珠海控股
ZHUHAI HOLDINGS

珠海控股投資集團有限公司
ZHUHAI HOLDINGS INVESTMENT GROUP LIMITED

(Incorporated in Bermuda with limited liability)
Stock Code: 00908

2013
Interim Report

Contents

CORPORATE INFORMATION

Board of Directors

Executive Directors
Mr. Chen Yuanhe (Chairman)
Mr. Huang Xin (Chief Executive Officer)
Mr. Jin Tao
Mr. Meng Bin
Mr. Ye Yuhong
Mr. Li Wenjun

Non-Executive Director
Datuk Lim Hock Guan
(appointment effective from 12 August 2013)

Independent Non-Executive Directors
Mr. Hui Chiu Chung
Mr. Chu Yu Lin, David
Mr. Albert Ho

Audit Committee
Mr. Albert Ho (Chairman)
Mr. Hui Chiu Chung
Mr. Chu Yu Lin, David

Nomination Committee
Mr. Chen Yuanhe (Chairman)
Mr. Ye Yuhong
Mr. Hui Chiu Chung
Mr. Chu Yu Lin, David
Mr. Albert Ho

Remuneration Committee
Mr. Hui Chiu Chung (Chairman)
Mr. Chu Yu Lin, David
Mr. Albert Ho

Company Secretary
Mr. Chan Chit Ming, Joeie

Auditors
Ernst & Young
Certified Public Accountants
22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

Principal Bankers
Industrial and Commercial Bank of China,
Zhuhai Branch
Bank of China, Zhuhai Branch
Everbright Bank of China, Zhuhai Branch
Xiamen International Bank, Zhuhai Branch

Legal Advisors (as to Hong Kong law)
Chiu & Partners

Principal Share Registrar
Butterfield Fulcrum Group (Bermuda) Limited
26 Burnaby Street
Hamilton HM 11
Bermuda
(with effect from 9 September 2013)

Branch Share Registrar
Tricor Tengis Limited
26/F Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

Head Office and Principal Place of Business in Hong Kong
Units 3709–10
37/F West Tower, Shun Tak Centre
168–200 Connaught Road Central
Sheung Wan
Hong Kong

Registered Office
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Stock Code
00908

Website
www.0908.hk

REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS

ERNST & YOUNG
安 永

Review Report to the Board of Directors of
Zhuhai Holdings Investment Group Limited
(Incorporated in Bermuda with limited liability)

Introduction

We have reviewed the interim financial statements of Zhuhai Holdings Investment Group Limited set out on pages 5 to 33, which comprises the condensed consolidated statement of financial position as at 30 June 2013 and the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six-month period then ended and explanatory information. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of interim financial statements to be in compliance with relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants.

The directors are responsible for the preparation and presentation of these interim financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these interim financial statements based on our review. Our report is made 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 the interim financial statements consists of making inquiries, primarily of personnel 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 statements are not prepared, in all material respects, in accordance with HKAS 34.

Ernst & Young
Certified Public Accountants
22/F CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

28 August 2013

CONDENSED CONSOLIDATED INCOME STATEMENT

Six months ended 30 June 2013

	Notes	Six months ended 30 June 2013 HK$'000 (Unaudited)	30 June 2012 HK$'000 (Unaudited) (Restated)
REVENUE	3	**466,335**	457,052
Cost of sales		**(326,560)**	(342,304)
Gross profit		**139,775**	114,748
Other income, net		**44,164**	50,679
Selling and distribution expenses		**(26,833)**	(23,665)
Administrative expenses		**(72,514)**	(61,070)
Other operating expenses		**(1,757)**	(2,312)
Share of profit of:			
A joint venture		**1,506**	–
An associate		**(177)**	54
PROFIT BEFORE TAX	4	**84,164**	78,434
Income tax expense	5	**(30,062)**	(24,200)
PROFIT FOR THE PERIOD		**54,102**	54,234
ATTRIBUTABLE TO:			
Ordinary equity holders of the Company		**28,457**	31,557
Non-controlling interests		**25,645**	22,677
		54,102	54,234
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	7		
Basic		**HK2.54 cents**	HK2.82 cents
Diluted		**N/A**	N/A

Details of the dividends are disclosed in note 6 to the unaudited interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Six months ended 30 June 2013

	Six months ended	
	30 June 2013	30 June 2012
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
		(Restated)
PROFIT FOR THE PERIOD	**54,102**	54,234
Other comprehensive income:		
Other comprehensive income may be reclassified to profit or loss in subsequent periods:		
Exchange realignment on translation of foreign operations attributable to ordinary equity holders of the Company	**–**	47
Change in fair value of an available-for-sale investment	**7,600**	1,400
Items not to be reclassified to profit or loss in subsequent periods:		
Exchange realignment on translation of foreign operations attributable to non-controlling interests	**–**	12
Other comprehensive income for the period	**7,600**	1,459
Total comprehensive income for the period	**61,702**	55,693
ATTRIBUTABLE TO:		
Ordinary equity holders of the Company	**36,057**	33,004
Non-controlling interests	**25,645**	22,689
	61,702	55,693

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2013

	Notes	**30 June 2013 HK$'000 (Unaudited)**	31 December 2012 HK$'000 (Unaudited) (Restated)
NON-CURRENT ASSETS			
Property, plant and equipment		**574,638**	560,506
Prepaid land lease payments		**252,962**	161,737
Rights to use port facilities		**18,916**	19,271
Intangible asset		**5,160**	5,160
Investment in a joint venture		**8,336**	9,185
Investment in an associate		**8,565**	8,742
Available-for-sale investments	8	**17,342**	9,742
Prepayments and deposits	9	**4,137**	128,312
Total non-current assets		**890,056**	902,655
CURRENT ASSETS			
Securities measured at fair value through profit or loss	10	**73,399**	70,530
Inventories		**23,808**	20,596
Trade receivables	11	**81,075**	65,504
Prepayments, deposits and other receivables		**70,022**	80,072
Due from a shareholder	12	**4,320**	7,155
Due from related companies	12	**208**	703
Restricted bank balance	13	**863**	863
Cash and cash equivalents	13	**801,350**	783,318
Total current assets		**1,055,045**	1,028,741

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2013

	Notes	**30 June 2013 HK$'000 (Unaudited)**	31 December 2012 HK$'000 (Unaudited) (Restated)
CURRENT LIABILITIES			
Trade payables	14	**28,136**	36,940
Accrued liabilities and other payables		**211,753**	218,215
Construction payables		**23,145**	17,496
Tax payable		**12,504**	21,541
Due to related companies	12	**6,728**	3,475
Total current liabilities		**282,266**	297,667
NET CURRENT ASSETS		**772,779**	731,074
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,662,835**	1,633,729
NON-CURRENT LIABILITIES			
Deferred tax liabilities	15	**28,804**	28,399
Net assets		**1,634,031**	1,605,330
EQUITY			
Equity attributable to owners of the Company			
Issued capital	16	**111,860**	111,860
Reserves		**1,349,244**	1,313,187
		1,461,104	1,425,047
Non-controlling interests		**172,927**	180,283
Total equity		**1,634,031**	1,605,330

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2013

	Attributable to ordinary equity holders of the Company												
	Issued capital HK$'000 (Unaudited)	Share premium account HK$'000 (Unaudited)	Contributed surplus HK$'000 (Unaudited)	Merger reserve HK$'000 (Unaudited) (Restated)	Goodwill reserve HK$'000 (Unaudited)	Asset revaluation reserve HK$'000 (Unaudited)	Available-for-sale investment revaluation reserve HK$'000 (Unaudited)	Statutory reserve funds HK$'000 (Unaudited) (Restated)	Exchange fluctuation reserve HK$'000 (Unaudited) (Restated)	Retained profits HK$'000 (Unaudited) (Restated)	Total HK$'000 (Unaudited) (Restated)	Non-controlling interests HK$'000 (Unaudited) (Restated)	Total equity HK$'000 (Unaudited) (Restated)
At 1 January 2013, as previously reported	**111,860**	**459,870**	**446,355**	**-**	**(200,573)**	**36,248**	**2,400**	**129,289**	**231,792**	**231,423**	**1,448,664**	**20,224**	**1,468,888**
Effect of business combinations under common control (note 1.1)	**-**	**-**	**-**	**(57,310)#**	**-**	**-**	**-**	**4,247**	**2,122**	**27,324**	**(23,617)**	**160,059**	**136,442**
At 1 January 2013, as restated	**111,860**	**459,870***	**446,355***	**(57,310)***	**(200,573)***	**36,248***	**2,400***	**133,536***	**233,914***	**258,747***	**1,425,047**	**180,283**	**1,605,330**
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**-**	**7,600**	**-**	**-**	**28,457**	**36,057**	**25,645**	**61,702**
Dividends paid to a non-controlling shareholder	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(33,001)**	**(33,001)**
Transfer to statutory reserve funds	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**6,744**	**-**	**(6,744)**	**-**	**-**	**-**
At 30 June 2013	**111,860**	**459,870***	**446,355***	**(57,310)***	**(200,573)***	**36,248***	**10,000***	**140,280***	**233,914***	**280,460***	**1,461,104**	**172,927**	**1,634,031**
At 1 January 2012, as previously reported	111,860	459,870	446,355	–	(200,573)	40,482	3,800	117,868	231,951	205,811	1,417,424	19,695	1,437,119
Effect of business combinations under common control (note 1.1)	–	–	–	29,933##	–	–	–	4,247	2,122	17,551	53,853	204,786	258,639
At 1 January 2012, as restated	111,860	459,870	446,355	29,933	(200,573)	40,482	3,800	122,115	234,073	223,362	1,471,277	224,481	1,695,758
Total comprehensive income for the period (restated)	–	–	–	–	–	–	1,400	–	47	31,557	33,004	22,689	55,693
2011 final dividend declared (note 6)	–	–	–	–	–	–	–	–	–	(11,186)	(11,186)	–	(11,186)
2011 special dividend declared (note 6)	–	–	–	–	–	–	–	–	–	(11,186)	(11,186)	–	(11,186)
Dividends paid to a non-controlling shareholder	–	–	–	–	–	–	–	–	–	–	–	(2,806)	(2,806)
Transfer to statutory reserve funds (restated)	–	–	–	–	–	–	–	5,011	–	(5,011)	–	–	–
At 30 June 2012 (restated)	111,860	459,870	446,355	29,933	(200,573)	40,482	5,200	127,126	234,120	227,536	1,481,909	244,364	1,726,273

* These reserve accounts comprise the consolidated reserves of HK$1,349,244,000 (31 December 2012: HK$1,313,187,000 (Restated)) in the condensed consolidated statement of financial position.

Balance represents the Group's 49% share on the excess of the fair value of the consideration for the deemed acquisition of certain entities (the "Entities") under common control of Zhuhai Jiuzhou Holdings Group Company Limited by Zhuhai High-speed Passenger Ferry Co., Ltd, a 49% owned subsidiary, in September 2012 (the "Entities Acquisition") in aggregate of HK$178,046,000 over the nominal value of the paid-up capital of the Entities in aggregate of HK$61,087,000.

Balance represents the Group's 49% share of nominal value of the paid-up capital of the Entities prior to the completion of the Entities Acquisition.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Six months ended 30 June 2013

	Note	Six months ended 30 June 2013 HK$'000 (Unaudited)	30 June 2012 HK$'000 (Unaudited) (Restated)
NET CASH FLOWS FROM/(USED IN):			
Operating activities		**72,714**	151,249
Investing activities		**(85,318)**	189,635
Financing activities		**(33,001)**	(25,178)
Net increase/(decrease) in cash and cash equivalents		**(45,605)**	315,706
Cash and cash equivalents at beginning of period		**784,181**	459,624
Effect of foreign exchange rate changes, net		**–**	3
Cash and cash equivalents at end of period		**738,576**	775,333
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	13	**688,012**	652,409
Non-pledged time deposits with original maturity of less than three months when acquired	13	**50,564**	122,924
Non-pledged time deposits with original maturity of over three months when acquired	13	**62,774**	7,985
Cash and cash equivalents as stated in the condensed consolidated statement of financial position		**801,350**	783,318
Less: Time deposits with original maturity of over three months when acquired	13	**(62,774)**	(7,985)
Cash and cash equivalents as stated in the condensed consolidated statement of cash flows		**738,576**	775,333

1.1 Business Combinations Under Common Control

On 28 December 2012, the substantial shareholder of the Company, Zhuhai Jiuzhou Holdings Group Company Limited ("ZJ Holdings"), and an independent third party (the "Purchaser") entered into an acquisition agreement pursuant to which ZJ Holdings has agreed to sell 8% equity interest in Zhuhai High-speed Passenger Ferry Co., Ltd (the "Ferry Company", the 49%-owned joint venture of the Company) to the Purchaser (the "Disposal"). Prior to the completion of the Disposal, ZJ Holdings directly controlled 51% voting right in the Ferry Company and indirectly controlled 49% voting right in the Ferry Company through the Group. The Disposal was completed on 23 May 2013. Details of the Disposal have been set out in the Company's announcements made on 4 March 2013 and 25 July 2013.

Upon the completion of the Disposal, the Ferry Company is owned as to 49% by the Company, 43% by ZJ Holdings and 8% by the Purchaser and the composition of the board of directors of the Ferry Company is revised pursuant to the supplemental joint venture agreement and the supplemental articles of association of the Ferry Company entered into between the Group, ZJ Holdings and the Purchaser to the effect that the Group obtains more than half of voting power over the Ferry Company and therefore obtains control over the financial and operating policies of the Ferry Company. Since then the Ferry Company is accounted for as a subsidiary of the Company (the "Deemed Acquisition").

The financial statements have been prepared in accordance with the principles of merger accounting as set out in Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), as if the Deemed Acquisition had been completed at the beginning of the earliest period presented because the Deemed Acquisition were regarded as a business combination under common control of the substantial shareholder of the Company before and after the Deemed Acquisition.

1.1 Business Combinations Under Common Control (continued)

The condensed consolidated income statements, condensed consolidated statements of comprehensive income, condensed consolidated statements of changes in equity and condensed consolidated statements of cash flows of the Group for the six months ended 30 June 2013 and 2012 include the results and cash flows of all companies now comprising the Group from the earliest date presented or since the dates when the subsidiaries first came under the common control of the substantial shareholder, where this is a shorter period. The condensed consolidated statements of financial position of the Group as at 31 December 2012 and 30 June 2013 have been prepared to present the assets and liabilities of the Group using the existing carrying values from the substantial shareholder perspective. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the Deemed Acquisition.

Equity interests in subsidiaries and/or business held by parties other than the substantial shareholder prior to the Deemed Acquisition are presented as non-controlling interests in equity in applying the principles of merger accounting.

1.2 Basis of Preparation and Accounting Policies

The unaudited condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the HKICPA and with the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The condensed consolidated interim financial statements have been prepared under the historical cost convention, except for available-for-sale investments and securities measured at fair value through profit or loss, which have been measured at fair value. The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2012 except as described by below. In the current period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations ("new HKFRSs") issued by the HKICPA which are effective for the Group's financial year beginning on 1 January 2013.

1.2 Basis of Preparation and Accounting Policies (continued)

HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Government Loans*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosure – Offsetting Financial Assets and Financial Liabilities*
HKFRS 10	*Consolidated Financial Statements*
HKFRS 11	*Joint Arrangements*
HKFRS 12	*Disclosure of Interests in Other Entities*
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 – *Transition Guidance*
HKFRS 13	*Fair Value Measurement*
HKAS 1 Amendments	Amendments to HKAS 1 *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*
HKAS 19 (2011)	*Employee Benefits*
HKAS 27 (2011)	*Separate Financial Statements*
HKAS 28 (2011)	*Investments in Associates and Joint Ventures*
HK(IFRIC)-Int 20	*Stripping Costs in the Production Phase of a Surface Mine*
Annual Improvements 2009-2011 Cycle	Amendments to a number of HKFRSs issued in June 2012

The adoption of these new and revised HKFRSs has had no material effect on these condensed interim financial statements and there have been no significant changes to the accounting policies applied in these financial statements.

2. Operating Segment Information

For management purposes, the Group is organised into business units based on their products and services and has four reportable operating segments as follows:

(a) the hotel segment consists of the management of a holiday resort hotel in Zhuhai, the People's Republic of China (the "PRC") (the "Hotel Business");

(b) the tourist attraction segment consists of the management of a theme park and an amusement park in Zhuhai, the PRC;

(c) the provision of port facilities, ticketing and ferry services segment provides port facilities, ticketing and ferry services in Zhuhai, the PRC, and the trading and distribution of fuel oil ("Port Services"). The provision of ferry services in Zhuhai, the PRC, and the trading and distribution of fuel oil are included in the Port Services Segment for the six months ended 30 June 2012 and 2013 upon the completion of the Deemed Acquisition as further explained in note 1.1; and

(d) the corporate and others segment comprises the Group's investment holding and trading of securities, together with corporate expense items.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of profit/(loss) before tax from existing operations. The profit before tax from existing operations is measured consistently with the Group's profit before tax from existing operations except that interest income is excluded from such measurement.

No further geographical information is presented as over 90% of the Group's revenue is derived from customers based in Mainland China, and over 90% of the Group's assets are located in Mainland China.

2. Operating Segment Information (continued)

The following table presents revenue and results for the Group's operating segments.

	Hotel		Tourist attraction		Port Services		Corporate and others		Condensed consolidated	
	Six months ended		Six months ended		Six months ended		Six months ended		Six months ended	
	30 June 2013 HK$'000 (Unaudited)	30 June 2012 HK$'000 (Unaudited) (Restated)	**30 June 2013 HK$'000 (Unaudited)**	30 June 2012 HK$'000 (Unaudited) (Restated)	**30 June 2013 HK$'000 (Unaudited)**	30 June 2012 HK$'000 (Unaudited) (Restated)	**30 June 2013 HK$'000 (Unaudited)**	30 June 2012 HK$'000 (Unaudited) (Restated)	**30 June 2013 HK$'000 (Unaudited)**	30 June 2012 HK$'000 (Unaudited) (Restated)
Segment revenue:										
Sales to external customers	**80,443**	84,491	**12,917**	24,108	**372,975**	348,453	**-**	–	**466,335**	457,052
Segment results	**6,925**	5,338	**2,151**	(7,925)	**78,005**	70,995	**(15,098)**	2,305	**71,983**	70,713
Interest income									**10,852**	7,667
Share of profits less loss of:										
A jointly venture	**-**	–	**-**	–	**1,506**	–	**-**	–	**1,506**	–
An associate	**-**	–	**-**	–	**(177)**	54	**-**	–	**(177)**	54
Profit before tax									**84,164**	78,434
Income tax expense									**(30,062)**	(24,200)
Profit for the period									**54,102**	54,234

* No segment assets and liabilities information is presented as, in the opinion of the directors, such information is not key indicator provided to the Group's chief operating decision maker.

3. Revenue

The Group's revenue represents proceeds from the provision of services, sales of goods, tickets, food and beverages, the provision of port facilities, ticketing and ferry services, and the trading and distribution of fuel oil, less sales tax and after trade discounts and returns, during the period.

4. Profit Before Tax

The Group's profit before tax is arrived at after charging/(crediting):

	Six months ended	
	30 June 2013	30 June 2012
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
		(Restated)
Cost of inventories sold	**107,653**	115,767
Cost of services provided*	**218,907**	226,537
Amortisation of prepaid land lease payments	**5,232**	3,720
Amortisation of rights to use port facilities	**355**	351
Depreciation	**35,236**	37,890
Unrealised gains on securities measured at fair value through profit or loss, net	**(2,869)**	(8,495)
Realised gains on disposals of securities measured at fair value through profit or loss, net	**–**	(7,003)
Exchange loss/(gain), net	**323**	(367)
Gross and net rental income	**(10,313)**	(5,795)
Interest income	**(10,852)**	(7,667)
Loss on disposal of items of property, plant and equipment	**257**	556

* Cost of services provided includes an amount of HK$34,765,000 (30 June 2012: HK$40,879,000 (Restated)) in respect of depreciation of property, plant and equipment, amortisation of prepaid land lease payments and amortisation of rights to use port facilities, of which the respective total amounts are also disclosed separately above.

5. Income Tax

	Six months ended	
	30 June 2013	30 June 2012
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
		(Restated)
Current:		
Hong Kong	**–**	–
PRC	**27,279**	20,551
Deferred (note 15)	**2,783**	3,449
Total tax charge for the period	**30,062**	24,200

Hong Kong profits tax has not been provided because the Group did not generate any assessable profits arising in Hong Kong during the period (six months ended 30 June 2012: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the tax jurisdictions in which the Group operates, based on existing legislation and interpretations and practices in respect thereof.

The share of tax attributable to a joint venture amounting to HK$502,000 (six months ended 30 June 2012: HK$272,000 (Restated)) is included in the share of profit of a joint venture on the face of the condensed consolidated income statement. No share of tax attributable to an associate was noted for the six months ended 30 June 2013 and 2012.

6. Dividends

	Six months ended	
	30 June 2013	30 June 2012
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Dividends paid during the period		
Final in respect of the financial year ended 31 December 2012 – Nil (2011: HK1 cent) per ordinary share	–	11,186
Special in respect of the financial year ended 31 December 2012 – Nil (2011: HK1 cent) per ordinary share	–	11,186
	–	22,372

7. Earnings Per Share Attributable to Ordinary Equity Holders of the Company

The calculation of basic earnings per share for the period is based on the profit for the period of HK$28,457,000 (six months ended 30 June 2012: HK$31,557,000 (Restated)), and ordinary shares of 1,118,600,000 (six months ended 30 June 2012: 1,118,600,000) in issue during the period.

No adjustment has been made to the basic earnings per share presented for the periods ended 30 June 2013 and 2012 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during those periods.

8. Available-for-sale Investments

	30 June 2013 HK$'000 (Unaudited)	31 December 2012 HK$'000 (Unaudited) (Restated)
Hong Kong listed equity investment, at fair value	**15,800**	8,200
Unlisted equity investment, at cost	**1,542**	1,542
	17,342	9,742

9. Prepayments and Deposits

	Notes	30 June 2013 HK$'000 (Unaudited)	31 December 2012 HK$'000 (Unaudited) (Restated)
Rental prepayments		**4,137**	5,501
Deposit and prepayment for the proposed acquisition of certain parcels of land	(i)	**–**	115,351
Deposit for the purchase of items of property, plant and equipment		**–**	7,460
Deposit for the proposed acquisition of a subsidiary	(ii)	**–**	–
		4,137	128,312

Notes:

(i) On 30 June 2006, the Group entered into a letter of intent with 珠海市國源投資有限公司 ("Zhuhai Guoyuan") (the "First Intent Letter"). Pursuant to the First Intent Letter, the Group had the first right of acquisition of land use rights over several parcels of land (the "Hotel Land") leased to the Group where certain building structures of the Hotel Business were erected. In return, the Group paid a refundable deposit of approximately RMB78 million (equivalent to approximately HK$88.4 million) to Zhuhai Guoyuan. Pursuant to the First Intent Letter, the deposit would be refunded to the Group should no formal legal binding agreement be entered into on or before 31 December 2006.

9. Prepayments and Deposits (continued)

Notes: (continued)

(i) (continued)

On 29 December 2006, the Group and Zhuhai Guoyuan entered into a conditional sale and purchase agreement (the "Land Agreement") for the acquisition of the Hotel Land for an aggregate cash consideration of approximately RMB90.9 million (equivalent to approximately HK$103.2 million).

Pursuant to the Land Agreement, the acquisition of the Hotel Land is conditional upon the completion of the debt restructuring agreement ("Debt Restructuring Agreement"). If the completion of the above land acquisition was not completed by 16 April 2008 or other later date as agreed, the Group had the right to terminate the transaction and demand full refund of the deposit, together with the interest calculated at the prevailing PRC bank borrowing rate from 29 December 2006, from Zhuhai Guoyuan. Details of the Land Agreement, which constituted a connected party transaction under the Listing Rules, was announced by the Company in a press announcement dated 26 January 2007.

During the years ended 31 December 2008 and 2009, announcements dated 18 March 2008, 16 October 2008 and 7 April 2009 were made by the Company that the Group had entered into various extension agreements with Zhuhai Guoyuan to extend the longstop dates from 16 April 2008 to 16 October 2010 for satisfaction of the conditions precedent under the Land Agreement.

During the year ended 31 December 2009, the remaining portion of RMB12.9 million (approximately HK$14.8 million) has been paid to Zhuhai Guoyuan and the entire consideration for the Hotel Land has been fully settled.

During the year ended 31 December 2012, in order to rationalise and facilitate the process for obtaining the land use right certificate of the Hotel Land in the PRC, pursuant to the Land Agreement, Zhuhai Guoyuan has assigned Zhuhai Holiday Resort Co., Ltd. (the "Resort Company"), a subsidiary of Zhu Kuan Macau and the original owner of the land use right of the Hotel Land, to transfer the land use right certificate to the Group.

During the year ended 31 December 2012, the Group had capitalised direct legal and professional fee and taxes of approximately HK$20.9 million. Out of which, overprovision of HK$9 million was reversed during the current period.

During the current period, the Group has obtained the land use right certificate of the Hotel Land and the building certificates of the building structures erected on the Hotel Land. Accordingly, the deposit and prepayment for the acquisition of the Hotel Land of HK$87 million and HK$19 million was transferred to prepaid land lease payments and property, plant and equipment, respectively.

9. Prepayments and Deposits (continued)

Notes: (continued)

(ii) On 27 August 2008, the Company entered into a letter of intent (as amended and supplemented by a supplemental letter of intent on 10 September 2008) (the "Letter of Intent") with an individual (the "Intended Vendor") who is an independent third party in relation to the possible acquisition of 80% of the entire issued share capital of a company in Hong Kong (the "Target Company") (the "Proposed Acquisition"). The Letter of Intent became effective on 10 September 2008. The Target Company then owned a wholly-foreign investment enterprise established in the PRC (the "PRC Entity") which is principally engaged in the operation and management of a golf club, gun club, hunting area, hotel and sports training centre in Zhuhai.

Pursuant to the Letter of Intent, the Company paid earnest money (the "Earnest Money") in the sum of HK$30 million (equivalent to approximately RMB26 million) to the Intended Vendor in connection with the Proposed Acquisition during 2008. The Earnest Money was secured by, among others, a charge created in favour of the Group by the Intended Vendor over the Intended Vendor's 80% equity interest in the Target Company. As a separate term of the Letter of Intent, the Intended Vendor agreed to grant an exclusive right of negotiation for the acquisition of the Target Company to the Company up to 31 December 2008. Details of the Letter of Intent are set out in the Company's announcement dated 10 September 2008.

In addition, pursuant to the Letter of Intent, the Group would have the right to demand full refund of the Earnest Money if the Proposed Acquisition was eventually unsuccessful.

After carrying out due diligence procedures on the Target Company, the Company decided not to proceed with the Proposed Acquisition and the Letter of Intent was terminated accordingly. In addition, the Company demanded for refund of the Earnest Money, which was refused by the Intended Vendor. Details of the above are set out in the Company's announcement dated 20 July 2009. As such, legal proceedings were instituted between the Company and the Intended Vendor for the refund of the Earnest Money.

Trial of the case was conducted in the High Court of Hong Kong (the "High Court") in May 2012. Judgment ("Judgment") was delivered on 7 June 2012. Judgment was awarded in favour of the Company and the Intended Vendor was ordered to refund the Earnest Money to the Company. Details are set out in the Company's announcement dated 21 June 2012. In June 2012, the Intended Vendor applied to appeal the Judgment.

Having consulted with the Group's legal counsel, the directors consider that the Intended Vendor does not have sufficient grounds for his refusal to refund the Earnest Money to the Company and the Company has good grounds to dismiss such appeal. However, management was uncertain whether the Company can successfully execute the orders from High Court and collect the Earnest Money. As such, the entire amount of the non-current deposit of HK$30 million was fully impaired.

10. Securities Measured at Fair Value Through Profit or Loss

	30 June 2013 HK$'000 (Unaudited)	31 December 2012 HK$'000 (Unaudited)
Listed equity investments in Hong Kong, at fair value	**1,231**	983
Unlisted investment funds in the PRC, at fair value	**72,168**	69,547
	73,399	70,530

11. Trade Receivables

	30 June 2013 HK$'000 (Unaudited)	31 December 2012 HK$'000 (Unaudited) (Restated)
Trade receivables	**84,336**	69,131
Impairment	**(3,261)**	(3,627)
	81,075	65,504

A defined credit policy is maintained within the Group. The general credit terms range from one month to three months, except for certain well-established customers with a good repayment history, where the terms are extended to 18 months. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Overdue balances are regularly reviewed by senior management. Trade receivables are non-interest-bearing.

11. Trade Receivables (continued)

As at 30 June 2013, the Group had a receivable balance due from the Zhuhai Municipal Government arising from the use of the Group's hotel facilities amounting to approximately HK$39,790,000 (31 December 2012: HK$23,425,000). The trade receivable with the Zhuhai Municipal Government is unsecured, interest-free and the credit term granted is as mentioned above.

An aged analysis of the trade receivables at the end of the reporting period, net of impairment allowance and based on the invoice date, is as follows:

	30 June 2013 HK$'000 (Unaudited)	31 December 2012 HK$'000 (Unaudited) (Restated)
Current to 3 months	**42,169**	43,643
4 to 6 months	**18,106**	6,250
7 to 12 months	**10,039**	15,611
Over 12 months	**10,761**	–
	81,075	65,504

Included in the above impairment allowance for trade receivables is an allowance for individually impaired trade receivables of approximately HK$3,261,000 (31 December 2012: HK$3,627,000 (Restated)) with a gross carrying amount before provision of approximately HK$84,336,000 (31 December 2012: HK$69,131,000 (Restated)). The individually impaired trade receivables relate to customers that were in default or delinquency in payments and only a portion of the receivables is expected to be recovered.

12. Balances with Related Companies and a Shareholder

In addition to those disclosed elsewhere, particulars of amounts due from related companies and a shareholder are as follows:

Name	**30 June 2013 HK$'000 (Unaudited)**	31 December 2012 HK$'000 (Unaudited) (Restated)
Amounts due from related companies:		
珠海度假村管理有限公司*	**208**	533
珠海市珠澳旅遊集散中心有限公司*	**–**	73
珠海九洲港客運站有限公司*	**–**	97
Macau-Mondial Travel & Tours Ltd. ("Macau-Mondial")**	**5,398**	5,398
Zhuhai Special Economic Zone Hotel ("Zhuhai SEZ Hotel")**	**458**	458
	6,064	6,559
Less: impairment	**(5,856)**	(5,856)
Total	**208**	703
Amount due from a shareholder:		
ZJ Holdings*	**4,320**	7,155

* The amounts represented the funds advanced to the related companies and a shareholder of the Company.

** The amounts due from Macau-Mondial and Zhuhai SEZ Hotel, subsidiaries of Zhu Kuan Group Company Limited ("Zhu Kuan Macau"), the then controlling shareholder of the Company, represented the outstanding balances arising from the sale of tickets in prior years. Full provision in respect of the amounts had been made in prior periods.

The balances with related companies and a shareholder are unsecured, interest-free and repayable on demand.

13. Restricted Bank Balance and Cash and Cash Equivalents

	30 June 2013 HK$'000 (Unaudited)	31 December 2012 HK$'000 (Unaudited) (Restated)
Cash and bank balances	**688,875**	653,272
Less: Restricted bank balance (note (a))	**(863)**	(863)
	688,012	652,409
Time deposits with original maturity of less than three months	**50,564**	122,924
Time deposits with original maturity of over three months	**62,774**	7,985
	801,350	783,318

Note:

(a) Pursuant to the requirement from Guangdong Provincial Supervisory Bureau of Tourism Quality (廣東省旅遊質量監督管理所), the Group has to maintain certain cash balance in a designated bank account for securing the quality of the tourist business operated by the Group. The bank balance can only be released upon the approval from Guangdong Provincial Supervisory Bureau of Tourism Quality and restricted to be used by the Group.

14. Trade Payables

An aged analysis of trade payables at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2013 HK$'000 (Unaudited)	31 December 2012 HK$'000 (Unaudited) (Restated)
Current to 3 months	**23,545**	32,357
4 to 6 months	**287**	706
7 to 12 months	**32**	274
Over 12 months	**4,272**	3,603
	28,136	36,940

The trade payables are non-interest-bearing and are normally settled on 60-day terms.

15. Deferred Tax Liabilities

The movements in deferred tax liabilities of the Group the period are as follows:

	Revaluation of leasehold buildings HK$'000	Withholding taxes HK$'000	Total HK$'000
30 June 2012			
At 1 January 2012	13,346	9,849	23,195
Deferred tax charged to the income statement during the period (note 5)	–	3,449	3,449
At 30 June 2012	13,346	13,298	26,644
30 June 2013			
At 1 January 2013	11,933	16,466	28,399
Deferred tax charged to the income statement during the period (note 5)	–	2,783	2,783
Deferred tax charged to tax payable on repatriation of earnings from subsidiaries	–	(2,378)	(2,378)
At 30 June 2013	11,933	16,871	28,804

16. Share Capital

	30 June 2013 HK$'000 (Unaudited)	31 December 2012 HK$'000 (Unaudited)
Shares		
Authorised:		
4,000,000,000 shares of HK$0.10 each	**400,000**	200,000
Issued and fully paid:		
1,118,600,000 shares of HK$0.10 each	**111,860**	111,860

17. Related Party Transactions

(a) In addition to those disclosed elsewhere in the unaudited interim financial statements, the Group had the following material transactions with related parties during the period:

Name	Note	Nature	**Six months ended 30 June 2013 HK$'000 (Unaudited)**	Six months ended 30 June 2012 HK$'000 (Unaudited) (Restated)
ZJ Holdings	(i)	Rental expenses	**3,442**	3,329

Note:

(i) The rental expenses paid to ZJ Holdings were calculated by reference to the respective tenancy agreements.

17. Related Party Transactions (continued)

(b) Other transactions with related parties

In addition, in 1994, Jiuzhou Port Company was granted by ZJ Holdings the rights to use the port facilities at the Jiuzhou Port for a period of 20 years for a lump sum payment of approximately RMB33,000,000 (equivalent to approximately HK$31,000,000). Under a supplemental lease agreement dated 1 March 2000, the terms of the lease were renegotiated, and both parties agreed to extend the lease to Jiuzhou Port Company for the use of the port facilities, which include certain buildings and structures erected at the Jiuzhou Port, to 40 years from that date up to 27 March 2040 at no additional cost.

(c) Compensation to key management personnel of the Group

	Six months ended	
	30 June 2013	30 June 2012
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Short term employee benefits	**1,069**	721
Post-employment benefits	**94**	78
Total compensation paid to key management personnel	**1,163**	799

18. Contingent Liabilities

At the end of the reporting period, the Group had no significant contingent liabilities (31 December 2012: Nil).

19. Operating Lease Commitments

The Group leases certain of its office premises, hotel and port properties and facilities under operating lease arrangements. Leases are negotiated for original terms ranging from 1 to 40 years.

At the end of the reporting period, the Group had future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 June 2013 HK$'000 (Unaudited)	31 December 2012 HK$'000 (Unaudited) (Restated)
Within one year	**10,557**	8,017
In the second to fifth years, inclusive	**9,783**	7,487
After five years	**16,413**	14,218
	36,753	29,722

20. Commitments

In addition to the operating lease commitments detailed in note 19 above, the Group had the following commitments at the end of the reporting period:

	30 June 2013 HK$'000 (Unaudited)	31 December 2012 HK$'000 (Unaudited) (Restated)
Capital commitments contracted for:		
Acquisition of items of property, plant and equipment	**31,315**	38,793

21. Fair Value Hierarchy

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments:

Level 1: fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly, but where prices have not been determined in an active market, financial assets with fair value based on broker quotes, investments in private equity funds with fair values obtained via fund managers and assets that are valued using the Group's own model whereby the majority of assumptions are market observation.

Level 3: fair values measured based on valuation techniques for which any inputs which have a significant effect on the recorded fair value are not based on observable market data (unobservable inputs).

Assets measured at fair value:

At 30 June 2013	**Level 1** HK$'000 (Unaudited)
Available-for-sale securities:	
Equity investments	**15,800**
Securities measured at fair value through profit or loss	**73,399**
	89,199

At 31 December 2012	**Level 1** HK$'000 (Unaudited) (Restated)
Available-for-sale securities:	
Equity investments	8,200
Securities measured at fair value through profit or loss	70,530
	78,730

21. Fair Value Hierarchy (continued)

As at 30 June 2013 and 31 December 2012, the Group had no financial instruments measured at fair value under Level 3.

During the periods ended 30 June 2013 and 2012, there were no transfers of fair value measurements between Level 1 and Level 2. In addition, there were no transfers of fair value measurements into or out of Level 3.

The fair values of listed equity investments are based on quoted market prices. The fair values of unlisted investment funds are based on quoted price from fund managers.

22. Events After the Reporting Period

(a) Acquisition of Lamdeal Consolidated Development Limited and Lamdeal Golf & Country Club Limited

On 10 April 2013, Jiuzhou Tourism Property Company Limited ("JTP"), a wholly-owned subsidiary of the Company, as purchaser, the Company as the purchaser's guarantor, Dragon Hill Corporation Limited (the "Vendor"), an indirectly wholly-owned subsidiary of LBS Bina Group Berhad ("LBS"), as vendor and LBS as the vendor's guarantor entered into a conditional sale and purchase agreement ("SP Agreement"), pursuant to which JTP had conditionally agreed to acquire from the Vendor the entire issued share capital of Lamdeal Consolidated Development Limited ("Lamdeal Development") and Lamdeal Golf & Country Club Limited ("Lamdeal Golf") (the "Acquisition") at the aggregate consideration of HK$1,650 million, which was satisfied by (1) cash in the amount of HK$500 million; (2) allotment and issue of 225,563,909 consideration shares by the Company at the issue price of HK$1.33 per share and in the aggregate amount of HK$300 million ("Consideration Shares"); and (3) a promissory note issued by the Company to the Vendor in the amount of HK$850 million ("Promissory Note"). Subsequent to 30 June 2013, the Acquisition was completed on 12 August 2013. The principal activities of Lamdeal Golf and its subsidiaries are operation of a golf club in Zhuhai, PRC, and that of Lamdeal Development and its subsidiaries are property development on certain parcels of land. Details of the Acquisition and the terms of the Promissory Note have been set out in the Company's announcements made on 10 April 2013 and 12 August 2013 and circular dated 28 June 2013.

On 12 August 2013, the Company (1) allotted and issued 225,563,909 Consideration Shares at the issue price of HK$1.33 per share and (2) issued the Promissory Note to the Vendor pursuant to the SP Agreement dated 10 April 2013.

22. Events After the Reporting Period (continued)

(a) Acquisition of Lamdeal Consolidated Development Limited and Lamdeal Golf & Country Club Limited (continued)

Due to the timing of the transaction, the Group is still assessing the allocation of fair values of the assets acquired and liabilities assumed. The books and records of Lamdeal Development and Lamdeal Golf are under the assessment stage, and therefore the initial accounting for the business combinations is under progress. Accordingly, certain disclosures in relation to the business combinations as at the date of the acquisition, such as fair values of the assets acquired and liabilities assumed, goodwill recognised (if any) and acquisition-related costs, have not been presented.

(b) Subscription of convertible bonds

On 10 April 2013, the Company entered into a subscription agreement with PA Bloom Opportunity III Limited and Prominent Investment Opportunity IV Limited (collectively the "Investors"), pursuant to which each of the Investors had severally (but not jointly) and conditionally agreed to subscribe and the Company had conditionally agreed to issue the convertible bonds in the aggregate principal amount of HK$500 million ("Convertible Bonds") ("Subscription"). The proceeds from the Subscription are intended to finance the cash consideration of the Acquisition. Subsequent to 30 June 2013, the Subscription was completed on 12 August 2013. Details of the Subscription have been set out in the Company's announcements made on 10 April 2013 and 12 August 2013 and circular dated 28 June 2013.

(c) Financing and payment of the remaining land price

On 25 July 2013, Zhuhai International Circuit Consolidated Development Limited ("Zhuhai Development"), a sino-foreign co-operative joint venture enterprise established in the PRC owned as to 60% by Lamdeal Development, as financee, and ZJ Holdings, Zhuhai Special Economic Zone Long Yi Enterprise Company Limited ("Long Yi" and a wholly-owned subsidiary of ZJ Holdings), and the Company, as guarantors, entered into a financing agreement (the "Financing Agreement") with an asset management company (the "Financier") and its consultant. The amount of the financing provided by the Financier to Zhuhai Development pursuant to the Financing Agreement was RMB1,300 million.

22. Events After the Reporting Period (continued)

(c) Financing and payment of the remaining land price (continued)

Pursuant to the Financing Agreement, the financing provided by the Financier to Zhuhai Development shall be applied for the payment of the remaining land price for certain parcels of land with an area of approximately 788,400 square meters situated in Zhuhai, the PRC (the "Project Land"). Further, Long Yi/ZJ Holdings and the Company have agreed to, in accordance with their respective equity holding in Zhuhai Development, provide entrusted loans in the aggregate amount of RMB700 million to Zhuhai Development (i.e. RMB280 million by Long Yi/ZJ Holdings and RMB420 million by the Company) for the payment of the remaining land price. As at the approval date of these interim financial statements, an entrusted loan in the amount of RMB280 million has been provided by ZJ Holdings and an entrusted loan in the amount of RMB300 million has been provided by the Company. Subsequent to the completion of the Acquisition and up to the approval date of these interim financial statements, Zhuhai Development has completed the payment of the remaining land price and has taken steps to complete the registration procedure for the acquisition of the land use right of the Project Land. Details of the Financing Agreement have been set out in the Company's announcements made on 25 July 2013.

23. Comparative Amounts

As explained in note 1.1, the Deemed Acquisition is regarded as common control combinations and accounted for using the principles of merger accounting in accordance with the Accounting Guideline No. 5 issued by the HKICPA. Upon the completion, the financial statements of the Ferry Company and its subsidiaries are included in the unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2013 as if the combinations had occurred from the date when the Ferry Company and its subsidiaries first came under common control of the substantial shareholder. Comparative figures as at 31 December 2012 and for the six months ended 30 June 2012 were also restated to present on the same basis.

24. Approval of the Unaudited Condensed Consolidated Interim Financial Statements

These unaudited condensed consolidated interim financial statements were approved and authorised for issue by the board of directors on 28 August 2013.

Management Discussion and Analysis

Business Review

During the period under review, in line with the growing demand on the Group's marine passenger transportation services between Mainland China and Hong Kong driven by the increasing economic growth in China, and a considerable achievement in the optimisation of our internal management system, the Group recorded a remarkable result in revenue and profit. For the six months ended 30 June 2013, the unaudited consolidated revenue of the Group amounted to approximately HK$466.3 million, representing an increase of about 2.0% as compared to approximately HK$457.1 million (restated) for the same period last year. Gross profit of the Group increased by 21.8% to HK$139.8 million. The unaudited consolidated profit for the period was HK$54.1 million, comparing to HK$54.2 million (restated) for the six months ended 30 June 2012. Furthermore, the unaudited consolidated net profit attributable to ordinary equity holders of the Company was approximately HK$28.5 million, representing a decrease of approximately 9.8% as compared with HK$31.6 million (restated) for the same period last year.

As explained in note 1.1 to the interim report above, the results of the Ferry Company have been consolidated into the Group because of the Deemed Acquisition (as mentioned in such note). Because of the applicable Accounting Guideline, the comparative figures of condensed interim consolidated financial statements for the period ended 30 June 2013 are also restated.

Management Discussion and Analysis (continued)

Business Review (continued)

For comparison purpose, the following shows a summary of the Group's published results (extracted from the above interim report and also from the Company's published 2012 interim reports, which contains financial information before the said restatement):

	Six months ended		
	30 June 2013 HK$'000 (Unaudited)	30 June 2012 HK$'000 (Unaudited) (Restated)	30 June 2012 HK$'000 (Unaudited) (Without being restated)
Revenue	**466,335**	457,052	145,344
Gross profit	**139,775**	114,748	40,761
Profit for the period	**54,102**	54,234	30,697
Attributable to:			
Ordinary equity holders of the Company	**28,457**	31,557	28,767
Non-controlling interests	**25,645**	22,677	1,930
	54,102	54,234	30,697

Management Discussion and Analysis (continued)

Business Review (continued)

As the Deemed Acquisition is regarded as business combination under common control of the substantial shareholder of the Company, the Group's financial statements have been prepared in accordance with the principles of merger accounting, comparative figures as at 31 December 2012 and for the six months ended 30 June 2012 had been restated. If the Group's financial statements for the six months ended 30 June 2012 had not been restated, the revenue, gross profit and profit for the six months ended 30 June 2013 would have been increased by 220.8%, 242.9% and 76.2%, respectively, over the comparable figures of last year. These increases were mainly due to the results of the Ferry Group for the six months ended 30 June 2013 had been fully consolidated into the Group and our tourist attraction business recorded a significant improvement result. The net profit attributable to ordinary equity holders of the Company for the first half of 2013 was HK$28.5 million and the same of 2012 would have been HK$28.8 million.

1. Port Services

On 28 December 2012, Zhuhai Jiuzhou Holdings Group Co., Ltd. ("ZJ Holdings", (a substantial shareholder of the Company)) entered into an agreement ("SP Agreement") as seller with an independent third party (the "Purchaser") as purchaser for sale and purchase of 8% equity interest in Zhuhai High-speed Passenger Ferry Co., Ltd. ("Ferry Company"), a joint-controlled entity owned as to 51% by ZJ Holdings and 49% by the Company. In May 2013, after completion of the SP Agreement and pursuant to the supplemental joint venture agreement and the supplemental articles of association of the Ferry Company entered into between the Company, ZJ Holdings and the Purchaser, the majority of the directors of the Ferry Company is nominated by the Company. As a result of such changes, the Ferry Company together with its subsidiaries (the "Ferry Group") are treated as subsidiaries (instead of formerly as jointly-controlled entities) of the Company under the deemed acquisition.

As the Group and the Ferry Group was under the common control of ZJ Holdings, the substantial shareholder of the Company, before and after the deemed acquisition, the financial results of the Company presented in this interim report have been prepared under the principles of merger accounting as if the deemed acquisition had already been completed at the beginning of the periods covered by this interim report.

Management Discussion and Analysis (continued)

Business Review (continued)

1. *Port Services (continued)*

With the fast development of tourism between the Mainland China and Hong Kong, the business of the marine passenger transportation has been growing and will benefit the routes to Hong Kong and the flow of passenger growth. During the period under review, the passenger volume of ferry services running between Zhuhai and Hong Kong (including the Hong Kong Airport line), together with Zhuhai and Shekou operated by the Ferry Company was approximately 1,020,000 and 370,000 respectively, representing an increase of approximately 10.4% and 22.0% as compared to the same period of last year. The passenger volume of ferry services running various islands lines in Zhuhai was approximately 293,000. The share of passenger volume between Guangdong and Hong Kong as operated by the Ferry Company rose to 42.8% approximately.

Except for the marine passenger transportation, the Ferry Group has been trading and distributing fuel oil. The Group's sales volume in the first half of 2013 recorded a decrease of 20.6% from the same period of last year. We increased gross margin by increasing the unit selling price to compensate the decrease in sales volume but our turnover still recorded a decrease of 13.1%.

In respect of the port business, operating revenue derived from the use of pier facilities business of Zhuhai Jiuzhou Port Passenger Traffic Service Co., Ltd. recorded an increase of approximately 5.3% over the same period of last year, which was mainly due to an increase in number of passenger trips of the two main ferry lines running between Zhuhai and Hong Kong, together with Zhuhai and Shekou of approximately 12.7% and 15.5% respectively as compared to the same period of last year.

2. *Hotel Business*

During the period under review, the total hotel income amounted to HK$80.4 million, representing a decrease of 4.8% from the same period of last year. The average occupancy rate of our hotel during the period was approximately 63.4%, representing an increase of approximately 2.4% as compared to the same period of last year. The average room rate went up by approximately 1.7% when compared to the same period of last year. The income from room services rendered by our resort hotel during the period recorded an increase of approximately 8.5%, while the income from catering services dropped approximately 15.3%. However, the cost control imposed by the Group did not exert significant pressure on our hotel business. On the contrary, by virtue of the quality services provided by the hotel's professional team, the hotel business recorded a profit of HK$6.9 million for the six months ended 30 June 2013.

Management Discussion and Analysis (continued)

Business Review (continued)

3. The New Yuanming Palace and the Fantasy Water World

The New Yuanming Palace implemented a free entrance model instead of the ticket-for-entrance model in last year. The number of visitors of the New Yuanming Palace during the period under review was 2,705,000, representing an increase of approximately 655.2%. During the period under review, the Group received a grant of RMB13.2 million from the municipal government. Fantasy Water World mainly operated for six months, mainly from May to October, each year. For the remaining months, it only opened partially for the operation of winter event due to low temperature. Operating results of the period only included the operation in May and June. The number of visitors of the Fantasy Water World was approximately 56,000, representing a decrease of approximately 29.3% over the same period of last year. The main reasons for the decrease in the number of visitors were affected by the belated good weather and much more rain during the reporting period in Zhuhai.

4. Others

During the period under review, the Group only recorded a net unrealised gain on securities measured at fair value through profit or loss of HK$2.9 million compare to a net gain amounted to HK$15.5 million for both unrealised gains on securities measured at fair value through profit or loss and realised gains on disposal of securities measured at fair value through profit or loss from the same period of last year, respectively. Besides, the Group incurred one-off legal and professional fees for the acquisition of Lamdeal Development (as defined below) and Lamdeal Golf (as defined below) amounted to HK$5.3 million.

Acquisition of Lamdeal Development and Lamdeal Golf

On 10 April 2013, Jiuzhou Tourism Property Company Limited ("JTP"), a wholly-owned subsidiary of the Company, as purchaser, the Company as the purchaser's guarantor, Dragon Hill Corporation Limited, an indirectly wholly-owned subsidiary of LBS Bina Group Berhad ("LBS"), as vendor (the "Vendor") and LBS as the Vendor's guarantor entered into a conditional sale and purchase agreement, pursuant to which JTP had conditionally agreed to acquire from the Vendor the entire issued share capital of Lamdeal Consolidated Development Limited ("Lamdeal Development") and Lamdeal Golf & Country Club Limited ("Lamdeal Golf") ("Acquisition") at the aggregate consideration of HK$1,650 million, which was satisfied by (1) cash in the amount of HK$500 million; (2) allotment and issue of 225,563,909 consideration shares by the Company at the issue price of HK$1.33 per share and in the aggregate amount of HK$300 million ("Consideration Shares"); and (3) a promissory note issued by the Company to the Vendor in the amount of HK$850 million ("Promissory Note").

The Promissory Note is interest-free (subject to default interest) and the principal amount of the Promissory Note shall be settled by the Company in four tranches, with the first tranche in the amount of HK$250 million to be paid on or before 31 December 2014, and the following three tranches in the amount of HK$200 million each to be paid on or before 31 December 2015, 2016 and 2017 respectively. The Company's obligations under the Promissory Note shall be secured by JTP charging the shares of Lamdeal Golf in favour of the Vendor. For more details of the terms of the Promissory Note, please refer to the Company's circular dated 28 June 2013 in relation to, among other things, the Acquisition ("Circular").

The principal subsidiary of Lamdeal Development is Zhuhai International Circuit Consolidated Development Limited ("Zhuhai Development"), a sino-foreign co-operative joint venture enterprise ("CJV") established in the PRC, which is owned as to 60% by Lamdeal Development. As disclosed in the Circular, the Company's PRC legal advisers advised that subject to payment of outstanding land price, there would be no legal impediment for Zhuhai Development to obtain the relevant land use right in respect of a parcel of land located at Xiashanduan East, Jinfeng East Road, Xianshan District of Zhuhai, the PRC (the "Project Land"). It is intended that the Project Land will be developed into (i) high-end, low-density villas and residential properties with an aggregate gross floor area of approximately 707,000 sq.m., and (ii) ancillary commercial properties of approximately 71,000 sq.m. As at the date of this interim report, Lamdeal Golf through its subsidiary, Zhuhai International Circuit Golf & Country Club Limited ("Zhuhai Golf"), a CJV established in the PRC owned as to 60% by Lamdeal Golf, engages in the operation of the Lakewood Golf Club in Zhuhai, the PRC. The PRC joint venture partner holding 40% interests in Zhuhai Development and Zhuhai Golf is Zhuhai Special Economic Zone Long Yi Enterprise Company Limited ("Long Yi"), which in turn was a wholly-owned subsidiary of ZJ Holdings.

Acquisition of Lamdeal Development and Lamdeal Golf (continued)

The completion of the Acquisition took place on 12 August 2013. As disclosed in the Circular, the cash consideration was funded by the proceeds from subscription of the Convertible Bonds (as defined below), as more particularly set out in section headed “Subscription of Convertible Bonds” below. Further, as announced by the Company in its announcement dated 12 August 2013, pursuant to the terms of the sale and purchase agreement for the Acquisition, Datuk Lim Hock Guan, as nominated by the Vendor and LBS, has been appointed as a non-executive Director immediately upon the completion of the Acquisition.

Subscription of Convertible Bonds

On 10 April 2013, the Company entered into a subscription agreement with PA Bloom Opportunity III Limited and Prominent Investment Opportunity IV Limited (collectively the “Investors”), pursuant to which each of the Investors had severally (but not jointly) and conditionally agreed to subscribe and the Company had conditionally agreed to issue the convertible bonds in the aggregate principal amount of HK$500 million (“Convertible Bonds”). Completion of the subscription agreement took place on 12 August 2013 at which the Convertible Bonds were issued to the Investors in equal shares.

The Convertible Bonds are in the aggregate principal amount of HK$500 million (in the denomination of HK$1 million) with an initial conversion price of HK$1.50 (subject to adjustments, if any) per conversion share. The Convertible Bonds bear an interest rate of 5% per annum, payable semi-annually in arrears, and will mature on the date falling five years from the date of issue. Conversion of the Convertible Bonds by the bondholders is subject to certain conversion restrictions and the Company is entitled to exercise mandatory conversion in certain circumstances. Subject to early redemption, the Company shall on the maturity date (or on such earlier date as the principal amount outstanding on the Convertible Bonds shall become repayable in accordance with the terms of the Convertible Bonds) redeem the Convertible Bonds at a value that will provide the bondholder(s) with an internal rate of return of 13% per annum (including the accrued interest paid but excluding default interest (if any)) on the principal amount of the Convertible Bonds to be redeemed. The Convertible Bonds are non-transferable other than to affiliates or related funds of the Investors. The Convertible Bonds are unsecured and the conversion shares, when issued, will rank pari passu in all respects with all existing shares in issue on the conversion date.

For more details of the terms of the Convertible Bonds, please refer to the Circular.

Subscription of Convertible Bonds (continued)

Exercise of Conversion Rights under the Convertible Bonds

Up to the date of this interim report, no conversion notice has been received in respect of the exercise of conversion rights attached to the Convertible Bonds.

Financing and Payment of the Remaining Land Price

On 25 July 2013, Zhuhai Development, as financee, and ZJ Holdings, Long Yi and the Company, as guarantors, entered into a financing agreement (the "Financing Agreement") with an asset management company (the "Financier") and its consultant. The amount of the financing provided by the Financier to Zhuhai Development pursuant to the Financing Agreement was RMB1,300 million. Pursuant to the Financing Agreement, the financing provided by the Financier to Zhuhai Development shall be applied for the payment of the remaining land price for the Project Land. Further, Long Yi/ZJ Holdings and the Company have agreed to, in accordance with their respective shareholding in Zhuhai Development, provide entrusted loans in the aggregate amount of RMB700 million to Zhuhai Development (i.e. RMB280 million by Long Yi/ZJ Holdings and RMB420 million by the Company) for the payment of the remaining land price. As at the date of this interim report, an entrusted loan in the amount of RMB280 million has been provided by ZJ Holdings and an entrusted loan in the amount of RMB300 million has been provided by the Company through a wholly-owned subsidiary to Zhuhai Development. Subsequent to the completion of the Acquisition and up to the date of this interim report, Zhuhai Development has completed the payment of the remaining land price and has taken steps to complete the registration procedure for the acquisition of the land use right of the Project Land. Details of the Financing Agreement have been set out in the Company's announcement made on 25 July 2013.

Co-operation Framework Agreement

On 23 January 2013, the Company entered into a co-operation framework agreement ("Co-operation Framework Agreement") with a possible partner (being a State-owned enterprise and an independent third party of the Company) in relation to the possible co-operation in the investment, construction and operation of a shipping centre complex comprising port terminal and waiting lounge, shopping mall, hotel and office in Hengqin, the PRC. Pursuant to the Co-operation Framework Agreement, it is intended that the possible partner will form a project company as an investment vehicle jointly owned by the Group and the possible partner for the development and construction of the said co-operation project. Please refer to the announcement dated 23 January 2013 issued by the Company for details of the Co-operation Framework Agreement.

Prospects

Mainland China's economy is expected to have steady economic growth. The Group remains cautiously optimistic and will continue to explore new opportunities. As the Acquisition has been completed, and the relevant land use right permit in relation to the Project Land with the area of 788,400 sq.m. in Zhuhai is expected to be obtained by Zhuhai Development soon, the Group will seize this opportunity to substantiate the development plan of the Project Land.

Updates on disputes in respect of the earnest money paid by the Group

Reference is made to the Company's 2012 annual report (which was dated 27 March 2012) in connection with a letter of intent ("Letter of Intent") entered into in August 2008 (as amended and supplemented) with a possible vendor (being an independent third party of the Company). The Letter of Intent is in relation to the possible acquisition of 80% of the issued share capital in a company incorporated in Hong Kong. The target company then owned a wholly foreign-owned enterprise established in the PRC. Pursuant to the Letter of Intent, earnest money ("Earnest Money") in the amount of RMB26 million (equivalent to HK$30.0 million) was paid by the Company to the possible vendor. The possible vendor had agreed to grant an exclusive right of negotiation to the Company from the date of the Letter of Intent till its expiry on 31 December 2008. In addition, pursuant to the Letter of Intent, the Group has the right to demand full refund of the Earnest Money if the proposed acquisition is eventually unsuccessful. The repayment of the Earnest Money was secured by, among others, certain pledge created by the possible vendor over certain shares ("Charged Share") of the target company ("Share Charge") and a loan assignment ("Loan Assignment") executed by a company owned and controlled by the possible vendor, both in favour of the Company. Please refer to the announcement of the Company dated 10 September 2008 for details of the Letter of Intent.

Since the Company could not reach agreement with the possible vendor on the terms of the proposed acquisition after undertaking detailed due diligence review on the target company, the Company decided not to proceed with the proposed acquisition and the Letter of Intent was terminated accordingly. However, the possible vendor refused to refund the Earnest Money to the Company. As such, legal proceedings were instituted against the possible vendor for the refund of the Earnest Money. In this connection, receivers ("Receivers") were also appointed by the Company under the Share Charge. Details of the above dispute are set out in the Company's announcement dated 20 July 2009.

Prospects (continued)

Updates on disputes in respect of the earnest money paid by the Group (continued)

Trial of the case was conducted in the High Court of Hong Kong (the "High Court") in May 2012. Judgment ("Judgment") was delivered on 7 June 2012. Written reasons for the Judgment ("Reasons for Judgment") were handed down on 19 June 2012. The Judgment was awarded in favour of the Company. In particular, the High Court ordered that the Earnest Money was not liable to forfeiture and had not been forfeited. Certain declarations in favour of the Company were also made under the Reasons for Judgment. All the claims of the possible vendor for damages and for set off were dismissed. In June 2012, the possible vendor and related parties applied to appeal the Judgment, and the appeal was set down to take place in September 2013. Security for costs of the Company in the appeal amounting to HK$650,000 and for the judgment debt (representing the Earnest Money and interest) amounting to HK$37,032,877 had been paid by the possible vendor and the related parties into the Court in exchange for certain orders. For further details, please refer to the section (having the same heading of this section) of the Company's 2012 annual report. The Company was advised by its legal counsel that such grounds appeared to be weak and the Company has good grounds to dismiss such appeal.

There are uncertainties regarding the chance of success in the Company's execution and collection of the Earnest Money, damages and costs from the possible vendor and the related parties. As disclosed in the Company's 2012 annual report and its previous annual reports, the Company made a provision for impairment of HK$30 million during the year ended 31 December 2010 in respect of the Earnest Money.

The Company was informed that the possible vendor had commenced proceedings in the PRC against the Receivers for personal liabilities in the sale of certain assets which indirectly belonged to the target company. Judgment of such proceedings was given in favour of the Receivers in the first round, and the possible vendor took steps to appeal and the same is still in progress.

The Company was also informed that in August 2013, the target company commenced proceedings in Hong Kong against the Receivers to make claim for loss.

Prospects (continued)

Updates on disputes in respect of the earnest money paid by the Group (continued)

So far as the Company is aware, the Company has not been named as a party to any such proceedings brought against the Receivers. However, the Company cannot preclude the possibility of being subsequently named as a party to any of such proceedings, and/or the Receivers taking steps to seek indemnity from the Company for losses suffered by the Receivers in the discharge of their duties under the Share Charge. Based on the advice of the Company's legal counsel, the Company believes that no provision has to be made in such connection for the time being. However, the Company will closely monitor the development of the matter. Where necessary, the Company will make announcement to inform shareholders and investors of any material development.

Updates on the agreement for acquisition of land use rights in respect of parcels of land in Zhuhai

On 29 December 2006, the Group entered into a conditional sale and purchase agreement ("Land Acquisition Agreement") with Zhuhai Guoyuan Investment Company Limited ("Zhuhai Guoyuan") for the acquisition of the land use rights in respect of several parcels of land leased to the Group where certain building structures of the hotel business of the Group were erected ("Hotel Land"). The purchase price is a total of RMB90.9 million (equivalent to approximately HK$103.2 million) payable in cash.

During the year ended 31 December 2009, the Group paid the purchase price in full pursuant to the Land Acquisition Agreement.

Pursuant to the Land Acquisition Agreement, the acquisition of the Hotel Land is conditional upon the completion of the Debt Restructuring Agreement (as further detailed and defined below). The Debt Restructuring Agreement was completed on 25 September 2009. During the period under review, the Group finished all steps to complete the transfer and registration procedures for the acquisition of the land use rights and building certificates in respect of Hotel Land and the buildings erected on the Hotel Land. As at 30 June 2013, all land use right certificates and building certificates of the Hotel Land and the buildings erected on the Hotel Land were obtained.

Prospects (continued)

Updates on the winding-up proceedings in connection with certain substantial shareholders of the Company

Reference is made to the Company's 2012 annual report in connection with (1) the debt restructuring agreement entered into between, among other parties, Zhu Kuan Group Company Limited ("Zhu Kuan Macau"), Zhu Kuan (Hong Kong) Company Limited ("Zhu Kuan HK"), the liquidators of Zhu Kuan Macau and Zhu Kuan HK (the "Liquidators") and Zhuhai Guoyuan ("Debt Restructuring Agreement"); and (2) a settlement agreement entered into between, among other parties, Zhu Kuan Macau, Pioneer Investment Ventures Limited ("PIV"), Longway Services Group Limited ("Longway") and the Liquidators.

As mentioned in the Company's 2012 annual report, the Board was advised that all conditions precedent set out in the Debt Restructuring Agreement were satisfied and the whole debt restructuring process of Zhu Kuan Macau and Zhu Kuan HK was completed in late 2009. The Company was also advised that following the restoration of both Zhu Kuan Macau and Zhu Kuan HK, proceedings of provisional liquidations on PIV in Hong Kong and the British Virgin Islands has been put on permanent stay or withdrawn and set aside. However, Longway's action to perfect the share charge over 337 million shares (the "PIV Charged Shares") in the Company attributable to PIV has not been withdrawn. Longway has been taking steps to ascertain whether there is any impediment to the transfer of the PIV Charged Shares.

On 15 April 2010, Zhu Kuan Macau, Zhuhai Jiuzhou Holdings Group Co., Ltd. ("ZJ Holdings") and Longway entered into a framework agreement (the "Framework Agreement"). Under such Framework Agreement, Zhu Kuan Macau recorded its intent to procure PIV to sell to Longway the PIV Charged Shares at a consideration equivalent to the total amount of debts owed by Zhu Kuan Macau to ZJ Holdings pursuant to previous loan and related security documents made between the parties.

The Company was informed that following efforts expended by the parties to the Framework Agreement, most conditions precedent laid down in the Framework Agreement were fulfilled. It is likely that in the near future, the parties will enter into a formal sale and purchase cum settlement agreement in relation to the transfer of the PIV Charged Shares in the Company held by PIV to Longway. If there is any material development of the matter, the Company will make announcement to inform shareholders and investors of the progress.

Liquidity and Financial Resources

The Group generally finances its operations with internally generated cashflow. The Group's cash and bank balances and short term bank deposits as at 30 June 2013 amounted to approximately HK$801.4 million (31 December 2012: HK$783.3 million (Restated)), of which approximately HK$787.1 million (31 December 2012: HK$751.3 million (Restated)) were denominated in RMB and the remaining were all in Hong Kong dollars. In addition, the Group held short term investments in financial instruments of approximately HK$73.4 million as at 30 June 2013 (31 December 2012: HK$70.5 million), of which approximately HK$72.2 million (31 December 2012: HK$69.5 million) were denominated in RMB and the remaining were all in Hong Kong dollars. The short term financial instruments comprised mainly investment in certain short term investment funds in the PRC and some listed securities in Hong Kong and the PRC with a view to enhancing the Group's return on the surplus working capital. Since the Group has no outstanding banking borrowings as at 30 June 2013 and 31 December 2012 respectively, and based on the total bank borrowings in relation to shareholders' fund, the Group's gearing ratio as at 30 June 2013 and 31 December 2012 respectively was zero.

Amounts Payable by a Shareholder

The amounts payable by a shareholder, ZJ Holdings, as at 30 June 2013 and 31 December 2012 amounted to approximately HK$4.3 million and HK$7.2 million (Restated), respectively. These amounts payable arose from advances made to ZJ Holdings from one of the subsidiaries of the Ferry Company (then a 49%-owned joint venture (but not a subsidiary) of the Company) before the Deemed Acquisition. The amount payable by ZJ Holdings decreased to approximately HK$4.3 million as at 30 June 2013 as a result of a dividend payment to ZJ Holdings.

Contingent Liabilities

As at 30 June 2013, the Group had no significant contingent liabilities (31 December 2012: Nil).

Future Plan for Material Investments or Capital Assets

As at 30 June 2013, the Group had no future plans for material investments or capital assets except for those disclosed under the heading "Management Discussion and Analysis and Other Information" as stated aforesaid.

Foreign Exchange Exposure

Most of the businesses of the Group are operated in the Mainland China, and the principal revenues and costs were denominated in RMB or Hong Kong dollars. Therefore, the management believes that there is no need for the Group to make use of financial instruments for hedging purposes.

As the assets and liabilities of the Group are mostly denominated in RMB, the management considers that no significant exposure to foreign exchange exists.

Capital Structure

As at 30 June 2013, the number of issued ordinary shares was 1,118,600,000 shares in aggregate and the shareholders' equity of the Group was approximately HK$1,461.1 million.

Subsequent to 30 June 2013, the Company has issued (1) convertible bonds with the aggregate value of HK$500 million to PA Bloom Opportunity III Limited and Prominent Investment Opportunity IV Limited pursuant to a subscription agreement and (2) 225,563,909 consideration shares at the issue price of HK$1.33 per share and in the aggregate amount of HK$300 million pursuant to a conditional sale and purchase agreement respectively, on 12 August 2013. For more details of the convertible bonds and the consideration shares, please refer to the Company's circular dated 28 June 2013.

Material Investments Held, Significant Acquisitions and Disposals

During the period under review, there was no material acquisition or disposal of investment, subsidiary or associated company, except for those disclosed under the heading "Management Discussion and Analysis and Other Information" as stated aforesaid.

Number and Remuneration of Employees

The Group had 2,010 employees as at 30 June 2013. The remuneration of employees is determined and reviewed annually with reference to the market standard, individual performance and working experience, and certain staff is entitled to commission and share options.

Directors' Rights to Acquire Shares or Debentures

At no time during the period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouses or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the directors of the Company to acquire such rights in any other body corporate.

Share Option Scheme

On 28 May 2012, the Company adopted a new share option scheme ("New Share Option Scheme") to substitute the existing share option scheme dated 26 September 2002 for the purpose of providing incentives and rewards to eligible participants for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group and any entity in which the Group holds any equity interest ("Invested Entity"). The major terms of the New Share Option Scheme are summarised as follows:

(i) The purpose of the New Share Option Scheme is to provide incentives or rewards to eligible participants for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group and any Invested Entity.

(ii) The participants of the New Share Option Scheme include: (a) any eligible employee; (b) any non-executive director (including independent non-executive directors) of the Company, any of its subsidiaries or any Invested Entity; (c) any supplier of goods or services to any member of the Group or any Invested Entity; (d) any customer of the Group or any Invested Entity; (e) any person or entity that provides research, development or other technological support to the Group or any Invested Entity; and (f) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity.

(iii) The maximum number of shares which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the New Share Option Scheme and any other share option schemes of the Company must not in aggregate exceed 30% of the issued share capital of the Company from time to time.

(iv) The total number of shares which may be issued upon exercise of all options to be granted under the New Share Option Scheme and any other share option schemes of the Company must not in aggregate exceed 111,860,000 shares, which represents 10% of the total number shares in issue as refreshed in the annual general meeting held on 28 May 2012. Share options which lapse in accordance with the terms of the New Share Option Scheme and any other share option schemes of the Company will not be counted for the purpose of calculating the 10% limit.

Share Option Scheme (continued)

(v) The Company may seek approval of the shareholders in a general meeting for refreshing the 10% limit under the New Share Option Scheme, save that the total number of shares which may be issued upon exercise of all share options to be granted under the New Share Option Scheme and any other share option schemes of the Company under the limit as refreshed shall not exceed 10% of the total number of shares in issue as at the date of approval of the limit as refreshed. Share options previously granted under the New Share Option Scheme or any other share option schemes of the Company (including share options outstanding, cancelled, lapsed or exercised in accordance with the terms of the New Share Option Scheme or any other share option schemes of the Company) will not be counted for the purpose of calculating the limit as refreshed.

(vi) The total number of shares issued and to be issued upon the exercise of the share options granted to each eligible participant (including both exercised and outstanding options) within any 12-month period shall not exceed 1% of the total number of shares in issue.

(vii) Any grant of options under the New Share Option Scheme to a Director, chief executive or substantial Shareholder of the Company, or any of their respective associates must be approved by independent non-executive Directors of the Company.

(viii) Any grant of share options to a substantial shareholder or an independent non-executive director of the Company, or to any of their respective associates, which would result in the shares issued and to be issued upon the exercise of all share options already granted and to be granted (including share options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant in excess of 0.1% of the shares of the Company in issue and with an aggregate value (based on the closing price of the Company's shares at the date of each grant) in excess of HK$5.0 million, is subject to prior approval from shareholders in a general meeting.

(ix) The offer of a grant of share options may be accepted within 28 days from the date of offer, upon the payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors of the Company and shall not be more than 10 years from the date of offer of the share options, subject to the provisions for early termination as set out in the New Share Option Scheme. There is no minimum period for which an option must be held before the exercise of the subscription right attaching thereto, except as otherwise imposed by the board of directors of the Company.

Share Option Scheme (continued)

(x) The exercise price of share options is determinable by the directors of the Company, but may not be less than the highest of (a) the closing price of the Company's shares as quoted on the Stock Exchange on the date of grant of the share options; (b) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of grant; and (c) the nominal value of the Company's shares.

(xi) Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

As at 30 June 2013 and 31 December 2012, no share options have lapsed or have been granted, exercised or cancelled under the New Share Option Scheme. Moreover, the Company had no share options outstanding under the New Share Option Scheme as at 30 June 2013 and 31 December 2012.

Directors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares of the Company and its Associated Corporations

As at 30 June 2013, the interests and short positions of the directors and chief executive of the Company in shares and underlying shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), that were recorded in the register required to be kept pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO or the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), were as follows:

Long positions in ordinary shares of the Company:

Name of director	Number of shares directly and beneficially owned
Mr. Jin Tao	1,742,000
Mr. Ye Yuhong	460,000
Mr. Chu Yu Lin, David	2,700,000
Mr. Albert Ho	250,000

Directors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares of the Company and its Associated Corporations (continued)

Save as disclosed above, as at 30 June 2013, none of the directors or chief executive of the Company had any interests and short positions in the shares and underlying shares of the Company or any of its associated corporations that were required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the SFO or the Model Code.

Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares of the Company

As at 30 June 2013, the following persons/parties (other than the directors and chief executive whose interests have been disclosed in the section "Directors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares of the Company and its Associated Corporations") had interests of 5% or more in the ordinary shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions in ordinary shares of the Company:

Name of substantial shareholder	Number of ordinary shares directly and beneficially held	Approximate Percentage of the Company's issued share capital
ZJ Holdings	235,200,000	21.0%
Pioneer Investment Ventures Limited ("PIV")[Note (1)]	337,000,000	30.1%
Mr. Kwok Hoi Hing[Note (2)]	78,304,000	7.0%
Dragon Hill Corporation Limited[Note (3)]	225,563,909	20.2%
PA Bloom Opportunity III Limited[Note (4)]	166,666,666	14.9%
Prominent Investment Opportunity IV Limited[Note (4)]	166,666,667	14.9%

Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares of the Company (continued)

Note (1) In accordance with Part XV of the SFO, Zhu Kuan Group Company Limited ("Zhu Kuan Macau") and Zhuhai Municipal Zhu Kuan Group Holding Co., Ltd. (珠海市珠光集團控股有限公司, "Zhu Kuan Holding") were deemed to be interested in the 337,000,000 shares of the Company held by PIV because:

– Zhu Kuan Macau is the immediate holding company of PIV; and

– Zhu Kuan Holding is interested in 70% equity interest of Zhu Kuan Macau.

The 337 million shares (representing approximately 30.1% issued ordinary shares in the Company) held by PIV have been charged in favour of Longway Services Group Limited, a wholly-owned subsidiary of ZJ Holdings.

Note (2) As at 30 June 2013, Mr. Kwok Hoi Hing held 78,304,000 shares of the Company of which 22,914,000 shares were held through his wholly owned subsidiary, Surpassing Investment Limited.

Note (3) Dragon Hill Corporation Limited ("DHCL") is 100% owned by Intellplace Holdings Limited which in turn is 100% owned by LBS Bina Group Berhad. Accordingly each of LBS Bina Group Berhad and Intellplace Holdings Limited is deemed to have interest in the 225,563,909 shares held by DHCL. The percentage of shareholding is based on the number of consideration shares issued in relation to the Acquisition and the total number of the issued shares of the Company as at 30 June 2013.

Note (4) PA Bloom Opportunity III Limited ("PABOL") and Prominent Investment Opportunity IV Limited ("PIOL") are interested in 166,666,666 shares and 166,666,667 shares of the Company respectively representing a total of 333,333,333 shares which may be allotted and issued upon the exercise of the conversion right under the convertible bonds of the Company issued to PABOL and PIOL assuming the conversion price to be HK$1.50 in which Pacific Alliance Asia Opportunity Fund L.P. ("PAAOFLP"), Pacific Alliance Group Asset Management Limited ("PAGAML"), Pacific Alliance Investment Management Limited ("PAIML"), Pacific Alliance Group Limited ("PAGL") and PAG Holdings Limited ("PAGHL") were deemed to be interested in by virtue of SFO because:

– PABOL is 100% owned by PAAOFLP which in turn is owned by PAGAML;

– PAGAML is 100% owned by PAIML which in turn is 90% owned by PAGL;

– PAGL is 99.47% owned by PAGHL; and

– PIOL is also 100% owned by PAAOFLP.

The percentage of shareholding is based on the number of conversion shares which may be issued and the total number of the issued shares of the Company as at 30 June 2013.

Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares of the Company (continued)

Save as disclosed above, as at 30 June 2013, the Company had not been notified by any persons (other than the directors and chief executive of the Company whose interests are set out in the section "Directors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares of the Company and its Associated Corporations" above), who had interests or short position in the shares or underlying shares of the Company in the register required to be kept by the Company pursuant to Section 336 of the SFO.

Disclosures of Directors' Updated Information Pursuant to Rule 13.51B(1) of the Listing Rules

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes of information of the directors of the Company are as follows:

– Mr. Hui Chiu Chung, as an Independent Non-Executive Director, has been appointed as an independent non-executive director of SINOPEC Engineering (Group) Co., Ltd. whose shares are listed on the Stock Exchange with effect from 11 April 2013.

– Mr. Chu Yu Lin, David, as an Independent Non-Executive Director, has been appointed as an independent non-executive director of Chuang's Consortium International Limited whose shares are listed on the Stock Exchange with effect from 6 February 2013.

Purchase, Sale or Redemption of Listed Securities of the Company

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the period under review.

Corporate Governance

The Company has complied with the code provisions as set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Listing Rules during the period from 1 January 2013 to 30 June 2013, except for the following deviations:

(i) Code provision A.1.1 – only one regular Board meeting of the Company was held in the first quarter of 2013 since the Company does not announce its quarterly results. The Board however held three board meetings during the period from 1 January 2013 to 30 June 2013;

Corporate Governance (continued)

(ii) Code provision A.4.1 – the Company's directors including independent non-executive directors, who may not have fixed term of office, are subject to retirement by rotation and re-election in accordance with the Company's Bye-laws; and

(iii) Code provision A.6.7 – one independent non-executive director of the Company was unable to attend the annual general meeting of the Company held on 26 June 2013 due to other unavoidable work commitments.

Save as disclosed above, the Company had complied with the code provisions set out in the CG Code during the six months ended 30 June 2013.

Model Code for Securities Transactions by Directors of Listed Issuers

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as the code of conduct regarding directors' securities transactions. All directors of the Company have confirmed, following specific enquiry by the Company, that they have complied with the required standard set out in the Model Code during the six months ended 30 June 2013.

Audit Committee

The Company has an audit committee which was established in accordance with the requirements of the CG Code for the purpose of reviewing and providing supervision over the financial reporting process and internal controls of the Group. The audit committee comprises the three independent non-executive directors of the Company. The unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2013 has been reviewed by the audit committee and the Company's auditors, Ernst & Young.

Interim Dividend

The board of directors of the Company does not recommend the payment of any interim dividend for the six months ended 30 June 2013 (six months ended 30 June 2012: Nil).

By Order of the Board of Directors
Chen Yuanhe
Chairman

Hong Kong, 28 August 2013