gain on disposal of asset held for sale. If the above gains are excluded, net profit attributable to shareholders in the first half of 2016 was \$2.4 million, compared to \$28.3 million in the first half of 2015. The decrease in net profit was mainly due to the Group's media business having been discontinued as a result of the disposal to Alibaba Investment Limited.

Financial Review by Business

The Group completed the disposal of its media business to Alibaba Investment Limited on 5 April 2016. Consequently, this financial review will only cover the property business.

Continuing operations

Property

(HK\$ millions)	For the six months ended 30 June		
	2016	2015 (Restated)	% Change
Revenue	27.5	27.6	-
Adjusted operating profit	17.9	18.3	(2)
Net profit attributable to shareholders [#]	135.5	152.2	(11)

[#] Includes fair value gains on investment properties of \$114.1 million for the first half of 2016 and a gain of \$137.1 million in the same period in 2015.

As mentioned in 2015 annual report, the operating results of the Property segment have been restated to include contribution from the advertising boards of Yue King Building, which was reported under Others segment in the past.

Revenue for the first half of 2016 was flat at \$27.5 million (First half of 2015: \$27.6 million), as higher income from rental reversion upon lease renewal was offset by lower income from advertising as a result of softer market conditions in Hong Kong.

The Group's investment property portfolio comprises a vacant property in TV City, certain floors of the Bank of America Tower, Yue King Building, Ko Fai Industrial Building and Seaview Estate. Yue King Building was reclassified as investment property upon completion of the disposal of media business. The original cost of the portfolio was \$1,048 million and the carrying value as of 30 June 2016 was \$2,441.5 million.

The Group's investment properties were revalued at 30 June 2016 by independent professionally qualified valuers, DTZ Cushman & Wakefield Limited, who hold a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued. For all investment properties, their current use equates to the highest and best use. The revaluation gains or losses are shown as "Fair value gain or loss on investment properties" in the income statement. Fair values of the office buildings and industrial properties are derived using the income capitalisation approach and fair value of the vacant property is derived using the residual method. There were no changes to the valuation techniques during the period.

TV City

The Group acquired TV City in 1996 and has held this piece of property for long-term investment. TV City is held by Coastline International Limited ("Coastline"), a wholly-owned subsidiary of the Company. On 12 August 2016, Armada Property Investment Limited ("Armada Property"), a wholly-owned subsidiary of the Company, signed a sale and purchase agreement ("First Coastline SPA") with Wealth Luck Holdings Limited, a wholly-owned subsidiary of Kerry Properties Limited, for the sale of Armada Property's entire interest in Coastline, representing the entire issued voting shares of Coastline ("Coastline Shares"). The consideration of the First Coastline SPA was HK\$930 million. Pursuant to 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 within a period of 21 days from the date of the First Coastline SPA (which expired on 2 September 2016), provided that the binding sale and purchase agreement with such third party must contain 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). 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.

Details of the First Coastline SPA and conditions are set out in the joint announcement by the Company and Great Wall Pan Asia (BVI) Holding Limited on 12 August 2016.

Investment in associates

The Group had classified the remaining portion of the investment in The Post Publishing Public Company Limited, an associate of the Group, as asset held for sale as at 31 December 2015. During the period, the Group disposed the entire remaining investment and recognised a gain on disposal of \$30.1 million. As the investment is not a core business of the Group, its disposal allows the Group to focus on its property business. The terms and conditions of the disposal were determined after arms' length negotiations between the Group and the independent third party purchasers.

Liquidity and Capital Resources

The Group's main source of liquidity is recurring cash flows from the property business. The Group's financial position as at 30 June 2016 and 31 December 2015 were as follows:

(HK\$ millions)	30 June 2016	31 December 2015	% Change
Cash and bank balances [^]	271.8	607.6	(55)
Shareholders' funds	2,703.6	3,318.0	(19)
Current ratio	9.2	4.7	96

[^] The figures at 31 December 2015 includes \$568.1 million cash and bank balances held by disposal group held for sale

Cash and bank balances are held predominantly in Hong Kong dollars. The Group has no significant exposure to foreign exchange fluctuations. There was no borrowing as at 30 June 2016.

The Group has maintained a strong cash position and expects its cash and cash equivalents and cash generated from operations to be adequate to meet its working capital requirements and to pay dividends.

Operating Activities

Net cash used in operating activities for the first half of 2016 was \$15.6 million, compared with net cash generated of \$110.3 million in 2015. The decrease in operating cash flows was mainly due to lower revenues in discontinued operations during the current period.

Investing Activities

Net cash generated from investing activities for the period was \$2,214.8 million, compared with \$50.3 million in 2015. The increase resulted mainly from the cash flow of \$2,038.0 million in relation to the disposal of the media business and sales proceeds of the Group's available-for-sale investments of \$132.7 million.

Capital expenditure for the period was \$11.0 million, compared with \$20.3 million in the same period last year. Substantially all of the capital expenditure was incurred in the first three months of 2016 in connection with the media business.

Financing Activities

Net cash used in financing activities was \$2,535.0 million representing mainly the special cash payment and the 2015 final dividend paid to the shareholders of the Company.

Outlook

The Group expects its rents from its investment properties and income from its advertising business to remain stable in the remaining months of 2016. The Group will continue to explore ways to realise value for shareholders and return excess cash to shareholders.

Staff

As at 30 June 2016, the Group had 4 employees compared with 1,033 as at 31 December 2015. In view of the Group's business after the disposal of the media business, the Group's management has reviewed the Group's staff structure and believes the current staff structure and remuneration policy are appropriate for the Group. The Group's management will constantly review its staff and remuneration policies to ensure they are appropriate for the Group and in-line with market standard.

Interim Dividend

A special cash payment of HK\$1.594327 per share, totaling HK\$2,499,499,000 was paid out of the Company's retained profits and contributed surplus on 6 April 2016.

The Directors have resolved not to declare any interim dividend for the six months ended 30 June 2016 (2015: HK1.3 cents per share).

OTHER INFORMATION

Directors

The Directors during the six months ended 30 June 2016 and up to the date of this report were:

Non-executive Directors

Dr David J. Pang (Chairman)

Mr Tse Kai Chi

Tan Sri Dr. Khoo Kay Peng (resigned with effect from 6 June 2016)

Independent Non-executive Directors

Dr Yeung Hin Chung John

Mr Chua Phuay Hee

Mr Wong Kai Man

Dr Fred Hu Zu Liu (retired with effect from 6 June 2016)

Dr the Hon. Sir David Li Kwok Po (resigned with effect from 6 June 2016)

Executive Directors

Ms Tong Shao Ming

Mr Chak Chung Luen Albert

Ms Kuok Hui Kwong (resigned with effect from 6 June 2016)

Board of Directors

Non-Executive Directors

Dr David J. Pang

Chairman

Dr Pang was appointed a Non-Executive Director of the Company in December 2007 and became the Non-Executive Chairman in January 2009. He has been a director of Kerry Holdings Limited, a controlling shareholder of the Company, since 15 March 2007. Dr Pang also serves as chief executive officer of Kerry Group Kuok Foundation Limited, a charitable organisation and on the board of Visa Inc. (listed on the New York Stock Exchange). He previously held senior global business management positions with multinational corporations and taught at universities in North America and Asia. Dr Pang served as chief executive officer of Airport Authority Hong Kong from January 2001 to February 2007 after a successful career with the conglomerate E.I. DuPont, where he was corporate vice president in charge of DuPont worldwide nonwovens business and chairman, DuPont Greater China. During his career with DuPont, Dr Pang held a number of progressively senior positions across various DuPont businesses and with responsibilities spanning the Asia Pacific, North America, Europe and South America since 1980.

Mr Tse Kai Chi

Mr Tse Kai Chi was appointed Non-Executive Director of the Company in June 2016. He is a senior finance executive and is currently the deputy chief financial officer of Kerry Holdings Limited, the controlling shareholder of the Company.

Mr Tse is a graduate of the London School of Economics & Political Science and he qualified as Chartered Accountant and Associate of Corporate Treasurer in England. He has more than 30 years of experience in audit, accounting and finance and worked in the audit and banking industry before he joined the Kerry group in 1994. From 2001 to 2004, he was the group financial controller of the Company. Mr Tse has also been appointed as a director of various subsidiaries of the Company.

Independent Non-Executive Directors

Dr Yeung Hin Chung John

SBS, OBE, JP

Dr Yeung Hin Chung John was appointed Independent Non-Executive Director of the Company in June 2016. He is currently an independent non-executive director of RoadShow Holdings Limited (Stock code: 0888) and of Cordoba Homes Ltd. He is the managing director of The Cross-Harbour (Holdings) Limited (Stock code: 0032) and also holds directorships in certain other members of the Cross Harbour group. He holds a doctoral degree in Management. He has also held various key management positions in the Government of Hong Kong, where he last served as the Deputy Director of Immigration; and in the private sector, where he last worked as the chief executive of the Shun Hing Group, a large trading consortium. Dr Yeung is a Member of the CUHK Advisory Group on Undergraduate Studies in Business, the Hong Kong PolyU CPCE Advisory Committee and the HKU SPACE Foundation Steering Committee. He is also an Honorary Institute Fellow of CUHK Asia-Pacific Institute of Business and a member of the Board of Governors of the Hong Kong Philharmonic Society.

Mr Chua Phuay Hee

Mr Chua Phuay Hee was appointed Independent Non-Executive Director of the Company in June 2016. He is currently an independent non-executive director of Perennial Real Estate Holdings Limited, a real estate company listed on the mainboard of Singapore Exchange. Mr Chua currently also sits on the board of Temasek Life Sciences Laboratory Limited as a non-executive director. He is also an independent director on the boards of Fraser Hospitality Asset Management Pte Ltd and Frasers Hospitality Trust Management Pte. Ltd. Mr Chua was a non-executive director of Industrial Bank Co. Ltd, a company listed on the Shanghai Stock Exchange, from June 2004 to April 2015.

Mr Chua was formerly the executive director of Finance, Risk Management, Information Technology and Corporate Services at Wilmar International Limited, a company listed on the Singapore Exchange. During his nine-year tenure at Wilmar International Limited, the group expanded its global business rapidly and had a successful public listing in 2006, after which he sat on the board of Wilmar International Limited as an executive director for five years. Prior to his role at Wilmar International Limited, Mr Chua was the chief financial officer and chief risk officer at Keppel Tat Lee Bank, which was merged into OCBC Bank in 2002. Mr Chua joined Tat Lee Bank as Executive Vice President in 1990 and was actively involved in its merger with Keppel Bank. He left the bank in 2002 and served for a few months as chief executive officer of a property fund, China Homes Limited.

Mr Chua started his career with the Insurance Commissioner's Department at the Monetary Authority of Singapore. He subsequently headed the Personnel Department and the Securities Industry Department respectively. Mr Chua holds a Bachelor of Science (First Class Honours) degree in Mathematics from Nanyang University, Singapore and a Master of Science (Actuarial Science) degree from Northeastern University, Boston, USA under an Asia Foundation Scholarship.

Mr Wong Kai Man

BBS, JP

Mr Wong is an accountant with 32 years of audit, initial public offering and computer audit experience. He was a member of the Growth Enterprise Market Listing Committee of The Stock Exchange of Hong Kong Limited from 1999 to 2003. He retired as an audit partner from PricewaterhouseCoopers, Hong Kong on 30 June 2005 and is currently a director of Victor and William Fung Foundation Limited, Fung (1906) Foundation Limited until 9 May 2016, and an Honorary Associate Professor of the School of Business of the University of Hong Kong. He was an independent non-executive director of China Construction Bank Corporation (listed in Hong Kong and Shanghai) from 2007 to 2013 and Shangri-La Asia Limited (listed in Hong Kong and Singapore) from 2007 to May 2015. He was a non-executive director of the Securities and Futures Commission from 2009 to May 2015. He is currently an independent non-executive director of SUNeVision Holdings Ltd. and VTech Holdings Limited (both listed in Hong Kong). He is a member of the Financial Reporting Council. In addition, he serves in a number of government committees and the board of certain non-governmental organisations. Mr Wong obtained his Bachelor of Science in Physics from the University of Hong Kong and Master of Business Administration from the Chinese University of Hong Kong, and is a fellow of the Association of Chartered Certified Accountants, United Kingdom and a fellow of the Hong Kong Institute of Certified Public Accountants.

Executive Directors**Ms Tong Shao Ming**

Ms Tong Shao Ming was appointed Executive Director of the Company in June 2016. She is currently the managing director of the Company, and investment director of Kerry Holdings Limited, the controlling shareholder of the Company, and Wilmar International Limited, a company listed on the mainboard of the Singapore Exchange. From 2005 to 2008, she worked in the Equity Capital Markets Group of UBS AG. From 1998 to 2005, she worked in the Hong Kong, London and Singapore offices of Slaughter and May, an international law firm, as an associate in the corporate department. Ms Tong received her Bachelor of Arts (Hons) in Jurisprudence from Oxford University and was admitted as a solicitor of England and Wales. Ms Tong has also been appointed as a director of various subsidiaries of the Company.

Mr Chak Chung Luen Albert

Mr Chak Chung Luen Albert was appointed Executive Director of the Company in June 2016. He has over 20 years of experience in the legal field. He is currently the Chief Administrative Officer of the Company and the Director of Legal (China) of Shangri-La Asia Limited (listed in Hong Kong (Stock code: 0069) and Singapore). From 2005 to 2008, he worked for China Resources Enterprise, Limited (currently known as China Resources Beer (Holdings) Company Limited) as its Senior Legal Advisor. From 1997 to 2005, he worked as an associate in the corporate department of the Hong Kong Office of Allen & Overy, an international law firm. He is qualified as a solicitor in England and Wales and Hong Kong.

Corporate Executive**Mr Kong Kwok Kei Raymond**

Chief Financial Officer

Mr Raymond Kong was appointed as the Chief Financial Officer of the Company on 5 April 2016 following the completion of the sale of the Company's media business. Mr Kong is also the Finance Manager of Kerry Holdings Limited, the controlling shareholder of the Company. He is a Certified Public Accountant and a Chartered Financial Analyst. Before joining the Group, Mr Kong has more than 20 years of experience in audit, accounting and finance that covers various industries including audit, telecommunications, consumer products and public transportation. Mr Kong holds a Master Degree in Business Administration from the Hong Kong University of Science and Technology.

Directors' and Chief Executive Officer's Interests in Shares, Underlying Shares and Debentures

As at 30 June 2016, the Directors and Chief Executive Officer of the Company had the following interests or short positions in shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") as recorded in the register required to be kept under Section 352 of the SFO or as notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Rules Governing the Listing of Securities of the Stock Exchange (the "Listing Rules"):

(i) Company

During the six months ended 30 June 2016, none of the Directors and Chief Executive Officer of the Company had any interests or short positions in shares, underlying shares and debentures of the Company.

(ii) Associated Corporations

Name of Associated Corporation	Name of Director	Number of ordinary shares held			Number of underlying ordinary shares held under equity derivatives	Total	Approximate % of issued voting shares
		Personal interests	Corporate interests	Family/ Other interests			
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.
- 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.
- Approximate percentage calculated based on the 1,524,718,043 ordinary shares of Kerry Group Limited in issue as at 30 June 2016.
- Approximate percentage calculated based on the 1,443,147,728 ordinary shares of Kerry Properties Limited in issue as at 30 June 2016.

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

Apart from the aforesaid, as at 30 June 2016, none of the Directors and Chief Executive Officer of the Company had any interest or short position in any shares, underlying shares and debentures of the Company or any associated corporations (within the meaning 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.

Directors' and Chief Executive Officer's Rights to Acquire Shares or Debentures

(i) Company

During the six months ended 30 June 2016, 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 Corporations*Kerry Group Limited*

Dr David J. Pang and Mr Tse Kai Chi have interests in the share options (“KGL Options”) to subscribe for shares in Kerry Group Limited, an associated corporation of the Company (within the meaning of the SFO), during the six months ended 30 June 2016. Details are set out as follows:

Name of Director	Date of grant (DD/MM/YYYY)	Number of KGL Options held as at 01/01/2016	Number of KGL Options granted during the period	Number of KGL Options exercised during the period	Number of KGL Options held as at 30/06/2016	Exercise price/ share HK\$	Exercise period (DD/MM/YYYY)
Dr David J. Pang	16/07/2010	400,000	-	(200,000)	200,000	10.00	19/07/2010 - 15/07/2017
Mr Tse Kai Chi	16/07/2010	1,500,000	-	-	1,500,000	10.00	19/07/2010 - 15/07/2017

Save as stated above, at no time during the six months ended 30 June 2016 had any 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 associated corporations of the Company required to be disclosed pursuant to the SFO.

Substantial Interests in Issued Voting Shares

As at 30 June 2016, the following persons (other than the Directors and 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:

Name	Capacity/ Nature of interests	Number of ordinary shares held	Long position/ Short position	Approximate % of issued voting shares ⁶
Kerry Group Limited	Interest of controlled corporations	1,155,061,308	Long position	73.68%
Kerry Holdings Limited	Interest of controlled corporations	1,155,061,308 ¹	Long position	73.68%
Kerry 1989 (C.I.) Limited	Interest of controlled corporations	1,078,717,308 ²	Long position	68.81%
Kerry Media Limited	Beneficial owner	1,078,717,308 ³	Long position	68.81%
Silchester International Investors LLP	Investment manager	221,365,000	Long position	14.12%
Silchester International Investors International Value Equity Trust	Beneficial owner	108,275,634 ^{4,5}	Long position	6.91%

Notes:

- 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.
- 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.
- 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.
- 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 voting shares) and this decrease in shareholding was not required to be disclosed under Part XV of the SFO.
- The interests held by Silchester International Investors International Value Equity Trust are duplicated in the interests reported above for Silchester International Investors LLP.
- Approximate percentage calculated based on the 1,567,745,596 ordinary shares of the Company in issue as at 30 June 2016.

Save as stated above, as at 30 June 2016, the register maintained by the Company pursuant to section 336 of the SFO recorded no other interests or short positions in the shares and underlying shares of the Company.

Share Option Scheme

The Company has a share option scheme (the "Scheme") which was approved at the annual general meeting of the Company held on 24 May 2010. The Scheme is designed to motivate the eligible persons, whose contributions are or will be beneficial to the performance, growth and success of the Group, to optimise their future contributions to the Group and reward them for their past contributions and enable the Group to attract and retain individuals with experience and ability. Since the media business was sold to Alibaba Investment Limited in April 2016, there are no outstanding options under the Scheme.

No share option was granted or cancelled under the Scheme during the six months ended 30 June 2016 (the "Period").

The outstanding shares in respect of options granted under the Scheme as at 30 June 2016 are summarised below:

	Number of shares in respect of options granted
Outstanding at 1 January 2016	6,988,000
Granted during the Period	-
Exercised during the Period	(6,688,000)
Cancelled during the Period	-
Lapsed during the Period	(300,000)
Outstanding at 30 June 2016	-

Details of the movements during the Period in the options granted under the Scheme are as follows:

(i) Options granted to Directors and Chief Executive Officer

None of the Directors and Chief Executive Officer of the Company has any outstanding options or has any options exercised, cancelled or lapsed during the Period.

(ii) Options granted to employees

Continuous Contract

Date of grant (DD/MM/YYYY)	Tranche	Outstanding at 01/01/2016	Number of options			Outstanding at 30/06/2016	Exercise price/ share HK\$	Exercise period (DD/MM/YYYY)
			Granted during the Period	Exercised during the Period	Lapsed during the Period			
28/11/2011	1	912,000	-	(912,000)	-	-	1.484	19/07/2012 - 27/11/2021
28/11/2011	2	342,000	-	(342,000)	-	-	1.484	19/10/2012 - 27/11/2021
28/11/2011	3	342,000	-	(342,000)	-	-	1.484	19/01/2013 - 27/11/2021
28/11/2011	4	366,000	-	(366,000)	-	-	1.484	19/04/2013 - 27/11/2021
28/11/2011	5	526,000	-	(526,000)	-	-	1.484	19/07/2013 - 27/11/2021
28/11/2011	6	487,000	-	(487,000)	-	-	1.484	19/10/2013 - 27/11/2021
28/11/2011	7	487,000	-	(463,000)	(24,000)	-	1.484	19/01/2014 - 27/11/2021
28/11/2011	8	487,000	-	(445,000)	(42,000)	-	1.484	19/04/2014 - 27/11/2021
28/11/2011	9	487,000	-	(445,000)	(42,000)	-	1.484	19/07/2014 - 27/11/2021
28/11/2011	10	558,000	-	(510,000)	(48,000)	-	1.484	19/10/2014 - 27/11/2021
28/11/2011	11	558,000	-	(510,000)	(48,000)	-	1.484	19/01/2015 - 27/11/2021
28/11/2011	12	558,000	-	(510,000)	(48,000)	-	1.484	19/04/2015 - 27/11/2021
28/11/2011	13	558,000	-	(510,000)	(48,000)	-	1.484	19/07/2015 - 27/11/2021
28/11/2011	14	80,000	-	(80,000)	-	-	1.484	19/10/2015 - 27/11/2021
28/11/2011	15	80,000	-	(80,000)	-	-	1.484	19/01/2016 - 27/11/2021
28/11/2011	16	80,000	-	(80,000)	-	-	1.484	19/04/2016 - 27/11/2021
28/11/2011	17	80,000	-	(80,000)	-	-	1.484	19/07/2016 - 27/11/2021
Total		6,988,000	-	(6,688,000)	(300,000)	-		

Notes:

- The weighted average closing price (determined with reference to the latest closing share price of the Company before the suspension of trading in its shares) immediately before the dates on which the share options were exercised was HK\$1.95.
- No options were granted or cancelled during the Period.



Purchase, Sale or Redemption of the Company's Shares

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares during the six months ended 30 June 2016.

Corporate Governance

During the Period, the Group's corporate governance practices have complied with the applicable code provisions of the Corporate Governance Code (the "Corporate Governance Code") as set out in Appendix 14 of the Listing Rules. The Group also adheres to the recommended best practices of the Corporate Governance Code insofar as they are relevant and practicable.

Code for Securities Transactions by Directors

The Board has adopted the Model Code as the code for securities transactions by Directors of the Company. All Directors of the Company have confirmed their compliance with the required standard set out in the Model Code during the period from 1 January 2016 to 30 June 2016.

Audit Committee

The Company established an Audit Committee in 1998 with written terms of reference. With effect from 6 June 2016, Dr David J. Pang and Dr the Hon. Sir David Li Kwok Po ceased to be members of the Audit Committee. Mr Chua Phuay Hee and Mr Tse Kai Chi were appointed as members of the Audit Committee.

The Audit Committee currently comprises two Independent Non-executive Directors, namely Mr Wong Kai Man as Committee Chairman and Mr Chua Phuay Hee and a Non-executive Director, Mr Tse Kai Chi. The Audit Committee met once in the first six months of 2016. The Audit Committee has reviewed the Group's unaudited interim results for the six months ended 30 June 2016.

Remuneration Committee

The Company established a Remuneration Committee in 2000 with written terms of reference. With effect from 6 June 2016, Dr the Hon. Sir David Li Kwok Po ceased to be the Committee Chairman, Mr Wong Kai Man, and Ms Kuok Hui Kwong ceased to be the members of the Remuneration Committee.

The Remuneration Committee currently comprises two Independent Non-executive Directors, namely Dr Yeung Hin Chung John as Committee Chairman and Mr Chua Phuay Hee, and an Executive Director, Ms Tong Shao Ming. Their appointments were all effective from 6 June 2016.

Nomination Committee

The Company established a Nomination Committee in 2005 with written terms of reference. With effect from 6 June 2016, Dr Fred Hu Zu Liu ceased to be Committee Chairman and Dr David J. Pang was re-designated as the Chairman of the Nomination Committee. Dr Yeung Hin Chung John was appointed as a member of the Nomination Committee.

The Nomination Committee currently comprises two Independent Non-executive Directors, namely Dr Yeung Hin Chung John and Mr Wong Kai Man and a Non-executive Director, Dr David J. Pang as Committee Chairman. The Nomination Committee met once in the first six months of 2016.

Strategy Committee

The Company established a Strategy Committee in 2010 with written terms of reference. The Strategy Committee comprised an Executive Director, Ms Kuok Hui Kwong as Committee Chairman, a Non-executive Director cum Chairman, Dr David J. Pang and an Independent Non-executive Director, Dr Fred Hu Zu Liu. The Strategy Committee had been disbanded effective from the conclusion of the annual general meeting of the Company held on 6 June 2016.

Public Float

On 12 August 2016, Kerry Media Limited signed a share purchase agreement (the “GW SPA”) with Great Wall Pan Asia International Investment Co., Limited (“Purchaser”) to sell, and procure the sale of, 1,163,151,308 shares in the Company (representing approximately 74.19% of the total issued voting shares of the Company), to the Purchaser. As stated in the announcement, it is intended by the Purchaser that upon completion, the shares in the Company acquired by the Purchaser will be held by a wholly-owned subsidiary of the Purchaser, Great Wall Pan Asia (BVI) Holding Limited (“Great Wall”).

If the GW SPA is completed, Great Wall will, upon Completion, be required to make a mandatory unconditional general offer (the “Offer”) in cash for all the issued shares in the Company, other than those already owned or agreed to be acquired by Great Wall and its concert parties.

Great Wall has confirmed that (i) it intends to maintain the listing of the Company’s shares on the Stock Exchange after the close of the Offer and (ii) it will, and it will procure that the Company will, undertake to the Stock Exchange to take appropriate steps to restore the public float in the Company’s shares after closing of the Offer, which may include Great Wall selling some of its shares in the Company to restore the Company’s public float.

On behalf of the Board
David J. PANG
Chairman

Hong Kong, 30 August 2016

Subsequent Events after the Date of Approval of Interim Report

On 2 September 2016, Armada Property signed a sale and purchase agreement with a third party purchaser, Paulton Global Limited, for the sale of the Coastline Shares at a consideration of HK\$990 million (“Coastline Disposal”) and the First Coastline SPA was terminated in accordance with its terms on the same day.

The completion of the Coastline Disposal is subject to the satisfaction of certain conditions precedent. The Coastline Disposal is a major transaction under the Listing Rules and is subject to the reporting, announcement, circular, and shareholders’ approval requirements under the Listing Rules.

Details of the Coastline Disposal are set out in the announcement by the Company on 6 September 2016.