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# 珠海控股

ZHUHAI HOLDINGS

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

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【捌】EIGHT



# 2016

## INTERIM REPORT

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

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# CORPORATE INFORMATION

## Board of Directors

### Executive Directors

Mr. Huang Xin (Chairman)  
Mr. Zhou Shaoqiang (Chief Executive Officer)  
Mr. Jin Tao  
Mr. Ye Yuhong  
Mr. Li Wenjun

### Non-Executive Directors

Datuk Wira Lim Hock Guan  
(Mr. Lim Seng Lee as his alternate)  
Mr. Wang Zhe  
Mr. Kwok Hoi Hing

### Independent Non-Executive Directors

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

### Alternate Director

Mr. Lim Seng Lee  
(alternate to Datuk Wira Lim Hock Guan)

## Audit Committee

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

## Nomination Committee

Mr. Huang Xin (Chairman)  
Mr. Ye Yuhong  
Mr. Hui Chiu Chung  
Mr. Chu Yu Lin, David  
Mr. Albert Ho  
Mr. Wang Yijiang

## 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*

## 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

## 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

## 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

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

# REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION



羅兵咸永道

**To the Board of Directors of Zhuhai Holdings Investment Group Limited**  
(incorporated in Bermuda with limited liability)

## Introduction

We have reviewed the interim financial information set out on pages 5 to 39, which comprises the interim condensed consolidated statement of financial position of Zhuhai Holdings Investment Group Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30 June 2016 and the related interim condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION (continued)

### Scope of Review

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

### Conclusion

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

**PricewaterhouseCoopers**

*Certified Public Accountants*

Hong Kong, 30 August 2016

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Six months ended 30 June	
		2016	2015
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
	Note		
<b>Revenue</b>	6	<b>1,771,539</b>	907,792
Cost of sales		<b>(1,528,866)</b>	(657,771)
<b>Gross profit</b>		<b>242,673</b>	250,021
Other income and gains, net		<b>42,492</b>	28,878
Selling and distribution expenses		<b>(68,022)</b>	(68,554)
Administrative expenses		<b>(86,726)</b>	(84,387)
Other operating expenses		<b>(867)</b>	(1,930)
Finance expenses	8	<b>(3,301)</b>	(460)
Share of profits and losses of:			
A joint venture		<b>(163)</b>	812
Associates		<b>655</b>	1,281
<b>Profit before tax</b>	7	<b>126,741</b>	125,661
Income tax expense	9	<b>(52,550)</b>	(47,524)
<b>Profit for the period</b>		<b>74,191</b>	78,137

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF  
PROFIT OR LOSS (continued)**

		<b>Six months ended 30 June</b>	
		<b>2016</b>	2015
		<b>HK\$'000</b>	HK\$'000
Note		<b>(Unaudited)</b>	(Unaudited)
<b>Profit attributable to:</b>			
Owners of the Company		<b>22,984</b>	14,178
Non-controlling interests		<b>51,207</b>	63,959
		<b>74,191</b>	78,137
<b>Earnings per share attributable to owners of the Company for the period</b>			
Basic earnings per share	11	<b>HK1.61 cents</b>	HK1.00 cents
Diluted earnings per share		<b>HK1.30 cents</b>	HK0.81 cents

The notes on pages 14 to 39 form an integral part of this condensed consolidated interim financial information.

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
<b>Profit for the period</b>	<b>74,191</b>	78,137
<b>Other comprehensive (loss)/income</b>		
<i>Item that will not be reclassified subsequently to profit or loss</i>		
Remeasurements of defined benefit obligations	<b>2,076</b>	(35)
<i>Items that may be reclassified to profit or loss</i>		
Fair value (loss)/gain on available-for-sale investments	<b>(5,400)</b>	22,400
Exchange differences on translation of foreign operations	<b>(95,472)</b>	1,059
	<b>(100,872)</b>	23,459
<b>Other comprehensive (loss)/income for the period, net of tax</b>	<b>(98,796)</b>	23,424
<b>Total comprehensive (loss)/income for the period</b>	<b>(24,605)</b>	101,561
<b>Attributable to:</b>		
Owners of the Company	<b>(44,517)</b>	37,122
Non-controlling interests	<b>19,912</b>	64,439
	<b>(24,605)</b>	101,561

The notes on pages 14 to 39 form an integral part of this condensed consolidated interim financial information.



# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	30 June 2016 HK\$'000 (Unaudited)	31 December 2015 HK\$'000 (Audited)
<b>Non-current assets</b>			
Property, plant and equipment	12	994,160	907,288
Prepaid land lease payments		374,957	387,383
Rights to use port facilities		15,927	16,593
Properties under development	13	4,540,546	4,407,397
Intangible asset		4,523	4,614
Interest in a joint venture		12,533	12,949
Interests in associates		7,081	6,631
Available-for-sale investments		13,200	18,600
Prepayments and deposits		60,687	77,092
Deferred tax assets		115,906	65,320
Total non-current assets		6,139,520	5,903,867
<b>Current assets</b>			
Properties under development	13	2,154,821	3,276,251
Completed properties held-for-sale		1,321,787	121,021
Securities measured at fair value through profit or loss		918	1,038
Available-for-sale investments		–	17,904
Inventories		16,426	19,148
Trade receivables	14	88,137	121,797
Prepayments, deposits and other receivables		360,775	250,212
Prepaid tax		148,870	102,937
Due from related companies		12,044	8,847
Restricted bank balance		1,423,564	723,393
Time deposits		4,680	–
Cash and cash equivalents		1,843,152	1,872,865
Total current assets		7,375,174	6,515,413
<b>Total assets</b>		<b>13,514,694</b>	<b>12,419,280</b>

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

		30 June 2016 HK\$'000 (Unaudited)	31 December 2015 HK\$'000 (Audited)
	Note		
<b>Current liabilities</b>			
Trade payables	15	39,071	27,284
Deferred income, accrued liabilities and other payables		305,535	420,042
Properties pre-sale proceeds received from customers		4,191,517	2,393,895
Construction payables		266,684	549,732
Interest-bearing bank and other borrowings	16	425,837	449,740
Tax payable		117,851	188,875
Promissory note	17	–	200,000
Due to a major shareholder		10,524	4,826
Due to related companies		13,087	10,903
		<b>5,370,106</b>	<b>4,245,297</b>
<b>Non-current liabilities</b>			
Convertible bonds	18	571,561	542,083
Promissory note	17	–	153,714
Interest-bearing bank and other borrowings	16	2,776,250	2,374,345
Loan from a major shareholder	19	–	256,631
Due to a major shareholder		–	13,067
Deferred income, accrued liabilities and other payables		207,767	184,631
Deferred tax liabilities		851,563	858,208
Defined benefit obligations		102,959	103,655
		<b>4,510,100</b>	<b>4,486,334</b>
<b>Total liabilities</b>		<b>9,880,206</b>	<b>8,731,631</b>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF  
FINANCIAL POSITION (continued)

	Note	30 June 2016 HK\$'000 (Unaudited)	31 December 2015 HK\$'000 (Audited)
<b>Equity</b>			
<b>Equity attributable to owners of the Company</b>			
Issued share capital	20	142,780	142,780
Reserves		2,016,180	2,089,253
		<b>2,158,960</b>	2,232,033
<b>Non-controlling interests</b>		<b>1,475,528</b>	1,455,616
<b>Total equity</b>		<b>3,634,488</b>	3,687,649
<b>Total equity and liabilities</b>		<b>13,514,694</b>	12,419,280

The notes on pages 14 to 39 form an integral part of this condensed consolidated interim financial information.

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited															
	Capital and reserves attributable to owners of the Company															
	Issued share capital	Share premium	Contributed surplus	Merger reserve	Warrant reserve	Convertible bonds equity reserve	Other reserve	Asset revaluation reserve	Investments revaluation reserve	Statutory funds	Share option reserve	Exchange fluctuation reserve	Retained profits	Sub-total	Non-controlling interests	Total equity
HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000
At 1 January 2016	142,780	911,207	446,355	(57,310)	690	66,026	(200,573)	98,791	12,800	199,260	3,847	127,818	480,342	2,232,033	1,455,616	3,687,649
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	-	22,984	22,984	51,207	74,191
Other comprehensive (loss)/income	-	-	-	-	-	-	-	-	(5,400)	-	-	(64,177)	2,076	(67,501)	(31,295)	(98,796)
2015 final dividend paid	-	-	-	-	-	-	-	-	-	-	-	-	(28,556)	(28,556)	-	(28,556)
Total transactions with owners of the Company, recognised directly in equity	-	-	-	-	-	-	-	-	-	-	-	-	(28,556)	(28,556)	-	(28,556)
At 30 June 2016	142,780	911,207	446,355	(57,310)	690	66,026	(200,573)	98,791	7,400	199,260	3,847	63,641	476,846	2,158,960	1,475,528	3,634,488

	Unaudited														
	Capital and reserves attributable to owners of the Company														
	Issued share capital	Share premium	Contributed surplus	Merger reserve	Warrant reserve	Convertible bonds equity reserve	Other reserve	Asset revaluation reserve	Investments revaluation reserve	Statutory funds	Exchange fluctuation reserve	Retained profits	Sub-total	Non-controlling interests	Total equity
HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000
At 1 January 2015	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
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	14,178	14,178	63,959	78,137
Other comprehensive income/(loss)	-	-	-	-	-	-	-	-	22,400	-	574	(30)	22,944	480	23,424
Issue of shares upon conversion of convertible bonds	1,364	22,998	-	-	-	(2,751)	-	-	-	-	-	-	21,611	-	21,611
Capital injection by non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	2,029	2,029
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-	(86,373)	(86,373)
2014 final dividend paid	-	-	-	-	-	-	-	-	-	-	-	(14,278)	(14,278)	-	(14,278)
Total transactions with owners of the Company, recognised directly in equity	1,364	22,998	-	-	-	(2,751)	-	-	-	-	-	(14,278)	7,333	(84,344)	(77,011)
At 30 June 2015	142,780	911,207	446,355	(57,310)	690	66,026	(200,573)	70,204	29,200	169,316	325,867	410,265	2,314,027	1,421,690	3,735,717

The notes on pages 14 to 39 form an integral part of this condensed consolidated interim financial information.

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
<b>Cash flows from operating activities</b>		
Cash generated from operations	714,712	368,821
Income taxes paid	(207,198)	(69,459)
Net cash generated from operating activities	507,514	299,362
<b>Cash flows from investing activities</b>		
Interest received	13,745	10,243
Prepayment for purchases of property, plant and equipment	–	(19,166)
Purchases of property, plant and equipment	(138,717)	(72,836)
Proceeds from disposal of property, plant and equipment	8,407	613
Decrease/(increase) in restricted bank balance	27,975	(29,452)
Increase in time deposits	(4,680)	(67,358)
Cash receipt from related companies	271	174
Cash receipt from an associate	214	–
Cash receipt from a joint venture	213	–
Proceeds from disposal of available-for-sale investments	17,904	–
Purchases of available-for-sale investments	–	(95,104)
Net cash used in investing activities	(74,668)	(272,886)

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

	Six months ended 30 June	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
<b>Cash flows from financing activities</b>		
Increase in restricted bank balance	(1,931)	–
New bank and other borrowings	510,000	–
Repayment of bank and other borrowings	(100,000)	(17,747)
Repayment of promissory note	(374,678)	–
Cash repayment to related companies	(498)	(448)
Dividends paid to shareholders	(28,556)	(14,278)
Dividends paid to non-controlling shareholders	–	(86,373)
Interest paid	(138,136)	(142,157)
Repayment of loan to a shareholder	(256,631)	–
Net cash used in financing activities	(390,430)	(261,003)
<b>Net increase/(decrease) in cash and cash equivalents</b>	42,416	(234,527)
Cash and cash equivalents at beginning of period	1,872,865	1,138,076
Effect of foreign exchange rate changes, net	(72,129)	(445)
<b>Cash and cash equivalents at end of period</b>	1,843,152	903,104

The notes on pages 14 to 39 form an integral part of this condensed consolidated interim financial information.

# NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 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
- management of a holiday resort
- management of a theme park
- management of an amusement park
- operation of a golf club
- property development
- provision of ferry services
- provision of financial information services and internet financial information intermediary services
- provision of port facilities
- trading and distribution of fuel oil

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.

This condensed consolidated interim financial information is presented in Hong Kong dollars (“HK\$”), unless otherwise stated. This condensed consolidated interim financial information was approved for issue on 30 August 2016.

This condensed consolidated interim financial information has been reviewed by the Company’s audit committee but not audited.

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

### 2 Basis of preparation

This condensed consolidated interim financial information for the six months ended 30 June 2016 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34, “Interim Financial Reporting”. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2015, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

### 3 Accounting policies

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2015, as described in those annual financial statements.

New and amended HKFRS effective for the financial year ending 31 December 2016 do not have a material impact on the Group.

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



## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

### 3 Accounting policies (continued)

New and amended HKFRS that have been issued and are effective for periods commencing on or after 1 January 2017 and have not been early adopted by the Group

Standards	Subject of amendment	Effective for annual periods beginning on or after
Amendments to HKAS 7	Statement of cash flows	1 January 2017
Amendments to HKAS 12	Income taxes	1 January 2017
HKFRS 9	Financial instruments	1 January 2018
HKFRS 15	Revenue from contracts with customers	1 January 2018
HKFRS 16	Leases	1 January 2019
Amendments to HKFRS 10 and HKAS 28 (2011)	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

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.

### 4 Estimates

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

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

## 5 Financial risk management and financial instruments

### 5.1 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 condensed consolidated interim financial information do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2015.

There have been no changes in any risk management policies since year end.

### 5.2 Liquidity risk

Compared to year end, there was no material change in the contractual undiscounted cash out flow for financial liabilities.

### 5.3 Fair value estimation

The different levels of financial instruments carried at fair value by valuation method are defined as follows:

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

## 5 Financial risk management and financial instruments (continued)

### 5.3 Fair value estimation (continued)

#### ***Assets measured at fair value:***

As at 30 June 2016, the available-for-sale investments classified as non-current assets of HK\$13,200,000 (31 December 2015: HK\$18,600,000) and the securities measured at fair value through profit or loss of HK\$918,000 (31 December 2015: HK\$1,038,000) of the Group were measured by using quoted prices in active markets (i.e. level 1).

As at 31 December 2015, the available-for-sale investments classified as current assets of HK\$17,904,000 was measured at fair value under level 3.

#### ***Liabilities measured at fair value:***

As at 30 June 2016 and 31 December 2015, the Group had no financial liabilities measured at fair value.

There were no transfers between level 1, level 2 and level 3 during the period.

There were no other changes in valuation techniques during the period.

## 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. Management has 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 expenses and share of profits and losses of a joint venture and associates are excluded from such measurement.

## 6 Operating segment information (continued)

No geographical segment analysis is presented as the majority of the assets and operation of the Group are located in the People's Republic of China ("PRC"), which is considered as one geographical location in an economic environment with similar risk and returns.

In addition to the existing business segments, the Group has established a new business segment, financial investment segment, during the period ended 30 June 2016.

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

- (a) the Jiuzhou Blue Sea Jet and Blue Marine Tourism segment consists of the provision of ferry 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;
- (f) the public utilities segment consists of the provision of port facilities and the trading and distribution of fuel oil;
- (g) the financial investment segment consists of the provision of financial information services and internet financial information intermediary services; and
- (h) the corporate and others segment comprises the Group's investment holding and trading of securities, together with corporate expense items.

# NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

## 6 Operating segment information (continued)

The following tables present revenue and results for the Group's operating segments for the periods ended 30 June 2016 and 2015.

	Green Leisure Tourism and Composite Real Estate										Public Utilities and Financial Investment														
	Jiuzhou Blue		Sea Jet and Blue		Manlie Tourism		Hotel		Tourist attraction		Property development		Golf club operations		Public utilities		Financial investment		Corporate and others		Inter-segment eliminations		Consolidated		
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
<b>Segment revenue:</b>																									
Sales to external customers	319,857	348,703	76,555	75,460	10,795	10,515	-	-	-	-	-	12,647	9,648	1,350,457	463,466	1,228	-	-	-	-	-	-	-	1,771,539	907,792
Inter-segment sales	-	-	-	-	-	-	-	-	-	-	-	-	-	42,959	48,685	-	-	-	-	-	(42,959)	(48,685)	-	-	
Total	319,857	348,703	76,555	75,460	10,795	10,515	-	-	-	-	12,647	9,648	1,393,416	512,151	1,228	-	-	-	-	(42,959)	(48,685)	1,771,539	907,792		
<b>Segment results</b>	168,322	188,810	5,967	8,196	(12,925)	(22,020)	(33,553)	(27,826)	2,089	(17,989)	42,876	44,748	594	-	(14,606)	(11,449)	(42,959)	(48,685)	115,805	113,785					
Interest income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	13,745	10,243	
Finance expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,301)	(460)	
Share of profits and losses of:																									
A joint venture	(163)	812	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(163)	812	
Associates	639	1,275	-	-	-	-	-	-	-	-	16	6	-	-	-	-	-	-	-	-	-	-	655	1,281	
Profit before tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Income tax expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
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## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

### 7 Profit before tax

An analysis of the amounts presented as operating items in the financial information is given below:

	Six months ended 30 June	
	2016 HK\$'000	2015 HK\$'000
Net fair value losses on securities measured at fair value through profit or loss	120	120
Depreciation	45,688	27,543
Amortisation of prepaid land lease payments	6,891	8,339
Amortisation of rights to use port facilities	343	364
(Gains)/losses on disposal of property, plant and equipment, net	(7,922)	1,587

### 8 Finance expenses

	Six months ended 30 June	
	2016 HK\$'000	2015 HK\$'000
Interest on bank loans	25,030	5,119
Interest on a loan from AVIC Trust Co., Ltd.	–	122,579
Interest on a loan from Pingan-UOB Wealthtone Asset Management Co., Ltd. (“Entrusted Loan”)	80,329	–
Interest on loan from a major shareholder	12,881	17,570
Interest on promissory note	20,964	19,943
Interest on convertible bonds	41,478	41,852
Less: Interest capitalised	(177,381)	(206,603)
	3,301	460

NOTES TO CONDENSED CONSOLIDATED INTERIM  
FINANCIAL INFORMATION (continued)

9 Income tax expense

	Six months ended 30 June	
	2016 HK\$'000	2015 HK\$'000
Current income tax:		
– Hong Kong	10	9
– PRC corporate income tax	90,543	58,724
Deferred income tax	(38,003)	(11,209)
	<b>52,550</b>	47,524

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2015: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. The Group's subsidiaries located in Mainland China are subject to the PRC income tax rate of 25% (six months ended 30 June 2015: 25%).

10 Dividends

	Six months ended 30 June	
	2016 HK\$'000	2015 HK\$'000
Dividends paid during the period		
Final in respect of the financial year ended 31 December 2015		
– HK2 cents (2014: HK1 cent) per ordinary share	28,556	14,278

No interim dividend in respect of six months ended 30 June 2016 was proposed by the board of directors.

## 11 Earnings per share attributable to owners of the Company

### (a) Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares.

The calculation of basic earnings per share is based on the profit for the period attributable to owners of the Company of approximately HK\$22,984,000 (six months ended 30 June 2015: HK\$14,178,000) and the weighted average number of ordinary shares in issue during the period of 1,427,797,174 (six months ended 30 June 2015: 1,417,252,107).

### (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 three categories of dilutive potential ordinary shares: convertible bonds, warrants and share options. 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 and share options of the Company had an anti-dilutive effect on the basic earnings per share for the period and were ignored in the calculation of diluted earnings per share.

The calculation of diluted earnings per share is based on:

	Six months ended 30 June	
	2016 HK\$'000	2015 HK\$'000
<b>Earnings</b>		
Profit attributable to owners of the Company	22,984	14,178
Interest expense on convertible bonds charged to interim consolidated statement of profit or loss	—	—
Profit used to determine diluted earnings per share	22,984	14,178



## 11 Earnings per share attributable to owners of the Company (continued)

### (b) Diluted (continued)

	Six months ended 30 June	
	2016	2015
<b>Shares</b>		
Weighted average number of ordinary shares in issue	<b>1,427,797,174</b>	1,417,252,107
Adjustment for: assumed conversion of convertible bonds	<b>338,028,169</b>	338,327,410
Weighted average number of ordinary shares for diluted earnings per share	<b>1,765,825,343</b>	1,755,579,517

## 12 Property, plant and equipment

During the six months ended 30 June 2016, the Group acquired property, plant and equipment with a cost of HK\$152,672,000 (six months ended 30 June 2015: HK\$72,836,000). Property, plant and equipment with a net book value of HK\$485,000 (six months ended 30 June 2015: HK\$2,200,000) were disposed of during the period, resulting in gains on disposal of HK\$7,922,000 (six months ended 30 June 2015: losses on disposal of HK\$1,587,000).

### 13 Properties under development

	30 June 2016 HK\$'000	31 December 2015 HK\$'000
Properties under development expected to be completed:		
– Within one operating cycle included under current assets	<b>2,154,821</b>	3,276,251
– Beyond one operating cycle included under non-current assets	<b>4,540,546</b>	4,407,397
	<b>6,695,367</b>	7,683,648
Properties under development comprise:		
– Capitalised interests	<b>839,686</b>	781,422
– Land use rights	<b>4,792,916</b>	5,397,128
– Construction costs and capitalised expenditures	<b>1,062,765</b>	1,505,098
	<b>6,695,367</b>	7,683,648

NOTES TO CONDENSED CONSOLIDATED INTERIM  
FINANCIAL INFORMATION (continued)

14 Trade receivables

	30 June 2016 HK\$'000	31 December 2015 HK\$'000
Trade receivables	97,600	131,451
Less: allowance for impairment of trade receivables	(9,463)	(9,654)
	<b>88,137</b>	121,797

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.

An ageing analysis of the trade receivables as at 30 June 2016 and 31 December 2015, based on the invoice date, is as follows:

	30 June 2016 HK\$'000	31 December 2015 HK\$'000
Current to 3 months	68,758	121,701
4 to 6 months	20,413	865
7 to 12 months	414	859
Over 12 months	8,015	8,026
	<b>97,600</b>	131,451

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

### 15 Trade payables

An ageing analysis of the trade payables as at 30 June 2016 and 31 December 2015, based on the invoice date, is as follows:

	30 June 2016 HK\$'000	31 December 2015 HK\$'000
Current to 3 months	32,758	22,315
4 to 6 months	1,433	580
7 to 12 months	570	320
Over 12 months	4,310	4,069
	<b>39,071</b>	27,284

The trade payables are non-interest bearing and are normally settled on 60-day terms and approximate to their fair values.

NOTES TO CONDENSED CONSOLIDATED INTERIM  
FINANCIAL INFORMATION (continued)

**16 Interest-bearing bank and other borrowings**

	<b>30 June 2016 HK\$'000</b>	31 December 2015 HK\$'000
<b>Non-current</b>		
Entrusted Loan – secured (note (a))	<b>1,345,549</b>	1,432,356
Bank loans and syndicated loan – secured (note (b))	<b>1,430,701</b>	941,989
	<b>2,776,250</b>	2,374,345
<b>Current</b>		
Entrusted Loan – secured (note (a))	<b>409,515</b>	358,089
Bank loans – secured (note (c))	<b>16,322</b>	91,651
	<b>425,837</b>	449,740
	<b>3,202,087</b>	2,824,085

Movements in borrowings are analysed as follows:

	<b>Six months ended 30 June</b>	
	<b>2016 HK\$'000</b>	2015 HK\$'000
At beginning of the period	<b>2,824,085</b>	2,216,651
Proceeds of new borrowings	<b>510,000</b>	–
Repayments of borrowings	<b>(100,000)</b>	(17,747)
Exchange differences	<b>(31,998)</b>	1,168
	<b>3,202,087</b>	2,200,072

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

### 16 Interest-bearing bank and other borrowings (continued)

At 30 June 2016 and 31 December 2015, the Group's borrowings were repayable as follows:

	Bank loans and syndicated loan		Entrusted Loan		Total	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015	30 June 2016	31 December 2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Within 1 year	16,322	91,651	409,515	358,089	425,837	449,740
Between 1 and 2 years	-	23,783	819,030	537,134	819,030	560,917
Between 2 and 5 years	1,430,701	918,206	526,519	895,222	1,957,220	1,813,428
	<b>1,447,023</b>	1,033,640	<b>1,755,064</b>	1,790,445	<b>3,202,087</b>	2,824,085

Notes:

- (a) Pursuant to the entrusted loan agreement dated 27 July 2015 signed between Zhuhai Jiuzhou Holdings Property Development Co., Ltd. ("ZJ Development"), a non wholly-owned subsidiary of the Company, Pingan-UOB Wealthtone Asset Management Co., Ltd. ("Pingan-UOB") and a bank as trustee, Pingan-UOB released a loan of RMB1,490,000,000 to ZJ Development in August 2015. The applicable interest rate on the Entrusted Loan was 9.434% annually. Pursuant to a supplementary agreement dated 1 April 2016, the interest rate was adjusted to 8.434% per annum.

Pingan-UOB acquired 3% equity interest in ZJ Development in a consideration of RMB10,000,000 according to an equity transfer and repurchase agreement signed between Lamdeal Consolidated Development Limited, a wholly-owned subsidiary of the Company, and Pingan-UOB on 27 July 2015 and an equity transfer agreement signed between Pingan-UOB and AVIC Trust Co., Ltd. on 15 September 2015. According to the equity transfer and repurchase agreement, the 3% equity interest will be transferred back to the Group upon the settlement of the Entrusted Loan at RMB10,000,000. The directors considered this equity transfer as a collateral provided to Pingan-UOB and therefore, no non-controlling interest was recognised.

As at 30 June 2016, Zhuhai Jiuzhou Holdings Group Co., Ltd. ("ZJ Holdings"), a major shareholder of the Company, and the Company executed guarantees in respect of the Entrusted Loan borrowed by ZJ Development up to HK\$1,755,064,000 (31 December 2015: HK\$1,790,445,000) and HK\$1,005,417,000 (31 December 2015: HK\$1,025,686,000), respectively.

As at 30 June 2016, Entrusted Loan is secured by the land use rights included in the properties under development of the Group of HK\$4,308,213,000 (31 December 2015: HK\$4,395,068,000).

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

### 16 Interest-bearing bank and other borrowings (continued)

Notes: (continued)

- (b) As at 30 June 2016, the Group's bank loan of HK\$117,004,000 (31 December 2015: HK\$119,363,000) is secured by its bank deposits.

As at 30 June 2016, the repayment obligation of the Company under the syndicated loan facility was secured by a charge over 15,600 ordinary shares in Jiuzhou Tourist Development Company Limited ("JTD"), a wholly-owned subsidiary of the Company, and 100 ordinary shares in Jiuzhou Tourism Property Company Limited ("JTP"), a wholly-owned subsidiary of the Company, representing the entire issued share capital of JTD and JTP, and a charge over a bank account of the Company in favour of the facility agent on behalf of the lenders.

As at 31 December 2015, the repayment obligation of the Company under a low-interest term loan facility of HK\$300 million from an offshore bank was secured by a charge over two ordinary shares in Jiuzhou Transportation Investment Company Limited ("JTI"), a wholly-owned subsidiary of the Company, representing the entire issued share capital of JTI, in favour of the bank.

- (c) As at 30 June 2016, Zhuhai High-speed Passenger Ferry Co., Ltd., a non wholly-owned subsidiary of the Company, has executed a guarantee in respect of the Group's bank loan of HK\$16,322,000 (31 December 2015: HK\$16,651,000).
- (d) The fair value of borrowings approximates to their carrying amount.
- (e) Borrowings bear average coupons of 0.5% – 9.434% annually (2015: 3.2% – 13% annually). The capitalisation rate of borrowings for assets under construction was 6.59% (six months ended 30 June 2015: 11.68%) for the six months ended 30 June 2016.

NOTES TO CONDENSED CONSOLIDATED INTERIM  
FINANCIAL INFORMATION (continued)

**17 Promissory note**

The promissory note, which was issued 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 & Country Club Limited, a wholly-owned subsidiary of the Company.

Movements of the promissory note of the Group during the period are as follows:

	<b>Six months ended 30 June</b>	
	<b>2016</b>	2015
	<b>HK\$'000</b>	HK\$'000
At beginning of the period	<b>353,714</b>	517,224
Net repayment*	<b>(374,678)</b>	–
Interest expenses	<b>20,964</b>	19,943
At end of the period	–	537,167
Less: Current portion	–	(200,000)
Non-current portion	–	337,167

- \* During the six months ended 30 June 2016, Dragon Hill Corporation Limited, the holder of the promissory note, offered rebate options of cash amounts calculated at discounting rates of 5% per annum and 5.5% per annum from the dates of repayment until the maturity dates of 31 December 2016 and 31 December 2017, respectively, to the Group in relation to early settlement of an aggregate principal amount of HK\$400,000,000. A net amount of HK\$374,678,000 was settled by the Group during the period.



## 18 Convertible bonds

On 12 August 2013, the Company issued convertible bonds (the “CB”) with a nominal value of HK\$500,000,000.

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. In light of the declaration of final dividend and special dividend in respect of the financial year ended 31 December 2013, pursuant to the respective terms and conditions of the CB, the conversion price was adjusted from HK\$1.50 to HK\$1.467 with effect from 21 June 2014. In light of the declaration of final dividend in respect of the financial year ended 31 December 2014, pursuant to the respective terms and conditions of the CB, the conversion price was adjusted from HK\$1.467 to HK\$1.45 with effect from 6 June 2015. In light of the declaration of final dividend in respect of the financial year ended 31 December 2015, pursuant to the respective terms and conditions of the CB, the conversion price was adjusted from HK\$1.45 to HK\$1.42 with effect from 7 June 2016;
- (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 CB 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 CB to be redeemed; and

**18 Convertible bonds (continued)**

- (d) mandatory convertible at the option of the Company at any time in whole or in part of the CB 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 CB 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 CB 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.

On 21 May 2015, Pacific Alliance Asia Opportunity Fund L.P. (the "CB Holder"), partially converted the convertible bonds in the principal amount of HK\$20,000,000 into shares of the Company. The Company allotted and issued a total of 13,633,265 shares to the CB Holder at a conversion price of HK\$1.467. Upon the conversion, the Company derecognised the liability component of HK\$21,611,000 and transferred this amount with equity component (convertible bonds equity reserve) of HK\$2,751,000 into share capital and share premium with the amount of HK\$1,364,000 and HK\$22,998,000, respectively.

NOTES TO CONDENSED CONSOLIDATED INTERIM  
FINANCIAL INFORMATION (continued)

**18 Convertible bonds (continued)**

Movements of the CB during the period:

	Six months ended 30 June	
	2016 HK\$'000	2015 HK\$'000
At beginning of the period	542,083	506,994
Conversion of the convertible bonds	–	(21,611)
Interest expenses	41,478	41,852
Interest paid	(12,000)	(12,386)
At end of the period	571,561	514,849

The CB was fully redeemed by the Company on 29 August 2016. As at the date of this report, the Company has no outstanding amount payable pursuant to the CB.

**19 Loan from a major shareholder**

	30 June 2016 HK\$'000	31 December 2015 HK\$'000
	ZJ Holdings	–

The amount as at 31 December 2015 represented unsecured loan with principal of RMB215,000,000 (approximately HK\$256,631,000) which bore interests at 13% per annum. The loan was repaid during the period.

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

### 20 Issued share capital

	30 June 2016 HK\$'000	31 December 2015 HK\$'000
<b>Shares</b>		
Authorised:		
4,000,000,000 ordinary shares of HK\$0.10 each	<b>400,000</b>	400,000
Issued and fully paid:		
1,427,797,174 (2015: 1,427,797,174) ordinary shares of HK\$0.10 each	<b>142,780</b>	142,780

### 21 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 unlisted warrants (the "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.

In light of the declaration of final dividend and special dividend in respect of the financial year ended 31 December 2013, pursuant to the respective terms and conditions of the Warrants, the subscription price of the Warrants was adjusted from HK\$1.80 to HK\$1.76 with effect from 21 June 2014. In light of the declaration of final dividend in respect of the financial year ended 31 December 2014, pursuant to the respective terms and conditions of the Warrants, the subscription price of the Warrants was adjusted from HK\$1.76 to HK\$1.75 with effect from 6 June 2015. In light of the declaration of final dividend in respect of the financial year ended 31 December 2015, pursuant to the respective terms and conditions of the Warrants, the subscription price of the Warrants was adjusted from HK\$1.75 to HK\$1.72 with effect from 7 June 2016.

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

### 21 Warrants (continued)

No Warrants were exercised from issue date to 30 June 2016. 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\$51,600,000.

Warrants issued meet the definition of equity instrument and the total proceeds of HK\$690,000 were classified as warrant reserve in equity on issuance date.

### 22 Related party transactions

The Company's major shareholder is ZJ Holdings, which is a state-owned enterprise established in the PRC. As at 30 June 2016, ZJ Holdings' equity interest in the Company is 41.10% (31 December 2015: 41.10%). 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) In addition to those disclosed elsewhere in this condensed consolidated interim financial information, the Group had the following material transactions with related parties during the period:

Name	Relationship with the Company	Nature	Six months ended 30 June	
			2016 HK\$'000	2015 HK\$'000
Zuhai Jiuzhou Port Passenger Transport Station Co., Ltd.	A subsidiary of a major shareholder	Port service fees	1,015	1,108
ZJ Holdings	A major shareholder	Rental expenses	2,486	2,640
ZJ Holdings	A major shareholder	Interest expenses	12,881	17,570
Zuhai Jiuzhou Travel Transport Co., Ltd.	An associate of a major shareholder	Sales of diesel and petrol	1,063	2,459
Zuhai Wanshan Port Co., Ltd.	A joint venture of a major shareholder	Commission expenses	3,797	4,187
Zuhai Jiuzhou Holdings Investment Co., Ltd.	A subsidiary of a major shareholder	Agency fee income	1,228	–

## 22 Related party transactions (continued)

### (b) Other transactions with related parties

In addition, in 1994, Zhuhai Jiuzhou Port Passenger Traffic Services Co., Ltd. (“Jiuzhou Port Company”), a non wholly-owned subsidiary of the 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.

### (c) Key management compensation

	Six months ended 30 June	
	2016 HK\$'000	2015 HK\$'000
Salaries, allowances and benefits in kind	1,352	1,136
Pension costs – defined contribution plans	169	120
	<b>1,521</b>	<b>1,256</b>

## 23 Contingent liabilities

The Group had the following contingent liabilities in respect of financial guarantees on mortgage facilities as at the dates below:

	As at 30 June 2016 HK\$'000	As at 31 December 2015 HK\$'000
	Guarantees in respect of mortgage facilities for certain purchasers of the Group's properties	<b>1,692,533</b>

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

### 23 Contingent liabilities (continued)

The Group has arranged bank financing for certain purchasers of the Group's properties and provided guarantees to secure obligations of such purchasers for repayments. Such guarantees will terminate upon the earlier of (i) the transfer of the real estate ownership certificate to the purchaser; or (ii) the satisfaction of mortgage loans by the purchasers of the properties.

Pursuant to the terms of the guarantees, upon default of mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principal together with accrued interest and penalties owed by the defaulting purchasers to the banks and the Group is entitled to retain the legal title and take over the possession of the related properties. The Group's guarantees period starts from the date of grant of mortgage. The directors consider that the likelihood of default of payments by the purchasers is minimal and their obligations are well covered by the value of the properties and therefore the fair value of financial guarantees is immaterial.

Except for the financial guarantees as disclosed above, the Group had no material contingent liabilities as at 30 June 2016 (31 December 2015: Nil).

### 24 Operating lease commitments

As at 30 June 2016 and 31 December 2015, the Group had future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 June 2016 HK\$'000	31 December 2015 HK\$'000
Within one year	11,267	10,776
In the second to fifth years, inclusive	9,684	13,538
After five years	11,298	13,457
	<b>32,249</b>	<b>37,771</b>

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

### 25 Capital commitments

As at 30 June 2016, the Group had the following contracted, but not provided for, commitments:

- (a) In respect of acquisition of property, plant and equipment of HK\$495,559,000 (31 December 2015: HK\$453,289,000); and
- (b) In respect of construction works related to properties under development of HK\$1,081,029,000 (31 December 2015: HK\$458,676,000).

The Group entered into an agreement with an independent third party to pay an annual management fee of RMB24,000,000 (equivalents to HK\$28,081,000) for a period of 90 months for management of the property development project of the Group. At the end of the reporting period, total management fee commitment falling due was as follows:

	30 June 2016 HK\$'000	31 December 2015 HK\$'000
Within one year	<b>28,081</b>	28,647
In the second to fifth years, inclusive	<b>112,324</b>	114,589
After five years	–	14,324
	<b>140,405</b>	157,560

### 26 Events occurring after the date of statement of financial position

Subsequent to period end, upon the consent to and acceptance of the cancellation proposal by the relevant grantees and the entitled persons, all outstanding share options enabling the grantees to subscribe for an aggregate of 79,600,000 new ordinary shares in the share capital of the Company have been cancelled with effect from 21 July 2016 without consideration.



# MANAGEMENT DISCUSSION AND ANALYSIS AND OTHER INFORMATION

## Management Discussion and Analysis

### Business Review

In the first half of 2016, while China's business environment was full of challenges, Zhuhai Holdings Investment Group Limited (the "Company") and its subsidiaries (collectively, the "Group") were able to overcome various difficulties and forge ahead to achieve stable operating results for the six months ended 30 June 2016 (the "Period Under Review"). The unaudited consolidated revenue of the Group amounted to approximately HK\$1,771.5 million, representing an increase of about 95.1% as compared to approximately HK\$907.8 million for the same period last year. Gross profit of the Group slightly decreased by 2.9% to HK\$242.7 million. The unaudited consolidated profit for the period was HK\$74.2 million, comparing to HK\$78.1 million for the same period last year. The unaudited consolidated net profit attributable to owners of the Company was approximately HK\$23.0 million (six months ended 30 June 2015: HK\$14.2 million).

The increase in the unaudited consolidated net profit attributable to owners of the Company during the Period Under Review was mainly attributable to the following two factors: (1) Zhuhai Lakewood Golf Club ("Lakewood Golf Club") recorded an operating segment profit of HK\$2.1 million during the Period Under Review compared with the segment loss of HK\$18.0 million for the corresponding period in 2015; and (2) the decrease in loss of the Group's tourist attraction business of approximately HK\$9.1 million.

### 1. *Jiuzhou Blue Sea Jet and Blue Marine Tourism*

#### 1.1 Jiuzhou Blue Sea Jet

Approaching the close completion of the Hong Kong-Zhuhai-Macau Bridge, Zhuhai High-Speed Passenger Ferry Co., Ltd.\* (珠海高速客輪有限公司) (the "Ferry Company"), a non wholly-owned subsidiary of the Company, and its subsidiaries (collectively the "Ferry Group") intensified its reform and expansion, and implemented dual development. The Ferry Group operated two major routes, while on the other hand continued to develop its maritime transportation network.

## Management Discussion and Analysis (continued)

### Business Review (continued)

#### 1. *Jiuzhou Blue Sea Jet and Blue Marine Tourism (continued)*

##### 1.1 Jiuzhou Blue Sea Jet (continued)

In the first half of 2016, due to the extremely inclement weather conditions such as cold surge, dense fog, rainstorms and thunderstorms affecting travellers heading to the Pearl River Estuary, the People's Republic of China ("PRC") and posing serious challenges to the sailing safety and operation of Ferry Company, 244 scheduled ferry services were suspended, coupled with the tightening of the policy on certain individual visit endorsements by the government of the Hong Kong Special Administrative Region, the number of Mainland travellers visiting Hong Kong continued to decrease. During the Period Under Review, the passenger volume of ferry services running between Zhuhai and Hong Kong (including the Hong Kong Airport line) and between Zhuhai and Shekou operated by Ferry Company was approximately 1,017,000 and 436,000 respectively, representing a decrease of approximately 5.7% and 6.5% as compared to the same period last year. During the Period Under Review, the passenger volume of various island lines in Zhuhai was approximately 378,600, recording a decrease of approximately 15.3% over the same period of last year.

During the Period Under Review, the market share of the passenger volume of Ferry Company was similar when compared to the same period last year. The market share of the passenger volume of ferry services between Guangdong and Hong Kong operated by Ferry Company was approximately 47.2%, recording an increase of approximately 2.3% over the same period of last year, which continued to outpace the waterway transportation market between Guangdong and Hong Kong.

## MANAGEMENT DISCUSSION AND ANALYSIS AND OTHER INFORMATION (continued)

### Management Discussion and Analysis (continued)

#### Business Review (continued)

#### 1. Jiuzhou Blue Sea Jet and Blue Marine Tourism (continued)

##### 1.1 Jiuzhou Blue Sea Jet (continued)

In 2015, the Company entered into a Hainan strategic co-operation framework agreement (“Hainan Framework Agreement”) with CCCC Hainan Construction Investment Limited\* (中交海南建設投資有限公司) in relation to the co-operation projects (“Hainan Projects”) in the maritime tourism and transportation in Hainan and Guangdong provinces in the PRC. As at the date of this interim report, the working group of Hainan Projects continued to communicate with the relevant government authorities regarding project resources and location of the pier to push through the projects. For details of the Hainan Framework Agreement, please refer to the Company’s announcement dated 11 May 2015.

In order to thoroughly capture external development opportunities and achieve the strategic target of promoting “Jiuzhou Blue Sea Jet” as an international brand, in 2015, Zhuhai Haichang Investment Company Limited\* (珠海海昌投資有限公司) (“Haichang Investment”), a wholly-owned subsidiary of Ferry Company, entered into a joint venture contract with Hunan Longxiang Juzizhou Travel Services Development Company Limited\* (湖南龍驤橘子洲旅遊服務開發有限責任公司) and other parties in relation to the joint capital contribution and formation of a joint venture enterprise, namely, Hunan Jiuzhou Longxiang Marine Tourism Passenger Transport Company Limited\* (湖南九洲龍驤水上旅遊客運有限公司) (“Changsha JV”). As at the date of this interim report, Changsha JV successfully completed the consolidation of resources in providing marine passenger transport services along the Xiang River (湘江) in Hunan, the PRC, and gained control of the premium strategic resources of marine tourism in Xiang River area that cannot be replicated. For details of Changsha JV, please refer to the Company’s announcement dated 1 June 2015.

## Management Discussion and Analysis (continued)

### Business Review (continued)

#### 1. *Jiuzhou Blue Sea Jet and Blue Marine Tourism (continued)*

##### 1.2 Blue Marine Tourism

During the Period Under Review, though the general operating environment became more difficult due to the effect of road reconstruction in Zhuhai and the overall economic environment, Zhuhai Jiuzhou Cruises Co., Ltd.\* (珠海市九洲郵輪有限公司) (“Jiuzhou Cruises”), a wholly-owned subsidiary of Ferry Company, proactively expanded the distribution channel of ferry tickets for Chimelong Resort and served 197,000 tourists in total.

Zhuhai Jiuzhou Crew Training Centre Co., Ltd.\* (珠海九洲船員培訓中心有限公司), the “Training Centre”, which was established by Jiuzhou Cruises, obtained the training qualification certificate issued by the Maritime Safety Administration of the PRC after two years of preparation. The operation of Training Centre, which will become a new profit growth driver, is already on the right track.

## MANAGEMENT DISCUSSION AND ANALYSIS AND OTHER INFORMATION (continued)

### Management Discussion and Analysis (continued)

#### Business Review (continued)

##### 1. *Jiuzhou Blue Sea Jet and Blue Marine Tourism (continued)*

###### 1.2 Blue Marine Tourism (continued)

In order to thoroughly implement the strategy of “Blue Marine Tourism” with an aim to establish marine-related business segment, in 2015, Ferry Company entered into a strategic co-operation framework agreement (“Guishan Framework Agreement”) with The People’s Government of Guishan City\*, Zhuhai (珠海市桂山鎮人民政府) in relation to the possible co-operation in the investment, construction and operation of a project on Guishan Island\* (桂山島), Zhuhai of the PRC (“Guishan Island Project”) involving characterised cultural industry and home-stay tourism industry. The Guishan Island Project is an important strategic planning of Zhuhai government as well as a major breakthrough of the Group in seeking control of the scarce resources of Zhuhai Islands. The Guishan Island Project will be established as a new landmark for the most unique island and village tourism in the Pearl River Delta region. It will become a marine tourism resort area which creates complementary advantages and synergistic development together with the Guishan Integrated Shipping Complex, Triangle Island\* (三角島) tourism project and the surrounding islands. The transformation to “Blue Marine Tourism” of the Ferry Group is a meaningful strategy to tap new markets and construct the Group’s industry chain of perfect living and travelling. For details of the Guishan Framework Agreement, please refer to the Company’s announcement dated 5 May 2015.

## Management Discussion and Analysis (continued)

### Business Review (continued)

#### 1. *Jiuzhou Blue Sea Jet and Blue Marine Tourism (continued)*

##### 1.2 Blue Marine Tourism (continued)

In 2015, Haichang Investment entered into a preliminary co-operation agreement with a subsidiary of a state-owned enterprise in Zhuhai in relation to the development of “Zhuhai Sailboat Station Project” in Zhuhai, the PRC. The project will include maritime sports, including but not limited to, sailboats, yachts, kayaks and motor boats, and operation of marine restaurant business and marine culture memorial, etc. Leisure boat and yachting not only symbolises high-end leisure travel, but also represents the degree of economic development in the region and attracts investment. The project is expected to become a postcard scene in Zhuhai and be able to completely satisfy the demands for leisure boat and yachting activities brought by the rapid economic development in the region, complementing the construction of leisure yachting facilities while promoting the development and upgrade of the tourism industry in Zhuhai. As at the date of this interim report, the project is at the preliminary stage of communication and preparation. For details of the Zhuhai Sailboat Station Project, please refer to the Company’s announcement dated 15 June 2015.

## Management Discussion and Analysis (continued)

### Business Review (continued)

#### 2. *Green Leisure Tourism and Composite Real Estate*

##### 2.1 Zhuhai Holiday Resort Hotel

Zhuhai Holiday Resort Hotel Company Limited\* (珠海度假村酒店有限公司) (“Zhuhai Holiday Resort Hotel”), a wholly-owned subsidiary of the Company, re-positioned the products of the hotel and its subsidiaries in order to achieve a breakthrough and grow amidst the increasingly intense competition in the hotel industry in China. Zhuhai Holiday Resort Hotel has strengthened its internal management and cost control and proactively expanded the market by adopting various marketing means and working with several renowned online sales platforms for promotion of guest rooms and food and beverage. It has been respectively awarded as the “Model Enterprise of Trustworthiness in Guangdong Province” jointly granted by Guangdong Provincial Enterprise Confederation and Guangdong Provincial Association of Entrepreneurs for ten consecutive years and “2015 Advanced Food Safety Enterprise” granted by Zhuhai Food Safety Association. Zhuhai Holiday Resort Hotel also kept pace with the times, aligned with market demand, and strived to establish a “smart hotel” project, with a view to catering for the huge demand for internet and information from guests during their stay, providing them with high efficient and quality information on lifestyle and services while improving their satisfaction and increasing operating revenue.

During the Period Under Review, the total income of Zhuhai Holiday Resort Hotel amounted to HK\$76.6 million. The average occupancy rate of Zhuhai Holiday Resort Hotel during the Period Under Review was approximately 53.6% and its average room rate was similar when compared to the same period last year. In the first half of 2016, the hotel segment recorded a segment profit of HK\$6.0 million.

## Management Discussion and Analysis (continued)

### Business Review (continued)

#### 2. *Green Leisure Tourism and Composite Real Estate (continued)*

##### 2.2 New Zhuhai Holiday Resort Hotel Project (the “New Hotel Project”)

As the investor and developer of the New Hotel Project, Zhuhai Jiuzhou Property Development Limited\* (珠海九洲置業開發有限公司) (“JPD”), a wholly-owned subsidiary of the Company, actively pushed ahead with development and construction. The construction of infrastructure and main structure of Phase 1 new hotel and sports stadium has commenced. The majority of the rooms in the basement of the main structure of the new hotel and the infrastructure construction of the sports stadium were completed. The project is in the process of formwork construction of the first floor of the basement. With respect to the Phase 2 office complex, the global tendering process for its design and construction framework was completed. The design of the office complex highly reflects its geographic characteristics which echo with the new hotel. It is expected that the commercial value of Zhuhai Holiday Resort Hotel and Jiuzhou Port area will be significantly enhanced upon completion.

##### 2.3 The New Yuanming Palace

During the Period Under Review, the number of visitors of the New Yuanming Palace\* (圓明新園) theme park operated by The New Yuanming Palace Tourist Co., Ltd. of Zhuhai S.E.Z.\* (珠海經濟特區圓明新園旅遊有限公司), a wholly-owned subsidiary of the Company, was approximately 1,588,000. In order to improve the operating results, the New Yuanming Palace adopted the following measures: (1) adopting various measures to fully explore the potential for a self-operated Fuhai Lake fleet and thoroughly adjusting the sailing schedule of dragon boats by providing non-scheduled services and increasing sailing frequency to reduce waiting time; (2) enhancing the commercial quality of the palace by gradually promoting standardised management, unifying outdoor operation and billboards of all merchants, and formulating detailed and feasible hygiene management standards and execution system; and (3) having become a renowned venue for large-scale commercial and charity activities in the Pearl River Delta region after years of operation. During the Period Under Review, a total of 11 large-scale events were held at the palace, achieving higher economic benefits and social efficiency.



## MANAGEMENT DISCUSSION AND ANALYSIS AND OTHER INFORMATION (continued)

### Management Discussion and Analysis (continued)

#### Business Review (continued)

#### 2. Green Leisure Tourism and Composite Real Estate (continued)

##### 2.4 Hunan Chengtoushan Management Project

The Group adhered to the strategy of international development in terms of management, investment and intelligence. In 2015, Zhuhai Jiuzhou Theme Park Management Company Limited\* (珠海九洲景區管理有限公司) (“Jiuzhou Theme Park Management”), a wholly-owned subsidiary of the Company, entered into a management contract (“Management Contract”) with Hunan Chengtoushan Construction Development Company Limited\* (湖南城頭山建設開發有限公司) and sent a preparatory working team, comprising key management personnel of theme park management business to Lixian, Hunan province, to provide marketing and operation management services for the scenic area. During the Period Under Review, Chengtoushan theme park in Lixian, Hunan province, which is contracted for management, commenced trail operation, representing an essential step towards export of management talents by the New Yuanming Palace. The Group will continue to export its light-assets by exporting talents with extensive experience in scenic area management, and adopt an open-minded approach in preparing layout and marketing, striving to become a brand enterprise which exports management talents. For details of the Management Contract, please refer to the Company’s announcement dated 23 December 2015.

##### 2.5 The Fantasy Water World

The Fantasy Water World operated by 珠海市水上娛樂有限公司, a wholly-owned subsidiary of the Company, operates for six months from May to October each year. For the remaining months of a calendar year, it only opens partially for the operation of winter events. Operating results of the Fantasy Water World during the Period Under Review only included its operation in May and June this year. The number of visitors of the Fantasy Water World was approximately 89,000, in aggregate, for these two months.

## Management Discussion and Analysis (continued)

### Business Review (continued)

#### 2. *Green Leisure Tourism and Composite Real Estate (continued)*

##### 2.5 The Fantasy Water World (continued)

The brand new imported water slide of the Fantasy Water World passed all tests and inspections early this year to deliver family fun and has been put into operation this year. Prior to the opening of the Fantasy Water World, naming activity was held through WeChat to give away tickets and online flash sale was held through Meituan.com\* (美團). With the amplified promotional effect of online and offline activities and endeavours of all relevant parties, the opening of the Fantasy Water World received overwhelming response. Meanwhile, the scope of the wholesale of tickets was extended this year. Contrasting with a sales model in which regional distributors play their roles along the distribution channel, more reliance was put on collaborative partners for market expansion in their specific areas, seeking to maximise the profitability of the Fantasy Water World.

##### 2.6 Jiuzhou • Greentown – Cuihu Xiangshan

During the Period Under Review, Zhuhai Jiuzhou Holdings Property Development Co., Ltd.\* (珠海九控房地產有限公司) (“ZJ Development”), a non wholly-owned subsidiary of the Company, developed Jiuzhou • Greentown – Cuihu Xiangshan Project (“Cuihu Xiangshan Project”) and underwent relevant marketing to the fullest. It was granted the “3.15 Quality Property” (3.15品質樓盤) in the “3.15 Quality Property Evaluation Activity” (3.15樓盤品質測評活動) organised by Sina Home and co-organised by the China Real Estate Association.

## MANAGEMENT DISCUSSION AND ANALYSIS AND OTHER INFORMATION (continued)

### Management Discussion and Analysis (continued)

#### Business Review (continued)

#### 2. *Green Leisure Tourism and Composite Real Estate (continued)*

##### 2.6 Jiuzhou • Greentown – Cuihu Xiangshan (continued)

During the first half of 2016, though affected by the adverse weather conditions with consecutive rainy days, ZJ Development successfully completed the registration of completion in the construction of Phase 1 villas project and the villas courtyard of Phase 1 villas project is expected to be delivered during the second half of the year. Phase 2 high-rise project was topped out and scaffoldings were dismantled. It is now in the process of handing over to the renovation team for renovation and decoration. The overall construction of Phase 2 high-rise project was conducted on schedule. Phase 3 villas project is a core project under the Cuihu Xiangshan Project with the largest volume, most enriched products and comprehensive ancillary facilities. Since the commencement of construction, the project has topped out its marketing and sales centre as well as show flats in the multi-floor display area on schedule, laying a sturdy foundation for the pre-sale during the second half of the year. The design and preliminary application for construction of Phase 4 villas project was basically completed and the construction is planned to commence in the second half of the year.

## Management Discussion and Analysis (continued)

### Business Review (continued)

#### 2. *Green Leisure Tourism and Composite Real Estate (continued)*

##### 2.7 Zhuhai Lakewood Golf Club

The Lakewood Golf Club is operated by Zhuhai International Circuit Golf and Country Club Limited\* (珠海國際賽車場高爾夫俱樂部有限公司) and is a non wholly-owned subsidiary of the Company. In light of the consecutive cold and rainy days early this year, the number of members visiting the Lakewood Golf Club decreased significantly as compared to the same period last year. In view of this, the club began to strengthen the co-operation with its agents and launched promotional plans for golfers. Meanwhile, thanks to the attractiveness of the Norman Golf Course, of which Mr. Greg Norman, an international top notch golf player, a.k.a. the “Great White Shark” had participated in the design work, the downtrend was reversed. In the first half of 2016, the club successfully held the 2016 “Jiuzhou Greentown • Cuihu Xiangshan Cup” Spring and Summer tournaments for the club members. The Norman Golf Course was granted the “Best Renovated Golf Course Award\*” (最佳球場改造獎) in the “2015 Best Golf Course and Tools Awards” (2015年金牌球場球具評選) by FunFunGOLF.com, fully demonstrating the positive and healthy development of the Lakewood Golf Club. The Lakewood Golf Club will kick off the renovation of Xiangshan Golf Course and construction of driving range building in accordance with the work plan for the first half of 2016.

## Management Discussion and Analysis (continued)

### Business Review (continued)

#### 3. Public Utilities and Financial Investments

##### 3.1 Jiuzhou Passenger Port

During the Period Under Review, Zhuhai Jiuzhou Passenger Port, operated by Zhuhai Jiuzhou Port Passenger Traffic Services Co., Ltd.\* (珠海九洲港客運服務有限公司) (“Jiuzhou Port Company”), a non wholly-own subsidiary of the Company, took a proactive approach in enhancing services and expanding sales to increase passenger flow. However, as restricted by the inclement weather conditions such as heavy fog, continual downturn in Hong Kong market and limitation on capacity of ferry companies, the passenger flow decreased as compared to the same period last year, affecting the growth in operating results. It remains difficult to escape from this predicament. Operating revenue of Jiuzhou Port Company recorded a decrease of approximately 6.1% over the same period last year, which was mainly due to a decrease in number of passenger trips of the two main ferry lines running between Zhuhai and Hong Kong and between Zhuhai and Shekou of approximately 5% and 3.8% respectively as compared to the same period last year.

In face of the unfavorable operating conditions, Jiuzhou Port Company strived to achieve breakthroughs and expand sales through efficient operation of the WeChat platform, leading to considerable improvement in ticketing experience of travellers and reflecting its advanced service philosophy and innovative management measures while building up customer resources and raising the commercial value of the platform. The successful operation of the WeChat ticketing platform of the Jiuzhou Port passenger transport station served as an example and successful case for the Group’s implementation of “Internet+” model.

Furthermore, Jiuzhou Port Company gave strong support to the departure tax refund scheme launched by the Zhuhai government by operating Jiuzhou Port as the first pilot port for the scheme in Zhuhai.

## Management Discussion and Analysis (continued)

### Business Review (continued)

#### 3. Public Utilities and Financial Investments (continued)

##### 3.2 City Energy Supply

During the Period Under Review, Zhuhai Jiuzhou Energy Co., Ltd.\* (珠海九洲能源有限公司) (“Jiuzhou Energy Company”), formerly known as Zhuhai Jiuzhou Marine Bunker Supply Co., Ltd.\* (珠海九洲船舶燃料供應有限公司), a wholly-owned subsidiary of Ferry Company, actively took advantage of the prevailing development circumstances and market trends, achieving a sales volume of product oil amounting to 328,000 tons, representing a growth of 308% as compared to the same period last year.

This year, the gas station near Zhuhai Holiday Resort Hotel (the “Resort Gas Station”) started to bear the company logo of China Petroleum & Chemical Corporation (“Sinopec”), introduced the services and management standards of Sinopec and connected to Sinopec’s nationwide sales network. Leveraging an innovative co-operation model, the Resort Gas Station recorded an explosive growth in the sales of oil products. At the same time, Jiuzhou Energy Company revised its safety management system and provided intensive training to its employees to enhance service quality of the gas station, effectively promoting the operation of petrol and non-oil products.

In 2015, based on a strategy of international development, Jiuzhou Energy Company also entered into a strategic co-operation framework agreement (“Shaoguan Framework Agreement”) with its co-operation partners, for the joint development and operation of an energy supply project (“Shaoguan Project”) in Shaoguan, the PRC. During the Period Under Review, the Shaoguan Project was pushed forward in an organised manner. The relevant preparation work is expected to be completed in the second half of the year. For details of the Shaoguan Framework Agreement, please refer to the Company’s announcement dated 10 September 2015.

## MANAGEMENT DISCUSSION AND ANALYSIS AND OTHER INFORMATION (continued)

### Management Discussion and Analysis (continued)

#### Business Review (continued)

#### 3. Public Utilities and Financial Investments (continued)

##### 3.3 Financial Investments

In 2015, the Company entered into a co-operation agreement (“Kingkaid Co-operation Agreement”) with Shaanxi Kingkaid Financial Services Company Limited\* (陝西金開貸金融服務有限公司) in relation to the possible joint capital contribution for the establishment of Zhuhai Jiuzhou Kingkaid Financial Services Company Limited\* (珠海九洲金開貸金融服務有限公司) (“Jiuzhou Kingkaid Company”) for the gradual cultivation of financial information services and internet intermediary services. For details of the Kingkaid Co-operation Agreement, please refer to the Company’s announcement dated 16 September 2015.

Under the Period Under Review, Jiuzhou Kingkaid Company entered into two agency service agreements with Zhuhai Jiuzhou Holdings Investment Co., Ltd.\* (珠海九控投資有限公司) (“ZJ Holdings Investment”), a wholly-owned subsidiary of Zhuhai Jiuzhou Holdings Group Co., Ltd.\* (珠海九洲控股集團有限公司), a substantial shareholder of the Company, in relation to the provision of financial agency services (“Financial Agency Services”) by Jiuzhou Kingkaid Company to ZJ Holdings Investment for the implementation of the crowdfundings through the Kingkaid financial services online platform (“Kingkaid Platform”). For details of the Financial Agency Services, please refer to the Company’s announcement dated 11 April 2016.

## MANAGEMENT DISCUSSION AND ANALYSIS AND OTHER INFORMATION (continued)

### Outlook

During the Period Under Review, adhering to a development strategy combining the elements of “land-based, sea-going, inbound enhancement and international development” of the Company, the Group achieved continual improvements in its traditional business and maintained stable operations to ensure profit growth while maintaining stability. It will also plan for mergers and acquisitions to achieve international development and seek co-operation and development to reach inbound enhancement. It will reduce its finance costs, develop internet financial services, and increase its efficiency in organisation and operation to increase revenue and earnings yield while reducing costs to gain a competitive edge in the capital market.

#### 1. Jiuzhou Blue Sea Jet and Blue Marine Tourism

In the second half of 2016, the Ferry Group will run a new ferry line connecting various islands in Zhuhai with Hong Kong. To start with, it will carry out preliminary preparation work for launching the new ferry line and arranging extra ferries to and from these islands to cater for travel demand during the summer peak season. It will begin to construct a new high-speed catamaran that will be made of aluminum alloy to provide a safe, fast, comfortable and economic travel experience, and conduct research to optimise its existing operating mode of ferry lines. With respect to the relevant work of launching the “Zhuhai-Macau Bay Tour”, Jiuzhou Cruises will run a new ferry line for night-time sightseeing between Zhuhai and Macau, and build a new vessel for the operation of the “Zhuhai-Macau Bay Tour” on top of its existing capacity.

#### 2. Green Leisure Tourism and Composite Real Estate

In the second half of the year, Zhuhai Holiday Resort Hotel will make great efforts in delivering hospitality services for the China International Aviation & Aerospace Exhibition and the 2016 National Sailing Championship. By focusing on sales promotion of wedding banquet, production and sales of mooncakes, and marketing of convention tours and travel tours, it will expand its business into laundry, wedding and holiday travel to maximise profitability. JPD will further strengthen its supervision over safe construction of the New Hotel Project and push ahead with the project in accordance with the schedule and the actual progress of the construction. It will strive to complete the main structure of the new hotel and sports stadium under Phase 1 and the fitting-out work of the show flats of the new hotel within the timeframe, as well as foster business planning and project design of the office complex under Phase 2.



## MANAGEMENT DISCUSSION AND ANALYSIS AND OTHER INFORMATION (continued)

### Outlook (continued)

#### 2. Green Leisure Tourism and Composite Real Estate (continued)

The New Yuanming Palace will actively pursue international development and introduce foreign participation with the support of its strategic resources brought by its arts troupe and theatre. It will promote the export of performing arts and commercial performances to explore a new operating mode involving performing productions and diversified co-operation, and open up a new path for the development of cultural and performing arts. The development of the Fantasy Water World will be on a rolling basis with the upgrade of its spiral water slide completing in the second half of the year. An in-depth feasibility study on the expansion of the Fantasy Water World will be conducted.

Jiuzhou Theme Park Management will vigorously push ahead with the project in Chengtoushan, Lixian, Hunan by fully capitalising on its extensive experience in scenic area and water park management. It is committed to becoming a brand enterprise for exporting management resources through securing new management projects and delivering management services to scenic areas.

ZJ Development is in the process of constructing the Cuihu Xiangshan Project and facilitating the gradual delivery of its products in the second half of the year. It is stepping up the leasing of educational and commercial facilities which can highlight the project value, undergoing negotiation with school, cinema, supermarket, hotel and book store and has basically agreed on the major brands of school and merchants to be introduced. Lakewood Golf Club will closely follow the pace of "Internet+" to introduce payment via Alipay, WeChat and Apple Pay, leading the trend of golf club management. It will promote the renovation of Xiangshan Golf Course and construction of driving range building as well as the establishment and use of a player handicap system to expand profit streams.

## Outlook (continued)

### 3. Public Utilities and Financial Investments

Jiuzhou Port Company will capture favourable opportunities to focus on the pier expansion project, and make room for development through studying the feasibility of implementing the strategy of international development. It will conduct secondary development to perfect its passenger transport integrated system and the relevant safety measures while offering lounge services at the Hong Kong airport, setting up a lounge at the Hong Kong airport for passengers of flights to Taishan and adopting a water-land transport mode which connects Taishan and Jiuzhou Port with the Hong Kong airport, in order to increase passenger flow of Hong Kong airport line and the importance of Jiuzhou Port to Western Guangdong.

To expand the footprint of its gas station business, Jiuzhou Energy Company will expedite strategic co-operation project of gas stations in the second half of the year and is currently proceeding with the preparation of the project. Going further, it will optimise safety measures for handling marine fuels at the Jiuzhou Port and Xiangzhou Port to ensure oil supply safety. It aims to pursue a more in-depth co-operation by taking advantage of its own brand name and strengths and facilitating communication with new and existing customers.

Jiuzhou Kingkaid Company will assist the collaborations and development of all business segments of the Group and enhance the development effectiveness and efficiency of internal industrial resources by further utilising the “Internet + Financial” platform. Through the establishment of an internet information platform, the Group will be able to strengthen its industrial competitiveness of all business segments to achieve leap-forward development. With the Group’s living and travelling resources and the synergistic development brought by the Kingkaid Platform, Jiuzhou Kingkaid Company will construct a crowd-funding platform aiming at offering “local quality of life” and enhance the traditional consumption pattern combining culture, sports and travel. It will establish an internet information platform and consumption platform to assist with the innovative development of the upgrade of the traditional industry and public consumption.

## MANAGEMENT DISCUSSION AND ANALYSIS AND OTHER INFORMATION (continued)

### Outlook (continued)

#### 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.

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 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.

## MANAGEMENT DISCUSSION AND ANALYSIS AND OTHER INFORMATION (continued)

### Outlook (continued)

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

No further appeal against the CA Judgment was filed by the Appellants. For the year ended 31 December 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. For the year ended 31 December 2014, 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 will soon proceed to assess its damages against the Appellants pursuant to the CFI Judgment and the CA Judgment. The assessment of damages hearing was first fixed from 21 to 24 March 2016 which was vacated with the hearing to be re-fixed.

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 round, 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) falling 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, 2013, 2014 and 2015.

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.

## MANAGEMENT DISCUSSION AND ANALYSIS AND OTHER INFORMATION (continued)

### 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 Consolidated Development Limited and Lamdeal Golf & Country Club Limited (“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 the Cuihu Xiangshan Project, in 2013, the Group generally finances its operations with internally generated cashflow, bank borrowings provided by its principal bankers and a term loan facility up to HK\$2,000 million (“Syndicated Loan Facility”).

In 2015, the Company entered into a facility agreement (“Syndicated Loan Facility Agreement”) with Malayan Banking Berhad and nine other banks as the lenders (“Lenders”) pursuant to which the Syndicated Loan Facility was agreed to be granted by the relevant Lenders to the Company for a term of four years from the date of the Syndicated Loan Facility Agreement. The Syndicated Loan Facility is secured and with a floating interest rate. As at the date of this interim report, the Company has drawn down HK\$2,000 million from the Syndicated Loan Facility. For details of the Syndicated Loan Facility Agreement, please refer to the Company’s announcement dated 28 July 2015.

The Group’s time deposits and cash and cash equivalents as at 30 June 2016 amounted to approximately HK\$1,847.8 million (31 December 2015: HK\$1,872.9 million), of which approximately HK\$1,648.6 million (31 December 2015: HK\$1,582.4 million) were denominated in RMB, approximately HK\$199.2 million (31 December 2015: HK\$290.5 million) were denominated in Hong Kong dollars.

As at 30 June 2016, trade receivables amounted to HK\$88.1 million (31 December 2015: HK\$121.8 million). Decrease in trade receivables was mainly due to the decrease in the relevant trade receivables of 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\$0.9 million as at 30 June 2016 (31 December 2015: HK\$1.0 million), all of which were denominated in Hong Kong dollars (31 December 2015: HK\$1.0 million). The securities measured at fair value through profit or loss comprised some listed securities in Hong Kong.

## MANAGEMENT DISCUSSION AND ANALYSIS AND OTHER INFORMATION (continued)

### Liquidity and Financial Resources (continued)

The Group had no short-term available-for-sale investment as at 30 June 2016 (31 December 2015: HK\$17.9 million).

Total interest-bearing bank and other borrowings, promissory note, convertible bonds and loan from a major shareholder amounted to approximately HK\$3,773.6 million as at 30 June 2016 (31 December 2015: HK\$3,976.5 million).

The Group's gearing ratio was 0.35 as at 30 June 2016 (31 December 2015: 0.52), 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 30 June 2016, the Group had a current ratio of 1.4 (31 December 2015: 1.5) and net current assets of HK\$2,005.1 million (31 December 2015: HK\$2,270.1 million).

As at 30 June 2016, interest-bearing bank and other borrowings that were outstanding amounted to HK\$3,202.1 million (31 December 2015: HK\$2,824.1 million), which mainly comprised of (1) principal amount of RMB300 million due in August 2016; (2) principal amounts of RMB50 million and RMB400 million due in February and August 2017 respectively; (3) principal amounts of RMB300 million and RMB440 million due in February and August 2018 respectively; (4) principal amount of HK\$1,340 million with the final maturity date falling due in July 2019; and (5) principal amount of RMB100 million with the final maturity date falling due in December 2020.

As at 30 June 2016, the Company had no outstanding amount payable pursuant to the Promissory Note (31 December 2015: HK\$353.7 million).

## MANAGEMENT DISCUSSION AND ANALYSIS AND OTHER INFORMATION (continued)

### Liquidity and Financial Resources (continued)

As at 30 June 2016, the Convertible Bonds with aggregate principal amount of HK\$480 million (31 December 2015: HK\$480 million) due in August 2018 was outstanding. During the Period Under Review, no conversion notice has been received in respect of the exercise of conversion rights attached to the Convertible Bonds. The Convertible Bonds was fully redeemed by the Company on 29 August 2016. As at the date of this interim report, the Company has no outstanding amount payable pursuant to the Convertible Bonds.

As at 30 June 2016 and up to the date of this interim report, no warrant holder had exercised the warrants (the "Warrants") issued pursuant to the subscription agreement dated 18 November 2013.

### Contingent Liabilities

As at 30 June 2016, the Group had contingent liabilities in respect of financial guarantees on mortgage facilities for certain purchasers of the Group's properties amounted to approximately HK\$1,692.5 million (31 December 2015: HK\$802.9 million). Except for these financial guarantees as disclosed above, the Group had no material contingent liabilities as at 30 June 2016 (31 December 2015: Nil).

### Future Plans for Material Investments or Capital Assets

As at 30 June 2016, the Group had no future plans for material investments or capital assets except for those disclosed under the heading "Management Discussion and Analysis and Other Information – Outlook" as stated aforesaid.

### Charges on Assets

As at 30 June 2016, land use rights of lots S1, S2 and S4 of Cuihu Xiangshan Project with an aggregate carrying value of approximately HK\$4,308.2 million (31 December 2015: HK\$4,395.1 million) included in properties under development were pledged (together with the Company's guarantee given for part of the repayment obligation) in favour of an independent third party (the "Third Party") to secure a loan of up to approximately RMB1,500 million from the Third Party pursuant to the loan and collateral agreements dated 27 July 2015 entered into between, among others, ZJ Development and the Third Party.

## MANAGEMENT DISCUSSION AND ANALYSIS AND OTHER INFORMATION (continued)

### Charges on Assets (continued)

As at 30 June 2016, the repayment obligation of the Company under the Promissory Note was secured by a charge (“Lamdeal Share Charge”) over two ordinary shares in Lamdeal Golf (“Lamdeal Golf Shares”), representing the entire issued share capital of Lamdeal Golf, in favour of Dragon Hill Corporation Limited (“Dragon Hill”). On 14 July 2016, a deed of release was entered into between Jiuzhou Tourism Property Company Limited (“JTP”), a wholly-owned subsidiary of the Company, as chargor and Dragon Hill as chargee to release the charge over Lamdeal Golf Shares and discharge such security interest created under the Lamdeal Share Charge.

As at 30 June 2016, the repayment obligation of the Company under the Syndicated Loan Facility was secured by a charge over 15,600 ordinary shares in Jiuzhou Tourist Development Company Limited (“JTD”) and 100 ordinary shares in JTP, representing the entire issued share capital of JTD and JTP, and a charge over a bank account of the Company in favour of the facility agent on behalf of the Lenders.

### 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. And the assets and liabilities of the Group are mostly denominated in RMB or Hong Kong dollars. The management does not expect significant exposure to foreign exchange fluctuations. The Group currently does not have a formal hedging policy and have not entered into any foreign currency exchange contracts or derivative transactions to hedge the foreign exchange risk.

### Capital Structure

As at 30 June 2016, the number of issued ordinary shares was 1,427,797,174 shares (31 December 2015: 1,427,797,174 shares) in aggregate and the shareholders’ equity of the Group was approximately HK\$2,159 million (31 December 2015: HK\$2,232 million). The decrease in the shareholders’ equity of the Group during the Period Under Review was mainly attributable to the following two factors: (1) depreciation of RMB against Hong Kong dollars resulting in exchange differences on translation of foreign operations of approximately HK\$95.5 million, which was recognised in other comprehensive loss for the period; and (2) dividend paid during the Period Under Review amounted to HK\$28.6 million.

As at 30 June 2016, the Company had (1) the outstanding Convertible Bonds with the aggregate principal value of HK\$480 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.



## MANAGEMENT DISCUSSION AND ANALYSIS AND OTHER INFORMATION (continued)

### Capital Structure (continued)

On 24 March 2016, the Board recommended the payment of a final dividend of HK2 cents per share of the Company (“2015 Dividend”) in respect of the financial year ended 31 December 2015. The shareholders of the Company approved the payment of the 2015 Dividend at the annual general meeting of the Company held on 27 May 2016. In light of the declaration of the 2015 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\$1.45 to HK\$1.42 per share and the subscription price of the Warrants was adjusted from HK\$1.75 to HK\$1.72 per share, 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 28 June 2016.

During the Period Under Review and up to the date of this interim report, no conversion notice has been received in respect of the exercise of conversion rights attached to the Convertible Bonds and no subscription notice has been received in respect of the exercise of subscription rights attached to the Warrants.

### Significant Investments Held, Material Acquisitions and Disposals

During the Period Under Review, there was no significant investment held, material acquisition or disposal of investment, subsidiary or associated company, except for those disclosed under the heading “Management Discussion and Analysis and Other Information” as stated aforesaid.

### Number and Remuneration of Employees

The Group had 2,328 employees as at 30 June 2016. The remuneration of employees is determined and reviewed annually with reference to the market standard, individual performance and working experience, and certain staff is entitled to commission and share options.

### Directors’ Rights to Acquire Shares or Debentures

At no time during the Period Under Review 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.

## MANAGEMENT DISCUSSION AND ANALYSIS AND OTHER INFORMATION (continued)

### Share Option Scheme

The share option scheme (the “Share Option Scheme”) was adopted by ordinary resolution passed by the shareholders of the Company on 28 May 2012. Under the Share Option Scheme, the directors of the Company may grant options to subscribe for shares of the Company to eligible participants, including without limitation employees of the Group, directors of the Company and its subsidiaries.

On 13 July 2015, the Company granted an aggregate of 79,600,000 share options at an exercise price of HK\$2.01 per share to eligible grantees, including certain directors, senior management and connected persons of the Company (“Grantees”) primarily to provide incentives or rewards to the Grantees. Such grant of share options enabled the Grantees to subscribe for an aggregate of 79,600,000 new ordinary shares of HK\$0.1 each in the share capital of the Company. The fair value of options granted in 2015 was determined using the binomial option pricing model which amounted to approximately HK\$3.8 million and was charged to profit or loss account of the Group during 2015, please refer to the Company’s 2015 annual report for information.

As at 30 June 2016, the share options were vested. Save as disclosed above and the cancellation of Outstanding Share Options (as defined below) as described in the following paragraph, no share option was granted, exercised, cancelled or had lapsed under the Share Option Scheme during the Period Under Review. As at both 1 January 2016 and 30 June 2016, an aggregate of 79,600,000 share options of the Company were outstanding (“Outstanding Share Options”). The movements in the Outstanding Share Options granted under the Share Option Scheme during the Period Under Review:

Name or category of participant	Number of share options as at 1 January 2016	Number of share options granted during the Period Under Review	Number of share options exercised during the Period Under Review	Number of share options cancelled during the Period Under Review	Number of share options lapsed during the Period Under Review	Number of share options as at 30 June 2016	Date of grant of share options	Exercise period of share options	Exercise price <sup>(Note 1)</sup>	Approximate percentage of the Company’s issued ordinary share capital <sup>(Note 2)</sup>
<b>Directors</b>										
Mr. Huang Xin	4,500,000 (Note 3)	-	-	-	-	4,500,000	13 July 2015	13 July 2015 to 12 July 2025	HK\$2.01	0.32%
Mr. Zhou Shaoqiang	3,800,000 (Note 3)	-	-	-	-	3,800,000	13 July 2015	13 July 2015 to 12 July 2025	HK\$2.01	0.27%
Mr. Jin Tao	3,500,000 (Note 3)	-	-	-	-	3,500,000	13 July 2015	13 July 2015 to 12 July 2025	HK\$2.01	0.25%
Mr. Ye Yuhong	3,500,000 (Note 3)	-	-	-	-	3,500,000	13 July 2015	13 July 2015 to 12 July 2025	HK\$2.01	0.25%
Mr. Li Wenjun	3,500,000 (Note 3)	-	-	-	-	3,500,000	13 July 2015	13 July 2015 to 12 July 2025	HK\$2.01	0.25%

## MANAGEMENT DISCUSSION AND ANALYSIS AND OTHER INFORMATION (continued)

### Share Option Scheme (continued)

Name or category of participant	Number of share options as at 1 January 2016	Number of share options granted during the Period Under Review	Number of share options exercised during the Period Under Review	Number of share options cancelled during the Period Under Review	Number of share options lapsed during the Period Under Review	Number of share options as at 30 June 2016	Date of grant of share options	Exercise period of share options	Exercise price <sup>(HK\$)</sup>	Approximate percentage of the Company's issued ordinary share capital <sup>(HK\$)</sup>
Datuk Wira Lim Hock Guan	1,000,000 (Note 3)	-	-	-	-	1,000,000	13 July 2015	13 July 2015 to 12 July 2025	HK\$2.01	0.07%
Mr. Wang Zhe	1,000,000 (Note 3)	-	-	-	-	1,000,000	13 July 2015	13 July 2015 to 12 July 2025	HK\$2.01	0.07%
Mr. Kwok Hoi Hing	1,000,000 (Note 3)	-	-	-	-	1,000,000	13 July 2015	13 July 2015 to 12 July 2025	HK\$2.01	0.07%
Mr. Hui Chiu Chung	1,000,000 (Note 3)	-	-	-	-	1,000,000	13 July 2015	13 July 2015 to 12 July 2025	HK\$2.01	0.07%
Mr. Chu Yu Lin, David	1,000,000 (Note 3)	-	-	-	-	1,000,000	13 July 2015	13 July 2015 to 12 July 2025	HK\$2.01	0.07%
Mr. Albert Ho	1,000,000 (Note 3)	-	-	-	-	1,000,000	13 July 2015	13 July 2015 to 12 July 2025	HK\$2.01	0.07%
<b>Subtotal</b>	<b>24,800,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24,800,000</b>				
<b>Other employees</b>										
In aggregate	39,250,000 (Note 3)	-	-	-	-	39,250,000	13 July 2015	13 July 2015 to 12 July 2025	HK\$2.01	2.75%
<b>Others</b>										
In aggregate	15,550,000 (Note 3)	-	-	-	-	15,550,000	13 July 2015	13 July 2015 to 12 July 2025	HK\$2.01	1.09%
<b>Total</b>	<b>79,600,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>79,600,000</b>				

Note 1 The exercise price of the share options is subject to adjustments in the case of rights or bonus issues, or other similar changes in the Company's issued ordinary share capital.

Note 2 The percentage has been compiled based on the total number of ordinary shares of the Company in issue as at 30 June 2016 (i.e., 1,427,797,174 shares).

Note 3 The exercise price is HK\$2.01. The share options period during which the options may be exercised is the period from 13 July 2015 to 12 July 2025. The date of grant was 13 July 2015 and the closing price of share immediately before the date of grant was HK\$1.34.

## MANAGEMENT DISCUSSION AND ANALYSIS AND OTHER INFORMATION (continued)

### Share Option Scheme (continued)

On 29 June 2016, the Board passed a resolution that pursuant to the rules of the Share Option Scheme, and subject to and conditional upon the consent to and acceptance of the cancellation of all or such specified number of Outstanding Share Options by the relevant Grantees or persons (“Entitled Persons”) who were entitled to exercise the relevant Outstanding Share Option on behalf of the relevant Grantees in accordance with the rules of the Share Option Scheme, all the Outstanding Share Options would be cancelled with effect from 21 July 2016 without consideration. On 21 July 2016, according to the consent to and acceptance of the letters proposing the cancellation of all Outstanding Share Options by the relevant Grantees and the Entitled Persons, all Outstanding Share Options enabling the Grantees to subscribe for an aggregate of 79,600,000 new ordinary shares in the share capital of the Company were cancelled without consideration.

### Directors’ and Chief Executive’s Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and its Associated Corporations

As at 30 June 2016, the interests and short positions of the directors and chief executive of the Company in shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”), that were recorded in the register required to be kept pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (“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	Equity derivatives (Share options) <sup>(Note 3)</sup>	Number of ordinary shares directly and beneficially owned	Total interests	Approximate percentage of the Company’s issued ordinary share capital <sup>(Note 1)</sup>
Mr. Huang Xin	4,500,000	–	4,500,000	0.32%
Mr. Zhou Shaoqiang	3,800,000	–	3,800,000	0.27%
Mr. Jin Tao	3,500,000	1,742,000	5,242,000	0.37%

## MANAGEMENT DISCUSSION AND ANALYSIS AND OTHER INFORMATION (continued)

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

#### Long positions in ordinary shares of HK\$0.10 each of the Company: (continued)

Name of director	Equity derivatives (Share options) <sup>(Note 3)</sup>	Number of ordinary shares directly and beneficially owned	Total interests	Approximate percentage of the Company's issued ordinary share capital <sup>(Note 1)</sup>
Mr. Ye Yuhong	3,500,000	700,000	4,200,000	0.29%
Mr. Li Wenjun	3,500,000	–	3,500,000	0.25%
Datuk Wira Lim Hock Guan	1,000,000	–	1,000,000	0.07%
Mr. Wang Zhe	1,000,000	–	1,000,000	0.07%
Mr. Kwok Hoi Hing	1,000,000	199,860,000 <sup>(Note 2)</sup>	200,860,000	14.07%
Mr. Hui Chiu Chung	1,000,000	–	1,000,000	0.07%
Mr. Chu Yu Lin, David	1,000,000	2,700,000	3,700,000	0.26%
Mr. Albert Ho	1,000,000	250,000	1,250,000	0.09%

Note 1 The percentage has been compiled based on the total number of ordinary shares of the Company in issue as at 30 June 2016 (i.e., 1,427,797,174 shares).

Note 2 Mr. Kwok Hoi Hing held 199,860,000 shares of the Company of which 28,520,000 shares were held through his wholly-owned subsidiary, Surpassing Investment Limited.

Note 3 All the share options granted to the above directors were part of the Outstanding Share Options, all of which were cancelled without consideration on 21 July 2016.

## MANAGEMENT DISCUSSION AND ANALYSIS AND OTHER INFORMATION (continued)

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

Save as disclosed above, as at 30 June 2016, none of the directors or chief executive of the Company had any interests and short positions in the shares, underlying shares and debentures 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.

### Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares

As at 30 June 2016, 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, Underlying Shares and Debentures of the Company and its Associated Corporations") had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

#### A. Long positions in ordinary shares of the Company:

Name of substantial shareholders	Number of ordinary shares	Nature of interest	Approximate percentage of the Company's issued ordinary share capital <sup>(Note 1)</sup>
Zhuhai Jiuzhou Holdings Group Co., Ltd. ("ZJ Holdings") <sup>(Note 2)</sup>	586,770,000	Beneficial owner and interest of controlled corporation	41.10%
Longway Services Group Limited <sup>(Note 2)</sup>	351,570,000	Beneficial owner	24.62%
Dragon Hill Corporation Limited ("Dragon Hill") <sup>(Note 3)</sup>	142,603,909	Beneficial owner	9.99%
Intellpace Holdings Limited ("IHL") <sup>(Note 3)</sup>	142,603,909	Interest of controlled corporation	9.99%

MANAGEMENT DISCUSSION AND ANALYSIS AND  
OTHER INFORMATION (continued)

**Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares (continued)**

**A. Long positions in ordinary shares of the Company: (continued)**

Name of substantial shareholders	Number of ordinary shares	Nature of interest	Approximate percentage of the Company's issued ordinary share capital <sup>(Note 1)</sup>
LBS Bina Group Berhad ("LBS Group") <sup>(Note 3)</sup>	142,603,909	Interest of controlled corporation	9.99%
Gaterich Sdn Bhd ("Gaterich") <sup>(Note 3)</sup>	142,603,909	Interest of controlled corporation	9.99%
Tan Sri Lim Hock San <sup>(Note 3)</sup>	142,603,909	Interest of controlled corporation	9.99%

Note 1 The percentage has been compiled based on the total number of ordinary shares of the Company in issue as at 30 June 2016 (i.e., 1,427,797,174 shares).

Note 2 Out of the 586,770,000 shares of the Company held by ZJ Holdings, 351,570,000 shares were held by Longway Services Group Limited, a wholly-owned subsidiary of ZJ Holdings. The remaining 235,200,000 shares were held by ZJ Holdings.

Note 3 Dragon Hill directly held the 142,603,909 shares in which IHL, LBS Group, Gaterich and Tan Sri Lim Hock San were deemed to be interested in the same parcel of share by virtue of SFO because:

- Dragon Hill is 100% owned by IHL which in turn is wholly owned by LBS Group;
- LBS Group is 54.49% owned by Gaterich; and
- Gaterich is 50% owned by Tan Sri Lim Hock San.

**Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares (continued)**

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

Name of shareholder and the holder of the convertible bonds	Approximate outstanding principal amount of the convertible bonds HK\$	Number of the total shares and underlying shares	Nature of interest	Approximate percentage of the Company's issued ordinary share capital <sup>(Note 1)</sup>
Pacific Alliance Asia Opportunity Fund L.P. ("PAAOFLP") <sup>(Note 2)</sup>	480,000,000	359,591,434	Beneficial owner	25.19%
Pacific Alliance Group Asset Management Limited ("PAGAML") <sup>(Note 2)</sup>	480,000,000	359,591,434	Interest of controlled corporation	25.19%
Pacific Alliance Investment Management Limited ("PAILM") <sup>(Note 2)</sup>	480,000,000	359,591,434	Interest of controlled corporation	25.19%
Pacific Alliance Group Limited ("PAGL") <sup>(Note 2)</sup>	480,000,000	359,591,434	Interest of controlled corporation	25.19%
PAG Holdings Limited ("PAGHL") <sup>(Note 2)</sup>	480,000,000	359,591,434	Interest of controlled corporation	25.19%



## Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares (continued)

### B. Long positions in the shares of the Company and underlying shares of the convertible bonds of the Company: (continued)

Note 1 The percentage has been compiled based on the total number of ordinary shares of the Company in issue as at 30 June 2016 (i.e., 1,427,797,174 shares).

Note 2 PAAOFLP is directly interested in 359,591,434 shares of the Company, in which 338,028,169 shares of the Company may be allotted and issued upon the exercise of the conversion right attached to the convertible bonds of the Company issued to PAAOFLP of outstanding principal amount of HK\$480 million at the adjusted conversion price of HK\$1.42 per conversion share in which PAGAML, PAIML, PAGL and PAGHL were deemed to be interested in the same parcel of shares 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.

The Convertible Bonds was fully redeemed by the Company on 29 August 2016. Following which each of PAAOFLP, PAGAML, PAIML, PAGL and PAGHL ceased to hold interest in the underlying shares of the Company pursuant to the Convertible Bonds.

Save as disclosed above, as at 30 June 2016, 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 headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and its Associated Corporations" above), who had interests or short positions 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.

## MANAGEMENT DISCUSSION AND ANALYSIS AND OTHER INFORMATION (continued)

### 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 Period Under Review.

### Corporate Governance

Throughout the Period Under Review, the Company has complied with the code provisions as set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Rules (the "Listing Rules") Governing the Listing of Securities on the Stock Exchange in all other respects except that under code provision A.4.1 which requires non-executive directors of the Company should be appointed for a specific term subject to re-election – the Company's directors including non-executive directors and independent non-executive directors, were not appointed for a fixed term of office. The reason for the deviation was that all those directors are subject to retirement by rotation and re-election at least once every three years in accordance with the Company's bye-laws and accordingly, every director shall retire and his appointment being terminated if he is not so re-elected once every three years.

Save as disclosed above, the Company had complied with the code provisions set out in the CG Code during the six months ended 30 June 2016.

### Model Code for Securities Transactions by Directors of Listed Issuers

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its code of conduct regarding directors' securities transactions. All directors of the Company have confirmed, following specific enquiry by the Company, that they have complied with the required standard set out in the Model Code during the six months ended 30 June 2016.

### Audit Committee

The Company has established an audit committee in compliance with Rule 3.21 and 3.22 of the Listing Rules for the purpose of, among other duties and functions, reviewing and providing supervision over the financial reporting process and internal controls of the Group. The audit committee comprises three independent non-executive directors of the Company, namely Mr. Albert Ho (Chairman), Mr. Hui Chiu Chung and Mr. Chu Yu Lin, David. The unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2016 has been reviewed by the audit committee and the Company's auditors, PricewaterhouseCoopers.

## MANAGEMENT DISCUSSION AND ANALYSIS AND OTHER INFORMATION (continued)

### Interim Dividend

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2016 (six months ended 30 June 2015: Nil).

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

Update on the information of directors of the Company under Rule 13.51B(1) of the Listing Rules:

Mr. Wang Yijiang, the independent non-executive director of the Company, was appointed as an independent non-executive director of TCL Multimedia Technology Holdings Limited (a company listed on the Stock Exchange, stock code: 1070) on 1 February 2016.

Save as disclosed above, there are no other changes in the information of the Company's directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules subsequent to the publication of the 2015 annual report of the Company.

By Order of the Board

**Huang Xin**

*Chairman*

Hong Kong, 30 August 2016