珠海控股
ZHUHAI HOLDINGS

ANNUAL REPORT 年報 2014

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

(Incorporated in Bermuda with limited liability)（於百慕達註冊成立之有限公司）
Stock Code 股份代號：00908

CONTENTS

Corporate Information

Board of Directors

EXECUTIVE DIRECTORS
Mr. Huang Xin *(Chairman and Chief Executive Officer)*
Mr. Jin Tao
Mr. Ye Yuhong
Mr. Li Wenjun

NON-EXECUTIVE DIRECTORS
Datuk Wira Lim Hock Guan
Mr. Wang Zhe (appointed on 19 January 2015)

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. Huang Xin *(Chairman)* (appointed on 19 January 2015)
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

PricewaterhouseCoopers
Certified Public Accountants (with effect from 12 June 2014)

Principal Bankers

Malayan Banking Berhad, Hong Kong Branch
Industrial and Commercial Bank of China, Zhuhai Branch
Bank of China, Zhuhai Branch
Everbright Bank of China, Zhuhai Branch
Xiamen International Bank, Zhuhai Branch
Shanghai Pudong Development Bank, Zhuhai Branch

Legal Advisors (as to Hong Kong law)

Chiu & Partners
Ashurst Hong Kong

Principal Share Registrar

MUFG Fund Services (Bermuda) Limited
The Belvedere Building
69 Pitts Bay Road
Pembroke HM08
Bermuda
(with effect from 30 July 2014)

Branch Share Registrar

Tricor Tengis Limited
Level 22, Hopewell Centre
183 Queen's Road East
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

* The English transliteration of the Chinese names in this annual report, where indicated, is included for information only, and should not be regarded as the official English names of such Chinese names.

Registered Office

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Stock Code

00908

Investors Relation

Email address:
info@0908.hk

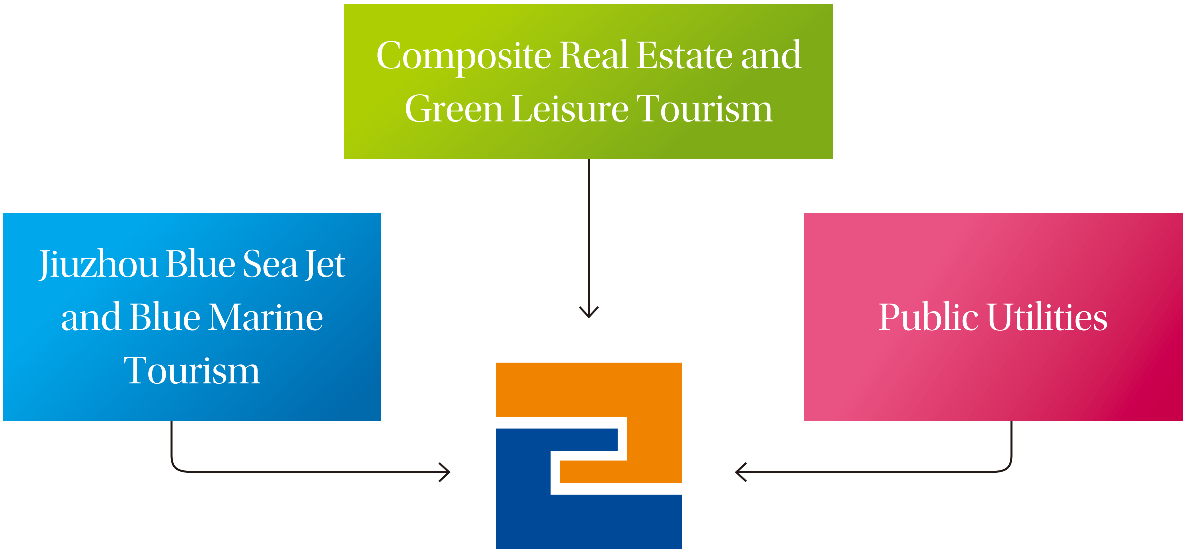
Website

www.0908.hk

Chairman's Statement

Zhuhai Holdings Investment Group Limited (the "Company") is the only Zhuhai-based red chip company listed in Hong Kong. With a large portion of state-owned core quality assets in respect of transportation, tourism and public utilities in Zhuhai, its businesses cover various sectors such as city energy supply, tourism properties, maritime transportation, port terminals operation, hotel services, theme attractions, maritime tourism, golf and travel agency services etc. It owns the largest high-speed ferry company and waterway passenger port in the country, the third largest maritime tourism brand and the largest passenger port cluster in South China, which allow it to gain extensive experience in the operation and management of maritime transportation and the tourism industry. It has three business segments including (1) Jiuzhou Blue Sea Jet (九洲藍色幹線) (maritime transportation) and Blue Marine Tourism* (藍色海洋旅遊); (2) composite real estate and green leisure tourism; and (3) public utilities (ports and city energy supply). With the talents, brand and geographical advantages in the operation and management of these related businesses, the Company represents a Zhuhai's important capital platform in Hong Kong and overseas.*

Huang Xin
Chairman



In 2014, the Company and its subsidiaries (the "Group") has thoroughly maintained its strategy on high positioning and high-end layout, striving to create a strategic pattern encompassing three business segments. We have further utilised the leverage of capital operation to implement key projects with an aim of fostering the intensive development of industrial clusters and forging an industry chain of perfect living.

The Group forged ahead to achieve the desired results of operations in this performance year. The consolidated results of the Group for the year ended 31 December 2014 are as follows: (1) the consolidated revenue of the Group for the year was approximately HK$1,739.4 million, representing an increase of about 57.0% as compared to approximately HK$1,107.8 million (restated) of last year; (2) gross profit of the Group increased by 57.5% to HK$530.5 million; and (3) the consolidated profit for the year was HK$162.3 million, comparing to HK$257.2 million (restated) of last year. Furthermore, the net profit attributable to ordinary equity holders of the Company was approximately HK$59.3 million, representing a decrease of approximately 71.8% as compared with last year. Basic earnings per share for the year were HK4.20 cents. No interim dividend was paid during the year. The board of directors of the Company (the "Board") has recommended the payment of a final dividend of HK1 cent per share absorbing a total amount of approximately HK$14.1 million (2013: HK$42.4 million) for the financial year ended 31 December 2014 to the shareholders whose names shall appear on the register of members of the Company on Friday, 5 June 2015.

The decrease in profit was mainly due to the absence of the significant non-recurring and one-off items recorded in the Group's consolidated financial statements for the year ended 31 December 2013, namely (1) a gain of approximately HK$181.1 million on bargain purchase from the acquisitions of Lamdeal Consolidated Development Limited ("Lamdeal Development") and Lamdeal Golf & Country Club Limited ("Lamdeal Golf") in connection with the acquisition of 60% interest in Zhuhai Cuihu Xiangshan high-end tourism property project ("Cuihu Xiangshan Project") in 2013; and (2) a recovery of the earnest money, together with interests and related fees, amounting to approximately HK$40.8 million as partial satisfaction of a judgment handed down by the Court of Appeal. Excluding the financial impact of the above one-off items, the adjusted loss attributable to ordinary equity holders for the year ended 31 December 2013 was HK$11.6 million. The profit attributable to ordinary equity holders of the Company for the year ended 31 December 2014 was HK$59.3 million, representing a turnaround as compared with the adjusted loss attributable to ordinary equity holders last year.

Chairman's Statement

Through proactive promotion on its corporate development strategies, material projects, operating results and development prospects, the Company strived to enhance its recognition and reputation in the capital market. It has deepened understanding from the securities market and created a positive corporate image. The shareholders' equity of the Group achieved HK$2,269.6 million in 2014, which reached a historical high.

Throughout the year, the Group's maritime passenger transportation and related services business was oriented by its "Blue Marine Tourism" strategy with the focus on "operation" and "development". By capturing external strategic opportunities and exploring the potential of internal resources, each task stepped into a new stage and in turn formed a solid foundation for transformation and upgrading.

The successful project acquisition of 60% interest in Cuihu Xiangshan Project by the Group in 2013 symbolised a good beginning for expanding into the tourism real estate business. During the year, it was a hot sale on the first day of pre-sale of Phase 1 of Cuihu Xiangshan Project, which recorded the highest number of pre-sale villas in Zhuhai. Phase 2 located in the vicinity of Zhuhai Lakewood Golf Club (the "Club") and Tangjiawan light rail station, is to be constructed as high-rise residential buildings. The construction of the project has commenced and the pre-sale is expected to be held in mid-2015.

As the investor and developer of the project, Zhuhai Jiuzhou Property Development Limited* (珠海九洲置業開發有限公司) ("JPD"), a company wholly-owned by the Group, has engaged a globally top-notch firm of architects to finish the architectural design of the new hotel with the help from Zhuhai Holiday Resort Hotel Company Limited* (珠海度假村酒店有限公司) ("Resort Hotel"). Through fine-tuning the concept and formulating the design proposal, the architectural design of the main building of the new hotel has completed at the end of 2014. JPD also jointly reconstructed Starlight Convention Centre* (星光會議中心) and the new south entrance of the hotel with Resort Hotel during the year.

In 2014, to support its business development, the Company actively explored external financing. With the strong support from Zhuhai Jiuzhou Holdings Group Co., Ltd. ("ZJ Holdings", a substantial shareholder of the Company), the Company successfully issued trust product for Zhuhai Cuihu Xiangshan Project and assembled funds to obtain a financing amount of RMB1,500 million to secure the payment of the bridge facility of Cuihu Property Project in an amount of RMB1,300 million which fell due.

Chairman's Statement

The Company has fully capitalised on the capital and resources strengths in Hong Kong and successfully obtained a low-interest term facility (the "Facility") of HK$300 million from an offshore bank. It has expanded its financing channels and successfully obtained its first low-interest term loan from an offshore bank since its listing, achieving breakthrough in obtaining offshore facility.

In this performance year, the Company enhanced communication with shareholders and maintained solid relationship with investors through various approaches, such as updated connection with the stock market, annual general meeting, investor meetings, investment conference and project visits. These approaches enabled shareholders and investors to have an in-depth understanding of the Company's development strategy and business philosophy. The above means has also contributed to investors' and potential investors' better understanding of the Company's major projects so as to enhance their confidence to the Group.

In this performance year, PricewaterhouseCoopers was appointed as the Company's new auditors. The appointment will contribute to the confidence of the shareholders of the Company in monitoring our businesses and provide stronger support.

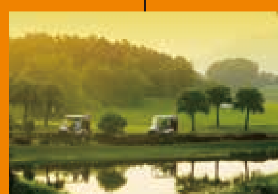
Looking forward, with the leadership of the Board and support of the Company's shareholders, I believe the Group will adhere to our development philosophy and the strategic target, consistently promote industrial upgrade and transformation to utilise the function of capital operation to actively push forward key projects such as Cuihu Xiangshan Project and the upgrade and improvement of Resort Hotel, in order to realise the Company's values and the corporate mission on generating fruitful returns for its shareholders and benefiting the society.

By Order of the Board
Huang Xin
Chairman
Hong Kong, 30 March 2015

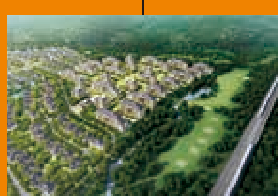
MANAGEMENT DISCUSSION AND ANALYSIS

ZHU

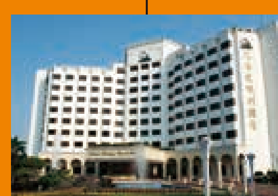
High-Speed
Ferry Group



Lakewood
Golf Club



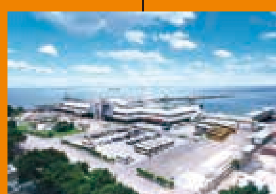
Cuihu
Xiangshan Project



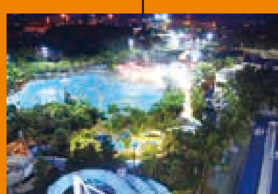
Zhuhai Holiday
Resort Hotel

UHAI

New
Yuanming Palace



Jiuzhou Port



Fantasy
Water World

City Energy
Supply

Management Discussion and Analysis

BUSINESS REVIEW

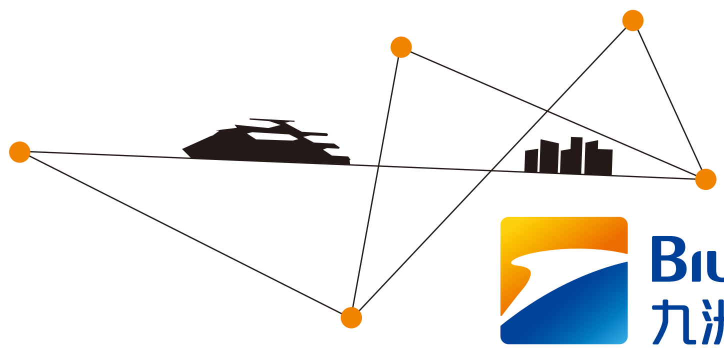
1. Jiuzhou Blue Sea Jet and Blue Marine Tourism

1.1 JIUZHOU BLUE SEA JET

2014 marked an important year for the transformation of Zhuhai High-Speed Passenger Ferry Co., Ltd.* (珠海高速客輪有限公司) ("Ferry Company") and its subsidiaries (collectively the "Ferry Group"). With the close completion of the Hong Kong-Zhuhai-Macau Bridge, the Ferry Group intensified its reform and expansion in marine tourism, and implemented dual development. On one hand, the Ferry Group continued to operate major routes, while on the other hand it commenced the preparation for transformation into blue marine tourism.

During the year under review, the passenger volume of ferry services running between Jiuzhou Port, Zhuhai and Hong Kong (including the Hong Kong Airport line) operated by the Ferry Company was approximately 2,212,000, representing an increase of approximately 5.9% as compared to last year. For the year, Ferry Company accounted for 47.15% of total volume of Guangdong – Hong Kong routes and the proportion increased by 4.73% year-on-year. The passenger volume of Shekou route for the year was 939,000, which increased by approximately 17.0%. The passenger volume of various islands lines in Zhuhai reached 1,119,000 during the year, representing an increase of approximately 41.2%.

In 2014, the Ferry Company was awarded as "Safe and Honest Company" (安全誠信公司), the highest honour of safe operation in the People's Republic of China (the "PRC") shipping industry, for the seventh consecutive year, being one of the only three shipping companies in the PRC that obtained such an achievement. In addition, the granting of awards of "Safe and Honest Marines" (安全誠信船舶) and "Safe and Honest Captains" (安全誠信船長) respectively to ferries and captains under the Ferry Company have contributed to further recognition by authorities in the PRC in terms of safety and anti-pollution management level.



BlueSeaJet 九洲蓝色干线

For the expansion of ferry passenger line, during the year, Zhuhai S.E.Z. Haitong Shipping Co., Ltd.* (珠海經濟特區海通船務有限公司), a subsidiary of Ferry Company, had successfully obtained an operation right of a passenger ferry line travelling between Shekou, Shenzhen and Dongao Island, Zhuhai. To meet the demand on the capacity of the new ferry line, the Ferry Company fostered the upgrading of marines and executed new ship-building contracts, so as to facilitate the Ferry Company to thoroughly exploit the potential of the transportation of the new ferry line.

The brand building commenced by the Ferry Company at the end of last year has now completed. The new brand name was "Jiuzhou Blue Sea Jet", with "safety, honesty, excellence" as its visions and "safety, acceleration, quality and comfort" as its core values. Along with the strategic transformation of the development of the Ferry Company, the new brand will take intangible effect that escalates its core competitiveness and provides positive motivation for the development of the Ferry Company.

1.2 BLUE MARINE TOURISM

Zhuhai Jiuzhou Cruises Co., Ltd.* (珠海市九洲郵輪有限公司) ("Jiuzhou Cruises") proactively expanded the distribution channel for tickets of the ferry lines for the Chimelong Resort. During the year, Jiuzhou Cruises served 612,000 tourists in total, representing an increase of approximately 1.0% compared with last year. The delivery of the new cruise "Jiuzhou Development"* (九洲發展) was completed and its maiden voyage was successful. In addition, to better integrate maritime tourism resources and secure its sustainable and stable development, Jiuzhou Cruises successfully acquired Zhuhai Huijia Travelling Agency* (珠海惠嘉旅行社), which holds the qualifications of maritime tourism operations.

2. Composite Real Estate and Green Leisure Tourism

2.1 JIUZHOU • GREENTOWN – CUIHU XIANGSHAN

Jiuzhou • Greentown – Cuihu Xiangshan is the first high-end tourism property development project as part of the Company's strategic transformation. During the year, Zhuhai International Circuit Consolidated Development Limited* (珠海國際賽車場綜合發展有限公司) ("Zhuhai Development") successfully launched Phase 1 of Cuihu Xiangshan Project. On the day the project was launched for pre-sale, it recorded the highest number of pre-sale villas in Zhuhai. Phase 2 has commenced its construction work and is expected to be launched for pre-sale in mid-2015.

2.2 ZHUHAI LAKEWOOD GOLF CLUB

With a view to building a first class golf course in China, the Club conducted a global tendering process and confirmed that Mr. Greg Norman, an international top notch golf player, a.k.a. the Great White Shark, would participate in the design work of the new golf course. During the year, the Club served 37,000 golfers and held four member tournaments. It has also organised two golf club competitions with international golf clubs. Through direct communications with members, the Club obtained members' advices and opinions and informed them on the update of the Club's modifications and various internal improvements and hence, gained understanding and support from members. Phase 1 of the new golf course is expected to be completed and opened in 2015, followed by completion of ancillary construction. The construction of Phase 2 of the new golf course is expected to commence in 2015.

Management Discussion and Analysis

2.3 ZHUHAI HOLIDAY RESORT HOTEL

With its 30th anniversary since its opening, Resort Hotel proactively responded to market challenges by carrying out operational transformation and optimising internal management, thereby bringing forth sound profitability and further increasing brand awareness as well as social benefits. The leading position of Resort Hotel in the industry has been evidenced by being awarded as the "Model Enterprise of Trustworthiness in Guangdong Province" again and "The Most Popular Conference Hotel in 2014" by China Meetings Industry Convention during the year.

During the performance year, hotel business recorded total revenue and operating profit of HK$194.7 million and HK$31.4 million, respectively, representing an increase of 7.0% and 75.5%, respectively, compared to same period last year. The average occupancy rate of our hotel was approximately 63%, representing a decrease of 0.6% as compared to same period last year, and the average room rate increased by approximately 9.7% as compared to that of last year. Revenue from room services and catering services rendered by Resort Hotel during the year both experienced growth of approximately 7.7% and 5.0%, respectively.

In order to further improve service quality and environment with a view to enhancing the competitiveness of the hotel and expanding the Resort Hotel, the Group has put strenuous efforts in the construction of the new resort hotel project. As the investor and developer of the project, JPD, a company wholly-owned by the Group, has engaged a globally top-notch design firm to complete the architectural design of the new hotel. During the year, JPD jointly reconstructed Starlight Convention Centre* (星光會議中心) and the new south entrance of the hotel with Resort Hotel. The construction of the new hotel project is currently in full swing.

2.4 THE NEW YUANMING PALACE

The total number of visitors of the New Yuanming Palace* (圓明新園) was 3,864,000 in 2014. The New Yuanming Palace held variety of art and cultural events and provided a large platform for integrated art and cultural activities in the area, hence further increased awareness for the New Yuanming Palace. In addition, the community and cultural services provided by the New Yuanming Palace are becoming more sophisticated through continuous enhancement, including (1) the full operation of Zhuhai Cultural Museum* (珠海市文化館); (2) completion of theatre and ancillary modifications to support Zhuhai Cultural Museum, and the launch of the large-scale multimedia theme show "Dream of Yuanming Palace" as scheduled; and (3) the development project of golf course, by attracting investment through marketing and promotion, has been approved by relevant government departments.

2.5 THE FANTASY WATER WORLD

The number of visitors of the Fantasy Water World* (夢幻水城) was approximately 395,000 in 2014, representing an increase of 36.2% over last year, recording the highest operating results over the last fifteen years since its opening. In particular, the most encouraging results were recorded in August as it achieved record-high monthly number of visitors and monthly revenue, as well as a historical high results of operations for a single month. According to statistics, the number of visitors reached 148,600 in August, illustrating monthly revenue of over RMB10 million, which was a historic monthly high. The outstanding results were driven by the commencement of services of optimised facilities and the opening of new attractions including the Cobra Water City* (水城眼鏡王蛇) theme park, as well as the effective promotion and marketing activities, excellent services and nice weather.

Management Discussion and Analysis

3. Public Utilities

3.1 JIUZHOU PASSENGER PORT

Operating revenue derived from the use of pier facilities business of Zhuhai Jiuzhou Port Passenger Traffic Service Co., Ltd.* (珠海九洲港客運服務有限公司) ("Jiuzhou Port Company") in Zhuhai recorded an increase of approximately 24.0% 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 and between Zhuhai and Shekou of approximately 2.2% and 19.5% respectively, as compared to last year. In addition, Jiuzhou Port Company also successfully activated the resources at piers, including: (1) contracting for the contracted business of advertisement resources at passenger transport stations was determined at a high price; (2) resources at stations were thoroughly exploited to maximise the profitability of property leasing; and (3) fruitful income from leasing and parking was generated from the completion of the upgrade and improvement of car parks. Meanwhile, Jiuzhou Port Company increased its investment in the ticketing system for users' convenience. A breakthrough was achieved in terms of online booking and self-service ticketing as well as the management of financial invoices. Self-service ticketing machines were also introduced to alleviate the pressure on manned ticketing office.

3.2 CITY ENERGY SUPPLY

Zhuhai Jiuzhou Marine Bunker Supply Co., Ltd.* (珠海九洲船舶燃料供應有限公司) ("Jiuzhou Marine Bunker") took the initiative to actively participate in bidding. Its quality product oil, reasonable prices and considerate service earns trust from myriads of customers. Furthermore, Jiuzhou Marine Bunker successfully took over the marine fuel supply business of Xiangzhou Port island line. The long-term and stable supply business at Xiangzhou Port will be the pillar for Jiuzhou Marine Bunker's future operation and development.

The sales of Jiuzhou Marine Bunker in 2014 increased by 157.3% from last year. In the changing and competitive oil supply market, Jiuzhou Marine Bunker will continue to improve its service, enhance its corporate image, augment its marketing and actively cushion the impact of oil price fluctuation on its business.

4. Recovery of Earnest Money

In addition to the entire earnest money and interests of the project which amounted to approximately HK$40.8 million in partial satisfaction of the CA Judgment (as defined below) recovered by the Group last year, the Group received related fees which amounted to approximately HK$2.2 million in 2014, as more particularly set out below in the section headed "Updates on disputes in respect of the earnest money paid by the Group" of this annual report.

FINANCIAL ARRANGEMENT THROUGH A TRUST SCHEME

As disclosed in the announcement of the Company dated 15 July 2014, 中航信託股份有限公司* (AVIC Trust Co., Ltd.) ("AVIC Trust"), as the trustee, proposed to establish "AVIC – Tianqi No. 467 Zhuhai Cuihu Xiangshan Development Fund Raising Trust Project"* (中航信託•天啟467號珠海翠湖香山項目集合資金信託計劃) ("Trust Scheme") in raising funds of up to RMB1,500 million from third party investors for the purpose of providing a secured loan ("Loan") in the maximum aggregate principal amount of RMB1,500 million. The Loan would be divided into three tranches from the funds raised from the issue of the preferential trust units under the Trust Scheme: (i) first tranche for a maximum aggregate principal amount of RMB500 million; (ii) second tranche for a maximum aggregate principal amount of RMB250 million; and (iii) third tranche for a maximum aggregate principal amount of RMB750 million (which would be divided into further sub-tranches based on the progress of the fund raising) to be provided by AVIC Trust (as trustee of the Trust Scheme) to Zhuhai Development pursuant to the loan agreements dated 15 July 2014 ("Loan Agreements") as amended and supplemented by the supplemental loan agreements dated 2 August 2014 ("Supplemental Loan Agreements").

Management Discussion and Analysis

Zhuhai Development proposed to apply the Loan to repay the outstanding amount under the financing agreement ("Financing Agreement") entered into between, among others, Zhuhai Development and an asset management company in relation to a financing in the principal amount of RMB1,300 million as disclosed in the announcement of the Company dated 25 July 2013 and the section headed "Management Discussion and Analysis" of the 2013 annual report of the Company and for development of Cuihu Xiangshan Project.

In addition to the fund raising from third parties as holders of the preferential trust units of a maximum aggregate principal amount of RMB1,500 million, the establishment of the Trust Scheme would also be subject to the subscription of subordinated trust units of an aggregate principal amount of RMB510 million by Zhuhai Jiuzhou Corporation Management Co., Ltd.* (珠海九洲企業管理有限公司) ("ZJ Corporation Management") (being a wholly-owned subsidiary of the Company) and ZJ Holdings (being a substantial shareholder of the Company).

On 7 August 2014 and 18 August 2014, AVIC Trust respectively advised that the aforementioned first tranche of the fund raising in the aggregate principal amount of RMB500 million and the remaining tranches in the aggregate principal amount of RMB1,000 million were completed, whereby the establishment of the Trust Scheme and drawdown of the entire Loan became unconditional. As disclosed in the announcement of the Company dated 18 August 2014, pursuant to the Loan Agreements (as supplemented and amended by the Supplemental Loan Agreements), the entire Loan in the aggregate principal amount of RMB1,500 million has been released to Zhuhai Development by AVIC Trust. The subscription by ZJ Corporation Management of the subordinated trust units pursuant to the Trust Scheme and the transactions contemplated under an equity transfer agreement dated 15 July 2014 between Lamdeal Development and AVIC Trust (as trustee of the Trust Scheme) have also been completed accordingly. Zhuhai Development applied the Loan to repay the outstanding amount under the Financing Agreement and retained the remaining amount under the Loan for development of Cuihu Xiangshan Project.

Please refer to the announcements of the Company dated 15 July 2014, 2 August 2014, 7 August 2014 and 18 August 2014 for details of the financial arrangement through the Trust Scheme.

HENGQIN CO-OPERATION PROJECT

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 ("Co-operation Project") 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 to be jointly owned by the Group and the possible partner for the development and construction of the Co-operation Project.

The Co-operation Framework Agreement will be terminated upon the occurrence of the following events, whichever is the earliest: (1) the Co-operation Project is not approved by the relevant governmental authorities; (2) both parties agree to terminate the Co-operation Framework Agreement; (3) the signing of the definitive agreement by both parties for the Co-operation Project; and (4) the date falling the 5th anniversary from the date of Co-operation Framework Agreement (i.e. 22 January 2018).

Please refer to the Company's announcement dated 23 January 2013 for details of the Co-operation Framework Agreement.

Management Discussion and Analysis

PROSPECTS

The Ferry Group will leverage on the strong industry chain of the Company and thoroughly adopt the strategy of "Marine Tourism Investment", concentrating its business in Zhuhai while developing from a nationwide perspective with an aim to establish three marine-related business segments including marine passenger transportation, island tourism and yacht industry, and to create synergy among these business segments through assets reorganisation. The Ferry Group will proactively identify strategic resources and projects which conform to industry orientation, in order to explore the reform of state-owned enterprises and develop a mixed-ownership by exporting the brands and its management and replicating marine business operation modes. Jiuzhou Cruises will strive for early confirmation of relevant matters regarding the relocation of Wanzai Travel Terminal* (灣仔旅遊碼頭) and seek to launch a leisure sightseeing tourism line between Zhuhai and Macau.

The construction and sales work of Cuihu Xiangshan Project will continue. The Club will continue to uphold the tradition of tackling difficulties, overcome difficulties from the external environment and speed up the process of golf course modification with continued emphasis on quality, and coordinate with the development of Cuihu Xiangshan Project by completing the overall modification of the golf course, with a view to building a first class golf course in China.

Marketing will be more forward-looking and upgraded as Resort Hotel focuses its efforts on it. Marketing modes will be adjusted in a flexible manner, placing focus on key markets such as the internet, conference groups, travel tours and long-term tenants. In addition, Lu Yun Ge* (綠雲閣) is the pilot project for reform and innovation of introducing high-end and featured projects which have market prospects and the implementation of joint operation. JPD will put all its efforts in speeding up the progress of modification and upgrade of Resort Hotel, and also the construction progress of the main building of the new hotel and recreation centre. New Yuanming Palace will carry out the relevant work of second planning according to the master plan of the Group to provide long-term strategic planning for its future development, foster the implementation of commercial development of the area in order to realise the further development of New Yuanming Palace.

Jiuzhou Port Company will increase its investment to further improve facilities and equipment. At the same time, in order to follow the trend of internet and e-commerce development, Jiuzhou Port Company will strengthen the construction of e-commerce platform and the maintenance of its official website and WeChat public platform and encourage mobile ticketing and WeChat ticketing, and thus improve the competitiveness of Jiuzhou Port Company in the industry. Jiuzhou Marine Bunker will also seek to finish the application procedures for the business license for the oil supply system at ports and the application for the construction of Jiuzhou Port shore-based gas station in 2015.

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

A letter of intent ("Letter of Intent") in relation to the possible acquisition of 80% of the issued share capital in a company ("Target Company") was entered into in August 2008 (as amended and supplemented) by the Group with a possible vendor ("Possible Vendor", being an independent third party of the Company). 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 was paid by the Company to the Possible Vendor. The repayment of the Earnest Money was secured by, among others, certain pledge created by the Possible Vendor over certain shares of the Target Company ("Share Charge") and a loan assignment executed by a company owned and controlled by the Possible Vendor, both in favour of the Company.

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.

Management Discussion and Analysis

Trial of the case was conducted in the Court of First Instance of the High Court of Hong Kong in May 2012. Judgment ("CFI Judgment") was delivered on 7 June 2012. Written reasons for the CFI Judgment were handed down on 19 June 2012. The CFI Judgment was awarded in favour of the Company.

In June 2012, the Possible Vendor and related parties ("Appellants") applied for appeal against the CFI Judgment. The appeal was heard before the Court of Appeal on 10 September 2013 and judgment ("CA Judgment") was handed down on 27 September 2013. Save for an order in the CFI Judgment be substituted with an order that the Company be paid HK$30 million (instead of the Hong Kong dollars equivalent of RMB26 million) with interest at the best lending rate of Hong Kong banks from 27 May 2009 to 7 June 2012, the appeal was dismissed with costs in the Company's favour and the CFI Judgment was upheld.

No further appeal against the CA Judgment was filed by the Appellants. In 2013, a total sum of approximately HK$40.8 million was received by the Company in partial satisfaction of the CA Judgment, which includes (1) full payment of the Earnest Money with interest thereon; and (2) partial payment of agreed costs and interest thereon payable by the Appellants to the Company. During the year, a further total sum of approximately HK$2.2 million was received by the Company as partial payment of agreed costs and interest thereon payable by the Appellants to the Company.

The Company was informed that the Possible Vendor commenced legal 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 instance, and an appeal made by the Possible Vendor was also dismissed.

The Company was also informed that in August 2013, the Target Company commenced proceedings in Hong Kong against the Receivers for recovery of loss in respect of the sale of the assets of the Target Company as mentioned above.

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. The Company has received requests from the Receivers to seek indemnity from the Company for certain liability (including costs) failing upon the Receivers in connection with the exercise of their powers under the Share Charge. As advised by the Company's legal counsel, the Receivers have yet to substantiate its demand for such indemnity from the Company, the Company therefore believes that no provision has to be made in such connection for the time being.

For details of the above matters, please refer to the Company's announcements dated 10 September 2008, 20 July 2009, 21 June 2012, 2 October 2013 and 24 January 2014 respectively, and the Company's annual reports for 2011, 2012 and 2013 and its interim report for 2014.

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.

LIQUIDITY AND FINANCIAL RESOURCES

Except for the issue by the Company of (1) a promissory note ("Promissory Note") in relation to the acquisitions of Lamdeal Development and Lamdeal Golf, (2) the convertible bonds with an aggregate value of HK$500 million to PA Bloom Opportunity III Limited and Prominent Investment Opportunity IV Limited pursuant to a subscription agreement dated 10 April 2013 (the "Convertible Bonds"), and (3) the financing obtained for payment of the remaining land price for Cuihu Xiangshan Project, in 2013, the Group generally finances its operations with internally generated cashflow and bank borrowings provided by its principal bankers.

Management Discussion and Analysis

As disclosed in the announcement of the Company dated 15 July 2014, AVIC Trust, as the trustee, proposed to establish the Trust Scheme in raising funds of up to RMB1,500 million from third party investors for the purpose of providing the Loan in the maximum aggregate principal amount of RMB1,500 million to Zhuhai Development pursuant to the Loan Agreements as amended and supplemented by the Supplemental Loan Agreements, for the purpose of repaying the outstanding amount under the Financing Agreement in the principal amount of RMB1,300 million and for development of Cuihu Xiangshan Project. For more details, please refer to the section headed "Management Discussion and Analysis – Financial Arrangement through a Trust Scheme" of this annual report.

As disclosed in the announcement of the Company dated 12 December 2014, the Company has been granted the Facility of up to HK$300 million from an offshore bank, with the final maturity date falling 36 months from the date of the agreement of the Facility (i.e. 11 December 2017). The Facility is secured and with a floating interest rate. As at 31 December 2014, the Facility has been fully drawn down.

The Group's time deposits and cash and cash equivalents as at 31 December 2014 amounted to approximately HK$1,146.8 million (31 December 2013: HK$911.1 million), of which approximately HK$997.3 million (31 December 2013: HK$860.4 million) were denominated in RMB, approximately HK$149.5 million (31 December 2013: HK$50.7 million) were denominated in Hong Kong dollars.

As at 31 December 2014, trade receivables amounted to HK$106.6 million (31 December 2013: HK$58.1 million). The significant increase in trade receivables was mainly due to the increase in fuel wholesale business under the city energy supply segment.

In addition, the Group held securities measured at fair value through profit or loss of approximately HK$1.4 million as at 31 December 2014 (31 December 2013: HK$1.1 million), all of approximately HK$1.4 million (31 December 2013: HK$1.1 million) were denominated in Hong Kong dollars. The securities measured at fair value through profit or loss comprised some listed securities in Hong Kong.

Total interest-bearing bank and other borrowings, promissory note, convertible bonds and loan from a major shareholder amounted to approximately HK$3,513.4 million as at 31 December 2014 (31 December 2013: HK$3,261.8 million (Restated)).

The Group's gearing ratio was 0.56 as at 31 December 2014 (31 December 2013: 0.55 (Restated)), which is net debt divided by total shareholders' equity plus net debt. Net debt included interest-bearing bank and other borrowings, trade payables, accrued liabilities and other payables, construction payables, promissory note, convertible bonds, amounts due to a major shareholder and related companies and a loan from a major shareholder less restricted bank balance, time deposits and cash and cash equivalents.

As at 31 December 2014, the Group had a current ratio of 1.7 (31 December 2013: 0.7 (Restated)) and net current assets of HK$1,325.9 million (31 December 2013: net current liabilities of HK$716.2 million (Restated)).

As at 31 December 2014, interest-bearing bank and other borrowings that were outstanding amounted to HK$2,216.7 million (31 December 2013: HK$1,717.1 million), which comprised of (1) principal amount of RMB500 million due in July 2015; (2) principal amount of RMB1,000 million due in July 2016; (3) principal amount of HK$300 million with the final maturity date falling due in December 2017; and (4) principal amount of RMB14.0 million due in June 2015.

Management Discussion and Analysis

As at 31 December 2014, the aggregate outstanding amount due by the Company in form of the Promissory Note was HK$517.2 million (31 December 2013: HK$711.3 million). The outstanding Promissory Note comprised HK$200 million, HK$200 million and HK$200 million with maturity dates of 31 December 2015, 2016 and 2017, respectively.

As at 31 December 2014, the Convertible Bonds with aggregate principal amount of HK$500 million due in August 2018 was outstanding. During the year, no conversion notice has been received in respect of the exercise of conversion rights attached to the Convertible Bonds.

As at 31 December 2014 and up to the date of this annual report, no warrantholder had exercised the warrants issued pursuant to the subscription agreement dated 18 November 2013 (the "Warrants").

NUMBER AND REMUNERATION OF EMPLOYEES

At the year end, the Group had approximately 2,386 employees. 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. In addition to the basic salaries, the Group also provides, depending on the results of the Group and individual performance, staff benefits including discretionary bonus, contributory provident fund or mandatory provident fund, and professional tuition/training subsidies in order to retain quality employees.

DIVIDEND

The Board has recommended the payment of a final dividend of HK1 cent per share absorbing a total amount of HK$14,142,000 (2013: HK$42,425,000) for the financial year ended 31 December 2014 to the shareholders whose names shall appear on the register of members of the Company on Friday, 5 June 2015. Subject to the approval of the shareholders at the forthcoming annual general meeting to be held on Tuesday, 26 May 2015, the final dividend will be payable on Friday, 12 June 2015.

CONTINGENT LIABILITIES

As at 31 December 2014, details of the contingent liabilities of the Group are set out in note 43 to the consolidated financial statements.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As at 31 December 2014, the Group had no future plans for material investments or capital assets except for those disclosed under the heading "Management Discussion and Analysis – Prospects" as stated aforesaid.

CHARGES ON ASSETS

As at 31 December 2014, land use rights of lots S1, S2 and S4 of Cuihu Xiangshan Project with an aggregate carrying value of approximately HK$4,667.6 million (31 December 2013: HK$4,621.3 million) included in properties under development were pledged in favour of AVIC Trust to secure the Loan pursuant to the Loan Agreements dated 15 July 2014 as amended and supplemented by the Supplemental Loan Agreements dated 2 August 2014 entered into with AVIC Trust.

As at 31 December 2014, the repayment obligation of the Company under the Promissory Note was secured by a charge over two ordinary shares in Lamdeal Golf, representing the entire issued share capital of Lamdeal Golf, in favour of Dragon Hill Corporation Limited.

As at 31 December 2014, the repayment obligation of the Company under the Facility was secured by a charge over two ordinary shares in Jiuzhou Transportation Investment Company Limited ("JTI"), representing the entire issued share capital of JTI, in favour of a bank.

Management Discussion and Analysis

FOREIGN EXCHANGE EXPOSURE

Most of the businesses of the Group are operated in 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 or Hong Kong dollars, the management considers that no significant exposure to foreign exchange exists.

CAPITAL STRUCTURE

As at 31 December 2014, the number of issued ordinary shares was 1,414,163,909 shares in aggregate and the shareholders' equity of the Group was approximately HK$2,269.6 million.

As at 31 December 2014, the Company had (1) the outstanding Convertible Bonds with the aggregate value of HK$500 million pursuant to a subscription agreement dated 10 April 2013; and (2) 30,000,000 outstanding Warrants at the issue price of HK$0.023 per Warrant pursuant to a subscription agreement dated 18 November 2013.

On 28 March 2014, the Board has recommended the payment of a final dividend of HK2 cents per share of the Company and a special dividend of HK1 cent per share of the Company (together, the "Special Dividend"). The shareholders of the Company approved the payment of the Special Dividend at the annual general meeting of the Company held on 12 June 2014. In light of the declaration of the Special Dividend, pursuant to the respective terms and conditions of the Convertible Bonds and the Warrants, the conversion price of the Convertible Bonds was adjusted from HK$1.50 to HK$1.467 and the subscription price of the Warrants was adjusted from HK$1.80 to HK$1.76, respectively. Details of the adjustment of the conversion price of the Convertible Bonds and the subscription price of the Warrants are set out in an announcement of the Company dated 24 September 2014.

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

MATERIAL INVESTMENTS HELD, SIGNIFICANT ACQUISITIONS AND DISPOSALS

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

Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Huang Xin, aged 49, appointed as an executive director and chief executive officer of the Company in July 2006. He is chairman of the Board and chairman of the nomination committee of the Company with effect from 19 January 2015. Mr. Huang is also currently the chairman of the board of directors, legal representative and general manager of ZJ Holdings, a substantial shareholder of the Company. He holds a doctorate degree and obtained a title of senior economist from the Ministry of Finance of the PRC and was invited as visiting professor and researcher of a number of universities. Mr. Huang previously worked with Ministry of Finance, China Trust and Investment Corporation for Economic Development, China Cinda Asset Management Corporation and Beijing Enterprises Holdings Limited. He served as secretary to general manager, secretary to the board of directors, general manager of securities business department, deputy general manager of Beijing Enterprises Holdings High-tech Development Co. Ltd., executive director and general manager of Winghap (Macau) Company Limited, executive director and general manager of East Sea International (Macau) Company Limited, deputy chairman and general manager of Zhuhai Heng Fok Machinery & Electric Industrial Company Limited. He has over twenty years of experience in trust, insurance, securities, investment banking, financial management, corporate management and venture investment.

Mr. Jin Tao, aged 51, appointed as an executive director of the Company in January 2012. Mr. Jin is also currently the executive deputy general manager of ZJ Holdings, a substantial shareholder of the Company. He is also the managing director and legal representative of Ferry Company, a non-wholly owned subsidiary of the Company. He holds a master degree in aircraft engineering from Northwestern Industrial University and is qualified as a senior engineer. Mr. Jin was an executive director of the Company from September 2002 to July 2009. In the past, Mr. Jin worked in Liyang Machinery Co., Ltd. under the Ministry of Aviation of the PRC, the Electrical & Mechanical General Factory of Zhuhai, Gongbei Industrial General Corporation of Zhuhai Special Economic Zone, and Zhuhai Dahengqin Investment Co., Ltd. ("ZDIC"). Mr. Jin worked in the Ferry Company in the capacity of deputy manager of the Technology Department. He also worked as secretary of the board of directors, manager of the Operation Development Department, chief engineer, and deputy general manager in ZJ Holdings, and as general manager in ZDIC. He is a non-executive committee member of the Zhuhai Municipal City Planning Committee. Mr. Jin has over 25 years of experience in enterprise management, shipping management and maintenance, tourism management and project investment, technological development and loan acquisition.

Mr. Ye Yuhong, aged 50, appointed as an executive director in July 2009 and as a member of the nomination committee of the Company in March 2012. He is currently also a director and deputy secretary of CPC Committee and secretary of Discipline Inspection Commission of ZJ Holdings, a substantial shareholder of the Company. Mr. Ye has worked in the State Key Laboratory of Laser Technology of Huazhong University of Science and Technology, the Organisation Department of CPC Zhuhai Committee and the Zhuhai Municipal Hong Kong-Macau Enterprise Office as secretary, deputy division head and leader of Macau work group. Since October 2002, he has worked as the assistant general manager, deputy secretary and secretary of Discipline Inspection Commission and deputy secretary of CPC Committee of ZJ Holdings. Mr. Ye holds a postgraduate of Huazhong University of Science and Technology and has over twenty years' experience in Hong Kong and Macau affairs, administrative management and human resource management.

EXECUTIVE DIRECTORS *(Continued)*

Mr. Li Wenjun, aged 49, appointed as an executive director of the Company in July 2009. He is currently also the deputy general manager of ZJ Holdings, a substantial shareholder of the Company. He is also the managing director of both The New Yuanming Palace Tourist Co., Ltd. of Zhuhai S.E.Z. and 珠海市水上娛樂有限公司, the subsidiaries of the Company. Mr. Li has worked for China Ship Industrial Material South China Co., Zhuhai Commission for Economic Restructuring, Zhuhai Economic and Trade Bureau, Zhuhai State-owned Assets Operation and Administration Bureau, Zhuhai State-owned Assets Supervision and Administration Commission and Zhuhai Xinhe Transportation Group Co., Ltd. as secretary to general manager, deputy division head, division head, deputy chief economist, director and deputy general manager. He holds a postgraduate in Logistics Management of Huazhong University of Science and Technology and has over twenty years' experience in administrative management, economic management and financial securities.

NON-EXECUTIVE DIRECTORS

Datuk Wira Lim Hock Guan, aged 53, appointed as a non-executive director effective from 12 August 2013. He has been an executive director of LBS Bina Group Berhad ("LBS"), a public company listed on the main board of Bursa Malaysia Securities Berhad, since 6 December 2001. He is sitting on the board of several LBS group of subsidiaries, including Dragon Hill Corporation Limited and Intellplace Holdings Limited ("LBS Group"); and he is also a director of Gaterich Sdn Bhd (a substantial shareholder of the LBS Group). Datuk Wira Lim holds a Bachelor of Science Civil Engineering from the Tennessee Technology University, USA and started his career as a Civil Engineer upon his graduation. Datuk Wira Lim has more than twenty years of extensive experience in the field of property development, operations and construction. He is in charge of the LBS Group's projects in Klang Valley, Malaysia and is one of the major driving forces behind the LBS Group's successful implementation of the projects in the Klang Valley, Malaysia. He also sits on the risk management committee and the ESOS committee of LBS. Datuk Wira Lim also serves as a non-executive director of ML Global Berhad whose shares are listed on the main board of Bursa Malaysia Securities Berhad since 1 August 2014. He is also active in community works and has involved in several non-profit-making organisations in Malaysia. He is the Vice President of Malaysia – Guangdong Chamber of Investment Promotion and the Vice President of The Malaysian Chamber of Commerce in Guangdong, the PRC. He is also a qualified sharpshooter from National Rifle Association, Washington D.C.

Mr. Wang Zhe, aged 44, has been appointed as a non-executive director of the Company effective from 19 January 2015. He holds a postgraduate master degree in industrial design at Beijing Institute of Technology Graduate School (北京理工大學研究生院) and is an engineer. Mr. Wang is currently a director of each of ZJ Holdings, a substantial shareholder of the Company, Zhuhai Duty Free Enterprises Group Company Limited (珠海市免稅企業集團有限公司), Zhuhai Linksun Assets Entrust Co., Ltd. (珠海市聯晟資產托管有限公司) and Zhuhai Airlines Company Limited (珠海航空有限公司). Mr. Wang worked in Shenzhen Huaqiang Holdings Group Limited (深圳華強集團有限公司) and worked as an engineer, the head of structure division and deputy general manager of Shenzhen Huaqiang Sanyo Technology Design Co., Ltd. (深圳華強三洋技術設計有限公司). Mr. Wang also worked as assistant to general manager, deputy general manager, and deputy managing director of Shenzhen Far East Huaqiang Navigation and Positioning Co., Ltd. (深圳市遠東華強導航定位有限公司), department head of coordination department of Shenzhen Sanyo Huaqiang Laser Electronic Co., Ltd. (深圳三洋華強激光電子有限公司), deputy general manager and managing director of Dongguan Huaqiang Information Technology Co., Ltd. (東莞華強信息科技有限公司) and department head of corporate planning department of Optosky Technology Company Limited. Mr. Wang has over 18 years of experience in engineering structure, technology management, coordination management and corporate planning.

Directors and Senior Management

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Hui Chiu Chung J.P., aged 67, joined the Company as an independent non-executive director in April 1998. He is also the chairman of the remuneration committee, a member of the audit committee and the nomination committee of the Company. Mr. Hui is currently the chairman and chief executive officer of Luk Fook Financial Services Limited. He has over 44 years of experience in the securities and investment industry. Mr. Hui had for years been serving as council member and vice chairman of The Stock Exchange of Hong Kong Limited, a member of the Advisory Committee of the Hong Kong Securities and Futures Commission, director of the Hong Kong Securities Clearing Company Limited, a member of the Listing Committee of the Hong Kong Exchange and Clearing Limited, an appointed member of the Securities and Futures Appeals Tribunal, a member of Standing Committee on Company Law Reform, a member of the Committee on Real Estate Investment Trusts of the Hong Kong Securities and Futures Commission, and appointed member of the Hong Kong Institute of Certified Public Accountants Investigation Panel A and also a member of Government "Appointees" (independent member) of Appeal Panel of the Travel Industry Council of Hong Kong. Mr. Hui was appointed by the Government of the Hong Kong Special Administrative Region a Justice of the Peace in 2004 and was also appointed a member of the Zhuhai Municipal Committee of the Chinese People's Political Consultative Conference in 2006. Mr. Hui also serves as a non-executive director of Luk Fook Holdings (International) Limited (Stock Code: 590), an independent non-executive director of Hong Kong Exchanges and Clearing Limited (Stock Code: 388), Lifestyle International Holdings Limited (Stock Code: 1212), Gemdale Properties and Investment Corporation Limited (Stock Code: 535), China South City Holdings Limited (Stock Code: 1668), SINOPEC Engineering (Group) Co., Ltd. (Stock Code: 2386) and Agile Property Holdings Limited (Stock Code: 3383) whose shares are listed on The Stock Exchange of Hong Kong Limited. Mr. Hui was an independent non-executive director of Chun Wo Development Holdings Limited (Stock Code: 0711) (whose shares are listed on The Stock Exchange of Hong Kong Limited) from 1 January 2006 to 1 February 2015.

Mr. Chu Yu Lin, David, SBS, J.P., aged 71, joined the Company as an independent non-executive director in April 1998. He is also a member of the audit committee, the remuneration committee and the nomination committee of the Company. Mr. Chu received his Master of Business Administration degree from Harvard University after degrees in electrical engineering and management at Northeastern University and was awarded an honorary Doctor of Public Service degree from Northeastern University. Prior to joining the Group, he had worked in a number of sizeable international corporations such as Bank of America, General Electric Co., and Jardine Matheson & Company Limited. Mr. Chu is a Justice of the Peace of the Hong Kong Special Administrative Region. He is also an independent non-executive director of Chuang's China Investments Limited (Stock Code: 298), AVIC International Holding (HK) Limited (Stock Code: 232) and Chuang's Consortium International Limited (Stock Code: 367) whose shares are listed on The Stock Exchange of Hong Kong Limited.

Mr. Albert Ho, aged 57, was appointed as an independent non-executive director of the Company in September 2004. He is also the chairman of the audit committee, a member of the remuneration committee and the nomination committee of the Company. Mr. Ho graduated from the Macquarie University, Sydney, Australia with a Bachelor of Economics degree in 1985 and obtained his Master of Business Administration degree from the University of Hong Kong in 1991. He is a Certified Public Accountant and fellow member of the Association of Chartered Certified Accountants. He has extensive experience in financial and corporate management. Mr. Ho is also an independent non-executive director of SHK Hong Kong Industries Limited (Stock Code: 666), a listed company in Hong Kong.

Directors and Senior Management

SENIOR MANAGEMENT

Mr. Cheng Hui, aged 43, is the executive vice president of the Company. He holds a master degree. He is also a director of 珠海經濟特區隆益實業有限公司 (Zhuhai Special Economic Zone Long Yi Enterprise Company Limited, "Long Yi") and other companies in the Group. Mr. Cheng had worked in Zhuhai Television, Shanghai New Visual Culture Broadcast Company and ZJ Holdings. He served as marketing director, strategy and planning department manager, together with business and administration department manager. He was involved in the fields of business administration, marketing planning, project financing management and etc. He joined the Company in April 2012. Mr. Cheng obtained his Master of Business Administration degree from the Hong Kong Polytechnic University and is qualified as a financial economist. He has over 20 years of experience in business administration and management, marketing, finance, project planning and investment.

Mr. Lu Tong, aged 47, is the vice president of the Company. He holds a master degree. He is also a director of other companies in the Group. Mr. Lu had worked in many enterprises under the Zhu Kuan Group in the capacities of assistant manager, deputy manager and manager, and was involved in various fields including company legal affairs, project finance and investment management etc. He joined the Company in May 1998. Mr. Lu received his Bachelor of Laws degree from Shenzhen University and is a qualified lawyer in the PRC. He was a postgraduate in Finance in the University of International Business and Economics and received his Master of Business Administration degree from the Royal Roads University subsequently. He has over twenty years of experience in company law, finance investment, project finance and corporate management.

Mr. Wong Kok Ching, aged 39, is the vice president of the Company. Mr. Wong is also a director of 珠海國際賽車場高爾夫俱樂部有限公司 (Zhuhai International Circuit Golf and Country Club Limited, "Zhuhai Golf"). Mr. Wong had worked in LBS, a public company listed on the main board of Bursa Malaysia Securities Berhad, and engaged in real estate business. He joined the Company in August 2013. Mr. Wong received his Bachelor degree of Science (Quantity Surveying) from University of Northumbria at Newcastle in United Kingdom. He has over 15 years of experience in real estate development, quantity survey and cost management. Mr. Wong is the nephew of Datuk Wira Lim Hock Guan.

Mr. Tang Jin, aged 42, is the assistant president of the Company. He holds a master degree. He is also a director of other companies in the Group. Mr. Tang had worked in Zhu Kuan Investment Development Company, Zhu Kuan Materials Development Investment Company, Zhu Kuan Foreign Economic Development Company, and Zhu Kuan (Hong Kong) Company Limited. He joined the Company in 1998. He was involved in the fields of international trading, project management, finance investment, administrative management together with asset management, and served as assistant manager, deputy manager and manager positions. Mr. Tang obtained his Master of Business Administration degree from the Royal Roads University and has over 17 years of experience in corporate project management, securities investment and administration management.

Mr. Chan Chit Ming, Joeie, aged 42, is the financial controller and the company secretary of the Company. He holds a master degree. Prior to joining the Group, Mr. Chan had worked as finance manager, internal audit manager, company secretary and financial controller of various companies listed on the Main Board and the Growth Enterprise Market Board of The Stock Exchange of Hong Kong Limited. He joined the Company as financial controller in February 2012. Mr. Chan graduated from University of Humberside with a Bachelor degree of Arts (Accountancy and Finance) and received his Master of Business Administration degree from the University of Hull in United Kingdom. He is an associate member of the Institute of Chartered Accountants in England and Wales, a fellow member of the Association of Chartered Certified Accountants as well as a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants. Mr. Chan has over 20 years of solid finance, accounting, auditing experience in various industries and extensive experience and knowledge in company secretarial and corporate governance fields.

Save as disclosed above, the directors or senior management of the Company do not have any relationships with any other director or senior management.

Report of the Directors

The directors of the Company present their report and the audited consolidated financial statements of the Company and of the Group for the year ended 31 December 2014.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the Group consist of investment holding, the provision of port facilities in Zhuhai, the PRC excluding Hong Kong and Macau, the provision of ferry services between Zhuhai on the one part and Hong Kong and Shekou on the other part, the management of a holiday resort, a theme park and an amusement park, property development and the operation of a golf club. The principal activities of the principal subsidiaries are set out in note 20 to the consolidated financial statements.

RESULTS AND DIVIDENDS

The Group's profit for the year ended 31 December 2014 and the state of affairs of the Company and of the Group at that date are set out in the consolidated financial statements on pages 56 to 158.

The Board recommends the payment of a final dividend of HK1 cent per ordinary share in respect of the financial year ended 31 December 2014 to the shareholders whose names shall appear on the register of members of the Company on 5 June 2015.

SUMMARY FINANCIAL INFORMATION

A summary of the results and assets, liabilities and non-controlling interests of the Group for the years ended 31 December 2010, 2011, 2012, 2013 and 2014 is set out on page 160 of this report. This summary does not form part of the audited consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Company and of the Group during the year are set out in note 15 to the consolidated financial statements.

RIGHTS TO USE PORT FACILITIES

Details of movements in the rights to use port facilities of the Group during the year are set out in note 17 to the consolidated financial statements.

PROPERTIES UNDER DEVELOPMENT

Details of the Group's properties under development are set out in note 18 to the consolidated financial statements and on page 159 of this report.

SHARE CAPITAL, WARRANTS AND CONVERTIBLE BONDS

Details of movements in the Company's share capital, warrants and convertible bonds during the year are set out in notes 39, 36 and 34 to the consolidated financial statements, respectively.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws or the laws of Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing shareholders of the Company.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2014.

RESERVES

Details of movements in the reserves of the Company and of the Group during the year are set out in note 40 to the consolidated financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

As at 31 December 2014, the Company's reserves available for distribution, calculated in accordance with the laws of Bermuda, amounted to HK$80,012,000. In addition, the Company's contributed surplus, amounting to HK$628,440,000 as at 31 December 2014, is available for distribution. However, the Company cannot declare or pay a dividend, or make a distribution out of the contributed surplus if (i) it is, or would after the payment be, unable to pay its liabilities as they become due; or (ii) the net realisable value of its assets would thereby be less than the aggregate of its liabilities and its share capital and share premium account. The Company's share premium account with a balance of HK$888,209,000 as at 31 December 2014 is distributable in the form of fully-paid bonus shares.

CHARITABLE CONTRIBUTIONS

During the year, the Group made charitable contributions totalling HK$2,204,000.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the percentages of sales and purchases attributable to the Group's major customers and suppliers were as follows:

(i) The aggregate amount of revenue generated from the Group's five largest customers accounted for less than 30% of the Group's total revenue for the year; and

(ii) The aggregate amount of purchases attributable to the Group's five largest suppliers accounted for less than 30% of the Group's total purchases for the year.

None of the directors of the Company or any of their associates or any shareholders (which, to the best knowledge of the directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers or five largest suppliers during the year.

Report of the Directors

DIRECTORS

The directors of the Company during the year and up to the date of this report were:

Executive Directors:

Mr. Chen Yuanhe (resigned on 19 January 2015)
Mr. Huang Xin *(Chairman and Chief Executive Officer)*
Mr. Jin Tao
Mr. Ye Yuhong
Mr. Li Wenjun

Non-Executive Directors:

Datuk Wira Lim Hock Guan
Mr. Wang Zhe (appointed on 19 January 2015)

Independent Non-Executive Directors:

Mr. Hui Chiu Chung
Mr. Chu Yu Lin, David
Mr. Albert Ho

The directors of the Company, including the executive directors, non-executive directors and independent non-executive directors, are subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the provisions of the Company's Bye-laws.

In accordance with Bye-law 111(A) of the Company's Bye-laws, Mr. Jin Tao, Mr. Ye Yuhong and Mr. Chu Yu Lin, David, directors of the Company, shall retire at the forthcoming annual general meeting. In addition, Mr. Wang Zhe, who has been appointed by the Board on 19 January 2015, shall hold office until the forthcoming annual general meeting pursuant to Bye-law 115 of the Company's Bye-laws. All the above retiring directors, being eligible, will offer themselves for re-election at the forthcoming annual general meeting pursuant to Bye-laws 111(A) and 115 of the Company's Bye-laws.

The Company has received from each of the independent non-executive directors an annual confirmation of independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The Company considers that all the independent non-executive directors are independent.

Update on Directors' information under Rule 13.51B(1) of the Listing Rules:

- Mr. Huang Xin, as an Executive Director, has been appointed as chairman of the Board and the chairman of the nomination committee of the Company with effect from 19 January 2015, and also appointed as chairman of the board of directors and legal representative of ZJ Holdings, a substantial shareholder of the Company with effect from 8 January 2015.

- Datuk Wira Lim Hock Guan, as a Non-Executive Director, has been appointed as a non-executive director of ML Global Berhad (a company listed on the main board of Bursa Malaysia Securities Berhad) with effect from 1 August 2014.

- Mr. Hui Chiu Chung, as an Independent Non-Executive Director, has resigned as an independent non-executive director of Chun Wo Development Holdings Limited (a company listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") under stock code 0711) with effect from 1 February 2015.

DIRECTORS' SERVICE CONTRACTS

No director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' REMUNERATION

The directors' fees are subject to the shareholders' approval at the general meetings. Other emoluments are determined by the Company's board of directors with reference to the directors' duties, responsibilities and performance and the results of the Group.

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in the paragraph headed "Connected and Continuing Connected Transactions" and in note 45 to the consolidated financial statements, no contract of significance to the business of the Group to which the Company, its subsidiaries, its holding companies or any subsidiaries of its holding companies was a party and in which a director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 December 2014, 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 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 HK$0.10 each of the Company:

Name of director	Number of ordinary shares directly and beneficially owned	Approximate percentage of the Company's issued ordinary share capital
Mr. Chen Yuanhe (resigned on 19 January 2015)	900,000	0.06%
Mr. Jin Tao	1,742,000	0.12%
Mr. Ye Yuhong	700,000	0.05%
Mr. Chu Yu Lin, David	2,700,000	0.19%
Mr. Albert Ho	250,000	0.02%

Save as disclosed above, as at 31 December 2014, 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 recorded in the register 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.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year 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.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 31 December 2014, the following persons/parties (other than the directors and chief executive of the Company, whose interests have been disclosed in the above section headed as "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 shares of the Company as recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

A. Long positions in ordinary shares and warrants of the Company:

Name of substantial shareholders	Number of ordinary shares beneficially held and interested	Number of warrants directly and beneficially held	Approximate percentage of the Company's issued ordinary share capital *(Note 1)*
Zhuhai Jiuzhou Holdings Group Co., Ltd. ("ZJ Holdings") *(Note 2)*	575,860,000	–	40.72%
Longway Services Group Limited *(Note 2)*	340,660,000	–	24.09%
Mr. Kwok Hoi Hing *(Note 3)*	129,844,000	–	9.18%
Dragon Hill Corporation Limited ("Dragon Hill") *(Note 4)*	200,563,909	–	14.18%
LIM Asia Special Situations Master Fund Limited ("LIM Asia") *(Note 5)*	70,000,000	30,000,000 *(Note 6)*	7.07%

Note 1 The percentage has been compiled based on the total number of ordinary shares of the Company in issue as at 31 December 2014 (i.e., 1,414,163,909 shares).

Note 2 Out of the 575,860,000 shares of the Company held by ZJ Holdings, 340,660,000 shares are owned by Longway Services Group Limited, a wholly-owned subsidiary of ZJ Holdings. The remaining 235,200,000 shares are owned by ZJ Holdings.

Note 3 Mr. Kwok Hoi Hing held 129,844,000 shares of the Company of which 23,072,000 shares were held through his wholly-owned subsidiary, Surpassing Investment Limited.

Note 4 Dragon Hill held interest in the 200,563,909 shares in which Intellplace Holdings Limited ("IHL"), LBS Bina Group Berhad ("LBS Group"), Gaterich Sdn Bhd ("Gaterich") and Dato' Sri Lim Hock San were deemed to be interested in by virtue of SFO because:
- Dragon Hill is 100% owned by IHL which in turn is owned by LBS Group;
- LBS Group is 56.22% owned by Gaterich; and
- Gaterich is 50% owned by Dato' Sri Lim Hock San.

Note 5 LIM Asia held interest in the 100,000,000 shares i.e., 70,000,000 shares and 30,000,000 warrants, in which LIM Asia Special Situations Fund Limited ("LIMASSFL"), LIM Advisors Limited ("LIMAL"), Long Investment Management International Limited ("LIMIL") and Mr. Long George Williamson were deemed to be interested in by virtue of SFO because:
- LIM Asia is 99% owned by LIMASSFL which in turn is 100% controlled by LIMAL as investment manager; and
- LIMAL is 100% controlled by LIMIL as manager which in turn is 98% owned by Mr. Long George Williamson.

Note 6 On 28 March 2014, the Board has recommended the payment of the Special Dividend. The shareholders of the Company approved the payment of the Special Dividend at the annual general meeting of the Company held on 12 June 2014. In light of the declaration of the Special Dividend, pursuant to the respective terms and conditions of the Warrants, the subscription price was adjusted from HK$1.80 to HK$1.76. The details of the adjustment of the subscription price of the Warrants are set out in an announcement of the Company dated 24 September 2014.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES *(Continued)*

B. Long positions in the underlying shares of the convertible bonds of the Company:

Name of the holder of the convertible bonds	Approximate principal amount of the convertible bonds HK$	Number of the total underlying shares	Approximate percentage of the Company's issued ordinary share capital *(Note 1)*
Pacific Alliance Asia Opportunity Fund L.P. ("PAAOFLP") *(Note 2)*	500,000,000	340,831,629	24.10%

Note 1 The percentage has been compiled based on the total number of ordinary shares of the Company in issue as at 31 December 2014 (i.e., 1,414,163,909 shares).

Note 2 PAAOFLP is interested in 340,831,629 shares of the Company, which may be allotted and issued upon the exercise of the conversion right under the convertible bonds of the Company issued to PAAOFLP assuming the adjusted conversion price to be HK$1.467 (Note 3) per conversion share in which 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:

- PAGAML is the general partner of PAAOFLP;
- PAGAML is 100% owned by PAIML which in turn is 90% owned by PAGL; and
- PAGL is 99.17% owned by PAGHL.

Note 3 On 28 March 2014, the Board has recommended the payment of the Special Dividend. The shareholders of the Company approved the payment of the Special Dividend at the annual general meeting of the Company held on 12 June 2014. In light of the declaration of the Special Dividend, pursuant to the respective terms and conditions of the Convertible Bonds, the conversion price was adjusted from HK$1.50 to HK$1.467. Based on the outstanding principal amount of the Convertible Bonds (HK$500 million), the number of shares of the Company to be issued and allotted upon full conversion of the Convertible Bonds after adjustment to the conversion price shall be 340,831,629 shares. The details of the adjustment of the conversion price of the Convertible Bonds are set out in an announcement of the Company dated 24 September 2014.

Save as disclosed above, as at 31 December 2014, 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 as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

SPECIFIC PERFORMANCE OBLIGATIONS ON A SUBSTANTIAL SHAREHOLDER

On 12 December 2014, the Company, as borrower, entered into a facility agreement with a bank in relation to a HK$300 million with 36-month term loan facility. The Facility is secured and with a floating interest rate.

Pursuant to the aforesaid facility agreement of the Facility, the substantial shareholder of the Company, ZJ Holdings is required, at all times, to (among other terms and conditions): (1) hold (directly or indirectly) at least 30% of entire issued share capital of the Company; (2) remain as the single largest beneficial shareholder of the Company; and (3) have management control over the Company.

CONNECTED AND CONTINUING CONNECTED TRANSACTIONS

In addition to the related party transactions disclosed in notes 45(a) and (b) to the consolidated financial statements, details of connected transactions or continuing connected transactions of the Group as defined under the Listing Rules, details of which are required to be disclosed in accordance with the requirements of Chapter 14A of the Listing Rules, are summarised below:

A. Connected Transactions

The following transaction has been approved, confirmed and ratified by the Board at a board meeting of the Company held on 20 March 2015.

Pursuant to four several loan waiver agreements (the "Loan Waiver Agreements") all dated 27 November 2013 and entered into between Lamdeal Golf and Zhuhai Golf, in order to support the continual business development of Zhuhai Golf, Lamdeal Golf agreed to waive all the indebtedness owing by Zhuhai Golf to Lamdeal Golf in the total sum of about US$1.2 million (equivalent to approximately HK$9.3 million) and all its rights to claim in respect thereof with effect from the date of signing of the Loan Waiver Agreements.

Lamdeal Golf is a wholly-owned subsidiary of the Company, Zhuhai Golf is a 60%-owned subsidiary of Lamdeal Golf, and its remaining 40% equity interest was ultimately owned by ZJ Holdings, a substantial shareholder of the Company. Accordingly, Zhuhai Golf is a connected subsidiary of the Company under Rule 14A.16 of the Listing Rules, hence a connected person of the Company. The transactions between Lamdeal Golf (a wholly-owned subsidiary of the Company) and Zhuhai Golf (a connected subsidiary of the Company) as contemplated under the Loan Waiver Agreements constituted connected transactions for the Company under Chapter 14A of the Listing Rules.

Due to an inadvertent oversight, the Group failed to comply with the disclosure requirement for the above transaction as contemplated under the Loan Waiver Agreements until the disclosure made in the Company's announcement dated 20 March 2015.

For details of the Loan Waiver Agreements, please refer to the Company's announcement dated 20 March 2015.

CONNECTED AND CONTINUING CONNECTED TRANSACTIONS *(Continued)*

B. Continuing Connected Transactions

(i) On 18 March 2011, Jiuzhou Port Company, a non-wholly owned subsidiary of the Company, and Ferry Company, a non-wholly owned subsidiary of the Company (previously accounted for as a joint venture of the Group), entered into certain agreements on similar terms (collectively, the "2011 AM Fee Agreements") pursuant to which Jiuzhou Port Company acted as agent of Ferry Company for selling of ferry tickets to passengers and for providing management services for the berthing facilities at the Jiuzhou Port in Zhuhai to Ferry Company for the term commencing on 1 January 2011 and expired on 31 December 2013. As (a) Jiuzhou Port Company is indirectly owned by the Company and ZJ Holdings as to 90% and 10%, respectively, as at 31 December 2014; (b) Ferry Company is indirectly owned by the Company and ZJ Holdings as to 49% and 43%, respectively, as at 31 December 2014; and (c) ZJ Holdings is a substantial shareholder of the Company, the Ferry Company is a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the 2011 AM Fee Agreements constituted continuing connected transactions for the Company under Chapter 14A of the Listing Rules. Under the 2011 AM Fee Agreements, Jiuzhou Port Company was entitled to receive agency cum management fees from Ferry Company calculated on the basis of 23.5% of the gross proceeds from the ferry tickets sold after deducting certain fees and expenses. Ferry Company was required to pay the agency cum management fees in arrears and on a monthly basis under the 2011 AM Fee Agreements. At the special general meeting of the Company held on 27 May 2011, the 2011 AM Fee Agreements, the transactions contemplated thereby and the related annual caps were approved by the independent shareholders of the Company.

On 28 September 2012, Jiuzhou Port Company and Ferry Company entered into certain termination agreements to terminate the 2011 AM Fee Agreements. Three new agency transportation cum management fee agreements for the period commencing on 28 September 2012 and expired on 31 December 2014 on similar terms (collectively, the "2012 AM Fee Agreements") were made between Jiuzhou Port Company, Ferry Company and Zhuhai Jiuzhou Port Passenger Transport Station Co., Ltd. ("Jiuzhou Transport Company"), a wholly-owned subsidiary of ZJ Holdings. Pursuant to the 2012 AM Fee Agreements, Jiuzhou Port Company is mainly responsible for providing waiting lounge for passengers, supplying electricity and fresh water to the ferries of Ferry Company, conducting promotional activities for the ferry lines and providing berthing facilities and services for the ferries of Ferry Company at the Jiuzhou Port, and Jiuzhou Transport Company is mainly responsible for selling ferry tickets to passengers in the PRC, luggage transportation, assisting in the management of waiting lounge services and conducting business promotion activities. Both Jiuzhou Transport Company and Ferry Company are connected persons of the Company under the Listing Rules. Accordingly, the transactions contemplated under the 2012 AM Fee Agreements constituted continuing connected transactions for the Company under Chapter 14A of the Listing Rules. Under the 2012 AM Fee Agreements, (i) Jiuzhou Port Company was entitled to receive the agency, transportation cum management fees ("AM Fees") from Ferry Company calculated on the basis of 17.5% or 20.5% of the gross proceeds from the ferry tickets sold, after deducting certain expenses and fees payable to certain independent third parties for certain ferry lines; and (ii) Jiuzhou Transport Company was entitled to receive (1) agency transportation and management fees from Ferry Company calculated on the basis of 3% of the gross proceeds from the ferry tickets sold, after deducting certain expenses and fees payable to certain independent third parties for certain ferry lines; and (2) an agency fee of RMB3 per ticket sold for certain ferry lines. Ferry Company was required to pay the agency cum management fees in arrears and on a monthly basis under the 2012 AM Fee Agreements. At the special general meeting of the Company held on 18 December 2012, the 2012 AM Fee Agreements, the transactions contemplated thereby and the related annual caps were approved by the independent shareholders of the Company.

CONNECTED AND CONTINUING CONNECTED TRANSACTIONS *(Continued)*

B. Continuing Connected Transactions *(Continued)*

(i) *(Continued)*

On 30 September 2013, supplemental agreements ("Supplemental Agreements") to the 2012 AM Fee Agreements were entered into between the Ferry Company, Jiuzhou Port Company and Jiuzhou Transport Company. The major terms ("Variation of Terms") of the Supplemental Agreements included: (1) Jiuzhou Port Company was entitled to receive the AM Fees from the Ferry Company calculated on the basis of 19.5% or 22.5% of the gross proceeds from the ferry tickets sold, after deducting certain expenses and fees payable to certain independent third parties for certain ferry lines ("Net Proceeds") (the original charging rate under the 2012 AM Fee Agreements before the Variation of Terms was in the range of 17.5% or 20.5%); (2) Jiuzhou Transport Company was entitled to receive agency transportation and management fees from the Ferry Company calculated on the basis of 1% of the Net Proceeds from the ferry tickets sold (the original charging rate under the 2012 AM Fee Agreements before the Variation of Terms was 3%); and (3) the sharing ratio of certain expenses in connection with business promotion between the Ferry Company, Jiuzhou Port Company and Jiuzhou Transport Company was 76.5%: 22.5%: 1% (the original sharing ratio under the 2012 AM Fee Agreements before the Variation of Terms was 76.5%: 20.5%: 3%). The Variation of Terms did not result in the related annual caps for the years ended 31 December 2013 and 2014 respectively being exceeded. Having considered the factors mentioned above, the Board was of the view that the Variation of Terms did not constitute a material change to the terms of the 2012 AM Fee Agreements. Accordingly, the Company was not required to re-comply with the independent shareholders' approval requirement under Chapter 14A of the Listing Rules in connection with the Variation of Terms.

During the year ended 31 December 2014, Jiuzhou Port Company received agency, transportation cum management fees from Ferry Company amounted to HK$57,382,000 (2013: HK$47,275,000) and these intra-group transactions were fully eliminated on consolidation of the Group.

Details of the 2011 AM Fee Agreements, the 2012 AM Fee Agreements and the Supplemental Agreements are set out in the Company's announcements dated 17 November 2011 and 28 September 2012, the circular dated 23 November 2012 and the announcement dated 30 September 2013.

(ii) Under a renewed supply agreement dated 14 November 2011, Jiuzhou Marine Bunker, a company wholly-owned by Ferry Company (and therefore is a connected person of the Company under the Listing Rules), has agreed to supply Resort Hotel diesel fuel on an on-going basis for a term of three years commencing from 1 January 2012 to 31 December 2014. The purchase price payable by Resort Hotel would be the same as the price level applicable to the group companies of ZJ Holdings and/or Ferry Company and shall be paid by Resort Hotel to Jiuzhou Marine Bunker on a monthly basis in arrears.

During the year ended 31 December 2014, Resort Hotel purchased diesel fuel from Jiuzhou Marine Bunker amounted to HK$4,559,000 (2013: HK$5,572,000) and these intra-group transactions were fully eliminated on consolidation of the Group.

Details of the above agreement are set out in the Company's announcement dated 17 November 2011.

CONNECTED AND CONTINUING CONNECTED TRANSACTIONS *(Continued)*

B. Continuing Connected Transactions *(Continued)*

(iii) Under a supply agreement dated 14 November 2011, Zhuhai Jiuzhou Port Petro-filling Station Co., Ltd. ("ZJ Port Station"), a company owned by Ferry Company and Jiuzhou Marine Bunker (a wholly-owned subsidiary of Ferry Company) as to 90% and 10%, respectively (and therefore is a connected person of the Company under the Listing Rules), has agreed to supply Resort Hotel with petrol on an on-going basis for a term of three years commencing from 1 January 2012 to 31 December 2014. The purchase price payable by Resort Hotel would be the same as the price level applicable to the group companies of Ferry Company and shall be paid by Resort Hotel to ZJ Port Station on a monthly basis in arrears.

During the year ended 31 December 2014, Resort Hotel purchased petrol from ZJ Port Station amounted to HK$734,000 (2013: HK$1,130,000) and these intra-group transactions were fully eliminated on consolidation of the Group.

Details of the above agreement are set out in the Company's announcement dated 17 November 2011.

(iv) Under a berth leasing agreement dated 15 November 2011, ZJ Holdings has agreed to lease a total of 8 commercial berths (together with ancillary berths and port facilities) to Jiuzhou Port Company on an ongoing basis for a term of three years commencing from 1 January 2012 to 31 December 2014. The rental expenses payable by Jiuzhou Port Company would be the same as the price level applicable to the group companies of ZJ Holdings and shall be paid by Jiuzhou Port Company to ZJ Holdings on a monthly basis in arrears.

During the year ended 31 December 2014, the rental expenses were amounted to HK$1,094,000 (2013: HK$1,061,000).

Details of the above agreement are set out in the Company's announcement dated 17 November 2011.

(v) An agency transportation cum management fee agreement together with its supplemental agreement ("2014 Supplemental Wanshan AM Fee Agreement") both dated 1 January 2014 ("2014 Wanshan AM Fee Agreement") were entered into between 珠海經濟特區海通船務有限公司 (Zhuhai S.E.Z. Haitong Shipping Co., Ltd.*, "HT Shipping", an indirect non wholly-owned subsidiary of the Company) and 珠海市萬山區港務有限公司 (Zhuhai Wanshan Port Co., Ltd.*, "Wanshan Port Company", a connected person of the Company) in relation to the provision of certain port and transportation agency services by Wanshan Port Company to HT Shipping at the following terminals (collectively, "Designated Terminals") for a term of one year from 1 January 2014 up to 31 December 2014:

(i) North Terminal of Xiangzhou Port (香洲港北堤碼頭), Zhuhai; and

(ii) Certain terminals on Wanshan Qundao (萬山群島), Zhuhai, including Guishan Terminal (桂山碼頭), Wai Lingding Terminal (外伶仃碼頭), Dongao Terminal (東澳碼頭), Wanshan Terminal (萬山碼頭) and Dangan Terminal (擔桿碼頭) (collectively, "**Wanshan Qundao Terminals**").

CONNECTED AND CONTINUING CONNECTED TRANSACTIONS *(Continued)*

B. Continuing Connected Transactions *(Continued)*

(v) *(Continued)*

Since January 2010, HT Shipping (which was then (and is still) a wholly-owned subsidiary of Ferry Company which in turn was, at the material time, a joint venture of the Company) has been engaging Wanshan Port Company (a then wholly-owned subsidiary of an independent third party) to provide port and transportation agency services to the ferries of HT Shipping at the Designated Terminals pursuant to various written agreements, including the 2014 Wanshan AM Fee Agreement (as supplemented by the 2014 Supplemental Wanshan AM Fee Agreement).

During the period from January 2010 and immediately prior to 23 May 2013, the above transactions between HT Shipping and Wanshan Port Company were transactions of a revenue nature in the ordinary and usual course of business of the Group which were conducted between a joint venture (which was not a member of the Group) of the Company and an independent third party, which transactions did not constitute transactions under Chapter 14 of the Listing Rules or connected transactions under Chapter 14A of the Listing Rules.

On 23 May 2013, following completion of changes to its shareholding composition, Ferry Company has been treated as a 49%-owned subsidiary of the Company, and hence HT Shipping (a wholly-owned subsidiary of Ferry Company), also became a subsidiary of the Company.

During the period from 23 May 2013 and immediately prior to 29 January 2014, the above transactions between HT Shipping and Wanshan Port Company were transactions of a revenue nature in the ordinary and usual course of business of the Group which were conducted between a member of the Group and an independent third party, which transactions did not constitute transactions under Chapter 14 of the Listing Rules or connected transactions under Chapter 14A of the Listing Rules.

On 29 January 2014, ZJ Holdings completed its acquisition of 50% equity interests in Wanshan Port Company from the latter's then sole equity-holder which was an independent third party. Since then, Wanshan Port Company has become an associate of ZJ Holdings and a connected person of the Company. Accordingly, since 29 January 2014, transactions contemplated between HT Shipping (a member of the Group) and Wanshan Port Company (a connected person of the Company) constituted continuing connected transactions ("CCTs") under Chapter 14A of the Listing Rules.

Since January 2010, transactions between HT Shipping and Wanshan Port Company were governed under written agreements for a term of either one year or three years. The CCTs between the parties in 2014 were governed by the 2014 Wanshan AM Fee Agreement (as supplemented by the 2014 Supplemental Wanshan AM Fee Agreement).

Due to an inadvertent oversight, the Group failed to comply with the disclosure requirement for the above CCTs between HT Shipping and Wanshan Port Company until the disclosure made in the Company's announcement dated 20 March 2015. No annual cap was set by the Group for the above CCTs carried out during the year ended 31 December 2014.

During the period from 29 January 2014 (the date when the above transactions under the 2014 Wanshan AM Fee Agreement (as supplemented by the 2014 Supplemental Wanshan AM Fee Agreement) became CCTs under Chapter 14A of the Listing Rules) up to 31 December 2014, Wanshan Port Company received agency, transportation cum management fees and relevant fees from HT Shipping amounted to HK$10,109,000.

Details of the 2014 Wanshan AM Fee Agreement and the 2014 Supplemental Wanshan AM Fee Agreement are set out in the Company's announcement dated 20 March 2015.

CONNECTED AND CONTINUING CONNECTED TRANSACTIONS *(Continued)*

B. Continuing Connected Transactions *(Continued)*

(vi) Reference is made to the Company's circular dated 28 June 2013 and the Company's announcement dated 12 August 2013 in relation to (among other things) the Group's acquisition of the entire issued shares in each of Lamdeal Development and Lamdeal Golf. Following completion of the Group's acquisition of all the shares in Lamdeal Development and Lamdeal Golf on 12 August 2013, Lamdeal Development and Lamdeal Golf became subsidiaries of the Company. Zhuhai Development, a 60%-owned subsidiary of Lamdeal Development has obtained the land use right of the Project Land (as defined below) for property development and investment purposes.

Certain golf courses, buildings and facilities (collectively called "Golf Facilities") erected by Zhuhai Golf (which formed part of the Zhuhai Lakewood Golf Club) are situated on a parcel of land (the "Project Land") with an area of approximately 788,400 square metres situated in Xiashanduan East, Jinfeng East Road, Xiashan District of the Zhuhai Prefecture of Guangdong Province of the PRC (中國廣東省珠海市下柵分區金鳳東路下柵段東) and adjoining to another parcel of land (the "Golf Land") with an area of approximately 1,367,727 square metres.

For the purpose of development of the Project Land, on 12 December 2013, Zhuhai Development (owned as to 60% by Lamdeal Development and 40% by 珠海經濟特區隆益實業有限公司 (Zhuhai Special Economic Zone Long Yi Enterprise Company Limited*, "Long Yi", a wholly-owned subsidiary of ZJ Holdings)) and Zhuhai Golf (owned as to 60% by Lamdeal Golf and 40% by Long Yi) entered into a compensation agreement (the "Compensation Agreement"), pursuant to which Zhuhai Development agreed to make compensation to Zhuhai Golf for the demolition and relocation of the Golf Facilities.

Such demolition and relocation should be completed within three years from the date of the Compensation Agreement.

In consideration of Zhuhai Golf agreeing to the demolition and relocation of relevant Golf Facilities, Zhuhai Development shall pay the following compensation ("Compensation") to Zhuhai Golf during the three financial years ending 31 December 2016:

Financial year concerned	Amount of Compensation (RMB)
Financial year ended 31 December 2014 ("FY2014")	22 million
Financial year ending 31 December 2015 ("FY2015")	20 million
Financial year ending 31 December 2016	20 million

Due to an inadvertent oversight, the Group failed to comply with the disclosure requirement for the above transaction as contemplated under the Compensation Agreement until the disclosure made in the Company's announcement dated 20 March 2015. No annual cap was set during the reporting year by the Group for the above transaction carried out during the year ended 31 December 2014.

Report of the Directors

CONNECTED AND CONTINUING CONNECTED TRANSACTIONS *(Continued)*

B. Continuing Connected Transactions *(Continued)*

(vi) *(Continued)*
During the year ended 31 December 2014, Zhuhai Development accrued the entire amount of RMB22 million (equivalent to about HK$28 million) as Compensation for FY2014 pursuant to Compensation Agreement and capitalised such sum as compensation expenses under properties under development in the accounts of Zhuhai Development for FY2014, among which sum, (i) a sum of RMB11 million (equivalent to about HK$14 million) was paid to Zhuhai Golf, as part of Compensation for FY2014 and (ii) the remaining sum of RMB11 million (equivalent to about HK$14 million) was expected to be paid in FY2015 pending issue of tax invoice by the relevant tax bureau in the PRC for payment arrangement.

Details of the Compensation Agreement are set out in the Company's announcement dated 20 March 2015.

(vii) Since January 2012, ZJ Port Station (a non wholly-owned subsidiary of the Company) has been supplying petrol and diesel to 珠海市九洲旅遊運輸有限公司 (Zhuhai Jiuzhou Travel Transport Co., Ltd.*, "Jiuzhou Travel Transport", a company in which ZJ Holdings is interested in 49% of its equity interest).

Prior to 23 May 2013, Ferry Company was a joint venture of the Company and was then a connected person of the Company. ZJ Port Station was then (and is still) wholly-owned by Ferry Company (among which 90% equity interest of ZJ Port Station is directly held by Ferry Company and the remaining 10% thereof is directly held by Jiuzhou Marine Bunker, which is a directly wholly-owned subsidiary of Ferry Company), hence, ZJ Port Station was then also a connected person of the Company. At the material time, Jiuzhou Travel Transport was then (and is still) 49%-owned by ZJ Holdings, hence an associate of ZJ Holdings and a connected person of the Company. As both ZJ Port Station and Jiuzhou Travel Transport were then connected persons of the Company and not members of the Group, prior to 23 May 2013, transactions contemplated between them did not constitute connected transactions under Chapter 14A of the Listing Rules.

On 23 May 2013, changes to the shareholding composition of Ferry Company completed and since then Ferry Company has been treated as a 49%-owned subsidiary of the Company. ZJ Port Station, being a subsidiary of Ferry Company, also became a member of the Group since the change of status of Ferry Company becoming effective. Accordingly, since 23 May 2013, transactions contemplated between ZJ Port Station (a member of the Group) and Jiuzhou Travel Transport (a connected person of the Company) constituted connected transactions under Chapter 14A of the Listing Rules.

Due to an inadvertent oversight, the Group failed to comply with the disclosure requirement for the above CCTs between ZJ Port Station and Jiuzhou Travel Transport until the disclosure made in the Company's announcement dated 31 December 2014. For the period from 23 May 2013 (the date when the above transactions became CCTs under Chapter 14A of the Listing Rules) to 31 August 2014, no transaction cap was set by the Group for the above CCTs carried out.

Prior to 1 September 2013, no written agreement was entered into between ZJ Port Station and Jiuzhou Travel Transport for the supply of fuel. On 1 September 2013, ZJ Port Station and Jiuzhou Travel Transport entered into a supply of petrol and diesel agreement (the "2013-14 Petrol Supply Agreement") dated 1 September 2013 pursuant to which the former agreed to supply to the latter petrol and diesel on an on-going basis for a term of one year up to 31 August 2014. On 1 September 2014, ZJ Port Station and Jiuzhou Travel Transport entered into a supply of petrol and diesel agreement (the "2014-15 Petrol Supply Agreement"), as supplemented by a supplemental agreement dated 31 December 2014 (the "Supplemental Petrol Supply Agreement"), pursuant to which the former agreed to supply to the latter petrol and diesel on an on-going basis for a term commencing from 1 September 2014 up to 31 December 2015.

CONNECTED AND CONTINUING CONNECTED TRANSACTIONS *(Continued)*

B. Continuing Connected Transactions *(Continued)*

(vii) *(Continued)*
During the year ended 31 December 2014, Jiuzhou Travel Transport purchased petrol and diesel fuel from ZJ Port Station in the amounts set forth below:

Period concerned	Amount of purchases (HK$)
1 January 2014 to 31 August 2014	3,376,000
1 September 2014 to 31 December 2014	1,740,000#
FY2014	5,116,000*

\# For the period from 1 September 2014 to 31 December 2014, a specific cap of HK$2,000,000 was set by the Group for the above CCTs carried out.

* No annual cap was set by the Group for the above CCTs carried out during the year ended 31 December 2014.

Details of the 2013-14 Petrol Supply Agreement, the 2014-15 Petrol Supply Agreement and the Supplemental Petrol Supply Agreement are set out in the Company's announcement dated 31 December 2014.

(viii) On 29 May 2014, Jiuzhou Cruises, an indirect non wholly-owned subsidiary of the Company, entered into a co-operation agreement (the "Co-operation Agreement") with 珠海市濠江旅行社有限公司 (Zhuhai Haojiang Travel Agency Co., Ltd.*, "Haojiang Travel Agency", a wholly-owned subsidiary of ZJ Holdings). Pursuant to the Co-operation Agreement, Haojiang Travel Agency may purchase from Jiuzhou Cruises tickets (a) for two designated ferry lines operated by Jiuzhou Cruises (namely (i) a ferry line travelling around Macau and (ii) a ferry line travelling between Macau and Zhuhai, the PRC), and (b) for food and beverage consumed on the said ferry lines, all at fixed prices.

During the year ended 31 December 2014, Haojiang Travel Agency purchased ferry tickets from Jiuzhou Cruises amounted to HK$162,000.

Details of the above agreement are set out in the Company's announcement dated 29 May 2014.

The independent non-executive directors of the Company have reviewed the continuing connected transactions set out above and have confirmed that these continuing connected transactions were entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties; and (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

PricewaterhouseCoopers, the Company's auditors, were engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. PricewaterhouseCoopers have issued their unqualified letter containing their findings and conclusions in respect of the continuing connected transactions disclosed above by the Group in accordance with Rule 14A.38 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

The Company confirms that it has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules in respect of the above continuing connected transactions.

Report of the Directors

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the directors of the Company, at least 25% of the Company's total issued share capital was held by the public as at the date of this report.

AUDITORS

At the close of the 2014 annual general meeting held on 12 June 2014, Ernst & Young retired as auditors of the Company and PricewaterhouseCoopers was appointed as new auditors of the Company to hold office until the conclusion of the 2015 annual general meeting.

PricewaterhouseCoopers will retire and a resolution for their re-appointment as auditors of the Company will be proposed at the 2015 annual general meeting.

ON BEHALF OF THE BOARD

Huang Xin
Chairman

Hong Kong
30 March 2015

Corporate Governance Report

The board of directors (the "Board") of the Company is pleased to present this Corporate Governance Report in the annual report for the year ended 31 December 2014 of the Company and its subsidiaries (the "Group").

The manner in which the principles and code provisions in the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules") are applied and implemented is explained as follows:

CORPORATE GOVERNANCE PRACTICES

The Group strives to maintain high standards of corporate governance to enhance shareholder value and safeguard shareholder interests. The Group's corporate governance principles emphasise the importance of a quality Board, effective internal controls and accountability to shareholders.

The Company recognises the importance of high standards of corporate governance to sustain healthy growth and has taken a proactive approach in strengthening corporate governance practices in accordance with the needs of its business.

The Company has applied the principles as set out in the CG Code contained in Appendix 14 of the Listing Rules which set out the principles of good corporate governance and two levels of corporate governance practices, as follows:

(a) code provisions, which listed issuers are expected to comply with or to give considered reasons for any deviation; and

(b) recommended best practices for guidance only, which listed issuers are encouraged to comply with or to give considered reasons for deviation.

The Company's corporate governance practices are based on the principles, code provisions and certain recommended best practices as set out in the CG Code.

Throughout the year under review, the Company has complied with the code provisions as set out in the CG Code in all other respects except for the following deviations:

(i) Code provision A.1.1 – only two regular Board meetings of the Company were held in the first and third quarters of 2014 since the Company does not announce its quarterly results; and

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

The Company will review periodically and improve its corporate governance practices to ensure that these continue to meet the requirements of the CG Code.

BOARD OF DIRECTORS

Responsibilities, Accountabilities and Contributions of the Board and Management

The Board is responsible for leadership and control of the Company and oversees the Group's businesses, strategic decisions and performance as well as performing the functions set out in the code provision D.3.1 of the CG Code.

The Board has delegated to the Chief Executive Officer, and through him, to the senior management the authority and responsibility for the day-to-day management and operation of the Group. In addition, the Board has established Board committees and has delegated to these Board committees various responsibilities as set out in their respective terms of reference.

BOARD OF DIRECTORS *(Continued)*

Responsibilities, Accountabilities and Contributions of the Board and Management *(Continued)*

The overall management of Company's business is vested in the Board, which assumes responsibility for leadership and control of the Company and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. All directors should take decisions objectively in the interests of the Company.

All directors shall ensure that they carry out duties in good faith, in compliance with the standards of applicable laws and regulations, and act in the interests of the Company and its shareholders at all times.

Board composition

Up to the date of publication of this report, the Board currently comprises 9 members, consisting of 4 executive directors, 2 non-executive directors and 3 independent non-executive directors.

The Board of the Company comprises the following directors:

EXECUTIVE DIRECTORS:
Mr. Huang Xin *(Chairman and Chief Executive Officer)*
Mr. Jin Tao
Mr. Ye Yuhong
Mr. Li Wenjun

NON-EXECUTIVE DIRECTORS:
Datuk Wira Lim Hock Guan
Mr. Wang Zhe

INDEPENDENT NON-EXECUTIVE DIRECTORS:
Mr. Hui Chiu Chung
Mr. Chu Yu Lin, David
Mr. Albert Ho

Change of Directors and Chairman of the Board of Directors on 19 January 2015:

- Mr. Chen Yuanhe resigned as Executive Director and Chairman of the Board of Directors of the Company.

- Mr. Huang Xin, Executive Director and Chief Executive Officer of the Company, has been appointed as Chairman of the Board of Directors of the Company.

- Mr. Wang Zhe has been appointed as a Non-Executive Director of the Company.

The list of directors (by category) is also disclosed in all corporate communications issued by the Company pursuant to the Listing Rules from time to time.

Save and except for that Mr. Wong Kok Ching is the nephew of Datuk Wira Lim Hock Guan, none of the member of the Board is related to one another and the biographical information of the directors are disclosed under "Directors and Senior Management" on pages 22 to 25.

Corporate Governance Report

BOARD OF DIRECTORS *(Continued)*

Independent Non-Executive Directors

During the year ended 31 December 2014, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive directors representing one-third of the Board with at least one independent non-executive director possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each independent non-executive director of his independence pursuant to the requirements of the Listing Rules. The Company considers all independent non-executive directors are independent in accordance with the independence guidelines set out in the Listing Rules.

All directors, including independent non-executive directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. Independent non-executive directors are invited to serve on the Audit, Nomination and Remuneration Committees of the Company.

Chairman and Chief Executive Officer

During the year under review, the roles and duties of the Chairman and the Chief Executive Officer of the Company were carried out by different individuals and had been clearly defined in writing.

The Chairman of the Board was Mr. Chen Yuanhe, and the Chief Executive Officer is Mr. Huang Xin. The positions of Chairman and Chief Executive Officer were held by separate persons in order to preserve independence and a balanced judgement of views.

Subsequently, Mr. Chen Yuanhe resigned as an executive Director, Chairman of the Board and Chairman of the Nomination Committee due to change in work arrangements, whilst Mr. Huang Xin has been appointed as both Chairman of the Board and Chairman of the Nomination Committee with effect from 19 January 2015.

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Accordingly, following the appointment of Mr. Huang Xin as the Chairman of the Board with effect from 19 January 2015, there is a deviation from Code Provision A.2.1 by the Company as Mr. Huang Xin is also the Chief Executive Officer of the Company.

The Board is aware of the said deviation and will seek to re-comply with Code Provision A.2.1 by appointing a suitable candidate to the position of the chief executive officer of the Company in due course.

With the support of the Company Secretary and the senior management, the Chairman is responsible for ensuring that the directors receive adequate, complete and reliable information in a timely manner and appropriate briefing on issues arising at Board meetings and that all key and appropriate issues are discussed by the Board in a timely manner. The Chief Executive Officer focuses on implementing objectives, policies and strategies approved and delegated by the Board. He is in charge of the Company's day-to-day management and operations. The Chief Executive Officer is also responsible for developing strategic plans and formulating the organisational structure, control systems and internal procedures and processes for the Board's approval.

BOARD OF DIRECTORS *(Continued)*

Appointment/re-election and removal of directors

Code provision A.4.1 of the CG Code stipulates that non-executive directors shall be appointed for a specific term and subject to re-election. The Company has deviated from this provision in that the Company's directors including independent non-executive directors are not appointed for a specific term.

Although the directors are not appointed for a specific term, all directors of the Company are subject to retirement by rotation once every three years and re-election at the annual general meeting and any new director appointed to fill a casual vacancy shall submit himself/herself for re-election by shareholders at the first general meeting after appointment pursuant to code provision A.4.2 of the CG Code and the Company's Bye-laws.

The procedures and process of appointment, re-election and removal of directors are laid down in the Company's Bye-laws. The Board has delegated the power to the Nomination Committee to select and recommend candidates for directorship including the consideration of referrals and engagement of external recruitment professionals when necessary. The responsibilities of Nomination Committee are set out in the heading "Nomination Committee" below.

Nomination Committee

The Board has established a Nomination Committee for the Company. The Nomination Committee, up to the publication date of this report, comprises 5 members, namely Mr. Huang Xin (Chairman), Mr. Ye Yuhong, Mr. Hui Chiu Chung, Mr. Chu Yu Lin, David and Mr. Albert Ho, the majority of them are independent non-executive directors.

The primary objectives of the Nomination Committee include the following:

– To review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy.

– To identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships.

– To assess the independence of the independent non-executive directors.

– To make recommendations to the Board on the appointment or re-appointment of directors and succession planning for directors, in particular the chairman of the Board and the chief executive.

BOARD OF DIRECTORS *(Continued)*

Nomination Committee *(Continued)*

The Nomination Committee held one meeting during the year ended 31 December 2014 and the attendance records are set out below:

Name of directors		Attendance/ Number of Meetings
EXECUTIVE DIRECTORS:		
Mr. Chen Yuanhe *(Chairman)*	(resigned on 19 January 2015)	1/1
Mr. Huang Xin	(appointed as Chairman of the Nomination Committee on 19 January 2015)	N/A
Mr. Ye Yuhong		1/1
INDEPENDENT NON-EXECUTIVE DIRECTORS:		
Mr. Hui Chiu Chung		1/1
Mr. Chu Yu Lin, David		1/1
Mr. Albert Ho		1/1

In accordance with the Company's Bye-laws, the Company's directors, Mr. Jin Tao, Mr. Ye Yuhong and Mr. Chu Yu Lin, David, shall retire by rotation at the forthcoming annual general meeting. In addition, Mr. Wang Zhe who has been appointed as a non-executive director by the Board on 19 January 2015, shall hold office until the forthcoming annual general meeting pursuant to the Company's Bye-laws. All the above retiring directors, being eligible, will offer themselves for re-election at the forthcoming annual general meeting pursuant to the Company's Bye-laws.

The Nomination Committee has assessed the independence of the independent non-executive directors and reviewed the structure, size and composition of the Board as well as recommended the re-appointment of the retiring directors standing for re-election at the forthcoming annual general meeting of the Company.

The Company will issue a circular containing detailed information of the retiring directors standing for re-election at the forthcoming annual general meeting.

The Nomination Committee has adopted the board diversity policy and also considered an appropriate balance of diversity perspectives of the Board is maintained.

Training induction and continuing professional development of directors

Each newly appointed director receives comprehensive, formal and tailored induction on the first occasion of his/her appointment, so as to ensure that he/she has appropriate understanding of the business and operations of the Company and that he/she is fully aware of his/her responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

The directors of the Company are continually updated with legal and regulatory developments, and the business and market changes to facilitate the discharge of their responsibilities. Continuing briefings and professional development as well as reading material on relevant topics to directors will be arranged and issued whenever necessary.

BOARD OF DIRECTORS *(Continued)*

Training induction and continuing professional development of directors *(Continued)*

All directors of the Company confirmed that they have complied with the code provision A.6.5 of the CG Code on directors' training. During the reporting year, all directors have participated in continuous professional development by attending seminars/in-house briefing and reading materials on the following topics to develop and refresh their knowledge and skills and provided their records of training to the Company as follows:

Name of directors		Topics of training covered *(Notes)*
EXECUTIVE DIRECTORS:		
Mr. Chen Yuanhe *(Chairman)*	(resigned on 19 January 2015)	1, 2, 3
Mr. Huang Xin *(Chairman and Chief Executive Officer)*	(appointed as Chairman on 19 January 2015)	1, 2, 3
Mr. Jin Tao		1, 2, 3
Mr. Ye Yuhong		1, 2, 3
Mr. Li Wenjun		1, 2, 3
NON-EXECUTIVE DIRECTORS:		
Datuk Wira Lim Hock Guan		1, 2, 3
Mr. Wang Zhe	(appointed on 19 January 2015)	N/A
INDEPENDENT NON-EXECUTIVE DIRECTORS:		
Mr. Hui Chiu Chung		1, 2, 3
Mr. Chu Yu Lin, David		1, 2, 3
Mr. Albert Ho		1, 2, 3

Notes:

1 Corporate governance

2 Regulatory updates

3 Industry updates

Corporate Governance Report

BOARD MEETINGS

Board practices and conduct of meetings

Annual meeting schedules and draft agenda of each meeting are normally made available to all directors in advance.

Notices of regular Board meetings are served to all directors at least 14 days before the meetings. For other Board and committee meetings, reasonable notice is generally given.

Board papers together with all appropriate, complete and reliable information are sent to all directors at least 3 days before each Board meeting or committee meeting to keep the directors apprised of the latest developments and financial position of the Company and to enable them to make informed decisions. The Board and each director also have separate and independent access to the senior management where necessary.

The senior management, Chief Executive Officer and Company Secretary attend all regular Board meetings and where necessary, other Board and committee meetings, to advise on business developments, financial and accounting matters, statutory compliance, corporate governance and other major aspects of the Company.

The Company Secretary is responsible to take and keep minutes of all Board meetings and committee meetings. Draft minutes are normally circulated to directors for comment within a reasonable time after each meeting and final version is open for directors' inspection.

The Company's Bye-laws contain provisions requiring directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such directors or any of their associates have a material interest. According to current Board practice, any material transaction, which involves a conflict of interests for a substantial shareholder or a director, will be considered and dealt with by the Board at a duly convened Board meeting.

Number of Board Meetings and Directors' attendance records

During the year ended 31 December 2014, two regular Board meetings were held within the first and third quarters of 2014 for reviewing and approving the financial and operating performance, and considering and approving the overall strategies and policies of the Company since the Company does not announce its quarterly results and the Board also had held fourteen Board meetings during the year ended 31 December 2014.

BOARD MEETINGS *(Continued)*

Number of Board Meetings and Directors' attendance records *(Continued)*

The attendance records of each director at the Board meetings and general meetings of the Company during the year ended 31 December 2014 are set out below:

		Attendance/ Number of Board Meetings	Attendance/ Number of Annual General Meeting
EXECUTIVE DIRECTORS:			
Mr. Chen Yuanhe *(Chairman)*	(resigned on 19 January 2015)	15/15#	1/1
Mr. Huang Xin *(Chairman and Chief Executive Officer)* (appointed as Chairman on 19 January 2015)		14/14	1/1
Mr. Jin Tao		14/14	1/1
Mr. Ye Yuhong		14/14	1/1
Mr. Li Wenjun		14/14	1/1
NON-EXECUTIVE DIRECTORS:			
Datuk Wira Lim Hock Guan		15/15#	1/1
Mr. Wang Zhe	(appointed on 19 January 2015)	N/A	N/A
INDEPENDENT NON-EXECUTIVE DIRECTORS:			
Mr. Hui Chiu Chung		15/15#	1/1
Mr. Chu Yu Lin, David		15/15#	1/1
Mr. Albert Ho		15/15#	1/1

\# Included a meeting among the Chairman and the non-executive directors (including independent non-executive directors) held during the year.

Apart from regular Board Meetings, the Chairman also held a meeting with the non-executive directors (including independent non-executive directors) without the presence of executive directors during the year.

Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules.

Specific enquiry has been made of all the directors and the directors have confirmed that they have complied with the Model Code throughout the year ended 31 December 2014.

The Company has also established written guidelines on no less exacting terms than the Model Code (the "Securities Dealing Code") for securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Company.

No incident of non-compliance of the Securities Dealing Code by the employees was noted by the Company during the year ended 31 December 2014.

Corporate Governance Report

DELEGATION OF MANAGEMENT FUNCTIONS

The Board reserves for its decision on all major matters of the Company, including: the approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant financial and operational matters.

All directors have full and timely access to all relevant information as well as the advice and services of the Company Secretary, with a view to ensuring that Board procedures and all applicable rules and regulations are followed. Each director is normally able to seek independent professional advice in appropriate circumstances at the Company's expense, upon making request to the Board.

The Board has delegated a schedule of responsibilities to the senior management of the Company. These responsibilities include the implementation of decisions of the Board, the co-ordination and direction of day-to-day operation and management of the Company in accordance with the management strategies and plans approved by the Board, formulating and monitoring the production and operating plans and budgets, and supervising and monitoring the control systems.

The Board has established three committees, namely, the Nomination Committee, Remuneration Committee and Audit Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with defined written terms of reference which are posted on the Company's website and are available to shareholders of the Company upon request.

The Board also has the full support of the Chief Executive Officer and the senior management to discharge their responsibilities.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The Company has established a formal and transparent procedure for formulating policies on remuneration and senior management of the Group. Details of the remuneration of each of the directors of the Company for the year ended 31 December 2014 are set out in note 9(b) to the consolidated financial statements.

The remuneration paid to the senior management (excluding the directors) during the year ended 31 December 2014 were within the following bands:

Bands	**Number of senior management**
Nil to HK$1,000,000	5
HK$1,000,001 to HK$1,500,000	–
	5

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT *(Continued)*

Remuneration Committee

The Remuneration Committee currently comprises all the three independent non-executive directors namely, Mr. Hui Chiu Chung (Chairman), Mr. Chu Yu Lin, David and Mr. Albert Ho.

The primary objectives of the Remuneration Committee include the following:

- To make recommendations on the establishment of procedures for developing the remuneration policy and structure of the executive directors and the senior management, such policy shall ensure that no director or any of his/her associates will participate in deciding his/her own remuneration;
- To make recommendations on the remuneration packages of the executive directors and the senior management;
- To review and approve the remuneration packages of the executive directors and the senior management by reference to the performance of the individual and the Company as well as market practice and conditions; and
- To review and approve the compensation arrangements for the executive directors and the senior management.

The Human Resources Department is responsible for collection and administration of the human resources data and making recommendations to the Remuneration Committee for consideration. The Remuneration Committee shall consult the Chairman and/or the Chief Executive Officer of the Company about these recommendations on remuneration policy and structure and remuneration packages.

The Remuneration Committee has reviewed and recommended to the Board on the remuneration policy and structure of the Company, and the remuneration packages of the executive directors and the senior management for the year under review.

The Remuneration Committee held two meetings during the year ended 31 December 2014 and the attendance records are set out below:

Name of directors	Attendance/ Number of Meetings
INDEPENDENT NON-EXECUTIVE DIRECTORS:	
Mr. Hui Chiu Chung *(Chairman)*	2/2
Mr. Chu Yu Lin, David	2/2
Mr. Albert Ho	2/2

Corporate Governance Report

ACCOUNTABILITY AND AUDIT

Directors' responsibilities for financial reporting

The directors acknowledge their responsibility for preparing the consolidated financial statements of the Company for the year ended 31 December 2014.

The directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The directors are responsible for overseeing the preparation of consolidated financial statements of the Company with a view to ensuring that such consolidated financial statements give a true and fair view of the state of affairs of the Group and that relevant statutory requirements and applicable accounting standards are complied with.

The Board received from the senior management the management accounts, explanation and relevant information which enable the Board to make an informed assessment for approving the consolidated financial statements.

There is no different view taken by the Audit Committee from that of the Board regarding selection, appointment, resignation or dismissal of the external auditors.

Internal control

During the year under review, the Board has conducted a review of the effectiveness of the internal control system of the Company.

The Board is responsible for maintaining an adequate internal control system to safeguard shareholder investments and Company assets and with the support of the Audit Committee, reviewing the effectiveness of such system on an annual basis.

The internal control system of the Group is designed to facilitate effective and efficient operations, to ensure reliability of financial reporting and compliance with applicable laws and regulations, to identify and manage potential risks and to safeguard assets of the Group. The senior management shall review and evaluate the control process and monitor any risk factors on a regular basis and report to the Audit Committee on any findings and measures to address the variances and identified risks.

AUDIT COMMITTEE

The Audit Committee currently comprises all the three independent non-executive directors namely, Mr. Albert Ho (Chairman), Mr. Hui Chiu Chung and Mr. Chu Yu Lin, David (including one independent non-executive director who possesses the appropriate professional qualifications or accounting or related financial management expertise). None of the members of the Audit Committee is a former partner of the Company's existing external auditors.

Corporate Governance Report

AUDIT COMMITTEE *(Continued)*

The main duties of the Audit Committee include the following:

- To review the consolidated financial statements and reports and consider any significant or unusual items raised by the qualified accountant, internal auditor or external auditors before submission to the Board;
- To review the relationship with the external auditors by reference to the work performed by the auditors, their fees and terms of engagement, and make recommendation to the Board on the appointment, re-appointment and removal of external auditors; and
- To review the adequacy and effectiveness of the Company's financial reporting system, internal control system and risk management system and associated procedures.

The Audit Committee provides supervision on the internal controls system of the Group and reports to the Board on any material issues and makes recommendations to the Board.

During the year under review, the Audit Committee has reviewed the Group's unaudited interim financial report for the six months ended 30 June 2014, annual results and annual report for the year ended 31 December 2014, the financial reporting and compliance procedures, the report from the management on the Company's internal control and risk management review and process, connected transactions and the re-appointment of the external auditors.

The Audit Committee also met the external auditors twice during the year.

The Audit Committee held three meetings during the year ended 31 December 2014 and the attendance records are set out below:

Name of directors	Attendance/ Number of Meetings
INDEPENDENT NON-EXECUTIVE DIRECTORS:	
Mr. Albert Ho *(Chairman)*	3/3
Mr. Hui Chiu Chung	3/3
Mr. Chu Yu Lin, David	3/3

Corporate Governance Report

EXTERNAL AUDITORS AND AUDITORS' REMUNERATION

The statement of the external auditors of the Company about their reporting responsibilities for the consolidated financial statements is set out in the "Independent Auditors' Report" on page 55.

During the year under review, the remuneration paid to the Company's auditors, PricewaterhouseCoopers, is set out below:

Category of services	**Fees paid/Payable** (HK$)
Audit services	1,880,000
Non-audit services	
– Interim review	673,000
– Taxation service	58,000
– Continuing connected transaction report	45,000
– Others	380,000
Total	3,036,000

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the functions set out in the code provision D.3.1 of the CG Code.

The Board reviewed the Company's corporate governance policies and practices, training and continuous professional development of directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code and Securities Dealing Code, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company believes that effective communication with its shareholders is essential for enhancing investor relations and investors' understanding on the Group's business performance and strategies. The Group also recognises the importance of transparency and timely disclosure of corporate information which enables shareholders and investors to make the best investment decisions.

The general meetings of the Company provide an important channel for exchange of views between the Board and the shareholders of the Company. The Chairman of the Board as well as chairman of the Nomination Committee, Remuneration Committee and Audit Committee or, in their absence, other members of the respective committees and, where applicable, the independent Board committee, are available to answer questions at the shareholders' meetings.

During the year under review, the Company has not made any change to its Memorandum of Association and Bye-laws of the Company. A consolidated version of the Company's Memorandum of Association and Bye-laws is available on the Company's website and the Stock Exchange's website respectively.

The Company continues to enhance communication and relationship with its investors. Designated senior management maintains regular dialogue with institutional investors and analysts to keep them abreast of the Company's developments. Enquiries from investors are dealt with in an informative and timely manner.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS *(Continued)*

To promote effective communication, the Company maintains a website at www.0908.hk, where up-to-date information and updates on the Company's business operations and developments, financial information, corporate governance practices and other information are available for public access. Investors may write directly to the Company at its principal place of business in Hong Kong or via email to info@0908.hk for any inquiries.

The 2015 Annual General Meeting ("AGM") will be held on Tuesday, 26 May 2015. The notice of AGM will be sent to shareholders of the Company at least 20 clear business days before the AGM.

SHAREHOLDERS' RIGHTS

To safeguard shareholders' interests and rights, separate resolutions are proposed at shareholders' meetings on each substantial issue, including the election of individual directors.

The Company should arrange for the notice to be sent to its shareholders at least 20 clear business days before an annual general meeting and at least 10 clear business days before all other general meeting according to the CG Code.

The Chairman of a shareholders' meeting should at the commencement of the meeting ensure that an explanation is provided of the detailed procedures for conducting a poll and then answer any questions from shareholders regarding voting by way of a poll.

All resolutions (except where the chairman decides to allow a resolution relating to a procedural or administrative matter to be voted on by a show of hands) put forward at shareholders' meetings must be taken by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after the shareholders' meetings respectively.

The directors may, whenever they think fit, convene a special general meeting other than annual general meeting, and special general meetings shall also be convened on requisition, as provided by the Companies Act 1981 of Bermuda, and, in default, may be convened by the requisitionists according to the Company's Bye-laws.

A. Convening of special general meeting on requisition and putting forward proposals at general meetings

Shareholders holding not less than one-tenth of the paid-up share capital of the Company which carries the right of voting at general meetings of the Company have the right to requisite the directors to convene a special general meeting of the Company. The requisition must state the purposes of the meeting, and must be signed by the requisitionist and deposited at the registered office of the Company.

If the directors do not within 21 days from the date of the deposit of the requisition proceed duly to convene a general meeting, the requisitionist, or any of them representing more than one-half of the total voting rights of all of them, may themselves convene a special general meeting of the Company.

B. Enquiries from shareholders

The Company's website (www.0908.hk) provides email address, postal address, fax number and telephone number by which enquiries may be put to the Company.

Independent Auditors' Report

羅兵咸永道

To the shareholders of Zhuhai Holdings Investment Group Limited
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Zhuhai Holdings Investment Group Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 56 to 158, which comprise the consolidated and company statements of financial position as at 31 December 2014, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2014, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 30 March 2015

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
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Consolidated Statement of Profit or Loss

	Notes	Year ended 31 December 2014 HK$'000	2013 HK$'000 (Restated)
REVENUE	*6*	**1,739,447**	1,107,835
Cost of sales	*8*	**(1,208,919)**	(771,054)
Gross profit		**530,528**	336,781
Other income and gains, net	*7*	**88,398**	141,931
Gain on bargain purchase		**–**	181,121
Selling and distribution expenses	*8*	**(111,475)**	(68,362)
Administrative expenses	*8*	**(188,677)**	(191,498)
Other operating expenses	*8*	**(4,246)**	(11,030)
Finance costs	*10*	**(45,189)**	(78,773)
Share of profits and losses of:			
A joint venture		**2,719**	2,536
Associates		**2,887**	(238)
PROFIT BEFORE TAX		**274,945**	312,468
Income tax expense	*11*	**(112,650)**	(55,225)
PROFIT FOR THE YEAR	*12*	**162,295**	257,243
Attributable to:			
Ordinary equity holders of the Company		**59,343**	210,322
Non-controlling interests		**102,952**	46,921
		162,295	257,243
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	*13*		
Basic		**HK4.20 cents**	HK17.33 cents
Diluted		**HK3.77 cents**	HK16.58 cents

The notes on pages 65 to 158 are an integral part of these consolidated financial statements.

	Notes	Year ended 31 December 2014 HK$'000	2013 HK$'000
Dividends	*14*	**14,142**	42,425

Consolidated Statement of Comprehensive Income

	Year ended 31 December	
	2014	2013
	HK$'000	HK$'000
		(Restated)
PROFIT FOR THE YEAR	**162,295**	257,243
OTHER COMPREHENSIVE (LOSS)/INCOME		
Items that will not be reclassified subsequently to profit or loss		
Remeasurements of defined benefit obligations	**(17,297)**	(623)
Gain on property revaluation	**22,766**	46,186
	5,469	45,563
Items that may be reclassified to profit or loss		
Fair value gains on available-for-sale investments	**3,000**	1,400
Exchange differences on translation of foreign operations	**(15,611)**	144,702
	(12,611)	146,102
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF TAX	**(7,142)**	191,665
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**155,153**	448,908
ATTRIBUTABLE TO:		
Ordinary equity holders of the Company	**61,062**	358,015
Non-controlling interests	**94,091**	90,893
	155,153	448,908

The notes on pages 65 to 158 are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

	Note	**31 December 2014 HK$'000**	31 December 2013 HK$'000 (Restated)	1 January 2013 HK$'000 (Restated)
NON-CURRENT ASSETS				
Property, plant and equipment	*15*	**802,747**	661,494	525,510
Prepaid land lease payments	*16*	**418,538**	419,781	161,737
Rights to use port facilities	*17*	**18,350**	19,143	19,271
Properties under development	*18*	**4,824,437**	5,518,884	–
Intangible asset	*19*	**4,900**	5,322	5,160
Interest in a joint venture	*21*	**12,109**	9,736	9,185
Interests in associates	*22*	**4,614**	9,318	8,742
Available-for-sale investments	*23*	**12,600**	11,190	9,742
Prepayments and deposits	*24(a)*	**40,439**	24,496	128,312
Deferred tax assets	*37*	**59,249**	16,805	15,373
Total non-current assets		**6,197,983**	6,696,169	883,032
CURRENT ASSETS				
Properties under development	*18*	**1,847,883**	406,069	–
Securities measured at fair value through profit or loss	*25*	**1,440**	1,138	70,530
Inventories	*26*	**19,432**	16,115	20,596
Trade receivables	*27*	**106,592**	58,074	65,504
Prepayments, deposits and other receivables	*24(b)*	**103,866**	138,041	67,021
Prepaid tax		**9,338**	–	–
Due from a major shareholder		**–**	–	7,155
Due from related companies	*45*	**11,463**	114,896	703
Restricted bank balance	*28*	**29,004**	890	863
Time deposits	*28*	**8,725**	–	–
Cash and cash equivalents	*28*	**1,138,076**	911,124	783,318
Total current assets		**3,275,819**	1,646,347	1,015,690
Total assets		**9,473,802**	8,342,516	1,898,722
CURRENT LIABILITIES				
Trade payables	*30*	**33,153**	39,541	36,940
Deferred income, accrued liabilities and other payables	*31*	**340,283**	309,674	162,226
Advance receipts from customers		**466,881**	–	–
Construction payables	*32*	**99,100**	9,066	17,496
Interest-bearing bank and other borrowings	*33*	**651,565**	1,717,055	–
Tax payable		**68,456**	16,702	21,541
Promissory note	*35*	**200,000**	250,000	–
Due to a major shareholder	*45*	**67,653**	16,637	–
Due to related companies	*45*	**22,811**	3,832	3,475
Total current liabilities		**1,949,902**	2,362,507	241,678

Consolidated Statement of Financial Position

	Note	31 December 2014 HK$'000	31 December 2013 HK$'000 (Restated)	1 January 2013 HK$'000 (Restated)
NET CURRENT ASSETS/(LIABILITIES)		**1,325,917**	(716,160)	774,012
TOTAL ASSETS LESS CURRENT LIABILITIES		**7,523,900**	5,980,009	1,657,044
NON-CURRENT LIABILITIES				
Convertible bonds	*34*	**506,994**	459,974	–
Promissory note	*35*	**317,224**	461,312	–
Interest-bearing bank and other borrowings	*33*	**1,565,086**	–	–
Loan from a major shareholder	*45*	**272,542**	373,468	–
Deferred income, accrued liabilities and other payables	*31*	**147,594**	128,178	–
Deferred tax liabilities	*37*	**912,827**	889,496	36,341
Defined benefit obligations	*38*	**90,466**	69,142	63,266
Total non-current liabilities		**3,812,733**	2,381,570	99,607
Net assets		**3,711,167**	3,598,439	1,557,437
EQUITY				
Equity attributable to ordinary equity holders of the Company				
Issued share capital	*39*	**141,416**	141,416	111,860
Reserves	*40(a)*	**2,128,156**	2,109,519	1,253,698
– Proposed final dividend		**14,142**	42,425	22,372
– Others		**2,114,014**	2,067,094	1,231,326
		2,269,572	2,250,935	1,365,558
Non-controlling interests		**1,441,595**	1,347,504	191,879
Total equity		**3,711,167**	3,598,439	1,557,437

The notes on pages 65 to 158 are an integral part of these consolidated financial statements.

The consolidated financial statements on pages 56 to 158 were approved by the Board of Directors on 30 March 2015 and were signed on its behalf.

Huang Xin
Director

Jin Tao
Director

Statement of Financial Position

	Notes	31 December 2014 HK$'000	2013 HK$'000 (Restated)
NON-CURRENT ASSETS			
Property, plant and equipment	*15*	**454**	667
Investments in subsidiaries	*20*	**2,552,080**	2,470,686
Available-for-sale investments	*23*	**12,600**	9,600
Total non-current assets		**2,565,134**	2,480,953
CURRENT ASSETS			
Securities measured at fair value through profit or loss	*25*	**1,440**	1,138
Deposits and other receivables	*24(b)*	**664**	41,718
Due from subsidiaries	*20*	**433,758**	368,302
Cash and cash equivalents	*28*	**147,823**	127,468
Total current assets		**583,685**	538,626
CURRENT LIABILITIES			
Accrued liabilities and other payables	*31*	**12,807**	9,370
Promissory note	*35*	**200,000**	250,000
Total current liabilities		**212,807**	259,370
NET CURRENT ASSETS		**370,878**	279,256
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,936,012**	2,760,209
NON-CURRENT LIABILITIES			
Convertible bonds	*34*	**506,994**	459,974
Promissory note	*35*	**317,224**	461,312
Interest-bearing bank borrowings	*33*	**297,450**	–
Total non-current liabilities		**1,121,668**	921,286
Net assets		**1,814,344**	1,838,923
EQUITY			
Issued share capital	*39*	**141,416**	141,416
Reserves	*40(b)*	**1,672,928**	1,697,507
Total equity		**1,814,344**	1,838,923

The notes on pages 65 to 158 are an integral part of these consolidated financial statements.

The consolidated financial statements on pages 56 to 158 were approved by the Board of Directors on 30 March 2015 and were signed on its behalf.

Huang Xin
Director

Jin Tao
Director

Consolidated Statement of Changes in Equity

	Capital and reserves attributable to ordinary equity holders of the Company														
	Issued share capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000	Merger reserve HK$'000	Warrant reserve HK$'000 *(Note 36)*	Convertible bonds equity reserve HK$'000 *(Note 34)*	Other reserve HK$'000	Asset revaluation reserve HK$'000	Available-for-sale investment revaluation reserve HK$'000	Statutory reserve funds HK$'000	Exchange fluctuation reserve HK$'000	Retained profits HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 2013, as previously reported	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
Prior year restatements with respect to:															
Recognition and measurement of defined benefit obligations *(Note 3(b))*	–	–	–	–	–	–	–	–	–	–	–	(39,169)	(39,169)	(8,724)	(47,893)
Other restatements *(Note 3(d))*	–	–	–	–	–	–	–	(34,996)	–	–	–	14,676	(20,320)	20,320	–
At 1 January 2013, as restated	111,860	459,870	446,355	(57,310)	–	–	(200,573)	1,252	2,400	133,536	233,914	234,254	1,365,558	191,879	1,557,437
Comprehensive income															
Profit for the year, as restated	–	–	–	–	–	–	–	–	–	–	–	210,322	210,322	46,921	257,243
Other comprehensive income for the year															
Remeasurements of defined benefit obligations	–	–	–	–	–	–	–	–	–	–	–	(547)	(547)	(76)	(623)
Gain on property revaluation	–	–	–	–	–	–	–	46,186	–	–	–	–	46,186	–	46,186
Fair value gains on available-for-sales investments	–	–	–	–	–	–	–	–	1,400	–	–	–	1,400	–	1,400
Exchange differences on translation of foreign operations	–	–	–	–	–	–	–	–	–	–	100,654	–	100,654	44,048	144,702
Total other comprehensive income	–	–	–	–	–	–	–	46,186	1,400	–	100,654	(547)	147,693	43,972	191,665
Total comprehensive income, as restated	–	–	–	–	–	–	–	46,186	1,400	–	100,654	209,775	358,015	90,893	448,908
Issuance of shares	29,556	428,339	–	–	–	–	–	–	–	–	–	–	457,895	–	457,895
Issuance of convertible bonds	–	–	–	–	–	68,777	–	–	–	–	–	–	68,777	–	68,777
Issuance of warrants	–	–	–	–	690	–	–	–	–	–	–	–	690	–	690
Appropriation to statutory reserve	–	–	–	–	–	–	–	–	–	15,272	–	(15,272)	–	–	–
Dividends paid to non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	–	–	–	(78,235)	(78,235)
Total contributions by and distributions to owners of the Company, recognised directly in equity	29,556	428,339	–	–	690	68,777	–	–	–	15,272	–	(15,272)	527,362	(78,235)	449,127
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	–	–	1,142,967	1,142,967
Total transactions with ordinary equity holders, recognised directly in equity	29,556	428,339	–	–	690	68,777	–	–	–	15,272	–	(15,272)	527,362	1,064,732	1,592,094
At 31 December 2013, as restated	141,416	888,209	446,355	(57,310)	690	68,777	(200,573)	47,438	3,800	148,808	334,568	428,757	2,250,935	1,347,504	3,598,439

Consolidated Statement of Changes in Equity

	Capital and reserves attributable to ordinary equity holders of the Company														
	Issued share capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000	Merger reserve HK$'000	Warrant reserve HK$'000 *(Note 36)*	Convertible bonds equity reserve HK$'000 *(Note 34)*	Other reserve HK$'000	Asset revaluation reserve HK$'000	Available-for-sale investment revaluation reserve HK$'000	Statutory reserve funds HK$'000	Exchange fluctuation reserve HK$'000	Retained profits HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 2014, as previously reported	141,416	888,209	446,355	(57,310)	-	-	(200,573)	82,434	3,800	148,808	335,755	452,604	2,241,498	1,330,747	3,572,245
Prior period restatements with respect to:															
Recognition and measurement of the issuance of convertible bonds *(Note 3(a)(i))*	-	-	-	-	-	68,777	-	-	-	-	-	(35,566)	33,211	-	33,211
Capitalisation of additional borrowing costs *(Note 3(a)(ii))*	-	-	-	-	-	-	-	-	-	-	-	18,901	18,901	-	18,901
Reversal of deferred tax liabilities *(Note 3(a)(iii))*	-	-	-	-	-	-	-	-	-	-	-	8,288	8,288	5,525	13,813
Recognition and measurement of defined benefit obligations *(Note 3(b))*	-	-	-	-	-	-	-	-	-	-	(1,187)	(42,062)	(43,249)	(9,088)	(52,337)
Recognition and measurement of the issuance of warrants *(Note 3(c))*	-	-	-	-	690	-	-	-	-	-	-	11,916	12,606	-	12,606
Other restatements *(Note 3(d))*	-	-	-	-	-	-	-	(34,996)	-	-	-	14,676	(20,320)	20,320	-
At 1 January 2014, as restated	141,416	888,209	446,355	(57,310)	690	68,777	(200,573)	47,438	3,800	148,808	334,568	428,757	2,250,935	1,347,504	3,598,439
Comprehensive income															
Profit for the year	-	-	-	-	-	-	-	-	-	-	-	59,343	59,343	102,952	162,295
Other comprehensive income for the year															
Remeasurements of defined benefit obligations	-	-	-	-	-	-	-	-	-	-	-	(14,772)	(14,772)	(2,525)	(17,297)
Gain on property revaluation	-	-	-	-	-	-	-	22,766	-	-	-	-	22,766	-	22,766
Fair value gains on available-for-sales investment	-	-	-	-	-	-	-	-	3,000	-	-	-	3,000	-	3,000
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	-	-	(9,275)	-	(9,275)	(6,336)	(15,611)
Total other comprehensive income	-	-	-	-	-	-	-	22,766	3,000	-	(9,275)	(14,772)	1,719	(8,861)	(7,142)
Total comprehensive income	-	-	-	-	-	-	-	22,766	3,000	-	(9,275)	44,571	61,062	94,091	155,153
2013 final dividend paid	-	-	-	-	-	-	-	-	-	-	-	(28,283)	(28,283)	-	(28,283)
2013 special dividend paid	-	-	-	-	-	-	-	-	-	-	-	(14,142)	(14,142)	-	(14,142)
Appropriation to statutory reserve	-	-	-	-	-	-	-	-	-	20,508	-	(20,508)	-	-	-
Total transactions with ordinary equity holders, recognised directly in equity	-	-	-	-	-	-	-	-	-	20,508	-	(62,933)	(42,425)	-	(42,425)
At 31 December 2014	141,416	888,209	446,355	(57,310)	690	68,777	(200,573)	70,204	6,800	169,316	325,293	410,395	2,269,572	1,441,595	3,711,167

The notes on pages 65 to 158 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

		Year ended 31 December	
		2014	2013
	Notes	**HK$'000**	HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from/(used in) operations	*42*	**548,762**	(1,899,895)
Income taxes paid		**(89,442)**	(77,045)
Dividends received		**–**	417
Net cash flows generated from/(used in) operating activities		**459,320**	(1,976,523)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**23,317**	29,647
Dividends received from a joint venture		**–**	2,356
Purchases of property, plant and equipment		**(169,704)**	(62,121)
Proceeds from disposal of property, plant and equipment		**2,284**	6,592
Increase in restricted bank balance		**(28,114)**	(27)
Increase in time deposits		**(234)**	(506)
Acquisition of subsidiaries		**–**	(453,352)
Cash receipt from a major shareholder		**–**	23,792
Cash receipt from related companies		**130,827**	104,881
Advance to an associate		**–**	(809)
Cash receipt from an associate		**664**	–
Recovery of deposit for the proposed acquisition of a company		**30,000**	–
Compensation from the vendor of the proposed acquisition of a company		**13,040**	–
Net cash flows generated from/(used in) investing activities		**2,080**	(349,547)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of shares		**–**	106,400
Share issue expenses		**–**	(2,640)
Proceeds from issuance of convertible bonds		**–**	500,000
Transaction cost directly attributable to issuance of convertible bonds		**–**	(7,391)
Proceeds from issuance of warrants		**–**	690
New bank and other borrowings		**2,222,644**	1,666,851
Repayment of bank and other borrowings		**(1,967,055)**	–
Dividends paid to shareholders		**(42,425)**	–
Dividends paid to non-controlling shareholders		**–**	(78,235)
Interest paid		**(363,161)**	(90,362)
New loan from a major shareholder		**–**	344,831
Repayment of loan from a major shareholder		**(82,673)**	–
Net cash flows (used in)/generated from financing activities		**(232,670)**	2,440,144

Consolidated Statement of Cash Flows

		Year ended 31 December	
		2014	2013
	Notes	**HK$'000**	HK$'000
NET INCREASE IN CASH AND CASH EQUIVALENTS		**228,730**	114,074
Cash and cash equivalents at beginning of year		**902,633**	775,333
Effect of foreign exchange rate changes, net		**6,713**	13,226
CASH AND CASH EQUIVALENTS AT END OF YEAR	*28*	**1,138,076**	902,633

The notes on pages 65 to 158 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

1 GENERAL INFORMATION

Zhuhai Holdings Investment Group Limited (the "Company") and its subsidiaries (together, the "Group") was engaged in the following principal activities:

- investment holding
- provision of port facilities and ferry services
- trading and distribution of fuel oil
- management of a holiday resort
- management of a theme park
- management of an amusement park
- property development
- operation of a golf club

The Company is a limited liability company incorporated in Bermuda. The principal place of business of the Company is located at Units 3709-10, 37th Floor, West Tower, Shun Tak Centre, 168–200 Connaught Road Central, Sheung Wan, Hong Kong.

The Company has its primary listing on The Stock Exchange of Hong Kong Limited.

These consolidated financial statements are presented in Hong Kong dollars ("HK$"), unless otherwise stated.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of presentation

The consolidated financial statements of Zhuhai Holdings Investment Group Limited have been prepared in accordance with Hong Kong Financial Reporting Standards (HKFRSs). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of buildings classified as property, plant and equipment, available-for-sale investments and securities measured at fair value through profit or loss, which are carried at fair value.

The consolidated financial statements are prepared in accordance with the applicable requirements of the predecessor Companies Ordinance (Cap. 32) for this financial year and the comparative period.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 Changes in accounting policies and disclosures

(A) NEW AND AMENDED STANDARDS AND INTERPRETATIONS ADOPTED BY THE GROUP

The following new and amended standards and interpretations are mandatory for the first time for the financial year beginning on or after 1 January 2014:

Standards/Interpretations	Subject of amendment
Amendment to HKAS32	Financial Instrument: Presentation on offsetting financial assets and financial liabilities
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Consolidation for investment entities
Amendment to HKAS 36	Impairment of assets on recoverable amount disclosures
Amendment to HKAS 39	Financial Instrument: recognition and measurement – Novation of derivatives
HK(IFRIC) – Int 21	Levies

The adoption of the above new and amended standards and interpretations did not have any material impact on the consolidated financial statements.

(B) NEW AND AMENDED STANDARDS THAT HAVE BEEN ISSUED AND ARE EFFECTIVE FOR THE PERIODS COMMENCING AFTER 1 JULY 2014 AND HAVE NOT BEEN EARLY ADOPTED BY THE GROUP

Standards	Subject of amendment	Effective for annual periods beginning on or after
Amendment to HKAS 19	Defined benefit plans: employee contributions	1 July 2014
Annual improvements 2012	Annual improvements 2010-2012 cycle	1 July 2014
Annual improvements 2013	Annual improvements 2011-2013 cycle	1 July 2014
HKFRS 14	Regulatory deferral accounts	1 January 2016
Amendment to HKFRS 11	Accounting for acquisitions of interests in joint operation	1 January 2016
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation	1 January 2016
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants	1 January 2016
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	1 January 2016
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: applying the consolidation exception	1 January 2016
Amendments to HKAS 1	The disclosure initiative	1 January 2016
Amendments to HKAS 27	Equity method in separate financial statements	1 January 2016
Annual improvements 2014	Annual improvements 2012-2014 cycle	1 January 2016
HKFRS 15	Revenue from contracts with customers	1 January 2017
HKFRS 9	Financial instruments	1 January 2018

Management is in the process of making an assessment of their impact and is not yet in a position to state whether any substantial changes to the Group's significant accounting policies and presentation of the financial information will be resulted in.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 Changes in accounting policies and disclosures *(Continued)*

(C) NEW HONG KONG COMPANIES ORDINANCE (CAP.622)

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation as from the Company's first financial year commencing on or after 3 March 2014 in accordance with section 358 of that ordinance. The Group is in the process of making an assessment of expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9 of the new Hong Kong Companies Ordinance (Cap. 622). So far it has concluded that the impact is unlikely to be significant and only the presentation and the disclosure of information in the consolidated financial statements will be affected.

2.3 Subsidiaries

2.3.1 CONSOLIDATION

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

(a) Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRSs.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.3 Subsidiaries *(Continued)*

2.3.1 CONSOLIDATION *(Continued)*

(a) Business combinations (Continued)

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated statement of profit or loss.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in a loss of control are accounted for as equity transactions – that is, as transactions with the owners of the subsidiary in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

2.3.2 SEPARATE FINANCIAL STATEMENTS

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the financial statements of the investee's net assets including goodwill.

2.4 Associates

An associate is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.4 Associates *(Continued)*

The Group's share of post-acquisition profit or loss is recognised in the consolidated statement of profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profits and losses of associates' in the consolidated statement of profit or loss.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's consolidated financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Gain or losses on dilution of equity interest in associates are recognised in the consolidated statement of profit or loss.

2.5 Joint arrangements

The Group has applied HKFRS 11 to all joint arrangements. Under HKFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. The Group's investments in joint ventures include goodwill identified on acquisition. Upon the acquisition of the ownership interest in a joint venture, any difference between the cost of the joint venture and the Group's share of the net fair value of the joint venture's identifiable assets and liabilities is accounted for as goodwill. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.6 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as executive directors that makes strategic decisions.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.7 Foreign currency translation

(A) FUNCTIONAL AND PRESENTATION CURRENCY

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in HK dollars (HK$), which is the Company's functional currency and the Group's presentation currency.

(B) TRANSACTIONS AND BALANCES

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statement of profit of loss within 'finance costs'. All other foreign exchange gains and losses are presented in the consolidated statement of profit or loss within 'other income and gains, net'.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available-for-sale, are included in other comprehensive income.

(C) GROUP COMPANIES

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) income and expenses for each statement of profit or loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(iii) all resulting currency translation differences are recognised in other comprehensive income.

Fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Currency translation differences arising are recognised in other comprehensive income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.8 Property, plant and equipment

Medium term leasehold buildings outside Hong Kong is stated at fair value less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluation is performed with sufficient regularity by independent professional qualified valuers. Changes arising on the revaluation are dealt with in other comprehensive income and are accumulated in the revaluation reserve, except that, when a deficit arises on revaluation, it will be charged to the consolidated statement of profit or loss to the extent that it exceeds the amount held in the reserve in respect of that same asset immediately prior to revaluation.

When a surplus arises on revaluation, it will be credited to the consolidated statement of profit or loss to the extent that a deficit on revaluation in respect of that same asset had previously been charged to the consolidated statement of profit or loss.

All other property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated statement of profit or loss during the financial period in which they are incurred.

Depreciation is calculated using the straight-line or reducing balance method to allocate their cost or revalued amount to their residual values over their estimated useful lives, as follows:

– Medium term leasehold buildings outside Hong Kong	20 to 30 years, on straight-line basis
– Golf club facilities	10 to 20 years, on straight-line basis
– Vessels	10 to 25 years, on reducing balance basis
– Furniture, fixtures, equipment, motor vehicles, plant and machinery and leasehold improvements	5 to 10 years, on straight-line basis

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are recognised within 'other income and gains, net', in the consolidated statement of profit or loss.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.9 Rights to use port facilities

The Group leases the rights to use port facilities. Significant risks and rewards of ownership are retained by the lessor. Payments made are charged to profit or loss on a straight-line basis over a period of 40 years.

2.10 Intangible assets

Intangible assets of the Group represented golf club membership. Intangible assets acquired separately are measured on initial recognition at cost. The useful life of golf club membership is assessed to be indefinite. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

2.11 Impairment of non-financial assets

Intangible assets that have an indefinite useful live are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.12 Financial assets

2.12.1 CLASSIFICATION

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise "trade receivables", "amount due from a major shareholder", "amounts due from related companies", "prepayments, deposits and other receivables", "restricted bank balance", "time deposits" and "cash and cash equivalents" in the balance sheet.

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months after the end of the reporting period.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.12 Financial assets *(Continued)*

2.12.2 RECOGNITION AND MEASUREMENT

Regular way purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the consolidated statement of profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the consolidated statement of profit or loss within 'Other income and gains, net' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the consolidated statement of profit or loss as part of other income when the Group's right to receive payments is established.

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the consolidated statement of profit or loss.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the consolidated statement of profit or loss as part of other income. Dividends on available-for-sale equity instruments are recognised in the consolidated statement of profit or loss as part of other income when the Group's right to receive payments is established.

2.13 Offsetting financial instrument

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.14 Impairment of financial assets

(A) ASSETS CARRIED AT AMORTISED COST

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated statement of profit or loss. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated statement of profit or loss.

(B) ASSETS CLASSIFIED AS AVAILABLE-FOR-SALE

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

For debt securities, if any such evidence exists the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the consolidated statement of profit or loss.

For equity investments, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. Impairment losses recognised in the consolidated statement of profit or loss on equity instruments are not reversed through the consolidated statement of profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.15 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.16 Properties under development

Properties under development represent properties being developed for sale and are stated at the lower of cost and net realisable value. Cost comprises the prepaid land lease payments, or cost of land together with any other direct costs attributable to the development of the properties and other related expenses capitalised during the development period. Net realisable value is determined by reference to the sale proceeds of properties in the ordinary course of business, less applicable variable selling expenses and the anticipated costs to completion, or by management estimates based on prevailing marketing conditions.

Properties under development are classified as current assets unless the construction period of the relevant property development project is expected to complete beyond the normal operating cycle. On completion, the properties are transferred to completed properties held for sale.

2.17 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

2.18 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand and deposits held at call with banks with original maturities of three months or less.

2.19 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.20 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.21 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.22 Borrowing costs

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

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

2.23 Compound financial instruments

Compound financial instruments issued by the Group comprise convertible bonds that can be converted to share capital at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value.

The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component, which is included in shareholders' equity in other reserves. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or expiry.

The liability component of a convertible instrument is classified as current unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.24 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the statement of profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the statement of profit or loss on a straight line basis over the expected lives of the related assets.

2.25 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated statement of profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

(A) CURRENT INCOME TAX

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company's subsidiaries, associates and joint ventures operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(B) DEFERRED INCOME TAX

Inside basis differences

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.25 Current and deferred income tax *(Continued)*

(B) DEFERRED INCOME TAX *(Continued)*

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint ventures, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint ventures only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(C) OFFSETTING

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.26 Employee benefits

The Group operates various post-employment schemes, including both defined benefit and defined contribution pension plans.

(A) PENSION OBLIGATIONS

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan.

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

The current service cost of the defined benefit plan, recognised in the consolidated statement of profit or loss in employee benefit expense, except where included in the cost of an asset, reflects the increase in the defined benefit obligation results from employee service in the current year, benefit changes, curtailments and settlements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.26 Employee benefits *(Continued)*

(A) PENSION OBLIGATIONS *(Continued)*

Past-service costs are recognised immediately in profit or loss.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation. This cost is included in employee benefit expense in the consolidated statement of profit or loss.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(B) TERMINATION BENEFITS

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of HKAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

2.27 Provisions

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.28 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below. The Group bases its estimates of return on historical results, taking into consideration the type of customers, the type of transactions and the specifics of each arrangement.

(A) SALES OF SERVICES

The Group provides to its customers various of services, including maritime passenger transportation services, hotel services, tourist attraction services and golf club membership service. For sales of services, revenue is recognised in the accounting period in which the services are rendered.

(B) SALES OF GOODS

The Group trades and distributes fuel oil to other ferry companies and certain wholesalers. Sales of goods are recognised when the significant risks and title of the goods have been transferred to the customers, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold.

(C) RENTAL INCOME

Rental income is recognised in the consolidated statement of profit or loss on a straight-line basis over the term of the lease.

2.29 Interest income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans and receivables is recognised using the original effective interest rate.

2.30 Dividend income

Dividend income is recognised when the right to receive payment is established.

2.31 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated statement of profit or loss on a straight-line basis over the period of the lease.

Prepaid land lease payment under operating lease are expensed in the consolidated statement of profit or loss on a straight-line basis over the lease term or when there is impairment, the impairment is expensed in the consolidated statement of profit or loss.

2.32 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's consolidated financial statements in the period in which the dividends are approved by the Company's shareholders or directors where appropriate.

3 RESTATEMENTS

In preparing the Group's consolidated financial statements for the year ended 31 December 2014, management has revisited the accounting treatments for certain transactions entered into by the Group in previous years and concluded that adjustments are required to be made to the comparative information presented so as to ensure that the consolidated financial statements presented are in compliance with HKFRSs. A detailed description of the nature of each prior year restatement is provided in notes 3(a) to 3(d) below. The amounts of the prior year restatements for each financial statement line item affected are presented in the tables in note 3(e) below.

(a) Adjustments in relation to acquisition of Lamdeal Consolidated Development Limited ("Lamdeal Development") and Lamdeal Golf & Country Club Limited ("Lamdeal Golf")

On 12 August 2013 (the "Acquisition Date"), the Group acquired the entire issued capital of Lamdeal Development and Lamdeal Golf, the major asset of which is properties under development (the "Acquisition").

(i) RECOGNITION AND MEASUREMENT OF THE ISSUANCE OF CONVERTIBLE BONDS (THE "CB")

As at the Acquisition Date, the Company issued the CB and recorded a liability component and a derivative component. Based on a reassessment performed during the current year, the Group determined that the CB comprises three elements, including a liability component, an equity component and a fair value loss upon issue. The liability component is valued after taking into account the pro rata portion of transaction costs. The equity component and the fair value loss upon issue arose from the in-the-money position of the conversion feature of the CB on the issue date, which should have been charged to the profit or loss on the issue date. The recognition and measurement of the issuance of the CB has resulted in the following impacts:

- A decrease in the carrying amount of the Group's and the Company's derivative financial instruments of HK$106,064,000 as at 31 December 2013.
- An increase in the carrying amount of the Group's and the Company's convertible bonds of HK$72,853,000 as at 31 December 2013.
- An increase in the carrying amount of the Group's and the Company's convertible bonds equity reserve of HK$68,777,000 as at 31 December 2013.
- A decrease in the carrying amount of the Group's and the Company's retained profits of HK$35,566,000 as at 31 December 2013.
- A decrease in the Group's other income and gains of HK$40,567,000 for the year ended 31 December 2013.
- A decrease in the Group's finance costs of HK$5,001,000 for the year ended 31 December 2013.

3 RESTATEMENTS *(Continued)*

(a) Adjustments in relation to acquisition of Lamdeal Consolidated Development Limited ("Lamdeal Development") and Lamdeal Golf & Country Club Limited ("Lamdeal Golf") *(Continued)*

(ii) CAPITALISATION OF ADDITIONAL BORROWING COSTS

As at the Acquisition Date, the Company issued the CB and promissory note to finance the Acquisition. In the year ended 31 December 2013, all the borrowing costs derived from the CB and promissory note were recognised as expenses. In accordance with HKAS 23 (Revised) – Borrowing Costs, certain borrowing costs were directly attributable to the acquisition of a qualifying asset and hence should have been capitalised. The capitalisation of additional borrowing costs has resulted in the following impacts to the Group's consolidated financial statements:

- An increase in the carrying amount of current portion of properties under development of HK$2,069,000 as at 31 December 2013.
- An increase in the carrying amount of non-current portion of properties under development of HK$16,832,000 as at 31 December 2013.
- An increase in the carrying amount of retained profits of HK$18,901,000 as at 31 December 2013.
- A decrease in the finance costs of HK$18,901,000 for the year ended 31 December 2013.

(iii) REVERSAL OF DEFERRED TAX LIABILITIES

In the year ended 31 December 2013, certain borrowing costs incurred by the major subsidiary in the People's Republic of China (the "PRC") of Lamdeal Development were expensed as incurred according to HKAS 23 (Revised) – Borrowing Costs. Such borrowing costs were capitalised as properties under development in the Corporate Income Tax filing submitted to local tax bureau. During the current year, management discovered that deferred tax liabilities relating to properties under development as at 31 December 2013 were overstated because management understated the tax base for the properties under development when performing computation of deferred tax in accordance with HKAS 12 – Income Taxes. The correction of overstatement of deferred tax liabilities has resulted in the following impacts to the Group's consolidated financial statements:

- A decrease in the carrying amount of deferred tax liabilities of HK$13,813,000 as at 31 December 2013.
- An increase in the carrying amount of non-controlling interests of HK$5,525,000 as at 31 December 2013.
- An increase in the carrying amount of retained profits of HK$8,288,000 as at 31 December 2013.
- A decrease in the income tax expense of HK$13,813,000 for the year ended 31 December 2013.

3 RESTATEMENTS *(Continued)*

(b) Recognition and measurement of defined benefit obligations

Certain subsidiaries of the Group have continuing practice of pension payments to their retired employees till the death of the retired employees with reference to the position of the retired employees at the time when they retire. Previously, the pension payments were charged to profit or loss when incurred. In accordance with HKAS 19 (2011) – Employee Benefits, the Group should have recognised defined benefit obligations by reference to the actuarial valuation assessed by a qualified actuary. The recognition and measurement of the defined benefit obligations has resulted in the following impacts to the Group's consolidated financial statements:

- An increase in the carrying amount of defined benefit obligations of HK$69,142,000 and HK$63,266,000 as at 31 December 2013 and 1 January 2013, respectively.
- An increase in the carrying amount of deferred tax assets of HK$16,805,000 and HK$15,373,000 as at 31 December 2013 and 1 January 2013, respectively.
- A decrease in the carrying amount of non-controlling interests of HK$9,088,000 and HK$8,724,000 as at 31 December 2013 and 1 January 2013, respectively.
- A decrease in the carrying amount of exchange fluctuation reserve of HK$1,187,000 as at 31 December 2013.
- A decrease in the carrying amount of retained profits of HK$42,062,000 and HK$39,169,000 as at 31 December 2013 and 1 January 2013, respectively.
- An increase in the administrative expenses of HK$3,512,000 for the year ended 31 December 2013.
- A decrease in the income tax expense of HK$878,000 for the year ended 31 December 2013.

(c) Recognition and measurement of the issuance of warrants on 25 November 2013 (the "Warrants")

As at 25 November 2013, the Company issued 30,000,000 unlisted Warrants and classified them as financial derivatives at fair value through profit or loss. The derivatives were subject to fair value remeasurement at each of the subsequent report date. Based on a reassessment performed during the current year, the Group determined that the Warrants should have been classified as equity upon initial recognition without any subsequent fair value remeasurement. As a result of the reclassification, the fair value loss on the Warrants for the year ended 31 December 2013 should be reversed. The recognition and measurement of the issuance of the Warrants has resulted in the following impacts:

- A decrease in the carrying amount of the Group's and the Company's warrants of HK$12,606,000 as at 31 December 2013.
- An increase in the carrying amount of the Group's and the Company's warrant reserve of HK$690,000 as at 31 December 2013.
- An increase in the carrying amount of the Group's and the Company's retained profits of HK$11,916,000 as at 31 December 2013.
- An increase in the Group's other income and gains of HK$11,916,000 for the year ended 31 December 2013.

3 RESTATEMENTS *(Continued)*

(d) Other restatements

(i) Medium term leasehold buildings outside Hong Kong is stated at fair value less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The Group identified overstatement of certain buildings due to inappropriate application of fair value extracted from valuation report in previous years.

(ii) The Group identified overstatement of certain accruals and other payables as well as receivables which no longer need to be paid or cannot be recovered in previous years.

The restatement of such items has resulted in the following impacts:

- A decrease in the carrying amount of the Group's property, plant and equipment of HK$34,996,000 as at 1 January and 31 December 2013.
- A decrease in the carrying amount of the Group's deferred income, accrued liabilities and other payables of HK$55,989,000 as at 1 January and 31 December 2013.
- A decrease in the carrying amount of the Group's prepayments, deposits and other receivables of HK$13,051,000 as at 1 January and 31 December 2013.
- An increase in the carrying amount of the Group's deferred tax liabilities of HK$7,942,000 as at 1 January and 31 December 2013.
- An increase in the carrying amount of the Group's retained profits of HK$14,676,000 as at 1 January and 31 December 2013.
- A decrease in the carrying amount of the Group's revaluation reserve of HK$34,996,000 as at 1 January and 31 December 2013.
- An increase in the carrying amount of non-controlling interests of HK$20,320,000 as at 1 January and 31 December 2013.

(e) Summary of the effects of restatements

The following is a summary of the effects of the restatements on:

(i) The Group's consolidated statement of profit or loss for the year ended 31 December 2013.

(ii) The Group's consolidated statement of comprehensive income for the year ended 31 December 2013.

(iii) The Group's consolidated statement of financial position as at 31 December 2013.

(iv) The Group's consolidated statement of financial position as at 1 January 2013.

(v) The Company's statement of financial position as at 31 December 2013.

There is no restatement on the Company's statement of financial position as at 1 January 2013 and therefore the Company's statement of financial position as at 1 January 2013 is not separately presented.

Notes to the Consolidated Financial Statements

3 RESTATEMENTS *(Continued)*

(e) Summary of the effects of restatements *(Continued)*

(i) EFFECT OF RESTATEMENTS ON THE GROUP'S CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2013

	As previously reported HK$'000	Note 3 (a)(i) HK$'000	Note 3 (a)(ii) HK$'000	Note 3 (a)(iii) HK$'000	Note 3(b) HK$'000	Note 3(c) HK$'000	Note 3(d) HK$'000	As restated HK$'000
REVENUE	1,107,835	–	–	–	–	–	–	1,107,835
Cost of sales	(771,054)	–	–	–	–	–	–	(771,054)
Gross profit	336,781	–	–	–	–	–	–	336,781
Other income and gains, net	170,582	(40,567)	–	–	–	11,916	–	141,931
Gain on bargain purchase	181,121	–	–	–	–	–	–	181,121
Selling and distribution expenses	(68,362)	–	–	–	–	–	–	(68,362)
Administrative expenses	(187,986)	–	–	–	(3,512)	–	–	(191,498)
Other operating expenses	(11,030)	–	–	–	–	–	–	(11,030)
Finance costs	(102,675)	5,001	18,901	–	–	–	–	(78,773)
Share of profits and losses of:								
A joint venture	2,536	–	–	–	–	–	–	2,536
Associates	(238)	–	–	–	–	–	–	(238)
PROFIT BEFORE TAX	320,729	(35,566)	18,901	–	(3,512)	11,916	–	312,468
Income tax expense	(69,916)	–	–	13,813	878	–	–	(55,225)
PROFIT FOR THE YEAR	250,813	(35,566)	18,901	13,813	(2,634)	11,916	–	257,243
ATTRIBUTABLE TO:								
Ordinary equity holders of the Company	209,129	(35,566)	18,901	8,288	(2,346)	11,916	–	210,322
Non-controlling interests	41,684	–	–	5,525	(288)	–	–	46,921
	250,813	(35,566)	18,901	13,813	(2,634)	11,916	–	257,243
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY (express in HK$ cents per share)								
Basic	17.23	(2.93)	1.56	0.68	(0.19)	0.98	–	17.33
Diluted	16.34	(1.74)	0.65	0.62	(0.17)	0.88	–	16.58

Notes to the Consolidated Financial Statements

3 RESTATEMENTS *(Continued)*

(e) Summary of the effects of restatements *(Continued)*

(ii) EFFECT OF RESTATEMENTS ON THE GROUP'S CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2013

	As previously reported HK$'000	Note 3(a)(i) HK$'000	Note 3(a)(ii) HK$'000	Note 3(a)(iii) HK$'000	Note 3(b) HK$'000	Note 3(c) HK$'000	Note 3(d) HK$'000	As restated HK$'000
PROFIT FOR THE YEAR	250,813	(35,566)	18,901	13,813	(2,634)	11,916	–	257,243
Other comprehensive income/(loss):								
Items that will not be reclassified subsequently to profit or loss								
Remeasurements of defined benefit obligations	–	–	–	–	(623)	–	–	(623)
Gains on property revaluation	46,186	–	–	–	–	–	–	46,186
Items that may be reclassified to profit or loss								
Fair value gains on available-for-sale investments	1,400	–	–	–	–	–	–	1,400
Exchange differences on translation of foreign operations	145,889	–	–	–	(1,187)	–	–	144,702
Other comprehensive income/(loss) for the year, net of tax	193,475	–	–	–	(1,810)	–	–	191,665
Total comprehensive income/(loss) for the year	444,288	(35,566)	18,901	13,813	(4,444)	11,916	–	448,908
ATTRIBUTABLE TO:								
Ordinary equity holders of the Company	358,556	(35,566)	18,901	8,288	(4,080)	11,916	–	358,015
Non-controlling interests	85,732	–	–	5,525	(364)	–	–	90,893
	444,288	(35,566)	18,901	13,813	(4,444)	11,916	–	448,908

3 RESTATEMENTS *(Continued)*

(e) Summary of the effects of restatements *(Continued)*

(iii) EFFECT OF RESTATEMENTS ON THE GROUP'S CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2013

	As previously reported HK$'000	Note 3(a)(i) HK$'000	Note 3(a)(ii) HK$'000	Note 3(a)(iii) HK$'000	Note 3(b) HK$'000	Note 3(c) HK$'000	Note 3(d) HK$'000	As restated HK$'000
NON-CURRENT ASSETS								
Property, plant and equipment	696,490	–	–	–	–	–	(34,996)	661,494
Prepaid land lease payments	419,781	–	–	–	–	–	–	419,781
Rights to use port facilities	19,143	–	–	–	–	–	–	19,143
Properties under development	5,502,052	–	16,832	–	–	–	–	5,518,884
Intangible asset	5,322	–	–	–	–	–	–	5,322
Interest in a joint venture	9,736	–	–	–	–	–	–	9,736
Interests in associates	9,318	–	–	–	–	–	–	9,318
Available-for-sale investment	11,190	–	–	–	–	–	–	11,190
Prepayments and deposits	24,496	–	–	–	–	–	–	24,496
Deferred tax assets	–	–	–	–	16,805	–	–	16,805
Total non-current assets	6,697,528	–	16,832	–	16,805	–	(34,996)	6,696,169
CURRENT ASSETS								
Properties under development	404,000	–	2,069	–	–	–	–	406,069
Securities measured at fair value through profit or loss	1,138	–	–	–	–	–	–	1,138
Inventories	16,115	–	–	–	–	–	–	16,115
Trade receivables	58,074	–	–	–	–	–	–	58,074
Prepayments, deposits and other receivables	151,092	–	–	–	–	–	(13,051)	138,041
Due from related companies	114,896	–	–	–	–	–	–	114,896
Restricted bank balance	890	–	–	–	–	–	–	890
Cash and cash equivalents	911,124	–	–	–	–	–	–	911,124
Total current assets	1,657,329	–	2,069	–	–	–	(13,051)	1,646,347

Notes to the Consolidated Financial Statements

3 RESTATEMENTS *(Continued)*

(e) Summary of the effects of restatements *(Continued)*

(iii) EFFECT OF RESTATEMENTS ON THE GROUP'S CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 *(Continued)*

	As previously reported HK$'000	Note 3(a)(i) HK$'000	Note 3(a)(ii) HK$'000	Note 3(a)(iii) HK$'000	Note 3(b) HK$'000	Note 3(c) HK$'000	Note 3(d) HK$'000	As restated HK$'000
CURRENT LIABILITIES								
Trade payables	39,541	–	–	–	–	–	–	39,541
Deferred income, accrued liabilities and other payables	365,663	–	–	–	–	–	(55,989)	309,674
Construction payables	9,066	–	–	–	–	–	–	9,066
Interest-bearing bank and other borrowings	1,717,055	–	–	–	–	–	–	1,717,055
Tax payable	16,702	–	–	–	–	–	–	16,702
Derivative financial instruments	106,064	(106,064)	–	–	–	–	–	–
Promissory note	250,000	–	–	–	–	–	–	250,000
Warrants	12,606	–	–	–	–	(12,606)	–	–
Due to a major shareholder	16,637	–	–	–	–	–	–	16,637
Due to related companies	3,832	–	–	–	–	–	–	3,832
Total current liabilities	2,537,166	(106,064)	–	–	–	(12,606)	(55,989)	2,362,507
NET CURRENT LIABILITIES	(879,837)	106,064	2,069	–	–	12,606	42,938	(716,160)
TOTAL ASSETS LESS CURRENT LIABILITIES	5,817,691	106,064	18,901	–	16,805	12,606	7,942	5,980,009

Notes to the Consolidated Financial Statements

3 RESTATEMENTS *(Continued)*

(e) Summary of the effects of restatements *(Continued)*

(iii) EFFECT OF RESTATEMENTS ON THE GROUP'S CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 *(Continued)*

	As previously reported HK$'000	Note 3(a)(i) HK$'000	Note 3(a)(ii) HK$'000	Note 3(a)(iii) HK$'000	Note 3(b) HK$'000	Note 3(c) HK$'000	Note 3(d) HK$'000	As restated HK$'000
NON-CURRENT LIABILITIES								
Convertible bonds	387,121	72,853	–	–	–	–	–	459,974
Promissory note	461,312	–	–	–	–	–	–	461,312
Loan from a major shareholder	373,468	–	–	–	–	–	–	373,468
Deferred income, accrued liabilities and other payables	128,178	–	–	–	–	–	–	128,178
Deferred tax liabilities	895,367	–	–	(13,813)	–	–	7,942	889,496
Defined benefit obligations	–	–	–	–	69,142	–	–	69,142
Total non-current liabilities	2,245,446	72,853	–	(13,813)	69,142	–	7,942	2,381,570
Net assets	3,572,245	33,211	18,901	13,813	(52,337)	12,606	–	3,598,439
EQUITY								
Equity attributable to ordinary equity holders of the Company								
Issued share capital	141,416	–	–	–	–	–	–	141,416
Reserves	2,100,082	33,211	18,901	8,288	(43,249)	12,606	(20,320)	2,109,519
	2,241,498	33,211	18,901	8,288	(43,249)	12,606	(20,320)	2,250,935
Non-controlling interests	1,330,747	–	–	5,525	(9,088)	–	20,320	1,347,504
Total equity	3,572,245	33,211	18,901	13,813	(52,337)	12,606	–	3,598,439

3 RESTATEMENTS *(Continued)*

(e) Summary of the effects of restatements *(Continued)*

(iv) EFFECT OF RESTATEMENTS ON THE GROUP'S CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 1 JANUARY 2013

	As previously reported HK$'000	Note 3(a)(i) HK$'000	Note 3(a)(ii) HK$'000	Note 3(a)(iii) HK$'000	Note 3(b) HK$'000	Note 3(c) HK$'000	Note 3(d) HK$'000	As restated HK$'000
NON-CURRENT ASSETS								
Property, plant and equipment	560,506	–	–	–	–	–	(34,996)	525,510
Prepaid land lease payments	161,737	–	–	–	–	–	–	161,737
Rights to use port facilities	19,271	–	–	–	–	–	–	19,271
Intangible asset	5,160	–	–	–	–	–	–	5,160
Interest in a joint venture	9,185	–	–	–	–	–	–	9,185
Interests in associates	8,742	–	–	–	–	–	–	8,742
Available-for-sale investments	9,742	–	–	–	–	–	–	9,742
Prepayments and deposits	128,312	–	–	–	–	–	–	128,312
Deferred tax assets	–	–	–	–	15,373	–	–	15,373
Total non-current assets	902,655	–	–	–	15,373	–	(34,996)	883,032
CURRENT ASSETS								
Securities measured at fair value through profit or loss	70,530	–	–	–	–	–	–	70,530
Inventories	20,596	–	–	–	–	–	–	20,596
Trade receivables	65,504	–	–	–	–	–	–	65,504
Prepayments, deposits and other receivables	80,072	–	–	–	–	–	(13,051)	67,021
Due from a major shareholder	7,155	–	–	–	–	–	–	7,155
Due from related companies	703	–	–	–	–	–	–	703
Restricted bank balance	863	–	–	–	–	–	–	863
Cash and cash equivalents	783,318	–	–	–	–	–	–	783,318
Total current assets	1,028,741	–	–	–	–	–	(13,051)	1,015,690

3 RESTATEMENTS *(Continued)*

(e) Summary of the effects of restatements *(Continued)*

(iv) EFFECT OF RESTATEMENTS ON THE GROUP'S CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 1 JANUARY 2013 *(Continued)*

	As previously reported HK$'000	Note 3(a)(i) HK$'000	Note 3(a)(ii) HK$'000	Note 3(a)(iii) HK$'000	Note 3(b) HK$'000	Note 3(c) HK$'000	Note 3(d) HK$'000	As restated HK$'000
CURRENT LIABILITIES								
Trade payables	36,940	–	–	–	–	–	–	36,940
Deferred income, accrued liabilities and other payables	218,215	–	–	–	–	–	(55,989)	162,226
Construction payables	17,496	–	–	–	–	–	–	17,496
Tax payable	21,541	–	–	–	–	–	–	21,541
Due to related companies	3,475	–	–	–	–	–	–	3,475
Total current liabilities	297,667	–	–	–	–	–	(55,989)	241,678
NET CURRENT ASSETS	731,074	–	–	–	–	–	42,938	774,012
TOTAL ASSETS LESS CURRENT LIABILITIES	1,633,729	–	–	–	15,373	–	7,942	1,657,044
NON-CURRENT LIABILITIES								
Deferred tax liabilities	28,399	–	–	–	–	–	7,942	36,341
Defined benefit obligations	–	–	–	–	63,266	–	–	63,266
Total non-current liabilities	28,399	–	–	–	63,266	–	7,942	99,607
Net assets	1,605,330	–	–	–	(47,893)	–	–	1,557,437
EQUITY								
Equity attributable to ordinary equity holders of the Company								
Issued share capital	111,860	–	–	–	–	–	–	111,860
Reserves	1,313,187	–	–	–	(39,169)	–	(20,320)	1,253,698
	1,425,047	–	–	–	(39,169)	–	(20,320)	1,365,558
Non-controlling interests	180,283	–	–	–	(8,724)	–	20,320	191,879
Total equity	1,605,330	–	–	–	(47,893)	–	–	1,557,437

3 RESTATEMENTS *(Continued)*

(e) Summary of the effects of restatements *(Continued)*

(v) EFFECT OF RESTATEMENTS ON THE COMPANY'S STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2013

	As previously reported HK$'000	Note 3(a)(i) HK$'000	Note 3(a)(ii) HK$'000	Note 3(a)(iii) HK$'000	Note 3(b) HK$'000	Note 3(c) HK$'000	Note 3(d) HK$'000	As restated HK$'000
NON-CURRENT ASSETS								
Property, plant and equipment	667	–	–	–	–	–	–	667
Investments in subsidiaries	2,470,686	–	–	–	–	–	–	2,470,686
Available-for-sale investments	9,600	–	–	–	–	–	–	9,600
Total non-current assets	2,480,953	–	–	–	–	–	–	2,480,953
CURRENT ASSETS								
Securities measured at fair value through profit or loss	1,138	–	–	–	–	–	–	1,138
Deposits and other receivables	41,718	–	–	–	–	–	–	41,718
Due from subsidiaries	368,302	–	–	–	–	–	–	368,302
Cash and cash equivalents	127,468	–	–	–	–	–	–	127,468
Total current assets	538,626	–	–	–	–	–	–	538,626
CURRENT LIABILITIES								
Accrued liabilities and other payables	9,370	–	–	–	–	–	–	9,370
Derivative financial instruments	106,064	(106,064)	–	–	–	–	–	–
Promissory note	250,000	–	–	–	–	–	–	250,000
Warrants	12,606	–	–	–	–	(12,606)	–	–
Total current liabilities	378,040	(106,064)	–	–	–	(12,606)	–	259,370
NET CURRENT ASSETS	160,586	106,064	–	–	–	12,606	–	279,256
TOTAL ASSETS LESS CURRENT LIABILITIES	2,641,539	106,064	–	–	–	12,606	–	2,760,209
NON-CURRENT LIABILITIES								
Convertible bonds	387,121	72,853	–	–	–	–	–	459,974
Promissory note	461,312	–	–	–	–	–	–	461,312
Total non-current liabilities	848,433	72,853	–	–	–	–	–	921,286
Net assets	1,793,106	33,211	–	–	–	12,606	–	1,838,923
EQUITY								
Issued share capital	141,416	–	–	–	–	–	–	141,416
Reserves	1,651,690	33,211	–	–	–	12,606	–	1,697,507
Total equity	1,793,106	33,211	–	–	–	12,606	–	1,838,923

4 FINANCIAL RISK MANAGEMENT

4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including price risk, currency risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by a central treasury department (group treasury) under policies approved by the senior management. Group treasury identifies and evaluates financial risks in close co-operation with the Group's operating units.

(A) MARKET RISK

(1) Equity securities price risk

The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated statement of financial position either as available-for-sale or at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

The Group's investments in equity of other entities that are publicly traded are mainly listed on the Hong Kong Stock Exchange and are valued at quoted market prices at the end of the reporting period.

The following table demonstrates the sensitivity to every increase/decrease of 15% change in the fair values of the securities listed in Hong Kong, with all other variables held constant and before any impact on tax, based on their carrying amounts at the end of the reporting period.

	Impact on post-tax profit HK$'000	**Impact on other components of equity** HK$'000
2014		
Investments in:		
Hong Kong		
– Available-for-sale listed equity investment	**–**	**1,890**
– Listed equity investments measured at fair value through profit or loss	**180**	**–**
2013		
Investments in:		
Hong Kong		
– Available-for-sale listed equity investment	–	1,440
– Available-for-sale unlisted equity investment	–	239
– Listed equity investments measured at fair value through profit or loss	142	–

Post-tax profit for the year would increase/decrease as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would increase/decrease as a result of gains/losses on equity securities classified as available-for-sale.

Notes to the Consolidated Financial Statements

4 FINANCIAL RISK MANAGEMENT *(Continued)*

4.1 Financial risk factors *(Continued)*

(A) MARKET RISK *(Continued)*

(2) Commodity price risk

The major component included in the Group's cost of sales is fuel oil. The Group is exposed to fluctuations in the fuel oil price which is influenced by global as well as regional supply and demand conditions. An increase in the oil price could adversely affect the Group's financial performance. The Group historically has not entered into any commodity derivative instruments to hedge the potential commodity price changes.

(3) Foreign currency risk

The Group operates in Hong Kong and the PRC with functional currencies of respective place of business. Foreign currency risk mainly arises from intercompany transactions between the Group's Hong Kong subsidiaries and PRC subsidiaries denominated in Hong Kong dollar.

At 31 December 2014, if RMB had strengthened/weakened by 5% against the Hong Kong dollar with all other variables held constant, post-tax profit for the year would have been HK$14,322,000 (2013: HK$14,452,000) higher/lower, mainly as a result of foreign exchange gains/losses on translation of inter-company receivables and payables.

(4) Cash flow and fair value interest rate risk

The Group has no significant interest-bearing assets other than short-term deposits, restricted bank balance and cash and cash equivalents. The maturity terms of these assets, together with the Group's current borrowings, are within 12 months so that there would not be significant interest rate risk for these financial assets and liabilities.

The Group's interest rate risk arises from certain long-term borrowings. Borrowings obtained at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. During the year ended 31 December 2014, the Group's borrowings at variable rate were denominated in Hong Kong dollar.

The Company's long-term borrowing was issued at variable rates, which exposed the Company to cash flow interest rate risk.

At 31 December 2014, if interest rates on Hong Kong dollar-denominated borrowings had been 50 basis points higher/lower with all other variables held constant, post-tax profit for the year would have been HK$1,500,000 (2013: Nil) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

4 FINANCIAL RISK MANAGEMENT *(Continued)*

4.1 Financial risk factors *(Continued)*

(B) CREDIT RISK

Credit risk is the risk that a customer or counterparty in a transaction may default. It arises from the credit terms which extend to customers and other activities undertaken by the Group. To manage credit risk, the Group has considered the underlying security and the long-established business relationship with the counterparty.

There are no significant concentrations of credit risk within the Group as the intermediate and direct customer bases of the Group's trade receivables are widely dispersed in different sectors and industries.

The credit risk of the Group's other financial assets, which comprise, restricted bank balance, time deposits, cash and cash equivalents, securities measured at fair value through profit or loss, available-for-sale investments, balances with related parties, deposits and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Further quantitative data in respect of the Group's exposure to credit risk arising from deposits and other receivables, trade receivables and balances with related parties are disclosed in notes 24, 27 and 45, respectively, to the consolidated financial statements.

(C) LIQUIDITY RISK

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables).

The maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

Group

	As at 31 December 2014			
	On demand HK$'000	Less than 12 months HK$'000	1 to 5 Years HK$'000	Total HK$'000
Trade payables	–	33,153	–	33,153
Financial liabilities included in deferred income, accrued liabilities and other payables	–	135,053	–	135,053
Construction payables	–	99,100	–	99,100
Interest-bearing bank and other borrowings and interest payments	–	870,731	1,670,935	2,541,666
Promissory note	–	200,000	400,000	600,000
Due to a major shareholder	–	67,653	–	67,653
Due to related companies	22,811	–	–	22,811
Loan from a major shareholder and interest payments	–	21,841	325,736	347,577
Convertible bonds and interest payments	–	25,000	819,342	844,342
	22,811	1,452,531	3,216,013	4,691,355

4 FINANCIAL RISK MANAGEMENT *(Continued)*

4.1 Financial risk factors *(Continued)*

(C) LIQUIDITY RISK *(Continued)*

Group *(Continued)*

	As at 31 December 2013 (Restated)			
	On demand HK$'000	Less than 12 months HK$'000	1 to 5 years HK$'000	Total HK$'000
Trade payables	–	39,541	–	39,541
Financial liabilities included in deferred income, accrued liabilities and other payables	–	195,343	–	195,343
Construction payables	–	9,066	–	9,066
Interest-bearing bank and other borrowings and interest payments	–	1,851,583	–	1,851,583
Promissory note	–	250,000	600,000	850,000
Due to a major shareholder	16,637	–	–	16,637
Due to related companies	3,832	–	–	3,832
Loan from a major shareholder and interest payments	–	–	448,724	448,724
Convertible bonds and interest payments	–	25,000	844,342	869,342
	20,469	2,370,533	1,893,066	4,284,068

4 FINANCIAL RISK MANAGEMENT *(Continued)*

4.1 Financial risk factors *(Continued)*

(C) LIQUIDITY RISK *(Continued)*

Company

	As at 31 December 2014			
	On demand HK$'000	**Less than 12 months HK$'000**	**1 to 5 years HK$'000**	**Total HK$'000**
Financial liabilities included in accrued liabilities and other payables	**–**	**6,139**	**–**	**6,139**
Interest-bearing bank borrowings	**–**	**9,708**	**315,259**	**324,967**
Promissory note	**–**	**200,000**	**400,000**	**600,000**
Convertible bonds and interest payments	**–**	**25,000**	**819,342**	**844,342**
Guarantees given to a financial institution in connection with facilities granted to a subsidiary	**1,083,829**	**–**	**–**	**1,083,829**
	1,083,829	**240,847**	**1,534,601**	**2,859,277**

	As at 31 December 2013 (Restated)			
	On demand HK$'000	Less than 12 months HK$'000	1 to 5 years HK$'000	Total HK$'000
Financial liabilities included in accrued liabilities and other payables	–	3,851	–	3,851
Promissory note	–	250,000	600,000	850,000
Convertible bonds and interest payments	–	25,000	844,342	869,342
Guarantees given to a financial institution in connection with facilities granted to a subsidiary	992,076	–	–	992,076
	992,076	278,851	1,444,342	2,715,269

4 FINANCIAL RISK MANAGEMENT *(Continued)*

4.2 Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2014 and 2013.

The Group monitors capital using a gearing ratio, which is net debt divided by capital plus net debt. Net debt includes interest-bearing bank and other borrowings, trade payables, accrued liabilities and other payables, construction payables, promissory note, convertible bonds, amounts due to a major shareholder and related companies and a loan from a major shareholder less restricted bank balance, time deposits and cash and cash equivalents. Capital represents equity attributable to ordinary equity holders of the Company.

Group

	2014 **HK$'000**	2013 HK$'000 (Restated)
Interest-bearing bank and other borrowings	**2,216,651**	1,717,055
Trade payables	**33,153**	39,541
Accrued liabilities and other payables	**334,947**	305,202
Construction payables	**99,100**	9,066
Promissory note	**517,224**	711,312
Convertible bonds	**506,994**	459,974
Due to a major shareholder	**67,653**	16,637
Due to related companies	**22,811**	3,832
Loan from a major shareholder	**272,542**	373,468
Less: Restricted bank balance	**(29,004)**	(890)
Less: Time deposits	**(8,725)**	–
Less: Cash and cash equivalents	**(1,138,076)**	(911,124)
Net debt	**2,895,270**	2,724,073
Equity attributable to ordinary equity holders of the Company	**2,269,572**	2,250,935
Capital and net debt	**5,164,842**	4,975,008
Gearing ratio	**56%**	55%

4 FINANCIAL RISK MANAGEMENT *(Continued)*

4.3 Fair value estimation

Management is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At each reporting date, management analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation process and results are discussed twice a year for interim and annual financial reporting. Such inputs are categorised into three levels within a fair value hierarchy as follows:

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

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

See Note 15 for disclosure of the leasehold buildings that are measured at fair value.

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

Group

	Level 1 HK$000
At 31 December 2014	
Available-for-sale securities:	
Equity investments	
– Investment, trading and real estate industry	**12,600**
Financial assets at fair value through profit or loss:	
Trading securities	
– Utilities industry	**1,440**
	14,040
At 31 December 2013	
Available-for-sale securities:	
Equity investments	
– Investment, trading and real estate industry	**9,600**
Financial assets at fair value through profit or loss:	
Trading securities	
– Utilities industry	**1,138**
	10,738

4 FINANCIAL RISK MANAGEMENT *(Continued)*

4.3 Fair value estimation *(Continued)*

There were no transfers between levels 1 and 2 during the year.

FINANCIAL INSTRUMENTS IN LEVEL 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise equity investments traded in the Hong Kong Stock Exchange and classified as trading securities or available-for-sale. The maximum exposure to credit risk at the reporting date is the fair value of these instruments in the balance sheet.

5 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Impairment of assets

In determining whether an asset is impaired or whether the event previously causing the impairment no longer exists, the Group has to exercise judgement in the area of asset impairment, particularly in assessing: (1) whether an event has occurred that may affect the asset value, or such an event affecting the asset value has not been in existence; (2) whether the carrying value of an asset can be supported by the net present value of future cash flows, which are estimated based upon the continued use of the assets; and (3) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management to determine the level of impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could have a material effect on the net present value used in the impairment test.

5 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS *(Continued)*

(b) Estimation of fair value of leasehold buildings

In the absence of current prices in an active market for similar properties, the Group considers information from a variety of sources, including:

(i) current gross replacement costs of the improvement less allowance for physical deterioration and all relevant forms of obsolescence and optimisation;

(ii) recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the dates of the transactions that occurred at those prices; and

(iii) discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

The principal assumptions for the Group's estimation of the fair value have been disclosed in Note 15.

(c) Retirement benefit

The Group operates and maintains defined benefit pension plans. The cost of providing the benefits in the defined benefit pension plan is actuarially determined and recognised over the employee's service period by utilising various actuarial assumptions and using the projected unit credit method in accordance with the accounting policy stated in Note 2.26 to the consolidated financial statements. These assumptions include, without limitation, the selection of discount rate and employee's turnover rate. The discount rate is based on management's review of government bonds. The employees' turnover rate is based on historical trends of the Group. Additional information regarding the defined benefit plan is disclosed in Note 38 to the consolidated financial statements.

(d) Income taxes

Significant judgment is required in determining the amount of the provision for taxation and the timing of payment of the related taxations. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences and tax losses are recognised as management considers it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. Where the expectation is different from the original estimate, such differences will impact the recognition of deferred tax assets and income tax expense in the periods in which such estimate is changed.

Notes to the Consolidated Financial Statements

6 OPERATING SEGMENT INFORMATION

The chief operating decision-maker has been identified as the executive directors. The executive directors review the Group's internal reporting in order to assess performance and allocate resources. Executive directors have determined the operating segments based on these reports.

Executive directors monitor 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. The profit/(loss) before tax is measured consistently with the Group's profit/(loss) before tax except that interest income, finance costs, gain on bargain purchase, and share of profits and losses of a joint venture and associates are excluded from such measurement.

No geographical segment analysis is presented as the majority of the assets and operation of the Group are located in Guangdong Province, the PRC, which is considered as one geographical location in an economic environment.

The Group is organised into business units based on their products and services and has six reportable operating segments as follows:

(a) the provision of port facilities and ferry services segment provides port facilities and ferry services and the trading and distribution of fuel oil ("Maritime Passenger Transportation and Related Services");

(b) the hotel segment consists of the management of a holiday resort hotel;

(c) the tourist attraction segment consists of the management of a theme park and an amusement park;

(d) the property development segment consists of the development of properties for sale;

(e) the golf club operations segment consists of the provision of comprehensive golf club facilities; and

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

Segment assets exclude deferred tax assets, prepaid tax and amounts due from related companies as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank and other borrowings, tax payable, promissory note, amounts due to a major shareholder and related companies, convertible bonds, a loan from a major shareholder and deferred tax liabilities as these liabilities are managed on group basis.

6 OPERATING SEGMENT INFORMATION *(Continued)*

The following tables present revenue, profit/(loss) and certain asset, liability and expenditure information for the Group's operating segments for the years ended 31 December 2014 and 2013.

	Maritime Passenger Transportation and Related Services		Hotel		Tourist attraction		Tourism Properties: Property development		Tourism Properties: Golf club operations		Corporate and others		Inter-segment Eliminations		Consolidated	
	2014 HK$'000	2013 HK$'000 (Restated)	2014 HK$'000	2013 HK$'000 (Restated)	2014 HK$'000	2013 HK$'000 (Restated)	2014 HK$'000	2013 HK$'000	2014 HK$'000	2013 HK$'000	2014 HK$'000	2013 HK$'000 (Restated)	2014 HK$'000	2013 HK$'000	2014 HK$'000	2013 HK$'000 (Restated)
Segment revenue:																
Sales to external customers	**1,480,673**	871,439	**194,659**	181,935	**41,855**	38,349	**–**	–	**22,260**	16,112	**–**	–	**–**	–	**1,739,447**	1,107,835
Intersegment sales	**6,043**	5,572	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**(6,043)**	(5,572)	**–**	–
Total	**1,486,716**	877,011	**194,659**	181,935	**41,855**	38,349	**–**	–	**22,260**	16,112	**–**	–	**(6,043)**	(5,572)	**1,739,447**	1,107,835
Segment results	**368,234**	206,637	**31,414**	17,901	**5,186**	15,187	**(33,194)**	(3,919)	**(44,173)**	(18,897)	**(30,213)**	(33,162)	**(6,043)**	(5,572)	**291,211**	178,175
Interest income	**10,325**	8,052	**4,633**	4,302	**2,215**	3,491	**2,343**	167	**750**	10,725	**3,051**	2,910	**–**	–	**23,317**	29,647
Gain on bargain purchase															**–**	181,121
Finance costs															**(45,189)**	(78,773)
Share of profits and losses of:																
A joint venture	**2,719**	2,536	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**2,719**	2,536
Associates	**2,887**	(238)	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**2,887**	(238)
Profit before tax															**274,945**	312,468
Income tax expense															**(112,650)**	(55,225)
Profit for the year															**162,295**	257,243

6 OPERATING SEGMENT INFORMATION *(Continued)*

	Maritime Passenger Transportation and Related Services		Hotel		Tourist attraction		Tourism Properties: Property development		Tourism Properties: Golf club operations		Corporate and others		Consolidated	
	2014 HK$'000	2013 HK$'000 (Restated)	**2014 HK$'000**	2013 HK$'000 (Restated)	**2014 HK$'000**	2013 HK$'000 (Restated)	**2014 HK$'000**	2013 HK$'000 (Restated)	**2014 HK$'000**	2013 HK$'000 (Restated)	**2014 HK$'000**	2013 HK$'000 (Restated)	**2014 HK$'000**	2013 HK$'000 (Restated)
Assets and liabilities:														
Segment assets	**790,707**	649,403	**489,119**	459,991	**464,940**	455,859	**6,905,823**	6,081,614	**273,676**	240,104	**452,764**	304,790	**9,377,029**	8,191,761
Interest in a joint venture	**12,109**	9,736	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**12,109**	9,736
Interests in associates	**4,614**	9,318	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**4,614**	9,318
Unallocated assets													**80,050**	131,701
Total assets													**9,473,802**	8,342,516
Segment liabilities	**178,169**	175,758	**108,694**	100,432	**44,018**	31,045	**653,774**	86,185	**178,512**	146,721	**14,310**	15,460	**1,177,477**	555,601
Unallocated liabilities													**4,585,158**	4,188,476
Total liabilities													**5,762,635**	4,744,077
Other segment information:														
Depreciation and amortisation	**14,777**	22,043	**21,039**	29,138	**20,175**	19,697	**666**	16	**11,735**	6,263	**247**	202	**68,639**	77,359
Capital expenditure in respect of property, plant and equipment and properties under development (non-current portion)	**67,129**	6,107	**41,444**	25,563	**34,206**	22,586	**394,509**	72,614	**31,735**	2,654	**31**	804	**569,054**	130,328
Deficits on property revaluation	**–**	–	**–**	–	**–**	6,461	**–**	–	**–**	–	**–**	–	**–**	6,461
Net fair value gains on securities measured at fair value through profit or loss	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**(302)**	(5,162)	**(302)**	(5,162)
Gains on disposal of securities measured at fair value through profit or loss	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**(4,087)**	(3,570)	**(4,087)**	(3,570)
Write-back of impairment on deposit for the proposed acquisition of a company	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	(30,000)	**–**	(30,000)
Impairment of an intangible asset	**–**	–	**405**	–	**–**	–	**–**	–	**–**	–	**–**	–	**405**	–
Impairment/(write-back of impairment) of trade receivables	**3,046**	372	**4,920**	–	**(2,006)**	5,232	**–**	–	**33**	–	**–**	–	**5,993**	5,604

7 OTHER INCOME AND GAINS, NET

	Year ended 31 December	
	2014	2013
	HK$'000	HK$'000
		(Restated)
Interest income	**23,317**	29,647
Dividend income from listed equity investments	**–**	417
Government grants	**37,206**	60,772
Rental income	**21,786**	23,763
Net fair value gains on securities measured at fair value through profit or loss	**302**	5,162
Gains on disposal of securities measured at fair value through profit or loss	**4,087**	3,570
Fair value loss upon issuance of convertible bonds	**–**	(23,333)
Compensation from the vendor of the proposed acquisition of a company	**–**	10,851
Write-back of impairment on deposit for the proposed acquisition of a company	**–**	30,000
Others	**1,700**	1,082
	88,398	141,931

8 EXPENSES BY NATURE

	Year ended 31 December	
	2014	2013
	HK$'000	HK$'000
		(Restated)
Cost of inventories sold	**767,372**	314,865
Depreciation *(note 15)*	**51,672**	60,685
Amortisation of prepaid land lease payments *(note 16)*	**16,235**	12,093
Amortisation of rights to use port facilities *(note 17)*	**732**	709
Amortisation of land prepayments	**–**	3,872
Operating lease payments	**17,564**	14,256
Auditors' remuneration		
– Audit services	**1,880**	1,800
– Non-audit services	**1,156**	2,798
Employee benefit expenses (including directors remuneration) *(note 9)*	**287,719**	246,742
Fuel and utilities expenses	**102,311**	116,381
Commission fee	**64,566**	55,101
Advertising and promotion expenses	**28,280**	7,024
Repair and maintenance	**31,902**	59,246
Impairment of trade receivables	**5,993**	5,604
Impairment of an intangible asset	**405**	–
Deficits on property revaluation	**–**	6,461
Others	**135,530**	134,307
Total cost of sales, selling and distribution expenses, administrative expenses and other operating expenses	**1,513,317**	1,041,944

9 EMPLOYEE BENEFIT EXPENSES

	Year ended 31 December	
	2014	2013
	HK$'000	HK$'000
		(Restated)
Salaries, allowances and benefits in kind	**258,574**	222,992
Pension costs – defined contribution plans *(note a)*	**22,173**	17,871
Pension costs – defined benefit plans *(note 38)*	**6,972**	5,879
	287,719	246,742

9 EMPLOYEE BENEFIT EXPENSES *(Continued)*

(a) Pension costs – defined contribution plans

Employees in the Group's PRC subsidiaries are required to participate in a defined contribution pension scheme administrated and operated by the local municipal government. The Group's PRC subsidiaries contribute funds which are calculated on certain percentage of the average employee salary as agreed by local municipal government to the scheme to fund the retirement benefits of the employees. The contributions to the scheme are expensed as incurred.

(b) Directors' remuneration

The remuneration of every director and the chief executive for the year ended 31 December 2014 is set out below:

(I) INDEPENDENT NON-EXECUTIVE DIRECTORS

The fees paid to independent non-executive directors during the year were as follows:

	Year ended 31 December	
	2014	2013
	HK$'000	HK$'000
Mr. Hui Chiu Chung	**200**	200
Mr. Chu Yu Lin, David	**200**	200
Mr. Albert Ho	**200**	200
	600	600

There were no other emoluments payable to the independent non-executive directors during the year (2013: Nil).

(II) EXECUTIVE DIRECTORS AND NON-EXECUTIVE DIRECTOR

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Performance related bonuses HK$'000	Pension costs – defined contribution plan HK$'000	Total remuneration HK$'000
2014					
Executive directors:					
Mr. Chen Yuanhe	–	–	–	–	–
Mr. Huang Xin[1]	–	465	433	114	1,012
Mr. Ye Yuhong	–	–	–	–	–
Mr. Li Wenjun	–	–	–	–	–
Mr. Jin Tao	–	–	–	–	–
	–	465	433	114	1,012
Non-executive director:					
Datuk Wira Lim Hock Guan[2]	200	–	–	–	200
	200	465	433	114	1,212

Notes to the Consolidated Financial Statements

9 EMPLOYEE BENEFIT EXPENSES *(Continued)*

(b) Directors' remuneration *(Continued)*

(II) EXECUTIVE DIRECTORS AND NON-EXECUTIVE DIRECTOR *(Continued)*

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Performance related bonuses HK$'000	Pension costs – defined contribution plan HK$'000	Total remuneration HK$'000
2013					
Executive directors:					
Mr. Chen Yuanhe	–	–	–	–	–
Mr. Huang Xin[1]	–	371	602	105	1,078
Mr. Ye Yuhong	–	–	–	–	–
Mr. Li Wenjun	–	–	–	–	–
Mr. Jin Tao	–	–	–	–	–
Mr. Meng Bin[3]	–	–	–	–	–
	–	371	602	105	1,078
Non-executive director:					
Datuk Wira Lim Hock Guan[2]	–	–	–	–	–
	–	371	602	105	1,078

1 Mr. Huang Xin is also the chief executive officer of the Group.
2 Datuk Wira Lim Hock Guan was appointed as a non-executive director of the Company on 12 August 2013.
3 Mr. Meng Bin resigned as an executive director of the Company on 17 December 2013.

Subsequent to the year ended 31 December 2014, Mr. Chen Yuanhe has resigned as an executive director of the Company and Mr. Wang Zhe has been appointed as a non-executive director of the Company with effect from 19 Janurary 2015.

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2013: Nil).

9 EMPLOYEE BENEFIT EXPENSES *(Continued)*

(c) Five highest paid employees

The five individuals whose emoluments were the highest in the Group for the year include one (2013: one) director whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining four (2013: four) individuals during the year are as follows:

	Year ended 31 December	
	2014	2013
	HK$'000	HK$'000
Salaries, allowances and benefits in kind	**2,159**	1,634
Pension costs – defined contribution plans	**152**	104
	2,311	1,738

During the year ended 31 December 2014, the remuneration of all non-director highest paid employees fell within the band of nil to HK$1,000,000 (2013: nil to HK$1,000,000).

10 FINANCE COSTS

	Year ended 31 December	
	2014	2013
	HK$'000	HK$'000
		(Restated)
Interest on bank loans wholly repayable within five years	**3,180**	1,726
Interest on a bridging loan from an independent third party ("Bridging Loan")	**136,485**	78,978
Interest on a loan from AVIC Trust Co., Ltd. ("Trust Loan")	**115,601**	–
Interest on loan from a major shareholder	**44,589**	17,298
Interest on promissory note	**55,912**	19,903
Interest on convertible bonds	**72,020**	22,467
Less: Interest capitalised	**(382,598)**	(61,599)
	45,189	78,773

11 INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the year (2013: Nil). The Group's subsidiaries located in Mainland China are subject to the PRC income tax rate of 25% (2013: 25%).

	Year ended 31 December	
	2014	2013
	HK$'000	HK$'000
		(Restated)
Current income tax:		
– Hong Kong	**19**	–
– PRC	**135,706**	72,188
Deferred tax	**(23,075)**	(16,963)
	112,650	55,225

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	Year ended 31 December	
	2014	2013
	HK$'000	HK$'000
		(Restated)
Profit before tax	**274,945**	312,468
Tax calculated at domestic tax rates applicable to profits in the respective jurisdictions	**66,513**	74,388
A joint venture and associates' results reported net of tax	**(1,401)**	(575)
Income not subject to tax	**(1,209)**	(36,926)
Expenses not deductible for tax purposes	**16,504**	13,986
Effect of withholding tax at 10% on the distributable profits of the Group's PRC subsidiaries	**15,003**	4,500
Utilisation of previously unrecognised tax losses	**–**	(148)
Tax losses for which no deferred income tax asset was recognised	**435**	–
Written off deferred tax assets *(note a)*	**16,805**	–
Income tax expenses	**112,650**	55,225

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in the PRC. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in the PRC in respect of earnings generated from 1 January 2008.

11 INCOME TAX EXPENSE *(Continued)*

China land appreciation tax ("LAT") is levied at progressive rates ranging from 30 percent to 60 percent on the appreciation of land value, being the proceeds of sales of properties less deductible expenditure including costs of land, development and construction. During the year ended 31 December 2014, the Group has no property sales and therefore is not subject to current LAT (2013: Nil).

(a) According to Circular ShuiZongBanHan (2014) No.652 issued in 2014, pension payment to retirees is not tax deductible. Accordingly, the Group wrote off deferred tax assets recognised for defined benefit obligations of HK$16,805,000 to consolidated statement of profit or loss.

The tax (charge)/credit relating to components of other comprehensive income is as follows:

	2014			2013		
	Before tax HK$'000	**Tax charge HK$'000**	**After tax HK$'000**	Before tax HK$'000	Tax (charge)/ credit HK$'000	After tax HK$'000
Remeasurements of defined benefit obligations	**(17,297)**	**–**	**(17,297)**	(865)	242	(623)
Gain on property revaluation	**30,355**	**(7,589)**	**22,766**	61,581	(15,395)	46,186
Other comprehensive income/(loss)	**13,058**	**(7,589)**	**(5,469)**	60,716	(15,153)	45,563
Deferred tax *(Note 37)*		**(7,589)**			(15,153)	

12 PROFIT ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The profit attributable to ordinary equity holders of the Company for the year ended 31 December 2014 is dealt with in the consolidated financial statements of the Company to the extent of approximately HK$14,846,000 (2013 (Restated): HK$105,046,000).

13 EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

(a) Basic

The calculation of basic earnings per share is based on the profit for the year attributable to ordinary equity holders of the Company of approximately HK$59,343,000 (2013 (Restated): HK$210,322,000) and the weighted average number of ordinary shares in issue during the year of 1,414,163,909 (2013: 1,213,449,521).

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has two categories of dilutive potential ordinary shares: convertible bonds and warrants. The convertible bonds are assumed to have been converted into ordinary shares, and the net profit is adjusted to eliminate the interest expense less the tax effect, if any. The warrants of the Company had an anti-dilutive effect on the basic earnings per share for the year and were ignored in the calculation of diluted earnings per share.

13 EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY *(Continued)*

(b) Diluted *(Continued)*

The calculation of diluted earnings per share is based on:

	Year ended 31 December	
	2014	2013
	HK$'000	HK$'000
		(Restated)
Earnings		
Profit attributable to ordinary equity holders of the Company	**59,343**	210,322
Interest expense on convertible bonds charged to consolidated statement of profit or loss	**6,897**	12,363
Profits used to determine diluted earnings per share	**66,240**	222,685

	2014	2013
Shares		
Weighted average number of ordinary shares in issue	**1,414,163,909**	1,213,449,521
Adjustment for: assumed conversion of convertible bonds	**340,831,629**	129,326,047
Weighted average number of ordinary shares for diluted earnings per share	**1,754,995,538**	1,342,775,568

14 DIVIDENDS

The dividends paid in the year ended 31 December 2014 were HK$42,425,000 (HK3 cents per share). No dividend was paid in the year ended 31 December 2013. A final dividend in respect of the year ended 31 December 2014 of HK1 cent per share, amounting to a total dividend of HK$14,142,000, is to be proposed at the forthcoming annual general meeting on 26 May 2015. These consolidated financial statements do not reflect this dividend payable.

	Year ended 31 December	
	2014	2013
	HK$'000	HK$'000
Proposed final dividend of HK1 cent (2013: HK2 cents) per ordinary share	**14,142**	28,283
Proposed special dividend of Nil (2013: HK1 cent) per ordinary share	**–**	14,142
	14,142	42,425

The aggregate amounts of the dividends paid and proposed during 2013 and 2014 have been disclosed in the consolidated statement of profit of loss in accordance with the Hong Kong Companies Ordinance.

15 PROPERTY, PLANT AND EQUIPMENT

Group

	Construction in progress HK$'000	Medium term leasehold buildings outside Hong Kong HK$'000 (Restated)	Golf club facilities HK$'000	Vessels HK$'000	Furniture, fixtures, equipment, motor vehicles, plant and machinery and leasehold improvements HK$'000	Total HK$'000 (Restated)
Year ended 31 December 2014						
Cost or valuation:						
At 1 January 2014	37,173	338,195	47,510	278,903	384,063	1,085,844
Additions	140,435	–	–	21,758	16,992	179,185
Disposals and write-off	–	–	–	–	(28,998)	(28,998)
Gain on revaluation, net	–	14,824	–	–	–	14,824
Transfer in/(out)	(65,277)	4,283	–	668	60,326	–
Exchange realignment	(2,672)	(842)	(1,903)	(3,574)	(1,395)	(10,386)
At 31 December 2014	109,659	356,460	45,607	297,755	430,988	1,240,469
Accumulated depreciation and impairment:						
At 1 January 2014	–	–	891	138,686	284,773	424,350
Depreciation charge	–	15,531	6,077	6,795	23,269	51,672
Disposals and write-off	–	–	–	–	(21,980)	(21,980)
Gain on revaluation, net	–	(15,531)	–	–	–	(15,531)
Exchange realignment	–	–	(36)	(62)	(691)	(789)
At 31 December 2014	–	–	6,932	145,419	285,371	437,722
Net book amount:						
At 31 December 2014	109,659	356,460	38,675	152,336	145,617	802,747
At 31 December 2013	37,173	338,195	46,619	140,217	99,290	661,494
At 31 December 2014						
Analysis of cost or valuation:						
At cost	109,659	–	45,607	297,755	430,988	884,009
At valuation	–	356,460	–	–	–	356,460
	109,659	356,460	45,607	297,755	430,988	1,240,469

15 PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Group *(Continued)*

	Construction in progress HK$'000	Medium term leasehold buildings outside Hong Kong HK$'000 (Restated)	Golf club facilities HK$'000	Vessels HK$'000	Furniture, fixtures, equipment, motor vehicles, plant and machinery and leasehold improvements HK$'000	Total HK$'000 (Restated)
Year ended 31 December 2013						
Cost or valuation:						
At 1 January 2013	14,693	262,964	–	270,435	356,446	904,538
Additions	34,427	–	–	–	27,694	62,121
Transfer from prepayments and deposits	–	19,112	–	–	–	19,112
Acquisition of subsidiaries	–	–	46,066	–	–	46,066
Disposals and write-off	(6,439)	(20)	–	–	(11,608)	(18,067)
Gain on revaluation, net	–	43,837	–	–	–	43,837
Deficit on revaluation charged to statement of profit or loss	–	(6,461)	–	–	–	(6,461)
Transfer in/(out)	(6,637)	6,637	–	–	–	–
Exchange realignment	1,129	12,126	1,444	8,468	11,531	34,698
At 31 December 2013	37,173	338,195	47,510	278,903	384,063	1,085,844
Accumulated depreciation and impairment:						
At 1 January 2013	–	–	–	120,282	258,746	379,028
Depreciation charge	–	17,590	864	14,193	28,038	60,685
Disposal and write-off	–	(18)	–	–	(10,556)	(10,574)
Gain on revaluation, net	–	(17,744)	–	–	–	(17,744)
Exchange realignment	–	172	27	4,211	8,545	12,955
At 31 December 2013	–	–	891	138,686	284,773	424,350
Net book amount:						
At 31 December 2013	37,173	338,195	46,619	140,217	99,290	661,494
At 1 January 2013	14,693	262,964	–	150,153	97,700	525,510
At 31 December 2013						
Analysis of cost or valuation:						
At cost	37,173	–	47,510	278,903	384,063	747,649
At valuation	–	338,195	–	–	–	338,195
	37,173	338,195	47,510	278,903	384,063	1,085,844

Notes to the Consolidated Financial Statements

15 PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Company

	Furniture, fixtures, equipment, motor vehicles and leasehold improvements HK$'000
Year ended 31 December 2014	
Cost:	
At 1 January 2014	**3,080**
Additions	**6**
Disposals	**(18)**
At 31 December 2014	**3,068**
Accumulated depreciation:	
At 1 January 2014	**2,413**
Depreciation charge	**219**
Disposals	**(18)**
At 31 December 2014	**2,614**
Net book amount:	
At 31 December 2014	**454**
Year ended 31 December 2013	
Cost:	
At 1 January 2013	2,729
Additions	777
Disposals	(426)
At 31 December 2013	3,080
Accumulated depreciation:	
At 1 January 2013	2,659
Depreciation charge	180
Disposals	(426)
At 31 December 2013	2,413
Net book amount:	
At 31 December 2013	667
At 1 January 2013	70

15 PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Had the Group's medium term leasehold buildings been carried at cost less accumulated depreciation, they would have been included in the consolidated financial statements at a net book value of HK$278,278,000 (2013: HK$288,337,000).

Depreciation expenses of HK$47,060,000 (2013: HK$57,341,000) has been charged in "Cost of sales", HK$281,000 (2013: HK$393,000) in "Selling and distribution expenses" and HK$4,331,000 (2013: HK$2,951,000) in "Administrative expenses".

Fair value hierarchy

As at 31 December 2014, the fair value measurement of these land and buildings is categorised in Level 3 of the fair value hierarchy (i.e., fair value measurement using significant unobservable inputs).

During the year, there were no transfers into or out of Level 3.

Reconciliation of fair value measurement categorised within Level 3 of the fair value hierarchy:

	Leasehold buildings located in the Group's theme park and amusement park HK$'000	Leasehold buildings located in the Group's resort hotel, excluding the main building, office building and various ancillary facilities HK$'000	Remaining leasehold buildings located in the Group's resort hotel and Zhuhai, the PRC HK$'000 (Restated)	Properties held for own use HK$'000 (Restated)
Carrying amount at 1 January 2014	172,977	62,323	102,895	338,195
Transfer from construction in progress	4,283	–	–	4,283
Depreciation charge	(9,967)	(2,291)	(3,273)	(15,531)
Gain on property revaluation, net recognised in other comprehensive income	19,529	2,216	8,610	30,355
Exchange realignment	(480)	(209)	(153)	(842)
Carrying amount at 31 December 2014	186,342	62,039	108,079	356,460

15 PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Fair value hierarchy *(Continued)*

	Leasehold buildings located in the Group's theme park and amusement park HK$'000	Leasehold buildings not located in the Group's theme park and amusement park HK$'000 (Restated)	Properties held for own use HK$'000 (Restated)
Carrying amount at 1 January 2013	184,390	78,574	262,964
Addition	–	19,112	19,112
Transfer from construction in progress	1,547	5,090	6,637
Depreciation charge	(11,855)	(5,735)	(17,590)
Gain on property revaluation, net recognised in other comprehensive income	2,293	59,288	61,581
Deficit on property revaluation charged to statement of profit or loss	(6,461)	–	(6,461)
Exchange realignment	3,063	8,891	11,954
Disposals and write-off	–	(2)	(2)
Carrying amount at 31 December 2013	172,977	165,218	338,195

VALUATION PROCESSES OF THE GROUP

The Group's medium term leasehold buildings outside Hong Kong were valued at 31 December 2014 and 2013 by independent professionally qualified valuers who hold a recognised relevant professional qualification.

The Group's finance department includes a team that review the valuations performed by the independent valuers for financial reporting purposes. This team reports directly to the senior management. Discussions of valuation processes and results are held between management and valuers annually. As at 31 December 2014 and 2013, the fair values of the properties have been determined by Knight Frank Petty Limited ("Knight Frank").

At each financial year end the finance department:

- Verifies all major inputs to the independent valuation report;
- Assess property valuations movements when compared to the prior year valuation report;
- Holds discussions with the independent valuer.

15 PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Fair value hierarchy *(Continued)*

VALUATION TECHNIQUE

(1) Fair value of leasehold buildings located in the Group's theme park and amusement park is derived using depreciated replacement cost method. Under this method, fair value is estimated using an estimate of the new replacement cost of the buildings and structures from which deductions are then made to allow for the age, condition and functional obsolescence.

(2) Due to the fact that direct comparison method is more appropriate in valuation of properties than income approach, the Group changed valuation technique for leasehold buildings located in the Group's resort hotel, excluding the main building, office building, and various ancillary facilities, from discounted cash flow method to direct comparison method. There were no changes to the valuation techniques for other buildings during the year.

(3) Fair value of remaining leasehold buildings located in the Group's resort hotel and Zhuhai, the PRC is derived using discounted cash flow method. Under this method, fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the asset's life. This method involves the projection of a series of cash flows on a property interest. A market-derived discount rate is applied to the projected cash flow in order to establish the present value of the income stream associated with the asset.

The duration of the cash flows and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related reletting, redevelopment or refurbishment. The appropriate duration is driven by market behaviour that is a characteristic of the class of property. The periodic cash flow is estimated as gross income less vacancy, non-recoverable expenses, collection losses, lease incentives, maintenance costs, agent and commission costs and other operating and management expenses. The series of periodic net operating income is then discounted.

Breakdown of the fair value of the properties into land element and building element are required.

15 PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Fair value hierarchy *(Continued)*

VALUATION TECHNIQUE *(Continued)*

Below is a summary of the valuation techniques used and the key inputs to the valuation of leasehold buildings:

2014

	Valuation techniques	Significant unobservable inputs	Range of unobservable inputs (weighted average)	Relationship of unobservable inputs to fair value
Leasehold buildings located in the Group's theme park and amusement park	Cost approach (Depreciated replacement cost method)	Construction cost by use	RMB1,000 to RMB6,000 per square metre	The higher the depreciated replacement cost, the higher the fair value
Leasehold buildings located in the Group's resort hotel, excluding the main building, office building, and various ancillary facilities	Direct comparison method	Price	RMB7,700 per square metre	The higher the price, the higher the fair value
Remaining leasehold buildings located in the Group's resort hotel and Zhuhai, the PRC	Income approach (Discounted cash flow method)	Estimated rental value	RMB12 to RMB13 per square metre and per month and RMB580 per night	The higher the estimated rental value, the higher the fair value
		Discount rate	2.5% – 6.5%	The higher the discount rate, the lower the fair value
		Occupancy rate	63%	The higher the occupancy rate, the higher the fair value

2013

	Valuation techniques	Significant unobservable inputs	Range of unobservable inputs (weighted average)	Relationship of unobservable inputs to fair value
Leasehold buildings located in the Group's theme park and amusement park	Cost approach (Depreciated replacement)	Construction cost by use	RMB800 to RMB6,000 per square metre	The higher the depreciated replacement cost, the higher the fair value
Leasehold buildings not located in the Group's theme park and amusement park	Income approach (Discounted cash flow method)	Estimated rental value	RMB12 to RMB19 per square metre and per month and RMB470 per night	The higher the estimated rental value, the higher the fair value
		Discount rate	2.5% – 6.5%	The higher the discount rate, the lower the fair value
		Occupancy rate	60%	The higher the occupancy rate, the higher the fair value

Notes to the Consolidated Financial Statements

16 PREPAID LAND LEASE PAYMENTS

	Group	
	2014	2013
	HK$'000	HK$'000
At 1 January	**435,374**	169,181
Additions	**–**	87,394
Acquisition of subsidiaries	**–**	176,358
Amortisation charge	**(16,235)**	(12,093)
Exchange realignment	**(601)**	14,534
	418,538	435,374
Included in prepayments, deposits and other receivables	**–**	(15,593)
	418,538	419,781

The parcels of leasehold land are situated in the PRC and are held under medium term leases (10 to 50 years).

Amortisation charge of HK$16,235,000 (2013: HK$12,093,000) is included in the "Cost of sales".

17 RIGHTS TO USE PORT FACILITIES

	Group	
	2014	2013
	HK$'000	HK$'000
At 1 January	**19,143**	19,271
Amortisation charge	**(732)**	(709)
Exchange realignment	**(61)**	581
At 31 December	**18,350**	19,143

The balance represents the amount of the Group's rights to use certain buildings and structures erected at the Jiuzhou Port in Zhuhai, the PRC, for a term up to 27 March 2040.

Amortisation charge of HK$732,000 (2013: HK$709,000) is included in the "Cost of sales".

18 PROPERTIES UNDER DEVELOPMENT

	Group		
	31 December 2014 HK$'000	31 December 2013 HK$'000 (Restated)	1 January 2013 HK$'000
Properties under development expected to be completed:			
– Within one operating cycle included under current assets	**1,847,883**	406,069	–
– Beyond one operating cycle included under non-current assets	**4,824,437**	5,518,884	–
	6,672,320	5,924,953	–
Properties under development expected to be completed and available for sale:			
– Within one year	**874,390**	–	–
– Beyond one year	**5,797,930**	5,924,953	–
	6,672,320	5,924,953	–
Properties under development comprise:			
– Capitalised interests	**444,494**	62,937	–
– Land use rights	**5,831,126**	5,850,910	–
– Construction costs and capitalised expenditures	**396,700**	11,106	–
	6,672,320	5,924,953	–

As at 31 December 2014, certain land use rights with a carrying amount of HK$4,667,562,000 (2013: HK$4,621,318,000) included in properties under development were pledged to secure the Group's borrowings.

19 INTANGIBLE ASSET

	Group HK$'000
At 1 January 2013	
Cost	28,371
Accumulated impairment	(23,211)
Net book amount	5,160
Year ended 31 December 2013	
Opening net book amount	5,160
Exchange realignment	162
Closing net book amount	5,322
At 31 December 2013	
Cost	29,260
Accumulated impairment	(23,938)
Net book amount	5,322

	Group HK$'000
Year ended 31 December 2014	
Opening net book amount	**5,322**
Impairment recognised during the year	**(405)**
Exchange realignment	**(17)**
Closing net book amount	**4,900**
At 31 December 2014	
Cost	**29,162**
Accumulated impairment	**(24,262)**
Net book amount	**4,900**

The balance represents the carrying amount of the membership of a golf club in Zhuhai, the PRC, held by the Group. The membership is perpetual and is freely transferrable. The membership is acquired by the Group to provide golf club facilities for the Group's customers.

The recoverable amount of the golf club membership at 31 December 2014 and 2013 was determined by the Group with reference to the open market basis assessed by Knight Frank.

Notes to the Consolidated Financial Statements

20 INVESTMENTS IN SUBSIDIARIES

(a) Investments in subsidiaries

	Company	
	31 December 2014 HK$'000	31 December 2013 HK$'000
Unlisted shares, at cost	**892,808**	892,808
Due from subsidiaries	**2,093,030**	1,946,180
	2,985,838	2,838,988
Due from subsidiaries classified as current assets	**(433,758)**	(368,302)
Non-current portion	**2,552,080**	2,470,686

The amounts due from subsidiaries included in the investments in subsidiaries above are unsecured and interest-free. Except for amounts due from subsidiaries of HK$433,758,000 (2013: HK$368,302,000) which are repayable within one year from the end of the reporting period, amounts due from subsidiaries have no fixed terms of repayment, and the repayment is at the discretion of the subsidiaries. Therefore, in the opinion of the directors, these amounts due from subsidiaries are considered as quasi-equity loans to the subsidiaries, and hence are classified as non-current assets.

20 INVESTMENTS IN SUBSIDIARIES *(Continued)*

(a) Investments in subsidiaries *(Continued)*

The following is a list of the principal subsidiaries at 31 December 2014:

Name	Place of incorporation/ establishment and operations	Nominal value of issued and paid-up share/registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Zhuhai Holiday Resort Hotel Co., Ltd. *(note a)*	PRC	HK$184,880,000	–	100	Management of a holiday resort
The New Yuanming Palace Tourist Co., Ltd. of Zhuhai S.E.Z. *(note a)*	PRC	RMB60,000,000	–	100	Management of a theme park
珠海市水上娛樂有限公司 *(note a)*	PRC	RMB22,500,000	–	100	Management of an amusement park
Zhuhai Jiuzhou Port Passenger Traffic Services Co., Ltd. ("Jiuzhou Port Company") *(note b)*	PRC	RMB42,330,000	–	90	Provision of port facilities
Zhuhai High-Speed Passenger Ferry Co., Ltd. ("Ferry Company") *(notes c, d)*	PRC	RMB65,374,000	–	49	Provision of ferry services
珠海經濟特區海通船務有限公司 *(note e)*	PRC	RMB15,000,000	–	49 *(note f)*	Provision of ferry services
珠海市九洲郵輪有限公司 *(note e)*	PRC	RMB20,000,000	–	49 *(note f)*	Provision of ferry services
Zhuhai Jiuzhou Marine Bunker Supply Co., Ltd. *(note e)*	PRC	RMB30,000,000	–	49 *(note f)*	Trading and distribution of fuel oil
珠海國際賽車場綜合發展有限公司 ("Zhuhai Development") *(note c)*	PRC	US$24,080,000	–	60	Property development
珠海國際賽車場高爾夫俱樂部有限公司 ("Zhuhai Golf") *(note c)*	PRC	US$8,800,000	–	60	Operation of a golf club

Notes:

(a) Registered as wholly-foreign-owned enterprises under PRC law.

(b) Registered as a contractual joint venture under PRC law.

(c) Registered as sino-foreign equity joint venture under PRC law.

(d) The Group considers that it controls Ferry Company even though it owns less than 50% of the equity interests. Ferry Company is owned as to 49% by the Group, 43% by Zhuhai Jiuzhou Holdings Group Co., Ltd. ("ZJ Holdings") and 8% by an independent third party. According to articles of association and the composition of the board of directors of Ferry Company, the Group obtains more than half of voting power over Ferry Company and therefore obtains control of Ferry Company.

(e) Registered as limited liability companies under PRC law.

(f) These entities are subsidiaries of Ferry Company and, accordingly, are accounted for as subsidiaries by virtue of the Company's control over them.

Notes to the Consolidated Financial Statements

20 INVESTMENTS IN SUBSIDIARIES *(Continued)*

(b) Material non-controlling interests

The total non-controlling interests as at 31 December 2014 is HK$1,441,595,000 (2013: (Restated) HK$1,347,504,000), of which HK$286,883,000 (2013: (Restated) HK$170,813,000) is attributed to Ferry Company and its subsidiaries ("Ferry Company Group") and HK$1,096,328,000 (2013: (Restated) HK$1,112,529,000) is attributed to Zhuhai Development and its subsidiaries ("Zhuhai Development Group"). The non-controlling interests in respect of other entities are not material.

SUMMARISED FINANCIAL INFORMATION ON SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Set out below are the summarised financial information for subsidiaries that have non-controlling interests that are material to the Group.

SUMMARISED BALANCE SHEET

	Ferry Company Group		**Zhuhai Development Group**	
	31 December 2014 HK$'000	31 December 2013 HK$'000 (Restated)	**31 December 2014 HK$'000**	31 December 2013 HK$'000 (Restated)
Current				
Assets	**499,657**	414,854	**2,050,178**	617,524
Liabilities	**(152,786)**	(242,462)	**(1,807,207)**	(1,794,821)
Total current net assets	**346,871**	172,392	**242,971**	(1,177,297)
Non-current				
Assets	**244,070**	182,773	**4,827,042**	5,540,936
Liabilities	**(28,426)**	(20,238)	**(2,329,192)**	(1,582,316)
Total non-current net assets	**215,644**	162,535	**2,497,850**	3,958,620
Net assets	**562,515**	334,927	**2,740,821**	2,781,323

Notes to the Consolidated Financial Statements

20 INVESTMENTS IN SUBSIDIARIES *(Continued)*

(b) Material non-controlling interests *(Continued)*

SUMMARISED STATEMENT OF PROFIT OR LOSS

	Ferry Company Group Year ended 31 December		Zhuhai Development Group Year ended 31 December	
	2014	2013	**2014**	2013
	HK$'000	HK$'000 (Restated)	**HK$'000**	HK$'000 (Restated)
Revenue	**1,446,651**	845,153	**–**	–
Profit/(loss) before income tax	**321,472**	172,490	**(31,902)**	(64,798)
Income tax (expense)/credit	**(84,843)**	(41,610)	**665**	13,813
Other comprehensive (loss)/income	**(9,041)**	17,580	**(9,265)**	95,010
Total comprehensive income/(loss) for the year	**227,588**	148,460	**(40,502)**	44,025
Total comprehensive income/(loss) allocated to non-controlling interests	**116,070**	75,715	**(16,201)**	17,610
Dividend paid to non-controlling interests	**–**	75,593	**–**	–

SUMMARISED STATEMENT OF CASH FLOWS

	Ferry Company Group Year ended 31 December		Zhuhai Development Group Year ended 31 December	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cash flows from/(used in) operating activities				
Cash generated from/(used in) operations	**199,545**	268,786	**(106,838)**	(2,268,275)
Income tax paid	**(59,407)**	(40,638)	**(5,489)**	–
Net cash generated from/(used in) operating activities	**140,138**	228,148	**(112,327)**	(2,268,275)
Net cash (used in)/generated from investing activities	**(135,263)**	658	**51,188**	(4,240)
Net cash (used in)/generated from financing activities	**(49,272)**	(75,600)	**53,866**	2,378,331
Net (decrease)/increase in cash and cash equivalents	**(44,397)**	153,206	**(7,273)**	105,816
Cash and cash equivalents at beginning of year	**279,966**	126,760	**136,615**	30,799
Cash and cash equivalents at end of year	**235,569**	279,966	**129,342**	136,615

The information above is the amount before inter-company eliminations.

Notes to the Consolidated Financial Statements

21 INTEREST IN A JOINT VENTURE

	Group	
	2014	2013
	HK$'000	HK$'000
At 1 January	**9,736**	9,185
Share of profit	**2,719**	2,536
Dividend received	**–**	(2,356)
Exchange realignment	**(346)**	371
At 31 December	**12,109**	9,736

Particulars of the Group's joint venture indirectly held by the Company as at 31 December 2014 are as follows:

Name	**Place of business/ country of establishment**	**% of ownership interest**	**Principal activities**	**Measurement method**
珠海市珠澳輪渡有限公司	PRC	49	Provision of ferry services	Equity

珠海市珠澳輪渡有限公司 is a private company and there is no quoted market price available for its shares.

The Group has no commitment and contingent liability relating to its interests in the joint venture.

22 INTERESTS IN ASSOCIATES

	Group	
	31 December 2014	31 December 2013
	HK$'000	HK$'000
Share of net assets of unlisted associates	**4,614**	153
Due from an associate	**–**	9,165
	4,614	9,318

	Group	
	2014	2013
	HK$'000	HK$'000
At 1 January	**9,318**	8,742
Transfer from available-for-sale investments	**1,590**	–
Share of profit/(loss)	**2,887**	(238)
Movement of amount due from an associate	**(9,137)**	809
Exchange realignment	**(44)**	5
At 31 December	**4,614**	9,318

22 INTERESTS IN ASSOCIATES *(Continued)*

Particulars of the associates as at 31 December 2014 are as follows:

Name	Place of business/ country of establishment	% of ownership interest	Principal activities	Measurement method
Allways Internet Limited	Hong Kong	50	Investment holding	Equity
深圳市機場高速客運有限公司	PRC	40	Provision of ticketing services	Equity
珠海市九洲快運有限公司	PRC	25	Transportation	Equity

All the associates are private companies and there are no quoted market prices available for their shares.

The Group has no commitment and contingent liability relating to its interests in the associates.

23 AVAILABLE-FOR-SALE INVESTMENTS

	Group		Company	
	31 December 2014 HK$'000	31 December 2013 HK$'000	**31 December 2014 HK$'000**	31 December 2013 HK$'000
Hong Kong listed equity investments, at fair value and denominated in HK$	**12,600**	9,600	**12,600**	9,600
Unlisted equity investment, at cost and denominated in RMB	**–**	1,590	**–**	–
	12,600	11,190	**12,600**	9,600

	Group		Company	
	2014 HK$'000	2013 HK$'000	**2014 HK$'000**	2013 HK$'000
At 1 January	**11,190**	9,742	**9,600**	8,200
Transfer to interests in associates	**(1,590)**	–	**–**	–
Net gains recognised as other comprehensive income	**3,000**	1,400	**3,000**	1,400
Exchange realignment	**–**	48	**–**	–
At 31 December	**12,600**	11,190	**12,600**	9,600

The fair value of all listed equity investments are based on their current bid prices in the active market.

Notes to the Consolidated Financial Statements

24 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

(a) Prepayments and deposits included in non-current assets:

	31 December 2014 HK$'000	31 December 2013 HK$'000
Group		
Rental prepayments	**3,563**	5,068
Other prepayments and deposits	**36,876**	19,428
	40,439	24,496

(b) Prepayments, deposits and other receivables included in current assets:

	31 December 2014 HK$'000	31 December 2013 HK$'000 (Restated)	1 January 2013 HK$'000 (Restated)
Group			
Prepayments	**83,101**	89,286	50,285
Deposits and other receivables	**20,765**	18,755	16,736
Deposits for the proposed acquisition of a company in prior years *(note (i))*	**–**	30,000	–
	103,866	138,041	67,021

	31 December 2014 HK$'000	31 December 2013 HK$'000
Company		
Deposits and other receivables	**664**	11,718
Deposits for the proposed acquisition of a company in prior years *(note (i))*	**–**	30,000
	664	41,718

Notes:

(i) The deposits for the proposed acquisition were refunded by the intended vendor during the year ended 31 December 2014.
(ii) The fair values of the Group's and the Company's deposits and other receivables as at 31 December 2014 and 2013 approximate their carrying amounts.
(iii) The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security.
(iv) The Group's prepayments, deposits and other receivables are mainly denominated in RMB.

Notes to the Consolidated Financial Statements

25 SECURITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group and Company	
	31 December 2014 HK$'000	31 December 2013 HK$'000
Listed equity securities in Hong Kong – held-for-trading		
Investments in Hong Kong, at fair value	**1,440**	1,138

Changes in fair values of securities measured at fair value through profit or loss are recorded in 'Other income and gains, net' in the consolidated statement of profit or loss.

The fair value of all equity securities are based on their current bid prices in an active market.

26 INVENTORIES

	Group	
	31 December 2014 HK$'000	31 December 2013 HK$'000
Food, beverages and souvenirs held for resale	**2,561**	3,053
Spare parts, fuel oil and consumables	**16,871**	13,062
	19,432	16,115

The cost of inventories recognised as expense and included in 'cost of sales' amounted to HK$767,372,000 (2013: HK$314,865,000).

27 TRADE RECEIVABLES

	Group	
	31 December 2014 HK$'000	31 December 2013 HK$'000
Trade receivables	**121,673**	67,213
Less: allowance for impairment of trade receivables	**(15,081)**	(9,139)
	106,592	58,074

A defined credit policy is maintained within the Group. The general credit terms range from one to three months. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables to minimise its 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.

Notes to the Consolidated Financial Statements

27 TRADE RECEIVABLES *(Continued)*

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

	Group	
	31 December 2014 HK$'000	31 December 2013 HK$'000
Current to 3 months	**108,420**	47,612
4 to 6 months	**1,312**	3,498
7 to 12 months	**137**	1,036
Over 12 months	**11,804**	15,067
	121,673	67,213

As of 31 December 2014, trade receivables of HK$1,697,000 (31 December 2013: HK$1,373,000) were past due but not impaired. These relate to a number of independent customers for whom there is no significant financial difficulty and based on past experience, the overdue amounts can be recovered. The ageing analysis of these trade receivables is as follows:

	Group	
	31 December 2014 HK$'000	31 December 2013 HK$'000
Within 1 year	**1,697**	1,373

As of 31 December 2014, trade receivables of HK$15,081,000 (31 December 2013: HK$9,139,000) were impaired and provided. The ageing of these receivables is as follows:

	Group	
	31 December 2014 HK$'000	31 December 2013 HK$'000
Current to 3 months	**3,194**	2,436
4 to 6 months	**–**	2,735
7 to 12 months	**83**	829
Over 12 months	**11,804**	3,139
	15,081	9,139

27 TRADE RECEIVABLES *(Continued)*

The movements on the Group's allowance for impairment of trade receivables are as follows:

	Group	
	2014	2013
	HK$'000	HK$'000
At 1 January	**9,139**	3,412
Impairment losses recognised, net	**5,993**	5,604
Amount written off as uncollectible	**–**	(65)
Exchange realignment	**(51)**	188
At 31 December	**15,081**	9,139

28 CASH AND BANK BALANCES

	Group		Company	
	31 December 2014	31 December 2013	**31 December 2014**	31 December 2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cash and cash equivalents *(note (a))*	**1,138,076**	911,124	**147,823**	127,468
Time deposits	**8,725**	–	**–**	–
Tourism deposits *(note (b))*	**1,141**	890	**–**	–
Deposits for construction fee payable *(note (c))*	**19,458**	–	**–**	–
Guarantee deposits for construction of pre-sold properties *(note (d))*	**8,405**	–	**–**	–
Restricted bank balance	**29,004**	890	**–**	–

Note:

(a) Cash and cash equivalents for consolidated statement of cash flows

	Group	
	31 December 2014	31 December 2013
	HK$'000	HK$'000
Cash and cash equivalents as stated in the consolidated statement of financial position	**1,138,076**	911,124
Less: time deposits with original maturity of over three months	**–**	(8,491)
	1,138,076	902,633

28 CASH AND BANK BALANCES *(Continued)*

Note: (Continued)

(b) 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.

(c) According to the relevant construction contracts, the Group is required to place deposits at designated bank accounts with certain amount of the construction payables as cash collateral. Such guarantee deposits will only be released after settlement of the construction payables.

(d) In accordance with the relevant documents issued by the local State-Owned Land and Resource Bureau, a property development company of the Group is required to place at designated bank accounts the pre-sale proceeds of properties received as the guarantee deposits for constructions of related properties. The deposits can only be used for purchases of construction materials and payments of construction fees of related property projects upon the approval of the local State-Owned Land and Resource Bureau. Such guarantee deposits will be released according to the completion stage of the related pre-sold properties.

As at 31 December 2014, the cash and bank balances of the Group denominated in RMB amounted to approximately HK$997,268,000 (31 December 2013: HK$860,398,000). RMB is not freely convertible into other currencies. However, under the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

The bank balances are deposited with creditworthy banks with no recent history of default.

29 FINANCIAL INSTRUMENTS BY CATEGORY

	Group			
	Assets at fair value through profit or loss HK$'000	**Loans and receivables HK$'000**	**Available-for-sale HK$'000**	**Total HK$'000**
31 December 2014				
Assets as per balance sheet				
Available-for-sale investments	–	–	12,600	12,600
Securities measured at fair value through profit or loss	1,440	–	–	1,440
Trade receivables	–	106,592	–	106,592
Financial assets included in other receivables	–	20,765	–	20,765
Due from related companies	–	11,463	–	11,463
Restricted bank balance	–	29,004	–	29,004
Time deposits	–	8,725	–	8,725
Cash and cash equivalents	–	1,138,076	–	1,138,076
	1,440	1,314,625	12,600	1,328,665

29 FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

	Group			
	Assets at fair value through profit or loss HK$'000	Loans and receivables HK$'000 (Restated)	Available-for-sale HK$'000	Total HK$'000 (Restated)
31 December 2013				
Assets as per balance sheet				
Available-for-sale investments	–	–	11,190	11,190
Securities measured at fair value through profit or loss	1,138	–	–	1,138
Trade receivables	–	58,074	–	58,074
Financial assets included in other receivables	–	48,755	–	48,755
Due from an associate	–	9,165	–	9,165
Due from related companies	–	114,896	–	114,896
Restricted bank balance	–	890	–	890
Cash and cash equivalents	–	911,124	–	911,124
	1,138	1,142,904	11,190	1,155,232

	Group	
	31 December 2014 HK$'000	31 December 2013 HK$'000 (Restated)
Liabilities as per balance sheet		
Financial liabilities at amortised cost:		
Trade payables	**33,153**	39,541
Financial liabilities included in deferred income, accrued liabilities and other payables	**135,053**	195,343
Construction payables	**99,100**	9,066
Interest-bearing bank and other borrowings	**2,216,651**	1,717,055
Promissory note	**517,224**	711,312
Due to a major shareholder	**67,653**	16,637
Due to related companies	**22,811**	3,832
Convertible bonds	**506,994**	459,974
Loan from a major shareholder	**272,542**	373,468
	3,871,181	3,526,228

29 FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

	Company			
	Assets at fair value through profit or loss HK$'000	**Loans and receivables HK$'000**	**Available-for-sale HK$'000**	**Total HK$'000**
31 December 2014				
Assets as per balance sheet				
Available-for-sale investments	**–**	**–**	**12,600**	**12,600**
Securities measured at fair value through profit or loss	**1,440**	**–**	**–**	**1,440**
Deposits and other receivables	**–**	**664**	**–**	**664**
Due from subsidiaries	**–**	**433,758**	**–**	**433,758**
Cash and cash equivalents	**–**	**147,823**	**–**	**147,823**
	1,440	**582,245**	**12,600**	**596,285**

	Company			
	Assets at fair value through profit or loss HK$'000	Loans and receivables HK$'000	Available-for-sale HK$'000	Total HK$'000
31 December 2013				
Assets as per balance sheet				
Available-for-sale investments	–	–	9,600	9,600
Securities measured at fair value through profit or loss	1,138	–	–	1,138
Deposits and other receivables	–	41,718	–	41,718
Due from subsidiaries	–	368,302	–	368,302
Cash and cash equivalents	–	127,468	–	127,468
	1,138	537,488	9,600	548,226

	Company	
	31 December 2014 HK$'000	31 December 2013 HK$'000 (Restated)
Liabilities as per balance sheet		
Financial liabilities at amortised cost:		
Financial liabilities included in accrued liabilities and other payables	**6,139**	3,851
Interest-bearing bank borrowings	**297,450**	–
Promissory note	**517,224**	711,312
Convertible bonds	**506,994**	459,974
	1,327,807	1,175,137

30 TRADE PAYABLES

An aged analysis of the trade payables as at 31 December 2014, based on the invoice date, is as follows:

	Group	
	31 December 2014 HK$'000	31 December 2013 HK$'000
Current to 3 months	**28,961**	39,541
4 to 6 months	**245**	–
7 to 12 months	**196**	–
Over 12 months	**3,751**	–
	33,153	39,541

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

31 DEFERRED INCOME, ACCRUED LIABILITIES AND OTHER PAYABLES

	Group			Company	
	31 December 2014 HK$'000	31 December 2013 HK$'000 (Restated)	1 January 2013 HK$'000 (Restated)	**31 December 2014 HK$'000**	31 December 2013 HK$'000
Accrued liabilities and other payables	**334,947**	305,202	162,226	**12,807**	9,370
Deferred income	**152,930**	132,650	–	**–**	–
	487,877	437,852	162,226	**12,807**	9,370
Less: Current portion	**(340,283)**	(309,674)	(162,226)	**(12,807)**	(9,370)
Non-current portion	**147,594**	128,178	–	**–**	–

Other payables are non-interest-bearing and have average payment terms of one to three months.

Deferred income represents golf club membership admission fees of which the respective services have not yet been rendered.

The accrued liabilities and other payables mainly include accrued staff costs, other tax payables and provision of vessel maintenance fund.

Notes to the Consolidated Financial Statements

32 CONSTRUCTION PAYABLES

Construction payables, which represent amounts due to contractors for construction of property under development, property, plant and equipment, are unsecured, interest-free and repayable in accordance with the terms of the respective construction contracts.

33 INTEREST-BEARING BANK AND OTHER BORROWINGS

	Group		Company	
	31 December 2014 HK$'000	31 December 2013 HK$'000	**31 December 2014 HK$'000**	31 December 2013 HK$'000
Non-current				
Trust Loan – secured *(note (a))*	**1,267,636**	–	**–**	–
Bank loans – secured	**297,450**	–	**297,450**	–
	1,565,086	–	**297,450**	–
Current				
Trust Loan – secured *(note (a))*	**633,818**	–	**–**	–
Bridging Loan – secured *(note (b))*	**–**	1,653,460	**–**	–
Bank loans – secured *(note (c))*	**17,747**	63,595	**–**	–
	651,565	1,717,055	**–**	–
	2,216,651	1,717,055	**297,450**	–

At 31 December 2014, the Group's borrowings were repayable as follows:

	Group						Total	
	Bank loans		Bridging Loan		Trust Loan			
	31 December 2014 HK$'000	31 December 2013 HK$'000	**31 December 2014 HK$'000**	31 December 2013 HK$'000	**31 December 2014 HK$'000**	31 December 2013 HK$'000	**31 December 2014 HK$'000**	31 December 2013 HK$'000
Within 1 year	**17,747**	63,595	**–**	1,653,460	**633,818**	–	**651,565**	1,717,055
Between 1 and 2 years	**72,716**	–	**–**	–	**1,267,636**	–	**1,340,352**	–
Between 2 and 5 years	**224,734**	–	**–**	–	**–**	–	**224,734**	–
	315,197	63,595	**–**	1,653,460	**1,901,454**	–	**2,216,651**	1,717,055

The Group's borrowings were wholly repayable within 5 years.

33 INTEREST-BEARING BANK AND OTHER BORROWINGS *(Continued)*

	Company	
	Bank loans	
	31 December 2014 HK$'000	31 December 2013 HK$'000
Between 1 and 2 years	**72,716**	–
Between 2 and 5 years	**224,734**	–
	297,450	–

The exposure of the Group's bank borrowings to interest rate changes and the contractual repricing dates at the end of the year are as follows:

	Group and Company	
	31 December 2014 HK$'000	31 December 2013 HK$'000
6 months or less	**297,450**	–

The carrying amounts of the Group's borrowings are denominated in the following currency:

	Group		**Company**	
	31 December 2014 HK$'000	31 December 2013 HK$'000	**31 December 2014 HK$'000**	31 December 2013 HK$'000
HK$	**297,450**	–	**297,450**	–
RMB	**1,919,201**	1,717,055	**–**	–
	2,216,651	1,717,055	**297,450**	–

Note:

(a) Pursuant to the loan agreement dated 15 July 2014 and the supplemental loan agreement dated 2 August 2014 signed between Zhuhai Development and AVIC Trust Co., Ltd. ("AVIC Trust"), AVIC Trust released a loan of RMB1,500,000,000 to Zhuhai Development in August 2014. Up to 18 August 2014, Zhuhai Development has applied certain proceeds from the Trust Loan to repay all the Bridging Loan (note (b)) of RMB1,300,000,000 (approximately HK$1,653,460,000). The applicable interest rate on the Trust Loan is 13% annually. The first tranche of Trust Loan amounting to RMB500,000,000 will mature in August 2015, while the remaining loan balance will be repayable in August 2016.

33 INTEREST-BEARING BANK AND OTHER BORROWINGS *(Continued)*

Note: (Continued)

(a) *(Continued)*

Before the application of the Trust Loan, Zhuhai Development was financed by (i) Zhuhai Jiuzhou Corporation Management Co., Ltd. ("ZJ Corporation Management"), a wholly-owned subsidiary of the Company and (ii) ZJ Holdings, a major shareholder of the Company, of RMB500,000,000. In addition to the fund raising from third parties as holders of the preferential trust units of a maximum aggregate principal amount of RMB1,500,000,000, the establishment of the Trust Loan was also subject to the subscription of subordinated trust units of an aggregate principal amount of RMB500,000,000 by ZJ Corporation Management and ZJ Holdings. Therefore, ZJ Corporation Management and ZJ Holdings entrust AVIC Trust to provide the loan to Zhuhai Development. The interest rate of the restructured loan of the subordinated trust units was maintained as 13% annually, same as the loan from ZJ Corporation Management and ZJ Holdings. Thus the Group viewed there was no substantial change in the loan arrangement and continues to recognise the loan from ZJ Holdings (note 45).

AVIC Trust acquired 3% out of 60% of equity interest in Zhuhai Development of RMB10,000,000 according to an equity transfer agreement signed on 15 July 2014. The equity transfer was completed in August 2014. AVIC Trust has become a shareholder of Zhuhai Development. The 3% equity interest will be transferred back to the Group upon the settlement of the Trust Loan at RMB10,000,000. The directors considered this equity transfer as a collateral provided to AVIC Trust and therefore, no non-controlling interest was recognised.

As at 31 December 2014, ZJ Holdings and the Company have executed guarantees in respect of the Trust Loan borrowed by Zhuhai Development up to HK$1,901,454,000 and HK$1,083,829,000.

Trust Loan is secured by the land use rights included in the properties under development of the Group of HK$4,667,562,000.

(b) As at 31 December 2013, the Group's Bridging Loan was secured by the pledge of certain of the Group's land use rights included in properties under development, which had an aggregate carrying value of approximately HK$4,621,318,000.

As at 31 December 2013, ZJ Holdings and the Company had executed guarantees in respects of the Bridging Loan borrowed by Zhuhai Development up to HK$1,653,460,000 and HK$992,076,000.

The Bridging Loan was repaid during the current year.

(c) ZJ Holdings has executed a guarantee in respect of the Group's bank loan of HK$17,747,000 (2013: HK$63,595,000) as at 31 December 2014.

(d) The fair value of borrowings approximates to their carrying amount.

(e) Borrowings bear average coupons of 3.2% – 13% annually (2013: 5.9%-13% annually).

34 CONVERTIBLE BONDS

On 12 August 2013, the Company issued the CB with a nominal value of HK$500,000,000. There was no movement in the number of these convertible bonds since its subscription.

Pursuant to the subscription agreement, the CB are:

(a) convertible at the option of the bondholders into ordinary shares on or after 12 August 2013 and prior to 12 August 2018, on the basis of one ordinary share with nominal value of HK$0.10 each at an initial conversion price of HK$1.50, subject to adjustments in certain events;

(b) redeemable at the option of the bondholders at any time within one month from the date falling three years from 12 August 2013 at a value that will provide the bondholders with an internal rate of return of 13% per annum (including the accrued 5% interest paid) on the principal amount of the convertible bonds to be redeemed;

(c) redeemable at the option of the Company at any time on or after the second anniversary from 12 August 2013 and up to the third business day prior to 12 August 2018 at a value that will provide the bondholders with an internal rate of return of 13% per annum (including the accrued 5% interest paid) on the principal amount of the convertible bonds to be redeemed; and

(d) mandatory convertible at the option of the Company at any time in whole or in part of the convertible bonds for the time being outstanding, provided that (i) the volume weighted average closing price of the Company's shares in the immediately preceding 30 consecutive trading days represents 120% or more of the then conversion price; and (ii) the average daily trading volume of the Company's shares in the immediately preceding 30 consecutive trading days represents not less than 5,000,000 shares (subject to adjustment) and the daily trading volume of the Company's shares on each of such 30 consecutive trading days is not less than 3,000,000 shares (subject to adjustment).

Unless previously redeemed, converted or purchased or cancelled, any convertible bonds not converted will be redeemed at a value that will provide the bondholders with an internal rate of return of 13% per annum (including the accrued 5% interest paid) on the principal amount of the convertible bonds to be redeemed on 12 August 2018. The CB carries interest at a rate of 5% per annum, which is payable semi-annually in arrears on 30 June and 31 December.

Notes to the Consolidated Financial Statements

34 CONVERTIBLE BONDS *(Continued)*

Analysis of the CB on the issue date is as follows:

	HK$'000 (Restated)
Face value of the CB on date of issue	500,000
Add: Fair value loss upon issue	23,333
Less: Equity component	(68,777)
Transaction costs	(7,391)
Liability component on initial recognition	447,165

Movement of the CB during the year:

	Group and Company 2014 HK$'000	2013 HK$'000 (Restated)
At 1 January	**459,974**	–
Addition	**–**	447,165
Interest expenses	**72,020**	22,467
Interest paid	**(25,000)**	(9,658)
At 31 December	**506,994**	459,974

35 PROMISSORY NOTE

The promissory note with a face value of HK$850,000,000, which was issued by the Company on 12 August 2013, is interest-free, with a principal amount of HK$250,000,000 repayable on or before 31 December 2014 and a principal amount of HK$200,000,000 each repayable on or before 31 December 2015, 2016 and 2017, respectively. The promissory note is secured by 100% shares of Lamdeal Golf, a subsidiary of the Group.

Movements of the promissory note of the Group and the Company during the year are as follows:

	2014 HK$'000	2013 HK$'000
At 1 January	**711,312**	–
Addition	**–**	691,409
Repayment	**(250,000)**	–
Interest expenses	**55,912**	19,903
At 31 December	**517,224**	711,312
Less: Current portion	**(200,000)**	(250,000)
Non-current portion	**317,224**	461,312

Notes to the Consolidated Financial Statements

36 WARRANTS

Pursuant to a subscription agreement entered into with LIM Asia Special Situations Master Fund Limited (the "Subscriber") on 25 November 2013, the Company issued 70,000,000 ordinary shares at HK$1.52 each and 30,000,000 Warrants at the warrant issue price of HK$0.023 per warrant to the Subscriber in 2013.

The Warrants give the holder of the Warrants the rights to subscribe for 30,000,000 new shares of the Company's ordinary shares. The initial subscription price of the Warrants is HK$1.80 per share, subject to adjustments, at any time during the period from 25 November 2013 to 24 November 2018.

No warrants were exercised from issue date to 31 December 2014. Upon full exercise of the Warrants, a total of 30,000,000 new shares will be issued under the present capital structure of the Company and the net proceeds upon full exercise are approximately HK$52,800,000. Warrants issued meet the definition of equity instrument and hence the total proceeds of HK$690,000 were classified as warrant reserve in equity.

37 DEFERRED INCOME TAX

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	Group		
	31 December 2014 HK$'000	31 December 2013 HK$'000 (Restated)	1 January 2013 HK$'000 (Restated)
Deferred tax assets:			
– Deferred tax asset to be recovered after more than 12 months	**(59,249)**	(16,805)	(15,373)
Deferred tax liabilities:			
– Deferred tax liability to be recovered after more than 12 months	**904,836**	869,600	36,341
– Deferred tax liability to be recovered within 12 months	**7,991**	19,896	–
	912,827	889,496	36,341
Deferred tax liabilities (net)	**853,578**	872,691	20,968

The gross movement on the deferred income tax account is as follows:

	Group	
	2014 HK$'000	2013 HK$'000 (Restated)
At 1 January	**872,691**	20,968
Acquisition of subsidiaries	**–**	827,820
Credited to the statement of profit or loss	**(23,075)**	(16,963)
Tax charge relating to components of other comprehensive income	**7,589**	15,153
Exchange realignment	**(3,627)**	25,713
At 31 December	**853,578**	872,691

37 DEFERRED INCOME TAX *(Continued)*

The movements in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred tax liabilities

	Leasehold buildings and prepaid land lease payments HK$'000 (Restated)	Fair value adjustments arising from acquisition of subsidiaries and subsequent changes HK$'000 (Restated)	Withholding taxes on undistributed profit of subsidiaries HK$'000	Total HK$'000 (Restated)
At 1 January 2013	19,875	–	16,466	36,341
Acquisition of subsidiaries	–	873,163	–	873,163
Credited to the statement of profit or loss	(1,185)	(13,813)	(795)	(15,793)
Charged to other comprehensive income	15,395	–	–	15,395
Exchange realignment	25	26,992	–	27,017
At 31 December 2013	34,110	886,342	15,671	936,123
Charged/(credited) to the statement of profit or loss	1,701	(23,341)	11,829	(9,811)
Charged to other comprehensive income	7,589	–	–	7,589
Exchange realignment	(158)	(2,938)	(10)	(3,106)
At 31 December 2014	43,242	860,063	27,490	930,795

Notes to the Consolidated Financial Statements

37 DEFERRED INCOME TAX *(Continued)*

Deferred tax assets

	Timing difference in golf club sales recognition HK$'000 (Restated)	Defined benefit obligations HK$'000 (Restated)	Depreciation of vessels HK$'000	Unused tax losses, bad debt provision and others HK$'000 (Restated)	Total HK$'000 (Restated)
At 1 January 2013	–	(15,373)	–	–	(15,373)
Acquisition of subsidiaries	(31,711)	–	–	(13,632)	(45,343)
Credited to the statement of profit or loss	(292)	(878)	–	–	(1,170)
Credited to other comprehensive income	–	(242)	–	–	(242)
Exchange realignment	(624)	(312)	–	(368)	(1,304)
At 31 December 2013	(32,627)	(16,805)	–	(14,000)	(63,432)
(Credited)/charged to the statement of profit or loss	(5,348)	16,805	(14,883)	(9,838)	(13,264)
Exchange realignment	(258)	–	–	(263)	(521)
At 31 December 2014	(38,233)	–	(14,883)	(24,101)	(77,217)

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred income tax assets of HK$17,353,000 (2013: HK$16,918,000) in respect of losses amounting to HK$95,790,000 (2013: HK$94,050,000) that can be carried forward against future taxable income. Losses arising in Hong Kong amounting to HK$77,582,000 (2013: 77,582,000) are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Losses arising in the PRC amounting to HK$18,208,000 (2013: HK$16,468,000) will expire between 2015 and 2019.

Deferred income tax liabilities of HK$14,062,000 (2013: HK$11,881,000) have not been recognised for the withholding tax and other taxes that would be payable on the unremitted earnings of certain subsidiaries. Such amounts are permanently reinvested. Unremitted earnings totalled HK$140,619,000 at 31 December 2014 (2013: HK$118,810,000).

38 DEFINED BENEFIT OBLIGATIONS

The Group operates and maintains defined benefit pension plan. According to the plan, the Group has continuing practice of pension payments to their retired employees till the death of the retired employees with reference to the position of the retired employees at the time when they retire. The expected cost of providing these post-retirement benefits is actuarially determined and recognised by using the projected unit credit method, which involves a number of assumptions and estimates, including discount rate, employee turnover rate and mortality rate and etc.

The table below outlines where the Group's post-employment pension amounts and activity are included in the consolidated financial statements.

	31 December 2014 HK$'000	31 December 2013 HK$'000 (Restated)	1 January 2013 HK$'000 (Restated)
Balance sheet obligations for:			
– Defined pension benefits	**90,466**	69,142	63,266

	Year ended 31 December	
	2014 HK$'000	2013 HK$'000 (Restated)
Statement of profit or loss charge included in operating profit:		
– Defined pension benefits	**6,972**	5,879

Notes to the Consolidated Financial Statements

38 DEFINED BENEFIT OBLIGATIONS *(Continued)*

The movement in the defined benefit obligations over the year is as follows:

	Year ended 31 December	
	2014	2013
	HK$'000	HK$'000
		(Restated)
Opening defined benefit obligations	**69,142**	63,266
Current service	**3,215**	1,258
Past service cost – scheme amendments and changes	**608**	3,047
Interest expense	**3,149**	1,574
	6,972	5,879
Remeasurements:		
– Gain/(loss) from change in financial assumptions	**9,575**	(5,615)
– Experience losses	**7,722**	6,480
	17,297	865
Exchange differences	**315**	1,499
Benefit payments	**(3,260)**	(2,367)
Closing defined benefit obligations	**90,466**	69,142

38 DEFINED BENEFIT OBLIGATIONS *(Continued)*

The principal actuarial assumptions were as follows:

Discount rate

	31 December 2014	31 December 2013	1 January 2013
Discount rate	**3.8%**	4.6%	3.7%

Employee turnover rate

Active employees are assumed to leave the Company before retirement in accordance with an age-related table as at 31 December 2014, 2013 and 1 January 2013:

Age	**Employee turnover rate (p.a.)**
Less than 25	20%
25–29	15%
30–39	10%
40–54	7.5%
Age 55 and over	5%

Mortality rate

Mortality rate is based on China Life Insurance Mortality Table (2000-2003).

The sensitivity of the defined benefit obligation to changes in the significant assumptions is:

31 December 2014

	Impact on defined benefit obligation		
	Change in assumption	**Increase in assumption** HK$'000	**Decrease in assumption** HK$'000
Discount rate	0.25%	(3,165)	3,348
Mortality rate (age)	1 year	(1,986)	1,947

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

39 SHARE CAPITAL

	Group and Company	
	31 December 2014 HK$'000	31 December 2013 HK$'000
Shares		
Authorised:		
4,000,000,000 ordinary shares of HK$0.10 each	**400,000**	400,000
Issued and fully paid:		
1,414,163,909 (2013: 1,414,163,909) ordinary shares of HK$0.10 each	**141,416**	141,416

	Number of shares in issue	**Issued share capital** HK$'000	**Share premium account** HK$'000	**Total** HK$'000
Issued:				
31 December 2013 and 2014	1,414,163,909	141,416	888,209	1,029,625

There is no movements in the Company's issued share capital during the year ended 31 December 2014.

A summary of the movements in the Company's issued share capital during the year ended 31 December 2013 is as follows:

	Number of shares in issue	**Issued share capital** HK$'000	**Share premium account** HK$'000	**Total** HK$'000
Issued:				
At 1 January 2013	1,118,600,000	111,860	459,870	571,730
Issue of shares on 12 August 2013	225,563,909	22,556	331,579	354,135
Issue of shares on 25 November 2013	70,000,000	7,000	96,760	103,760
	295,563,909	29,556	428,339	457,895
At 31 December 2013	1,414,163,909	141,416	888,209	1,029,625

40 RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein for the years ended 31 December 2014 and 2013 are presented in the consolidated statement of changes in equity.

The contributed surplus of the Group represents the difference between the nominal value of the shares of the subsidiaries acquired, together with the surplus arising on the acquisition of the site of the Group's theme park, pursuant to the Group reorganisation on 30 April 1998, and the nominal value of the Company's shares issued pursuant to the Group reorganisation.

In accordance with the relevant PRC regulations, the group companies established in the PRC are required to transfer a certain percentage of their profits after tax to the statutory reserve funds. Subject to certain restrictions set out in the relevant PRC regulations and the articles of association of the subsidiaries, the statutory reserve funds may be used to offset against losses and/or may be capitalised as paid-up capital.

Other reserve arising on the acquisition of subsidiaries in prior years of HK$200,573,000 (2013: HK$200,573,000) remains eliminated against consolidated reserves.

(b) Company

	Contributed surplus HK$'000	Share premium HK$'000	Warrant reserve HK$'000 (Restated)	Convertible bonds equity reserve HK$'000 (Restated)	Available-for-sale investment revaluation reserve HK$'000	Retained profits HK$'000 (Restated)	Total HK$'000 (Restated)
For the year ended 31 December 2014							
At 1 January 2014	**628,440**	**888,209**	**690**	**68,777**	**3,800**	**107,591**	**1,697,507**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**14,846**	**14,846**
Change in fair value of available-for-sale investments	**–**	**–**	**–**	**–**	**3,000**	**–**	**3,000**
2013 final dividend paid	**–**	**–**	**–**	**–**	**–**	**(28,283)**	**(28,283)**
2013 special dividend paid	**–**	**–**	**–**	**–**	**–**	**(14,142)**	**(14,142)**
At 31 December 2014	**628,440**	**888,209**	**690**	**68,777**	**6,800**	**80,012**	**1,672,928**
For the year ended 31 December 2013							
At 1 January 2013	628,440	459,870	–	–	2,400	2,545	1,093,255
Profit for the year	–	–	–	–	–	105,046	105,046
Change in fair value of available-for-sale investments	–	–	–	–	1,400	–	1,400
Issuance of convertible bonds	–	–	–	68,777	–	–	68,777
Issuance of warrants	–	–	690	–	–	–	690
Issuance of shares	–	428,339	–	–	–	–	428,339
At 31 December 2013	628,440	888,209	690	68,777	3,800	107,591	1,697,507

41 SHARE OPTION SCHEMES

Pursuant to an ordinary resolution passed by the annual general meeting of the Company held on 28 May 2012, a share option scheme ("Share Option Scheme") was adopted. The principal terms of the Share Option Scheme are set out in the circular of the Company dated 26 April 2012.

The purpose of the 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 entity in which the Group holds any equity interest ("Invested Entity").

The participants of the Share Option Scheme include: (a) any eligible employee; (b) any non-executive director 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.

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 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.

During the years ended 31 December 2014 and 2013, no share options have lapsed or have been granted, exercised or cancelled under the Share Option Scheme. Moreover, the Company had no share options outstanding as at 31 December 2014.

Notes to the Consolidated Financial Statements

42 CASH GENERATED FROM/(USED IN) OPERATIONS

	Year ended 31 December	
	2014	2013
	HK$'000	HK$'000
		(Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	**274,945**	312,468
Adjustments for:		
Share of profits of a joint venture	**(2,719)**	(2,536)
Share of profits and losses of associates	**(2,887)**	238
Interest income	**(23,317)**	(29,647)
Dividend income from listed equity investments	**–**	(417)
Gain on bargain purchase	**–**	(181,121)
Fair value loss upon issuance of convertible bonds	**–**	23,333
Finance costs	**45,189**	78,773
Depreciation	**51,672**	60,685
Amortisation of land prepayments	**–**	3,872
Amortisation of prepaid land lease payments	**16,235**	12,093
Amortisation of rights to use port facilities	**732**	709
Loss on disposal and write-off of property, plant and equipment	**4,734**	901
Impairment of trade receivables	**5,993**	5,604
Impairment of an intangible asset	**405**	–
Deficits on property revaluation	**–**	6,461
Write-back of impairment on deposit for the proposed acquisition of a company	**–**	(30,000)
Fair value gains on securities measured at fair value through profit or loss	**(302)**	(5,162)
	370,680	256,254
Change in working capital:		
Properties under development	**(386,993)**	(2,330,174)
Inventories	**(3,317)**	6,747
Trade receivables	**(54,511)**	2,432
Prepayments, deposits and other receivables	**(31,913)**	(48,786)
Trade payables	**(6,388)**	1,129
Deferred income, accrued liabilities and other payables	**118,632**	141,621
Securities measured at fair value through profit or loss	**–**	74,554
Construction payables	**72,065**	(8,430)
Defined benefit obligations	**3,712**	3,512
Balances with related companies	**(86)**	1,246
Advance receipts from customers	**466,881**	–
Cash generated from/(used in) operations	**548,762**	(1,899,895)

Previous years, the Group presented the reconciliation between 'profit before tax' and details of 'cash generated from/(used in) operations' on the face of the consolidated statement of cash flows. From 2014, the Group selected to present this information in the note to the consolidated statement of cash flows as such presentation is considered more concise to the understanding of the financial performance of the Group.

Notes to the Consolidated Financial Statements

43 CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 31 December 2014 and 2013.

44 COMMITMENTS

(a) Capital commitments

The Group had the following contracted, but not provided for, commitments at the end of the reporting period:

Group	**31 December 2014 HK$'000**	31 December 2013 HK$'000
Property, plant and equipment	**234,226**	26,882
Properties under development	**704,863**	15,018
	939,089	41,900

The Group entered into an agreement with an independent third party to pay an annual management fee of RMB24,000,000 (equivalent to HK$30,423,000) for a period of 90 months for management of the property development project of the Group. As at 31 December 2014, total management fee commitment falling due as follows:

	31 December 2014 HK$'000	31 December 2013 HK$'000
Within one year	**30,423**	30,525
In the second to fifth years, inclusive	**121,693**	122,102
After five years	**45,635**	76,314
	197,751	228,941

Notes to the Consolidated Financial Statements

44 COMMITMENTS *(Continued)*

(b) Operating lease commitments

(I) AS LESSOR

The Group leases certain of its leasehold buildings and sub-leases certain of its leased premises under operating lease arrangements, with leases negotiated for original terms ranging from 1 to 15 years. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

As at 31 December 2014, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	Group	
	31 December 2014 HK$'000	31 December 2013 HK$'000
Within one year	**27,090**	33,326
In the second to fifth years, inclusive	**49,372**	63,051
After five years	**41,321**	34,116
	117,783	130,493

Notes to the Consolidated Financial Statements

44 COMMITMENTS *(Continued)*

(b) Operating lease commitments *(Continued)*

(II) AS LESSEE

The Group leases certain of its office premises, the port properties and facilities under operating lease arrangements. Leases are negotiated for original terms ranging from 1 to 40 years (2013: 1 to 40 years).

As at 31 December 2014, the Group and the Company had future minimum lease payments under non-cancellable operating leases falling due as follows:

	Group		Company	
	31 December 2014 HK$'000	31 December 2013 HK$'000	**31 December 2014 HK$'000**	31 December 2013 HK$'000
Within one year	**2,946**	10,263	**653**	1,723
In the second to fifth years inclusive	**7,148**	13,940	**–**	653
After five years	**15,365**	18,285	**–**	–
	25,459	42,488	**653**	2,376

45 RELATED PARTY TRANSACTIONS

The Company's major shareholder is ZJ Holdings, which is a state-owned enterprise established in the PRC. As at 31 December 2014, ZJ Holdings' equity interest in the Company is 40.72% (2013: 40.46%). The transactions with related parties were conducted in the ordinary and usual course of business in accordance with terms agreed between the Group and its related parties.

(a) Significant related party transactions

Name	Relationship with the Company	Nature	Year ended 31 December 2014 HK$'000	2013 HK$'000
Zhuhai Jiuzhou Port Passenger Transport Station Co., Ltd. ("Jiuzhou Transport Company")	A subsidiary of a major shareholder	Port service fees	2,530	2,132
ZJ Holdings	A major shareholder	Rental expenses	5,326	5,107
ZJ Holdings	A major shareholder	Interest expenses	44,589	17,298
Zhuhai Haojiang Travel Agency Co., Ltd. ("Haojiang Travel Agency")	A subsidiary of a major shareholder	Ticketing income	162	–
Zhuhai Jiuzhou Travel Transport Co., Ltd. ("Jiuzhou Travel Transport")	An associate of a major shareholder	Sales of diesel and petrol	5,116	4,005
Zhuhai Wanshan Port Co., Ltd. ("Wanshan Port Company")	A joint venture of a major shareholder	Commission expenses	10,109	–

Notes to the Consolidated Financial Statements

45 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 at a lump sum payment of approximately RMB33,000,000 (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.

During the year ended 31 December 2014, the amortisation of "Rights to use port facilities" of HK$732,000 (2013: HK$709,000) was charged to 'cost of sales'.

(c) Key management compensation

	Group Year ended 31 December	
	2014	2013
	HK$'000	HK$'000
Salaries, allowances and benefits in kind	**2,277**	2,218
Pension costs – defined contribution plans	**237**	193
	2,514	2,411

Notes to the Consolidated Financial Statements

45 RELATED PARTY TRANSACTIONS *(Continued)*

(d) Year-end balances

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

Group	31 December 2014 HK$'000	31 December 2013 HK$'000
Amount due from an associate:		
深圳市機場高速客運有限公司	**8,501**	–
Amount due from a joint venture:		
珠海市珠澳輪渡有限公司	**106**	–
Amounts due from related companies:		
Subsidiaries of a major shareholder:		
珠澳旅遊集散中心	**34**	–
Haojiang Travel Agency	**95**	–
珠海度假村酒店管理有限公司	**103**	272
珠海南油大酒店	**71**	–
珠海九洲文化產業投資發展有限公司	**2**	–
珠海九洲旅遊開發有限公司	**–**	255
Macau-Mondial Travel & Tours Limited	**–**	5,398
Zhuhai Special Economic Zone Hotel	**–**	458
Associates of a major shareholder:		
珠海國際賽車場有限公司	**–**	113,620
Jiuzhou Travel Transport	**976**	749
A joint venture of a major shareholder:		
Wanshan Port Company	**1,575**	–
	2,856	120,752
Impairment	**–**	(5,856)
	2,856	114,896
Total	**11,463**	114,896

Notes to the Consolidated Financial Statements

45 RELATED PARTY TRANSACTIONS *(Continued)*

(d) Year-end balances *(Continued)*

Group	**31 December 2014 HK$'000**	31 December 2013 HK$'000
Amounts due to related companies:		
Subsidiaries of a major shareholder:		
珠海度假村有限公司	**(15,238)**	–
珠海九洲綠道旅遊有限公司	**(707)**	(747)
澳門日昇金舫旅遊有限公司	**(1,361)**	(1,457)
珠海渡假村有限公司加油站	**(2,918)**	–
Jiuzhou Transport Company	**(2,434)**	(451)
Amount due to associates:		
珠海市九洲快運有限公司	**(153)**	(1,077)
珠海旅遊天地網絡有限公司	**–**	(100)
	(22,811)	(3,832)
Amounts due to a major shareholder:		
ZJ Holdings	**(67,653)**	(16,637)
Loan from a major shareholder:		
ZJ Holdings	**(272,542)**	(373,468)

Except for a loan from a major shareholder of RMB215,000,000 (approximately HK$272,542,000) (2013: HK$373,468,000) which bears interests at 13% (2013: 13%) per annum and is repayable in 2017, the balances with related companies and a major shareholder are unsecured, interest-free and repayable on demand. The balances with related companies and a major shareholder are approximated to their fair value.

Particulars of Properties

PROPERTIES UNDER DEVELOPMENT

Location	Use	Site area (sq.m.)	Approximately gross floor area (sq.m.)	Stage	Attributable interest of the Group
South of Jintang East Road, East of Jinfeng Road, Tangjiawan, Hi-tech Development Zone, Zhuhai City, Guangdong Province, the PRC	Commercial/ residential	788,400	718,316	Construction commenced	60%

Financial Summary

A summary of the results and assets, liabilities and non-controlling interests of the Group for the last five financial years is set out below.

RESULTS

	Year ended 31 December				
	2014 **HK$'000**	2013 HK$'000 (Restated)	2012 HK$'000 (Restated)	2011 HK$'000 (Restated)	2010 HK$'000 (Restated)
REVENUE	**1,739,447**	1,107,835	967,547	903,670	755,372
PROFIT BEFORE TAX	**274,945**	312,468	164,679	93,945	72,966
Income tax expenses	**(112,650)**	(55,225)	(51,067)	(35,637)	(23,713)
PROFIT FOR THE YEAR	**162,295**	257,243	113,612	58,308	49,253
Attributable to:					
Ordinary equity holders of the Company	**59,343**	210,322	65,232	24,141	14,513
Non-controlling interests	**102,952**	46,921	48,380	34,167	34,740
	162,295	257,243	113,612	58,308	49,253

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	31 December				
	2014 **HK$'000**	2013 HK$'000 (Restated)	2012 HK$'000 (Restated)	2011 HK$'000 (Restated)	2010 HK$'000 (Restated)
Total assets	**9,473,802**	8,342,516	1,898,722	1,939,973	1,855,025
Total liabilities	**(5,762,635)**	(4,744,077)	(341,285)	(301,323)	(290,424)
Non-controlling interests	**(1,441,595)**	(1,347,504)	(191,879)	(232,758)	(229,746)
	2,269,572	2,250,935	1,365,558	1,405,892	1,334,855

珠海控股
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