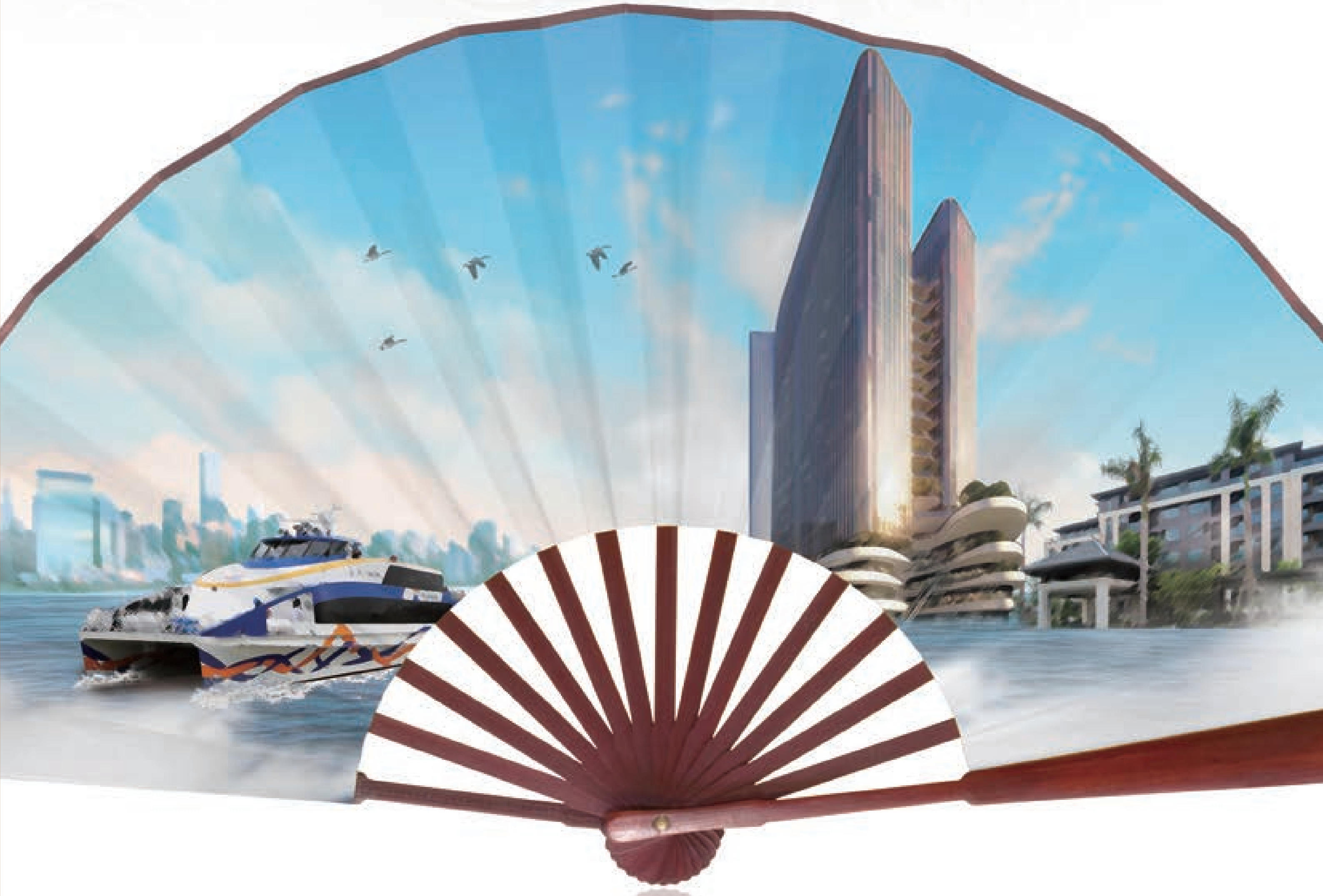
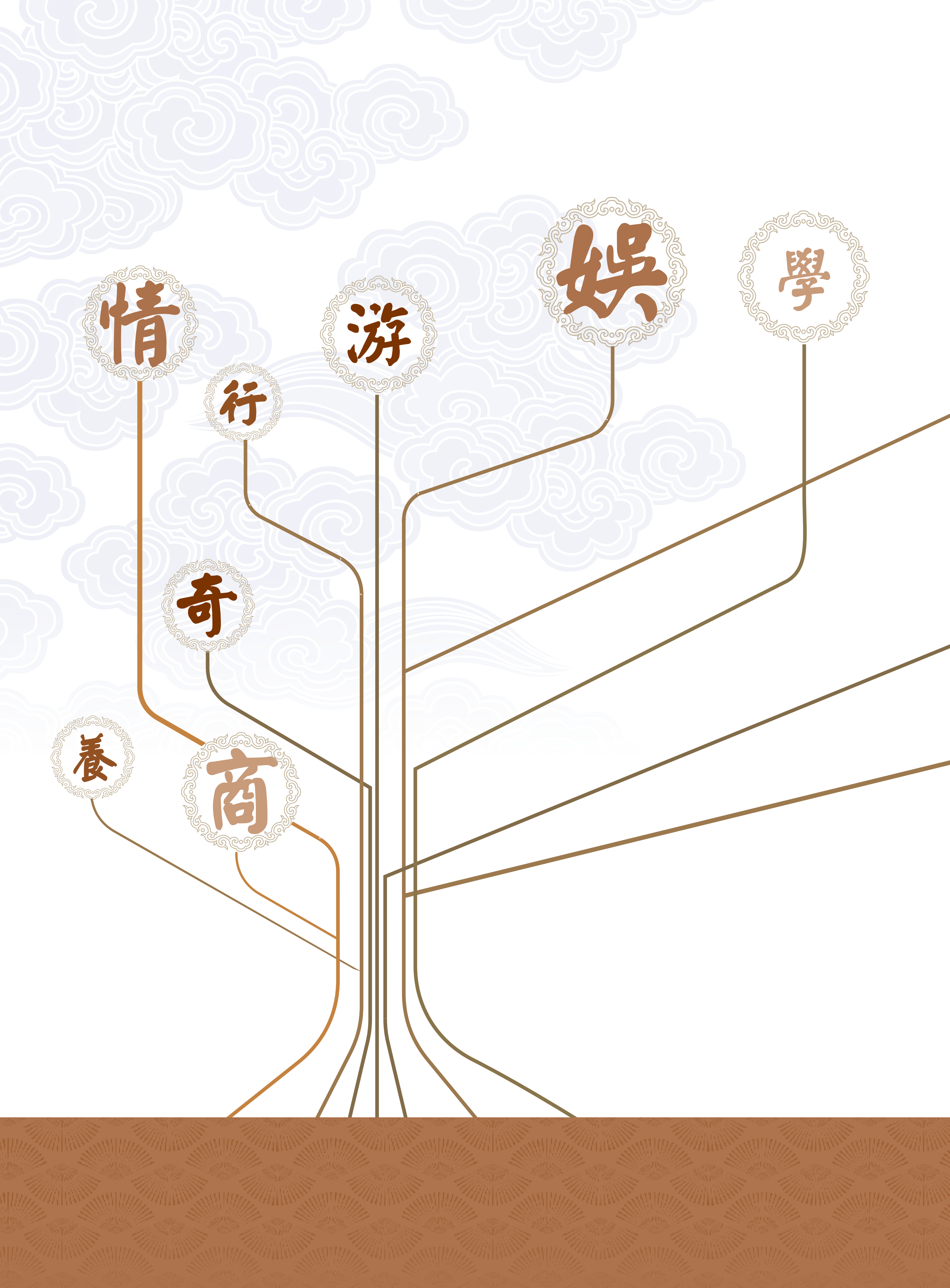
珠海控股
ZHUHAI HOLDINGS

2016
ANNUAL REPORT
年報



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

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



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ZHUHAI HOLDINGS INVESTMENT GROUP LIMITED

FORGING AN INDUSTRIAL CHAIN OF PERFECT LIVING AND TRAVELLING

CONTENT

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
Allen & Overy

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

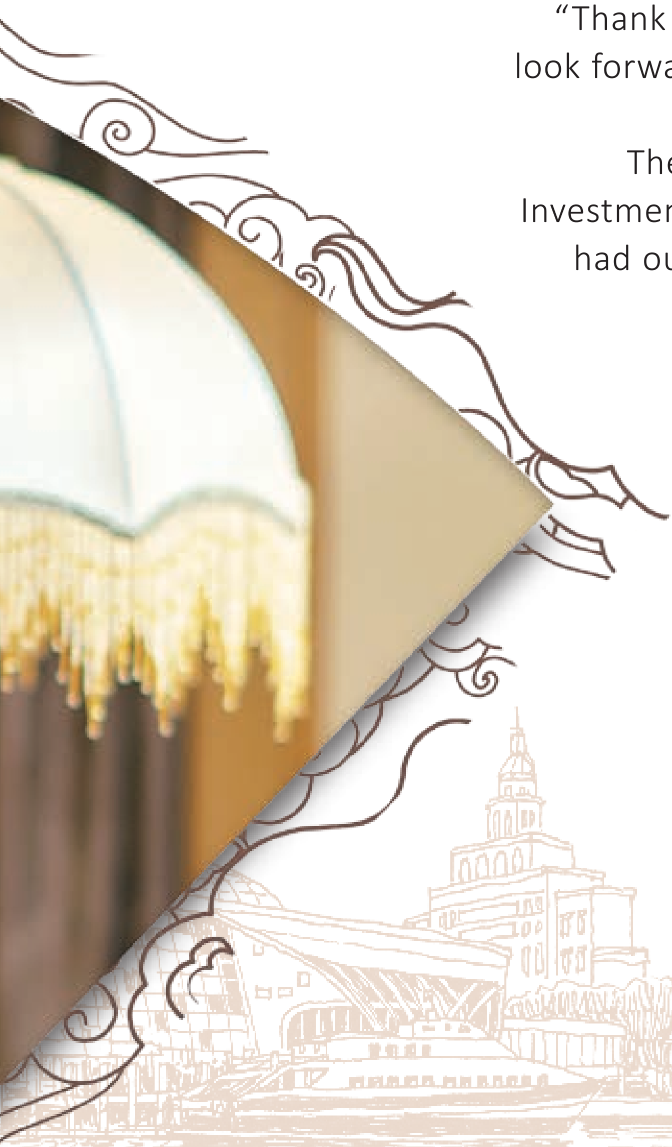
Huang Xin
Chairman

Chairman's Statement

Dear Shareholders,

"Thank you for holding together with us in 2016, and we look forward to taking on new challenges with you in 2017.

The year 2016 was truly eventful to Zhuhai Holdings Investment Group Limited and its subsidiaries, in which we had our foundation of traditional business consolidated while making great strides in strategic planning."



Chairman's Statement

Following the guidelines of "land-based, sea-going, inbound enhancement and international development", Zhuhai Holdings Investment Group Limited (the "Company") and its subsidiaries (collectively, the "Group") have cast our adventurous footprints all across the land of the People's Republic of China (the "PRC"), and accomplished one after another significant milestones: we consolidated our traditional business with focus on sound operation to guarantee steady increase of our earnings, meanwhile, we planned aggressively, initiating mergers and acquisitions on a global scale and entering into co-operation with selected partners and investors in developing new business, aiming at making new breakthroughs in capital operation, investment and acquisition, blue marine tourism, green leisure tourism, public utilities and finance, promoting synergy between industry and finance to achieve the "dual-driven" development.

As the only overseas red chip platform based in Zhuhai, the Company places particular stress on market-oriented and capital-driven development. During the year, under the leadership of the board of directors of the Company (the "Board") and thanks to the relentless efforts of our employees, the Company took a head start in planning for acquisition of premium resources, with which we have laid a solid investment foundation for our future development. As a company with diversified operations and an ambition of forging an industry chain of perfect living and travelling, we consider tourism resources, particularly the scarce natural resources, to be the most significant element and core value of the leisure tourism industry. We recorded a net profit of approximately HK$84.7 million attributable to owners of the Company for 2016, with an earnings per share of HK5.93 cents. The Board has recommended the payment of a final dividend of HK2 cents per share absorbing a total amount of HK$28,556,000 and the payment of a special dividend of HK3 cents per share absorbing a total amount of HK$42,834,000 for the financial year ended 31 December 2016 to the shareholders whose names shall appear on the register of members of the Company on Monday, 5 June 2017. Based on our three major business segments, namely (1) Jiuzhou Blue Sea Jet* (九洲藍色幹線) (maritime transportation) and Blue Marine Tourism* (藍色海洋旅遊); (2) green leisure tourism and composite real estate; and (3) public utilities and financial investments, we are putting our strategic guidelines of "land-based, sea-going, inbound enhancement and international development" into active practice, aiming at accelerating our overall transformation into a modern enterprise with diversified operations and a perfect combination of industry and finance.

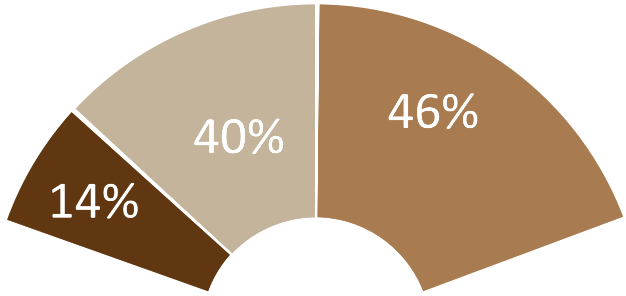
I appreciate you are holding together with us in 2016, and looking forward to 2017, we will remain "pragmatic, innovative and willing to share" and keep striving for better performance. In addition to the effective leadership of the Board and dedication of our employees, our success depends on the trust and consistent support of our shareholders, customers and business partners, for which I would like to take this opportunity to express my deepest appreciation to all of you.

Finally, I would like to thank the Board and all our staff for their diligence and dedication in the past year.

By Order of the Board
Huang Xin
Chairman
Hong Kong, 28 March 2017

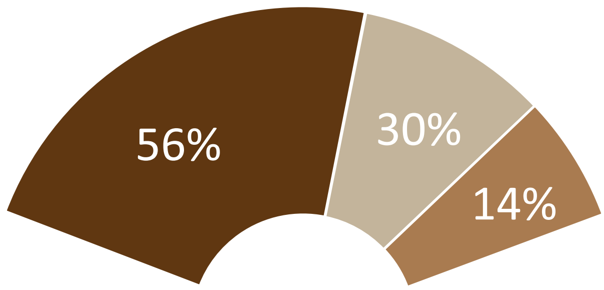
Segment Revenue

HK$4,923.7M



Segment Results*

HK$670.8M



	2016	2015
Revenue (HK$'000)	4,923,667	3,067,067
Gross profit (HK$'000)	854,715	764,081
EBITDA (HK$'000)	630,898	552,159
Profit for the year (HK$'000)	259,058	301,471
Profit attributable to owners of the Company (HK$'000)	84,680	124,703
Gross margin (%)	17.4%	24.9%
EBITDA margin (%)	12.8%	18.0%
Profit margin (%)	5.3%	9.8%
Earnings per share (HK$) – basic	HK5.93 cents	HK8.77 cents
Dividend per share (HK$) – final dividend (proposed) (HK$)	HK2 cents	HK2 cents
– special dividend (proposed) (HK$)	HK3 cents	–
Dividend pay-out ratio (%)	84%	23%
Current ratio (times)	1.25	1.53
Gearing ratio (%)	27%	52%

* not included Corporate and Others, and Inter-segments eliminations

Chief Executive Officer's Report

Dear Shareholders,

"On behalf of the management team, I now present our report on the management and operation of the Company for 2016:

For the past 2016, the management of the Company adhered to the development strategies formulated by the Board and advanced the development of our business aggressively, among which Jiuzhou Blue Sea Jet, Blue Marine Tourism and green leisure tourism managed to hold their positions, composite real estate and public utilities maintained their steady growth while finance and investment emerged with eye-catching performance."

Zhou Shaoqiang
Chief Executive Officer

Highlights of the Company's major business for the financial year ended 31 December 2016 ("FY2016"):

1. Significant growth in total operational revenue. Thanks to the steady growth of both the composite real estate and public utilities segments, the Company achieved a record-high total operational revenue and profit before tax during FY2016. The consolidated results of the Group for FY2016 came as follows: (1) the consolidated revenue of the Group for the year was approximately HK$4,923.7 million, representing an increase of about 60.5% as compared to approximately HK$3,067.1 million for last year; (2) the gross profit of the Group increased by 11.9% to HK$854.7 million; and (3) the consolidated profit before tax for the year was HK$535.2 million, representing an increase of about 13.4% as compared to HK$472.1 million for the last financial year. Although the Group recorded increases in revenue, gross profit and profit before tax, respectively, during FY2016 as compared with that of last year, and the businesses of the Group including Jiuzhou Blue Sea Jet and Blue Marine Tourism, hotel, property development and public utilities segments performed satisfactorily and contributed profit to the Group during FY2016, a decrease in profit for the year and the profit attributable to the owners of the Company was recorded and attributable to, among other factors, the loss amounted to HK$28.7 million on redemption of convertible bonds issued by the Company, of which the fair value of the liability portion is higher than the amortised cost of the liability component as at redemption date. This resulted an one-off loss recognised in the Group's consolidated statement of profit or loss during FY2016. The redemption of the convertible bonds would be beneficial to the Company to reduce its future finance expenses. The net profit for the year was approximately HK$259.1 million, representing a decrease of about 14.1% as compared to approximately HK$301.5 million for the last financial year. Furthermore, the profit attributable to owners of the Company was approximately HK$84.7 million, representing a decrease of approximately 32.1% as compared with last financial year. Basic earnings per share for FY2016 were HK5.93 cents.

2. During this year, our Zhuhai Cuihu Xiangshan High-end Tourism Real Estate Project ("Cuihu Xiangshan Project") won 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 Appraisal Centre. The Norman Golf Course 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), a non wholly-owned subsidiary of the Company, won the "Best Golf Course Renovation Award" in the "2015 Election of Gold Medal Golf Course and Equipment" in early 2016 and was ranked as 74th in the "2016 Asia Top 100 Golf Course" co-organised by two Asian golf internet websites, namely www.aligolf.com (阿里高爾夫網) and www.bookingtee.com (雲高高爾夫網).

3. Phase 1 of our new hotel project, i.e. construction of the new hotel and sports stadium, of which the Company's wholly-owned subsidiary Zhuhai Jiuzhou Property Development Limited* (珠海九洲置業開發有限公司) is the main investor and developer, is proceeding as planned, with the roof of the new hotel was capped and the decoration of the sample rooms has been commenced. For Phase 2 of the project, i.e. the office complex project, the global tendering process for its design and construction framework was completed.

4. As for the Blue Marine Tourism, Hunan Jiuzhou Longxiang Marine Tourism Passenger Transport Company Limited* (湖南九洲龍驤水上客運有限責任公司) has completed the integration of the passenger transportation service providers along the Xiangjiang River (湘江), and is making preparations for the launch of "Impression of Changsha Sightseeing Tour" on Juzizhou (橘子洲). The co-operation projects on marine tourism and transportation between the Company and CCCC Hainan Construction Investment Limited* (中交海南建設投資有限公司) ("Hainan Projects") is currently under planning. The co-operation project between Zhuhai High-speed Passenger Ferry Co., Ltd.* (珠海高速客輪有限公司) ("Ferry Company") and People's Government of Guishan Township, Zhuhai City ("Guishan Island Project"), is also in progress, with the design for accommodation and business plan being optimised.

5. Concerning city energy supply, the Group's another heavily-promoted business, as construction land for gas station is a scarce resource, gas station operation should have a good prospect and great value in development. The energy supply project between Zhuhai Jiuzhou Energy Co., Ltd.* (珠海九洲能源有限公司), 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, and Zhuhai Chuangke Industrial Investment Co., Ltd.* (珠海創客產業投資有限公司) is in progress, with due diligence having been completed and the details of co-operation being studied.

6. Improving operational efficiency, increasing revenue and reducing costs by reducing the financial costs and promoting internet finance:

   (A) For its promissory note and convertible bonds, with the risk of rising interest rate under control, the Company has made payment for the promissory note and convertible bonds;

   (B) The Group is now making arrangements for its members to provide trust loans to each other, so that they can make good use of their financial resources and obtain necessary financing to support their business operations, with which we will be able to reduce the level of the Group's idling capital, fully exert our funding strength, realise rational allocation of funding resources, improve our fund utilisation rate and satisfy the needs for funding in the development of other projects of the Group;

   (C) Zhuhai Jiuzhou Kingkaid Financial Services Company Limited* (珠海九洲金開貸金融服務有限公司) has been developing internet finance and putting the strategy of "Industry + Internet + Creative Finance" into practice by launching crowdfunding projects; and

   (D) Zhuhai Jiuzhou Internet Technology Co., Ltd.* (珠海九洲互聯網科技股份有限公司) was established to operate Jiuzhou Internet Big Data Platform with a focus on promoting the innovative development of "Industry + Internet + Creative Finance".

7. Strengthening risk management to ensure sound operation by implementing the following measures:

   (A) Optimising the corporate governance structure and tightening the internal control of the members of the Group. The Company has established the risk management working group as well as the leadership group and working group for environmental protection, social relationship and corporate governance, which will assist the Board in risk control and management and preparing the environmental, social and governance report of the Company. They have compiled the "Handbook on Risk Management", which further institutionalised and normalised the risk management procedures of corporate operation.

   (B) Currently, all the investment projects of the Company are required to be submitted to the Project Approval Committee and Risk Control Committee for approval. In order to evaluate the targets and benchmarks determined when investment decisions are made and improve investment efficiency, the Company has strengthened the management of investment projects. A post-investment evaluation report is required to be prepared by means of site visits, data collection, analysis and comparison for an objective analysis and assessment of the returns of the project, which will help to improve the efficiency of corporate investment decision, management and investment, and prevent risks.

The Company has been continually enhancing its link with its investors and promoting its investment and financing activities, so as to provide funding support for its significant projects, and deepen the understanding of investors and potential investors of the Group's major projects and available resources. Through various approaches, e.g. annual general meeting, investor meetings, investment conferences and project inspection, the Group has enhanced communication with its shareholders and consolidated its relationship with the investors, and in turn improved their confidence in the Group.

Looking ahead to 2017, I firmly believe that, under the leadership of the Board and with the support of our shareholders, the Group will adhere closely to its development philosophy, focus on strategic targets and continue to advance its industrial upgrade and transformation, so as to forge an industry chain of perfect living and travelling and maintain sustainable and profitable growth with the help of capital operation.

We believe that the Company is on the right track toward this goal, and in order to accomplish this goal, we have set the following four major approaches in addition to the investment in and control over the three major business segments:

1. Investment

Strengthening our study on the relevant industry's development strategies to ensure feasibility and profitability of evaluation, operation and management and provide solid support for the development of related industries of the Company. Developing innovative financial business such as asset management, capital operation and project financing, so as to strengthen the sustainable development of the Group's core business segments by means of financing, foster strategic growth drivers for the new industry sectors and achieve integration of industry and finance as well as innovative finance.

2. Finance

Focusing on centralised capital management and establishment of the operational mechanism, expanding the scope of capital pool management system, reducing the dispersion of funds among members of the Group by leveraging on its capital management function. We aim to accomplish optimised corporate resource allocation within the Group by 2017, with well-scheduled use of funds to make more funding available to kick off or support profitable projects, reduce overall financial spending, and improve our capital management efficiency.

3. Risk Management and Internal Control

Conducting direct inspection on fund management, expenditure and contract management of the members of the Group. Strengthening the risk management and internal audit on the members of the Group, improving the performance appraisal system and organising regular operation meetings.

4. Human Resources

Organising annual training programmes, strengthening training of professional management team and backup talent, promoting the implementation of the market-oriented employment mechanism, and strengthening dynamic monitoring of human resources information.

Our staff, the management team and I will join together and do our best to drive the Group in course of forging an industry chain of perfect living and travelling and achieving sustainable development with continuous profitability, so as to fulfill our mission, i.e. higher value to the Company, greater returns to our shareholders and making our community a better place to live.

Zhou Shaoqiang
Chief Executive Officer
Hong Kong, 28 March 2017

TOP 10

MARKETING EVENTS FOR 2016

翠湖香山 | 别苑
LAKEWOOD HILLS
LAKEWOOD GARDEN

MANAGEMENT DISCUSSION AND ANALYSIS


珠海控股
九洲港

FOUNDER OF THE PERFECT LIVING INDUSTRIAL CHAIN

JIUZHOU, ZHUHAI

BUSINESS REVIEW

1. Jiuzhou Blue Sea Jet and Blue Marine Tourism

1.1 JIUZHOU BLUE SEA JET

During FY2016, based on its "Blue Marine Tourism" strategy, Ferry Company and its subsidiaries (collectively the "Ferry Group") intensified its reform and expansion in marine tourism, and implemented dual development. On one hand, Ferry Group continued to operate major routes, while on the other hand it commenced the transformation into Blue Marine Tourism to grasp the opportunities presented by the future completion of the Hong Kong-Zhuhai-Macau Bridge.

During FY2016, Ferry Company faced a challenging operating environment due to certain unfavourable factors including: (1) the extremely inclement weather conditions such as cold surge, dense fog, rainstorms and thunderstorms affecting travellers heading to the Pearl River Estuary, the PRC and posing serious challenges to the sailing safety and operation of Ferry Company, over 400 scheduled ferry services were suspended due to bad weather conditions and further reduced the passenger volume; (2) the Chinese economy in downward trend and a lower national disposable income that dampened sentiments on travelling and shopping, by which Ferry Company was significantly affected, and (3) coupled with the tightening of the policy on certain individual visit endorsements by the government of the Hong Kong Special Administrative Region ("Hong Kong"), the number of Mainland travellers visiting Hong Kong continued to decrease.

During FY2016, the passenger volume of ferry services running between Jiuzhou Port, Zhuhai and Hong Kong (including the Hong Kong Airport line) operated by Ferry Company was approximately 2,105,000, representing a decrease of approximately 3.7% as compared to last year. For the year, Ferry Company accounted for 47.46% of total volume of Guangdong – Hong Kong routes and the proportion increased by 1.96% year-on-year, continuing to take the lead in the marine transportation between Guangdong and Hong Kong. The passenger volume of Shekou route for the year was 943,000, which decreased by approximately 2.8%. The passenger volume of various islands lines in Zhuhai reached 995,000 during FY2016, representing a decrease of approximately 15.8%. The passenger volume of all ferry lines of Ferry Company decreased to different extents, while various island lines have recorded the largest decline in the passenger volume. However, it did not have a material impact on the lines of Ferry Company as a whole as its share among the total passenger volume is insignificant.

In 2016, Ferry Company enhanced information exchange and avoided risky sail while co-ordinating the relationship between safety and production, in order to meet travellers' demand under guaranteed safety. For the ninth consecutive year, Ferry Company was awarded as "Safe and Honest Company" (安全誠信公司), the highest honour of safe operation in the PRC shipping industry, being the only high-speed ferry company in the PRC to obtain this achievement for nine years in a row.

In order to thoroughly capture external development opportunities and achieve the strategic target of promoting "Jiuzhou Blue Sea Jet" as an international brand, Hunan Jiuzhou Longxiang Marine Tourism Passenger Transport Company Limited* (湖南九洲龍驤水上客運有限責任公司) ("Changsha JV Company"), a joint venture enterprise, formed by Zhuhai Haichang Investment Company Limited* (珠海海昌投資有限公司) ("Haichang Investment Company"), a wholly-owned subsidiary of Ferry Company, 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, successfully completed the consolidation of resources in providing marine passenger transport services along the Xiangjiang River (湘江) in Hunan, the PRC, and gained control of the premium strategic resources of marine tourism in Xiangjiang River area that cannot be replicated during FY2016. In 2016, the launching ceremony of "Juzizhou Star", a luxury cruise as a brand name under the first transportation project along Xiangjiang River, was organised by Changsha JV Company. As a new brand and scenic spot in Changsha, the project marks the new era of maritime tourism route along Xiangjiang River.

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) ("CCCC Company") in relation to the Hainan Projects in the maritime tourism and transportation in Hainan and Guangdong provinces in the PRC. During the 2016 Spring Festival, the parties commenced the trial operation of the project. The project was highly recognised by the partner. In addition, the parties have obtained approval from the relevant authorities on proposals and construction in relation to project resources, terminal sites and other matters. It lays a sound foundation for future development and construction as well as further co-operation between the parties. For details of the Hainan Framework Agreement, please refer to the Company's announcement dated 11 May 2015.

1.2 BLUE MARINE TOURISM

During FY2016, 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 Company") proactively expanded the distribution channel for tickets of the ferry lines for the Chimelong Resort; strengthened its efforts in advertisement and other promoting campaigns; refined its marketing strategy and strengthened its management capability, so as to reduce its operating costs. It also developed new products to increase the attractiveness of its products. During FY2016, Jiuzhou Cruises Company served 480,000 tourists in total, which decreased by approximately 11.7%.

Zhuhai Jiuzhou Crew Training Centre Co., Ltd.* (珠海九洲船員培訓中心有限公司) ("Training Centre"), which was established by Jiuzhou Cruises Company, obtained 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.

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 homestay tourism industry. The main work on the homestay reform under the Guishan Island Project has been completed. Currently, staff from Zhuhai Holiday Resort Hotel has been sent to the island for commencement of the operation. As part of its efforts in speeding up the progress of the project of the Guishan shipping centre complex, Ferry Group started the technical study of land planning in relation to the project and submitted the relevant application for listing it as a key local government project. As an important part of its efforts in forging an industry chain of "Blue Marine Tourism", the Guishan Island Project is the first project by Ferry Group which demonstrates its strong commitment to construction in and upgrading of Guishan Island. For details of the Guishan Framework Agreement, please refer to the Company's announcement dated 5 May 2015.

In 2015, Haichang Investment Company 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. During FY2016, the main parts of the report on construction of the project and its economic feasibility have been completed. Haichang Investment Company has been promoting active communication with the other party in its efforts of addressing the issues concerning engineering and technology. For details of the Zhuhai Sailboat Station Project, please refer to the Company's announcement dated 15 June 2015.

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, has been awarded as the "Model Enterprise of Trustworthiness in Guangdong Province" for ten consecutive years and successfully passed the inspection by the inspection team of Model of Service Quality (全國服務質量示範點省級驗收組). In addition, its staff team from the hotel has received a number of awards in Guangdong Province Food and Beverage Industry Skills Competition* (廣東省餐飲行業職業技能比賽). In order to achieve a breakthrough and grow amidst the increasingly intense competition in the hotel industry, Zhuhai Holiday Resort Hotel explored to re-position the products of the hotel and defined the core and segments of the hotel according to market demand. The products of the hotel with innovative design have been sorted and categorised. These moves provide the hotel with a clear direction for its sustainable development. For guest rooms, in view of the challenges such as worsening market conditions, intensified competition and restructuring of the hotel industry, Zhuhai Holiday Resort Hotel captured the business opportunities arising from China Yacht Race, the 11th China International Aviation & Aerospace Exhibition and other major events by strengthening its online promotion and expanding its online booking services. For its food and beverage ("F&B") business, Zhuhai Holiday Resort Hotel established the F&B marketing centre that is responsible for development of marketing strategy. WeChat platform has been fully utilised for the marketing campaigns of various Chinese and Western cuisine and expansion into the wedding industry so as to retain existing customers, attract new customers and maintain the competitiveness of various brands of Zhuhai Holiday Resort Hotel in the market. 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 FY2016, the segment revenue of Zhuhai Holiday Resort Hotel amounted to HK$170.0 million and recorded a segment profit of HK$10.4 million. The average occupancy rate of Zhuhai Holiday Resort Hotel during FY2016 was approximately 59.3% and the average room rate increased by 1.8% as compared to that of last year.

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 Company"), 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 (the "New Hotel") and sports stadium were completed, with the capped roof. The decoration of the sample rooms has been commenced.

With respect to the Phase 2 office complex ("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. The formulation of business strategy for Office Complex is on the way, with research conducted in the areas of development and direction of the project. Meanwhile, negotiations have been made with various innovative digital media companies on the matters concerning ideas and ways of promoting the New Hotel Project.

2.3 THE NEW YUANMING PALACE

During FY2016, the total number of visitors of New Yuanming Palace* (圓明新園) was 3,510,000, representing a decrease of 3.6% as compared to last year. Revenue from New Yuanming Palace recorded an increase of approximately 29.4%, which was mainly attributable to an increase in rental revenue due to a rise in the rental of scenic area compared to last year, as well as an larger increase in revenue from public performance compared to last year. We achieved substantial progress on cost control for the New Yuanming Palace. Through a series of measures including reform on staffing measures, reduction in human resources costs and control on maintenance costs, the costs have been reduced as compared to last year.

Having been in operation for many years, the New Yuanming Palace becomes a famous venue for major commercial and charity campaigns in the Pearl River Delta. During FY2016, a number of major events such as Royal Wedding, University Music Festival, International Food Festival and Halloween had been launched in the New Yuanming Palace with good returns in terms of economic and social developments. Artistic performance has been the core brand and competitiveness of the New Yuanming Palace. Accordingly, efforts have been made in speeding up the reform of the artists and the position of art performance so as to deliver in-demand and popular programmes. The New Yuanming Palace will sustain its effort to build its own influence as a performing arts brand and actively realise export of performing arts resources. Following the co-operation with Chengtoushan Theme Park in Lixian, Hunan province last year, we confirmed the joint performance with Qinhu Theme Park of Jiangyan, Jiangsu during FY2016.

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) ("Chengtoushan Development") 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 certain scenic areas in Chengtoushan, in Hunan province, the PRC ("Chengtoushan Scenic Area"). During FY2016, 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. For details of the Management Contract, please refer to the Company's announcement dated 23 December 2015.

Meanwhile, researchers who have conducted preliminary investigations on scenic areas in Shaoguan, Jiangsu and other regions have revisited Jiuzhou Theme Park Management for further discussion on future co-operation. The discussion has laid sound foundation for future co-operation on export of management. 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.

2.5 THE FANTASY WATER WORLD

The number of visitors of the Fantasy Water World* (夢幻水城) was approximately 367,000 in 2016, representing an increase of 13.1% over last year. Visitors' satisfaction with 4 stars or above has been received on the websites www.meituan.com (美團網), www.ly.com (同程網) and Dianping (大眾點評網) respectively. In 2016, the Fantasy Water World has been declared hygienically worthy Grade A unit (Swimming pools) for six consecutive years for its good water quality. It has also been awarded the Most Popular Water Wonderful World in Hong Kong and Macau – Gold. Continuous rain and storms as well as other bad weather conditions from summer in 2016 had caused material and adverse effects on the number of visitors and operating revenue. Accordingly, marketing strategies had been refined in a timely manner. Through opening of the park and brand new family slides as well as Family Card Scheme for subscription, the Fantasy Water World gained popularity and maximised returns.

2.6 JIUZHOU•GREENTOWN – CUIHU XIANGSHAN PROJECT

Zhuhai Jiuzhou Holdings Property Development Co., Ltd.* (珠海九控房地產有限公司) ("ZJ Development Company"), a non wholly-owned subsidiary of the Company, developed Cuihu Xiangshan Project. The project 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 Appraisal Centre; Recommended Houses in Good House of China 2016 by house.qq.com; elected as one of the "Top 10 Marketing Events for 2016" on China FZG Rankings (Zhuhai, Zhongshan) by fzg360.com and one of the "Top 10 CSR Enterprises for 2016" on China FZG Rankings (Zhuhai, Zhongshan) by fzg360.com.

In 2016, Phase 1 villas project of ZJ Development Company is in progress for delivery. 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. Phase 3 villas project is a core project under the Cuihu Xiangshan Project with the largest volume, most enriched products and comprehensive ancillary facilities and there were eight blocks topped. Construction works advanced smoothly, with major works proceeded to the stage of design. The construction permit for Phase 4 French Villa project has been obtained. The pilling works and basement works have been completed, with scaffoldings dismantled for some blocks.

2.7 ZHUHAI LAKEWOOD GOLF CLUB ("LAKEWOOD CLUB")

In light of the unfavourable operating environment, the Lakewood Club 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) ("Zhuhai Golf Company"), a non wholly-owned subsidiary of the Company, began to adjust promotional plans for golfers and 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 2016, Lakewood Club served a total of 38,000 golfers and organised 15 tournaments, especially held the "Jiuzhou • Greentown – Cuihu Xiangshan Cup" 2016 Hainan open tournament – global promotion tour (Guangdong station) cum 1st anniversary tournament of the Norman Golf Course. It has gained wide recognition and reputation in the industry and accumulated experience in organising national and international high-level tournaments.

3. Public Utilities and Financial Investments

3.1 JIUZHOU PASSENGER PORT

Operating revenue derived from the use of pier facilities of Zhuhai Jiuzhou Passenger Port ("Jiuzhou 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") recorded a decrease of approximately 8.7%, which was mainly due to a continued decrease in the number of Mainland travellers visiting Hong Kong.

Through competitive negotiations on the principle of offering the subject matter to the highest bidder, Jiuzhou Port Company secured commercial contractors in accordance with laws and regulations. With deep understanding of the market, better terms and competitive negotiation, Jiuzhou Port Company realised higher rental income on its resources. In 2016, to achieve seamless one-stop 3-dimension transportation services in Jiuzhou Port and provide facilitation to visitors for the surrounding cities, road transport routes from/to Dongguan, Changping, Zhangmutou and Doumen have been provided in Jiuzhou Port, enhancing the attractiveness of Jiuzhou Port and expanding the coverage to other cities. Jiuzhou Port has been expanding its value-added services on WeChat platform with mobile Wi-Fi rental service and advertisement service as well as launch of various ticket promotion campaigns on WeChat platform. Currently, Jiuzhou Port has fans of nearly 200,000 on its WeChat platform. Furthermore, Jiuzhou Port gave strong support to the departure tax refund scheme for foreign travellers, which was launched by the Zhuhai government by operating Jiuzhou Port as the first pilot port for the scheme in Zhuhai.

3.2 CITY ENERGY SUPPLY

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, has actively grasped market trend and strived to expand its business scope. The sales volume of product oil amounted to 578,000 tons, representing a growth of 87.6% as compared to last year. Zhuhai Jiuzhou Port Petro-filling Station Co., Ltd.* (珠海九洲港加油站有限公司) ("ZJ Port Station") and Zhuhai Shihuadong Resort Petro-filling Station Co., Ltd.* (珠海市石花東度假村加油站有限公司) under Jiuzhou Energy Company have established years-long relationship with PetroChina Company Limited ("PetroChina") and China Petroleum & Chemical Corporation ("Sinopec"). To meet the demand of the market, there has been significant improvement in attitude and quality of service. These stations have also recorded significant growth in sales volume and market shares. The sales of these stations amounted to 11,300 tons and 4,800 tons respectively, representing a growth of 109% and 97.2% respectively as compared to last year.

The wholesale business of Jiuzhou Energy Company recorded a massive surge in 2016. The two stations maintained significant growth in operating revenue. With rising trends in business volume, operating revenue and profits, the operating results of Jiuzhou Energy Company was encouraging. While rapid growth in the wholesale business did make great contribution to the total operating revenue, the gross profit margin of terminal and station businesses were substantially higher than that of the wholesale business. On the other hand, internal control and financial risks increased in line with rapid growth in wholesale business. Accordingly, Jiuzhou Energy Company actively strengthened risk management on the wholesale business.

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 energy supply projects in Shaoguan, the PRC. In 2016, the design and planning of the project have been completed with draft submitted for further development of the project. For details of the Shaoguan Framework Agreement, please refer to the Company's announcement dated 10 September 2015.

3.3 FINANCIAL INVESTMENTS

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. Jiuzhou Kingkaid Company is mainly responsible for providing financial agency services in relation to the implementation of the crowdfunding through the Kingkaid financial services online platform ("Kingkaid Platform") including: (1) membership registration services for potential investors as Kingkaid Platform members, (2) dissemination of information in relation to the crowdfunding on the Kingkaid Platform, (3) technological support, (4) communication services and (5) freezing of funds (if necessary), payment and fund transfer services (collectively, "Financial Agency Services"). For details of the Kingkaid Co-operation Agreement, please refer to the Company's announcement dated 16 September 2015.

During FY2016, 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) ("ZJ Holdings"), a substantial shareholder of the Company, in relation to the provision of the Financial Agency Services by Jiuzhou Kingkaid Company to ZJ Holdings Investment for the implementation of the crowdfunding through the Kingkaid Platform. For details of the Financial Agency Services, please refer to the Company's announcement dated 11 April 2016.

Jiuzhou Kingkaid Company initiated the establishment of Zhuhai Jiuzhou Internet Technology Co., Ltd.* (珠海九洲互聯網科技股份有限公司) ("Internet JV Company") to assist the Group in (1) establishing data platform and promoting innovative development of "Industry + Internet + Creative Finance" business model; (2) expanding customer base and integrating customer information for various business segments to foster financial products innovation; and (3) expanding internet finance strategic development and enhancing the synergies for an industrial chain aimed at perfecting overall lifestyle and travelling experience. For details of the Internet JV Company, please refer to the Company's announcement dated 21 November 2016.

STRATEGIC CO-OPERATION FRAMEWORK AGREEMENT (THE "STRATEGIC CO-OPERATION FRAMEWORK AGREEMENT")

On 28 December 2016, the Company entered into the Strategic Co-operation Framework Agreement with 上海悉地工程設計顧問股份有限公司 ("CCDI") and 深圳市聚橙網絡技術有限公司("SZ A.C. Orange", together with the Company and CCDI, the "Parties") with the intention of leveraging on the Parties' respective strength, resources and expertise, including CCDI's management experience and expertise in the field of urban construction and development, SZ A.C. Orange's technical and operational expertise in performing arts and culture, as well as the Company's resources in the field of tourism and real estate, which in turn could benefit the Parties' business development. Please refer to the announcement dated 28 December 2016 issued by the Company for details of the Strategic Co-operation Framework Agreement.

POSSIBLE RISK EXPOSURE AND UNCERTAINTIES

The Group's financial condition, results of operations, and business prospects may be affected by a number of risks and uncertainties directly or indirectly pertaining to the Group's businesses. During FY2016, the Group further improved the risk management system which covered all aspects including corporate strategies, operation and finance. In future developments, the Group will be highly aware of the following risks and uncertainties and will adopt effective tackling measures proactively. There may be other risks and uncertainties in addition to those shown below which are not known to the Group or which may not be material now but could turn out to be material in the future.

1. Risk in Competing Markets

Risk analysis: The road transportation between Zhuhai and Hong Kong following the future completion of the Hong Kong-Zhuhai-Macau Bridge could bring competition to Ferry Company from/to Zhuhai and Hong Kong. In addition, fluctuation in the fuel market in recent years has caused intensified competition in the market. These factors could have material and adverse effects on business, operating results and financial conditions of the Group.

Tackling measures: We will push forward the overall transformation of the Group into a modern diversified enterprise to reduce its reliance on the lines in Hong Kong; the investment and development department will collect and prepare market data on a regular basis for overall analysis and reporting to the Board, so that we can adopt measures for any possible challenge arising from the competition in the market. We will also ascertain our major businesses in the future and strengthen our efforts in research and development for the development and products of these businesses.

2. Risk in Investment Decisions

Risk analysis: The forecast to the market in the feasibility assessments in relation to the investments of the Group in projects (e.g. holiday resorts, real estate development or acquisition), properties and fixed assets may be inaccurate. There could also be a mismatch between investment in the project and the future market demand. These factors could lead to significant uncertainties in the project and failure of the project in the future, which could present potential material and adverse effects to the profit of the Group.

Tackling measures: The Group has established the Project Verification Committee and the Project Risk Control Committee which shall be responsible for discussion on and approval of our investments. We will engage experts to make assessment on our feasibility reports; the feasibility reports shall contain primary factors, which include budget, expected returns and payback period, and analysis of various situations (budget in the best/worst situation) and contingency plans which enable us to make decisions for any contingency during the term of our investment.

3. Human Resources Risk

Risk analysis: The Group may be unable to develop and implement sustainable strategies of human resources and planning of human resources in the overall planning of human resources; the Group may be unable to maintain competitive remuneration and package as well as incentives which are available to the employees in terms of aspects such as career prospects, remuneration, benefits and working conditions; unstable teams of qualified employees and management personnel as a result of such failure; failure to obtain the resources required for operation and management by the Group for fulfillment of operating and strategic targets.

Tackling measures: The Group has been developing management personnel and providing them with prospects of promotion, which include fair competition for the posts, Graduate Internship Program and remuneration determined on market rates. We review our remuneration against prevailing level in the industry and develop incentives so as to provide an incentive mechanism for both short-term and long-term and recognise senior management for their contribution to the long-term development of the Group. The arrangement of our human resources shall be in line with our strategy of development. We continuously expand our channel of recruitment and develop a mechanism of management for attracting, developing, deploying and promoting management personnel. We have also been improving our mechanism for appointment and dismissal of our management personnel.

4. Risk of the Overall Environment

Risk analysis: The recent years saw global economic downturn and China's economic growth slowdown. Any material change in political, economic and social conditions in China may have material and adverse effects on business, financial condition and operating results of the Group.

Tackling measures: Our designated personnel will monitor any change in economic and political conditions to keep abreast with latest developments in market conditions and policies in China, and will collect information which may have an effect on the relevant policies in the future. We will hold seminars on changes in business environment on a regular basis and discuss on the relevant strategies. We will consider the effects of any potential change in business environment and anticipate the risk of events that lead to such changes. We will also adopt all preventive measures when necessary and monitor the implementation of measures approved at the last meeting on a regular basis.

5. Risk of Strategic Guidance

Risk analysis: We face the risk of failure to develop strategic planning or clear strategic planning for the development of the Group and the risk of any deviation from the objectives of our strategies that may cause waste of corporate resources or failure to meet the strategic goals.

Tackling measures: The Group refines and submits its strategies of development on a timely basis for the approval by the Board. When these strategies of development are in place, the implementation and achievement of these strategies will be monitored by our designated personnel. These strategies will be reviewed on a regular basis so as to ensure that these strategies have contained changes or actions, if any.

OUTLOOK

In 2017, the Group will consistently implement its development strategy of "land-based, sea-going, inbound enhancement and international development" with an aim of forging an industry chain of perfect living and travelling. It aims to grow its business segments including Jiuzhou Blue Sea Jet and Blue Marine Tourism, green leisure tourism and composite real estate together with public utilities, in terms of both size and strength; and to grow its modern finance segment to make it a solid and well-established business. Leveraging on the capital markets in Guangdong province and Hong Kong, it will build the Group into a diversified and modern group of companies with the combination of industry and finance with strong investing and financing abilities. In the coming year, the Group will strengthen its investment in and control over the following three major business segments:

1. Jiuzhou Blue Sea Jet and Blue Marine Tourism

In terms of marketing, to capture the opportunities arising from the future completion of the Hong Kong-Zhuhai-Macau Bridge, Ferry Company has strengthened its efforts in promotion and marketing of the Frequent Passengers Plan to retain its frequent passengers. Ferry Company, together with The Air Authority Hong Kong, has launched the Hong Kong Airlines Online Check-in Exhibition as part of its efforts in seeking connection between Yuexi and terminals of Hong Kong International Airport for an increase in passenger volume of lines of airports. Adhering to the strategy of "Blue Marine Tourism", Ferry Company will endeavour to build a comprehensive Jiuzhou Blue Sea Jet platform encompassing "Travelling, Transportation and Touring" by (1) pushing forward the implementation of the Hainan Projects with CCCC Company and pushing forward the consolidation of resources for marine tourism at Sanya Bay with the Sanya government; (2) commencing the operation of the Model Enterprise of Guishan Island Project and completing the procedures concerning properties leasing and consolidation in relation to the project; and (3) completing the tasks in relation to the co-operation with the partner on "Zhuhai Sailboat Station Project" and starting to apply for approval of construction and handle the matters concerning the construction. Based on the Hengqin Bay leisure tourism and the Xiangzhou Port-Jiuzhou Island leisure tourism under the "Zhuhai-Macau Bay Tour", Jiuzhou Cruises Company is planning to launch the leisure tourism route from/to Wanchai cruise terminal and Jiuzhou Port. Through the seamless connection among all lines, different packages of various points within the "Zhuhai-Macau Bay Tour" can be made available to different visitors. Training Centre will strengthen its efforts in training of sailors in operating yachts. It will also strive to obtain other qualifications as far as practicable to strengthen its market competitiveness.

2. Green Leisure Tourism and Composite Real Estate

Zhuhai Holiday Resort Hotel has gradually achieved intelligent management by developing its WeChat promotion platform through a combination of hotel F&B, guestrooms, recreation, laundry, wedding planning, housekeeping and travel agency businesses. Meanwhile, it fully utilised the "Smart Hotel" project to develop its internet platform as part of its efforts in expanding the businesses of Zhuhai Holiday Resort Hotel and creating new driver for economic growth. As part of the construction of the project by the Group, JPD Company will put all its efforts in speeding up the progress of modification and upgrade of the resort hotel, modification and renovation of restaurants and refurbishment of villa rooms. JPD Company will strictly comply with all regulations and requirements for its quality construction works to prevent all kinds of workplace safety hazards. It will put all its efforts in speeding up the progress of improvement works of Phase 1 the New Hotel and the sports stadium and will push forward the planning and construction of Phase 2 Office Complex project.

The New Yuanming Palace has been discussing over joint artistic performance with a number of performance teams. Looking forward, the New Yuanming Palace will leverage on its competitiveness in terms of its performance team and theatre and implement the strategy of "inbound enhancement and international development" to actively realise export of performing arts, commercial performance and the introduction of stage production in exploring opportunities of diversified performance products and modes of co-operation. As the scenic area has been the unique competitiveness of the New Yuanming Palace, efforts will be made to landscape architecture of the scenic area in the future. The construction of AAAAA scenic area has been initiated in this regard. Jiuzhou Theme Park Management will take full advantages of its extensive management experience in scenic area and water wonderland in actively handling the Chengtoushan Theme Park in Lixian, Hunan province and Qinhu Theme Park of Jiangyan, Jiangsu. Jiuzhou Theme Park Management will also engage in the management of export of scenic area services and provide focused support to events for brand incubation. On 3 March 2017, Jiuzhou Theme Park Management entered into a joint venture contract (the "Chengtoushan JV Contract") with Chengtoushan Development in relation to the proposed formation of a joint venture enterprise with the proposed name of Hunan Jiuzhou Chengtoushan Tourism Development Company Limited* (湖南九洲城頭山旅遊發展有限公司), to transform the Chengtoushan Scenic Area into a national tourism demonstration site, an AAAAA-class national tourist area, and a national demonstration site for research tourism. Please refer to the announcement dated 3 March 2017 issued by the Company for details of the Chengtoushan JV Contract. At Fantasy Water World, more new projects will be launched to ensure that the new projects of new spiral slides and other new facilities will be commissioned during the next year of operation, while feasibility assessment will be made for the inclusion of "Chinese Herbs Valley" and other projects into the Fantasy Water World.

For Cuihu Xiangshan Project, as the construction and delivery of products proceed, efforts have been made in solicitation for supplementary education and commercial services to highlight its value. ZJ Development Company will engage in various negotiations with an aim of introducing brands of cinemas, supermarkets, hotels and book stores, as well as opening clubhouses, coffee shops, hotels and retail stores. Implementation of solicitation campaigns will lay a sound foundation for the development of the brand name of Cuihu Xiangshan Project and marketing of the products in the future. For Norman Golf Course, which is operated by Lakewood Club, maintenance and enhancement of service quality will be the main tasks. Continuous maintenance of the landscape architecture is another important issue. Through introduction of high-level tournaments in an orderly manner, strong capability in golf course maintenance and enhanced operation and management, Lakewood Club will grow at the global level in terms of management capability.

3. Public Utilities and Financial Investments

Jiuzhou Port Company has been obtaining spaces by exploring the sea for the extension works of the jetty of Jiuzhou Port. Feasibility studies, filing for investment proposals and application for construction have been made for the relevant construction. In addition, Jiuzhou Port Company has taken full advantage of the fans network on WeChat to strengthen its efforts in customer services and resources utilisation so as to explore other marketing channels.

Jiuzhou Energy Company will speed up the progress of the strategic co-operation project in relation to the fuel stations. Filing has been made in this regard in an orderly manner. It will also capture the opportunities arising from the co-operation with Sinopec and PetroChina, which are leading global brands, to push forward further optimisation of the business models for fuel stations and explore the business potentials with an aim of effectively enhancing the profit margin. It will also continue to commence profitable product oil whole business in a stable manner.

Jiuzhou Kingkaid Company will focus on expansion of its financial services, Jiuzhou Internet Big Data Platform (the "Jiuzhou World") and Jiuzhou Maker Port, when it is practicable in terms of both internal and external resources and operation. It will expand external businesses and strengthen its efforts in brand development, with an aim of standing out as an enterprise specialised in provision of internet financial services with various business segments. Jiuzhou Kingkaid Company will make use of the new Jiuzhou World platform to provide online marketing, product sales, data application and information system upgrading service for its business segments. It will push forward the online operation of the group-wide industries and financial services with an aim of enhancing its profitability. Moreover, Jiuzhou Kingkaid Company is preparing for the organisation of Jiuzhou Maker Port, which is an open and innovative "internet + incubation + investment" platform at low cost that brings various elements together for the development of an integrated offline-to-online "Maker Community".

In addition to the investment in and control over the three major business segments, we have set four major targets:

1. Investment

The Company will strengthen its efforts in refining the database for the projects and post-investment management by developing its post-investment management system with the collaborations of various departments so that it will be able to keep track of the recent situations and significant developments in coming up with targeted recommendations that suit the real situations of the projects.

2. Finance

The Company will strengthen its efforts in financial management in an active manner on Cuihu Xiangshan Project, the New Hotel Project, general working capital and other issues. The Company will maintain active communication with financial institutions to gain access to a wider range of financing channels and fund our projects with the best financing plans so that the projects will advance with good progress at low finance expenses.

3. Risk Management and Internal Control

The Company will refine the performance assessment and management systems of the members of the Group. It will also organise regular meetings on analysis of their operations. Starting from further implementation of its Compiled Internal Control Systems, the Company will go on to strengthen its efforts in developing risk management and internal control systems of members of the Group.

4. Human Resources

The Company will push forward human resources sharing among the members of the Group. It will actively explore any possible way of managing employees assigned to work overseas and refine the relevant measures. The Company will implement the relevant group-wide system of regular performance assessment.

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.

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 financial year ended 31 December 2014 ("FY2014"), 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 Company will, when appropriate, arrange with its legal advisers to fix the assessment of damages hearing.

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 and its interim report for 2016.

The Company will closely monitor the development of the matter. Where necessary, the Company will make announcement to inform shareholders and investors of any material development.

LIQUIDITY AND FINANCIAL RESOURCES

Except for the issue by the Company of (1) a promissory note ("Promissory Note") in relation to the acquisitions of Lamdeal Consolidated Development Limited ("Lamdeal Development") 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 ("Maybank") 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 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 cash and cash equivalents as at 31 December 2016 amounted to approximately HK$2,327.8 million (31 December 2015: HK$1,872.9 million), of which approximately HK$1,851.4 million (31 December 2015: HK$1,582.4 million) were denominated in RMB, approximately HK$476.4 million (31 December 2015: HK$290.5 million) were denominated in Hong Kong dollars.

As at 31 December 2016, trade receivables amounted to HK$116.1 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$0.8 million as at 31 December 2016 (31 December 2015: HK$1.0 million), all of which HK$0.8 million 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.

The Group had no short-term available-for-sale investment as at 31 December 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$3,325.7 million as at 31 December 2016 (31 December 2015: HK$3,976.5 million).

The Group's gearing ratio was 0.27 as at 31 December 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 and bill 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 and cash and cash equivalents.

As at 31 December 2016, the Group had a current ratio of 1.25 (31 December 2015: 1.53) and net current assets of HK$1,368.6 million (31 December 2015: HK$2,270.1 million).

As at 31 December 2016, interest-bearing bank and other borrowings that were outstanding amounted to HK$2,655.0 million (31 December 2015: HK$2,824.1 million), which mainly comprised of (1) principal amount of RMB500 million with the final maturity date falling due in August 2019; (2) principal amount of HK$2,000 million with the final maturity date falling due in July 2019; and (3) principal amount of RMB100 million with the final maturity date falling due in December 2020.

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

As at 31 December 2016, the Company has no outstanding amount payable pursuant to the Convertible Bonds (31 December 2015: HK$542.1 million). The Convertible Bonds were fully redeemed by the Company on 29 August 2016. During FY2016, no conversion notice has been received in respect of the exercise of conversion rights attached to the Convertible Bonds.

As at 31 December 2016 and up to the date of this annual report, no warrantholder had exercised the warrants (the "Warrants") issued pursuant to the subscription agreement dated 18 November 2013.

NUMBER AND REMUNERATION OF EMPLOYEES

At the year end, the Group had approximately 2,329 employees. During FY2016, the level of our overall staff cost was approximately HK$304.2 million (2015: HK$317.3 million).

The Group operates and maintains defined benefit pension plans. According to the plans, the Group makes pension payments to its retired employees till their death with reference to their respective positions at the time when they retire. The expected cost of providing these post-retirement benefits is actuarially determined and recognised by using the projected unit credit method, which involves a number of assumptions and estimates, including discount rate, employee turnover rate and mortality rate and etc. The latest actuarial valuation of the defined benefit pension plans was made as at 31 December 2016 by Danny Quant, Fellow of the Institute and Faculty of Actuaries (FIA), of Milliman Private Limited. As at 31 December 2016, the Group's aggregate defined benefit obligations was approximately HK$115.7 million (31 December 2015: HK$103.7 million).

Remuneration of employees is determined and reviewed annually with reference to the market standard, individual performance and working experience, and certain staff is entitled to commission and share options. In addition to the basic salaries, the Group also provides, depending on the results of the Group and individual performance, staff benefits including discretionary bonus, contributory provident fund or mandatory provident fund, and professional tuition/training subsidies in order to retain quality employees.

DIVIDEND

The Board has recommended the payment of a final dividend of HK2 cents per share absorbing a total amount of HK$28,556,000 (2015: HK$28,556,000) and the payment of a special dividend of HK3 cents per share absorbing a total amount of HK$42,834,000 (2015: Nil) for FY2016 to the shareholders whose names shall appear on the register of members of the Company on Monday, 5 June 2017. Subject to the approval of the shareholders at the forthcoming annual general meeting to be held on Friday, 26 May 2017, the final dividend and the special dividend will be payable on Friday, 16 June 2017.

CONTINGENT LIABILITIES

As at 31 December 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$2,381.9 million (2015: HK$802.9 million). Except for these financial guarantees as disclosed above, the Group had no material contingent liabilities as at 31 December 2016 (2015: Nil).

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As at 31 December 2016, the Group had no future plans for material investments or capital assets except for those disclosed under the heading "Management Discussion and Analysis – Outlook" as stated aforesaid.

CHARGES ON ASSETS

As at 31 December 2016, land use rights of lot S1 of Cuihu Xiangshan Project with an aggregate carrying value of approximately HK$2,772.7 million (31 December 2015: land use rights of lots S1, S2 and S4 of Cuihu Xiangshan Project with an aggregate carrying value of approximately 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 RMB500 million from the Third Party pursuant to the loan and collateral agreements dated 10 August 2016 entered into between, among others, ZJ Development Company and the Third Party.

In 2013, 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 31 December 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 31 December 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$2,048.6 million (31 December 2015: HK$2,232.0 million). The decrease in the shareholders' equity of the Group during FY2016 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$211.9 million, which was recognised in other comprehensive loss for the year; and (2) dividend paid during FY2016 amounted to HK$28.6 million.

As at 31 December 2016, the Company had 30,000,000 outstanding Warrants at the issue price of HK$0.023 per Warrant pursuant to a subscription agreement dated 18 November 2013.

On 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 ("FY2015"). 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 FY2016 and up to the date of this 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.

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.

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 an aggregate of 79,600,000 share options ("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. For details, please refer to the Company's announcement dated 21 July 2016.

Save as disclosed above, no share option was granted, exercised, cancelled or had lapsed under the Share Option Scheme during FY2016. Moreover, the Company had no share options outstanding as at 31 December 2016.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS

During FY2016, 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" as stated aforesaid.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT 2016

ABOUT THE REPORT

Zhuhai Holdings Investment Group Limited (the "Company") and its subsidiaries (collectively, the "Group") are pleased to present this Environmental, Social and Governance ("ESG") Report.

The scope of this report covers our major operations located in Mainland China, including ferry services, trading and distribution of fuel oil and property development. The report summarises our performance in ESG during the period of 1 January 2016 to 31 December 2016.

The report is prepared in accordance with the Environmental, Social and Governance Reporting Guide under Appendix 27 to the Main Board Listing Rules issued by The Stock Exchange of Hong Kong Limited in 2015.

The Group endeavours to develop its business sustainably to create sustained values for our stakeholders, including our employees, customers, shareholders, business partners and the community. We engage our stakeholders on an ongoing basis to collect their views and expectations on our sustainable development. The key interests and concerns of stakeholders with regard to ESG issues are addressed in this report.

For further details of the Group's compliance with relevant laws and regulations, please refer to the information under the paragraph headed "Environmental policies, performance and compliance with laws and regulations" of the section headed "Report of the Directors" of this annual report, of which such information forms part of this ESG Report.

ENVIRONMENT PROTECTION

The Group is committed to operate in a sustainable manner through improving energy efficiency, mitigating emissions and reducing impacts to the environment.

We endeavour to reduce emissions through enhancing our operational efficiency. In our ferry services, maintenance and testing are undertaken regularly to maintain operational efficiency and reduce air and GHG emissions.

In our property development projects, we encourage energy saving for the full life cycle of the buildings. For instance, our new Zhuhai Holiday Resort Hotel Project ("New Hotel Project") is constructed to maximise the natural ventilation as well as the exposure of sunlight into internal spaces, in order to reduce energy consumption from the use of air-conditioning and lighting. Furthermore, the project's internal air system recovers exhaust air heat by capturing waste energy from exhaust air to pre-cool or pre-heat fresh air. In mitigating heat island effect, vegetated roofs and an expansive landscape of grassland and waterbody in the area aid in the cooling process of the overall premises. To further improve energy efficiency, LED lighting is used extensively to save up to 30% in energy use in comparison to incandescent lighting.

The New Hotel Project also incorporates the design for condensation from the chiller plant, collection and reuse of rainwater. Fast-growing materials such as bamboo is adopted for high sturdiness, versatility and sustainability to avoid the consumption of wood.

At our offices, we encourage double-sided printing and waste recycling. We remind employees to turn off idle lightings and electrical appliances to avoid energy wastage. Employees are also encouraged to avoid unnecessary business travel and use alternative measures such conference call to reduce GHG emissions.

EMPLOYMENT AND LABOUR PRACTICES

Employment

We embrace a people-oriented culture and consider our employees as our most valuable asset. Our human resources policies and procedures stipulate our ways of doing things in areas such as recruitment, promotion, working hours, equal opportunity, and compensation benefits. The Group understand the significance of talent development, we run an elite programme to upskill and fast track qualified talent to support our business growth.

Our employees are assessed based on their performance. Remuneration packages are benchmarked with the market to stay competitive. In addition to basic salary, we provide a range of benefits including bonuses, provident funds and professional training subsidies.

Health and Safety

Occupational health, safety and wellbeing of our employees are of the utmost importance to us. We have implemented policies and procedures to guide proper identification, mitigation and monitor risk related to occupational health and safety. Emergency response procedures are in place, and drills are conducted regularly to equip employees with knowledge and skills in the event of an emergency. We are proud to report that the Group was recognised by the Guangdong Provincial Government for our high standard of safety practices at construction sites.

We are a strong advocate for maintaining a work-life balance and for cultivating an inclusive workplace. In 2016, we launched our fourth “Corporate Culture Month” to promote camaraderie amongst shipping and offshore staff through a collection of activities. We also sought to strengthen the cohesion between employees through our annual Dragon Boat Festival races.

Development and Training

The Group acknowledges the importance of talent development, we provide a range of job-related training programmes at different levels to suit the needs of our operations. These include, induction training, firm-wide training and department-specific training. The Group also operates a new staff mentoring scheme, aiming to equip new joiners with necessary knowledge and skills to help them adjust to their new positions.

Labour Standards

The Group adheres to the labour standards and strictly prohibits the use of child or forced labour in its operations. Our suppliers and contractors are expected to achieve the same standard of labour practices.

OPERATING PRACTICES

Supply Chain Management

The Group works with a network of business partners for sourcing of goods and services. We endeavour to exert a positive influence on our supply chain by working closely with our business partners to mitigate supply chain risks, including those associated with ESG. We have implemented policies and procedures to guide performance evaluation of our suppliers on regular basis.

Product Responsibility

We regard our service quality as one of our key competitive advantages. To maintain a high reliability of our maritime transportation service, we conduct rigorous examinations to assemble a qualified and skillful crew of sailors. Our efforts has been awarded with the "Safe and Honest Company" recognition for the ninth consecutive year, which is a highly recognised in maritime transport industry in Mainland China.

Our marine bunker supply business employs a quality management system to verify fuel quality prior to distribution. Samples are tested by third party managed certified laboratories and assessed under applicable fuel quality standards. The subsequent transportation of the fuel is handled by qualified and experienced tanker drivers who utilise designated routes to ensure safety.

A complaint handling mechanism has been implemented to receive, record and address customer complaints. To improve communication, some of our businesses provide telephone hotline and internet live chat to resolve customer complications.

Customer data is handled seriously across the Group. These are treated strictly confidential and handled with due care, accessible only by authorised personnel.

Anti-corruption

The Group is committed to operating with integrity and accountability. Our management sets a tone of zero tolerance towards fraudulent behaviour, corruption and any forms of bribery. Our anti-corruption principle is well communicated to all employees. Our suppliers are reminded about our stance in anti-corruption.

COMMUNITY INVESTMENT

Across the Group, we share a value of realising our responsibility towards our communities. One of our key objectives in 2016 was to tackle poverty by providing aid to the underprivileged. During the year, we collaborated with the local government of Guishan City of Zhuhai, Guangdong Province to improve the living standards of local villagers through stimulating the local tourism.

Our contribution to the community is also recognised by the local. Village committee members from Maoming City in Guangdong awarded the "Helping the Poor, Thankful Forever" plaque ("扶貧濟困，真情永在") as an expression of gratitude for our work since 2013.

REGULATORY COMPLIANCE

During the reporting period, we were not aware of any non-compliance with laws and regulations that have a significant impact on the Group relating to areas such as environmental protection, employment and labour practices and operating practices.

Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Huang Xin, aged 51, was appointed as an executive Director in July 2006. He is chairman of the Board and chairman of the nomination committee of the Company with effect from 19 January 2015. Mr. Huang was also the chief executive officer of the Company from July 2006 to August 2015. Mr. Huang is also currently the chairman of the board of directors, legal representative and general manager 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. He holds a doctorate degree and obtained a title of senior economist from the Ministry of Finance of the People's Republic of China and was invited as visiting professor and researcher of a number of universities. Mr. Huang previously worked with Ministry of Finance, China Trust and Investment Corporation for Economic Development, China Cinda Asset Management Corporation and Beijing Enterprises Holdings Limited. He served as secretary to general manager, secretary to the board of directors, general manager of securities business department, deputy general manager of Beijing Enterprises Holdings High-tech Development Co., Ltd., executive director and general manager of Winghap (Macau) Company Limited, executive director and general manager of East Sea International (Macau) Company Limited, deputy chairman and general manager of Zhuhai Heng Fok Machinery & Electric Industrial Company Limited. He is a director of Zhuhai Tianzhi Development Property Co., Ltd. (珠海天志發展置業有限公司), a company engaged in sales and development of property, golf course, tourism and recreational entertainment projects. He has over 30 years of experience in trust, insurance, securities, investment banking, financial management, corporate management and venture investment.

Mr. Zhou Shaoqiang, aged 44, has been appointed as an executive Director and chief executive officer of the Company effective from 14 August 2015. He holds a postgraduate master degree in administrative management at Sun Yat-Sen University (中山大學). He is currently a director and an executive deputy general manager of Zhuhai Jiuzhou Holdings Group Co., Ltd.* (珠海九洲控股集團有限公司) ("ZJ Holdings"), a substantial shareholder of the Company. Before joining ZJ Holdings and the Company, Mr. Zhou previously worked with China Construction Bank, Zhuhai Qianshan Sub-Branch; Shenzhen Development Bank, Zhuhai Branch; Zhuhai State-owned Assets Administration Bureau (珠海市國有資產經營管理局); The State-owned Assets Supervision and Administration Commission of the Zhuhai Municipal People's Government (珠海市人民政府國有資產監督管理委員會) ("Zhuhai SASAC"); Zhuhai Gree Group Co., Ltd. (珠海格力集團有限公司), Zhuhai Financial Investment Holdings Co., Ltd. (珠海金融投資控股有限公司), Jingu Futures Corporation (金谷期貨有限公司) and Tianjin Hua Chong Investment Co., Ltd. (天津鏵創投資有限公司). He served as an assistant to the chief economist, department head of asset administration division of Zhuhai State-owned Assets Administration Bureau, department head of reformation division of Zhuhai SASAC, deputy head and a member of CPC committee of Zhuhai SASAC, director, the president, a member of and the secretary of the CPC committee of Zhuhai Gree Group Co., Ltd., the general manager and vice-chairman of Zhuhai Financial Investment Holdings Co., Ltd., chairman of Jingu Futures Corporation, and executive director and general manager of Tianjin Hua Chong Investment Co., Ltd. He has over 22 years of experience in administrative management, futures business and financial investment.

Mr. Jin Tao, aged 53, was appointed as an executive Director in January 2012. Mr. Jin is also currently the executive deputy general manager of Zhuhai Jiuzhou Holdings Group Co., Ltd.* (珠海九洲控股集團有限公司) ("ZJ Holdings"), a substantial shareholder of the Company. He is also the managing director and legal representative of Zhuhai High-speed Passenger Ferry Co., Ltd. (珠海高速客輪有限公司) ("Ferry Company"), a non wholly-owned subsidiary of the Company. He holds a master degree in aircraft engineering from Northwestern Industrial University and is qualified as a senior engineer. Mr. Jin was an executive director of the Company from September 2002 to July 2009. In the past, Mr. Jin worked in Liyang Machinery Co., Ltd. under the Ministry of Aviation of the People's Republic of China, the Electrical & Mechanical General Factory of Zhuhai, Gongbei Industrial General Corporation of Zhuhai Special Economic Zone, and Zhuhai Dahengqin Investment Co., Ltd. ("ZDIC"). Mr. Jin worked in Ferry Company in the capacity of deputy manager of the Technology Department. He also worked as secretary of the board of directors, manager of the Operation Development Department, chief engineer, and deputy general manager in ZJ Holdings, and as director and general manager in ZDIC. He is a non-executive committee member of the Zhuhai Municipal City Planning Committee. Mr. Jin has over 30 years of experience in enterprise management, shipping management and maintenance, tourism management and project investment, technological development and loan acquisition.

Mr. Ye Yuhong, aged 52, was appointed as an executive Director in July 2009 and as a member of the nomination committee of the Company in March 2012. He is currently also a director and deputy secretary of CPC Committee and secretary of Discipline Inspection Commission of Zhuhai Jiuzhou Holdings Group Co., Ltd.* (珠海九洲控股集團有限公司) ("ZJ Holdings"), a substantial shareholder of the Company. Mr. Ye has worked in the State Key Laboratory of Laser Technology of Huazhong University of Science and Technology, the Organisation Department of CPC Zhuhai Committee and the Zhuhai Municipal Hong Kong-Macau Enterprise Office as secretary, deputy division head and leader of Macau work group. Since October 2002, he has worked as the assistant general manager, deputy secretary and secretary of Discipline Inspection Commission and deputy secretary of CPC Committee of ZJ Holdings. Mr. Ye is also a director of Zhuhai Tianzhi Development Property Co., Ltd. (珠海天志發展置業有限公司). Mr. Ye holds a postgraduate of Huazhong University of Science and Technology and has over 27 years experience in Hong Kong and Macau affairs, administrative management and human resources management.

Mr. Li Wenjun, aged 51, was appointed as an executive Director in July 2009. He is currently also the deputy general manager 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. He was the managing director of both 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) and 珠海市水上娛樂有限公司, the subsidiaries of the Company, from April 2012 to October 2015. Mr. Li has worked for China Ship Industrial Material South China Co., Zhuhai Commission for Economic Restructuring, Zhuhai Economic and Trade Bureau, Zhuhai State-owned Assets Operation and Administration Bureau, Zhuhai State-owned Assets Supervision and Administration Commission and Zhuhai Xinhe Transportation Group Co., Ltd. as secretary to general manager, deputy division head, division head, deputy chief economist, director and deputy general manager. He holds a postgraduate in Logistics Management of Huazhong University of Science and Technology and has over 27 years experience in administrative management, economic management and financial securities.

NON-EXECUTIVE DIRECTORS

Datuk Wira Lim Hock Guan, aged 55, was appointed as a non-executive Director effective from 12 August 2013. He has been an executive director of LBS Bina Group Berhad ("LBS"), a public company listed on the main board of Bursa Malaysia Securities Berhad, since 6 December 2001. He is sitting on the board of several LBS group of subsidiaries, including Dragon Hill Corporation Limited and Intellplace Holdings Limited ("LBS Group"); and he is also a director of Gaterich Sdn Bhd (a substantial shareholder of the LBS Group). Datuk Wira Lim holds a Bachelor of Science Civil Engineering from the Tennessee Technology University, USA and started his career as a Civil Engineer upon his graduation. Datuk Wira Lim has more than 25 years of extensive experience in the field of property development, operations and construction. He is in charge of the LBS Group's projects in Klang Valley, Malaysia and is one of the major driving forces behind the LBS Group's successful implementation of the projects in the Klang Valley, Malaysia. He also sits on the risk management committee and the ESOS committee of LBS. Datuk Wira Lim was appointed as a non-executive director of ML Global Berhad, a public company listed on the main board of Bursa Malaysia Securities Berhad, on 1 August 2014 and was re-designated as an executive director on 5 July 2016. He is also active in community works and has involved in several non-profit-making organisations. He is the President of Persatuan Hokkien Sungai Way, President of Selangor Petaling Business & Industry Association, Vice President of Malaysia-Guangdong Chamber of Investment Promotion, Vice President of The Malaysian Chamber of Commerce in Guangdong, China, Committee of Rumah Berhala Leng Tien Keong, Kajang, Committee of Sungai Way Old Folks Homes, Committee of Selangor & Kuala Lumpur Lim Clansmen Association, Committee of The Council of Justice of The Peace of Selangor, Committee of The Malaysia Japan Economic Associations (MAJECA) and Committee of Melaka and Guangdong Investment Committee. He is also a qualified sharpshooter from National Rifle Association, Washington D.C.

Mr. Wang Zhe, aged 46, has been appointed as a non-executive Director effective from 19 January 2015. He holds a postgraduate master degree in industrial design at Beijing Institute of Technology Graduate School (北京理工大學研究生院) and is an engineer. Mr. Wang is currently a director of each of Zhuhai Jiuzhou Holdings Group Co., Ltd.* (珠海九洲控股集團有限公司), a substantial shareholder of the Company, Zhuhai Duty Free Enterprises Group Company Limited (珠海市免稅企業集團有限公司), Zhuhai Linksun Assets Entrust Co., Ltd. (珠海市聯晟資產托管有限公司), Zhuhai Airlines Company Limited (珠海航空有限公司), Zhuhai Huafa Group Limited (珠海華發集團有限公司), a company engaged in, among others, property development, and Zhuhai Agricultural Investment Holdings Group Co., Ltd. (珠海市農業投資控股集團有限公司), a company engaged in, among others, agricultural business. Mr. Wang worked in Shenzhen Huaqiang Holdings Group Limited (深圳華強集團有限公司) and worked as an engineer, the head of structure division and deputy general manager of Shenzhen Huaqiang Sanyo Technology Design Co., Ltd. (深圳華強三洋技術設計有限公司). Mr. Wang also worked as assistant to general manager, deputy general manager, and deputy managing director of Shenzhen Far East Huaqiang Navigation and Positioning Co., Ltd. (深圳市遠東華強導航定位有限公司), department head of coordination department of Shenzhen Sanyo Huaqiang Laser Electronic Co., Ltd. (深圳三洋華強激光電子有限公司), deputy general manager and managing director of Dongguan Huaqiang Information Technology Co., Ltd. (東莞華強信息科技有限公司) and department head of corporate planning department of Optosky Technology Company Limited. Mr. Wang has over 20 years of experience in engineering structure, technology management, coordination management and corporate planning.

Mr. Kwok Hoi Hing, aged 53, has been appointed as a non-executive Director effective from 16 June 2015. He graduated from the undergraduate programme in Horticulture of Northwest Agriculture Institute of China (now known as Northwest A&F University) in 1985. Mr. Kwok currently is the managing director of Surpassing Investment Limited. He also worked as the managing director of Hongkong Jia Hai International Investment Limited and a director of the fifth session of the board of directors of Shanghai Jin Jiang International Hotels Development Company Limited (上海錦江國際酒店發展股份有限公司). Mr. Kwok has over 31 years of investment experience in tourism, leisure resort and hotel real estate industry.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Hui Chiu Chung J.P., aged 69, joined the Company as an independent non-executive Director in April 1998. He is also the chairman of the remuneration committee, a member of the audit committee and the nomination committee of the Company. Mr. Hui is currently the chairman and chief executive officer of Luk Fook Financial Services Limited. He has over 46 years of experience in the securities and investment industry. Mr. Hui had for years been serving as council member and vice chairman of The Stock Exchange of Hong Kong Limited, a member of the Advisory Committee of the Hong Kong Securities and Futures Commission, director of the Hong Kong Securities Clearing Company Limited, a member of the Listing Committee of the Hong Kong Exchange and Clearing Limited, an appointed member of the Securities and Futures Appeals Tribunal, a member of Standing Committee on Company Law Reform, a member of the Committee on Real Estate Investment Trusts of the Hong Kong Securities and Futures Commission, and appointed member of the Hong Kong Institute of Certified Public Accountants Investigation Panel A and also a member of Government "Appointees" (independent member) of Appeal Panel of the Travel Industry Council of Hong Kong. Mr. Hui was appointed by the Government of the Hong Kong Special Administrative Region a Justice of the Peace in 2004 and was also appointed a member of the Zhuhai Municipal Committee of the Chinese People's Political Consultative Conference in 2006. Mr. Hui also serves as a non-executive director of Luk Fook Holdings (International) Limited (Stock Code: 590), an independent non-executive director of Lifestyle International Holdings Limited (Stock Code: 1212), Gemdale Properties and Investment Corporation Limited (Stock Code: 535), China South City Holdings Limited (Stock Code: 1668), SINOPEC Engineering (Group) Co., Ltd. (Stock Code: 2386), Agile Group Holdings Limited (formerly known as "Agile Property Holdings Limited") (Stock Code: 3383) and FSE Engineering Holdings Limited (Stock Code: 331) whose shares are listed on The Stock Exchange of Hong Kong Limited. Mr. Hui was an independent non-executive director of Chun Wo Development Holdings Limited (now known as "Asia Allied Infrastructure Holdings Limited") (Stock Code: 0711) from 1 January 2006 to 1 February 2015 and an independent non-executive director of Hong Kong Exchanges and Clearing Limited (Stock Code: 388) from 23 April 2009 to 29 April 2015 (whose shares are listed on The Stock Exchange of Hong Kong Limited).

Mr. Chu Yu Lin, David, SBS, J.P., aged 73, joined the Company as an independent non-executive Director in April 1998. He is also a member of the audit committee, the remuneration committee and the nomination committee of the Company. Mr. Chu received his Master of Business Administration degree from Harvard University after degrees in electrical engineering and management at Northeastern University and was awarded an honorary Doctor of Public Service degree from Northeastern University. Prior to joining the Group, he had worked in a number of sizeable international corporations such as Bank of America, General Electric Co., and Jardine Matheson & Company Limited. Mr. Chu is a Justice of the Peace of the Hong Kong Special Administrative Region. He is also an independent non-executive director of Chuang's China Investments Limited (Stock Code: 298), AVIC International Holding (HK) Limited (Stock Code: 232) and Chuang's Consortium International Limited (Stock Code: 367) whose shares are listed on The Stock Exchange of Hong Kong Limited.

Mr. Albert Ho, aged 59, was appointed as an independent non-executive Director in September 2004. He is also the chairman of the audit committee, a member of the remuneration committee and the nomination committee of the Company. Mr. Ho graduated from the Macquarie University, Sydney, Australia with a Bachelor of Economics degree in 1985 and obtained his Master of Business Administration degree from the University of Hong Kong in 1991. He is a Certified Public Accountant and fellow member of the Association of Chartered Certified Accountants. He has extensive experience in financial and corporate management. Mr. Ho is also an independent non-executive director of SHK Hong Kong Industries Limited (Stock Code: 666), a listed company in Hong Kong.

Mr. Wang Yijiang, aged 63, was appointed as an independent non-executive Director in August 2015. He is also a member of the nomination committee of the Company. Mr. Wang holds a doctorate degree of philosophy in economics at Harvard University. He is currently a professor of economics and human resources management and an associate dean of Cheung Kong Graduate School of Management at Beijing in charge of Shenzhen Campus. He is also a member of editorial board at China Economic Review, an advisor of business strategy at credit card centre of Citics Bank, a member of academic committee at Sun Ye-Fang Prize of Economics, a director of VATS Alcohol Chain Shops, an advisor of economic development at Chong Qing Municipal Government, Overseas Association, an overseas advisor of Hunan Provincial Association of Overseas Scholars, an academic advisor of National Center of Fiscal and Tax Policy Research at Tsinghua University, Beijing, a senior researcher of Center of Fiscal Studies at Peking University, a fellow of Center of China in the World Economy at Tsinghua University, a senior fellow of National Centre of Economic Research at Tsinghua University, a permanent fellow of Chinese Economists' Society in North America, professor emeritus of University of Minnesota. Mr. Wang has over 34 years of academic experience in economics and human resources management. Mr. Wang is (i) an independent director of Zhong Qing Bao, also known as 深圳中青寶互動網絡股份有限公司 (Shenzhen ZQGame Co. Ltd.), (Stock Code: 300052), a company listed on the Shenzhen Stock Exchange; (ii) an independent director of Hua Tu Education, also known as 北京華圖宏陽教育文化發展股份有限公司 (Beijing Huatu Hongyang Education & Culture Corp., Ltd.), (Stock Code: 830858), a company listed on the National Equities Exchange and Quotations System ("NEEQ") in the People's Republic of China (NEEQ is also commonly known as 新三板 (The New Third Board)); and (iii) a director of Xuzhou Construction Machinery Corporation, also known as 徐工集團工程機械股份有限公司 (XCMG Construction Machinery Co., Ltd.), (Stock Code: 000425), a company listed on the Shenzhen Stock Exchange. Mr. Wang is also an independent non-executive director of TCL Multimedia Technology Holdings Limited (Stock Code: 1070), a listed company in Hong Kong. During July 2007 to November 2013, Mr. Wang was also an independent director of 北京清新環境技術股份有限公司 (Beijing SPC Environment Protection Tech Co., Ltd.) (formerly known as 北京國電清新環保技術股份有限公司 (Beijing SPC Environment Protection Tech Co., Ltd.)), (Stock Code: 002573), a company listed on the Shenzhen Stock Exchange in April 2011.

ALTERNATE DIRECTOR

Mr. Lim Seng Lee, aged 56, was appointed as an alternate to Datuk Wira Lim Hock Guan on 24 March 2016. He is currently a senior general manager of investor relations at LBS Bina Group Berhad. He had worked with the North American Securities Investment Consultants, Inc. in Taipei, Taiwan, LSL (SIMEX Trader) Pte. Ltd. of the Singapore International Monetary Exchange (SIMEX), HA Options & Financial Futures Sdn. Bhd. of The Kuala Lumpur Options and Financial Future Exchange and RHB Investment Bank Berhad in Malaysia. Mr. Lim was also a trainer and speaker of one of the continuous professional course programs approved by the Securities Commission of Malaysia. Mr. Lim has over thirty years of experience dealing in the world financial markets including listed equities and derivatives.

SENIOR MANAGEMENT

Mr. Cheng Hui, aged 45, is the executive vice president of the Company. He holds a master degree. He is currently an assistant to the general manager of Zhuhai Jiuzhou Holdings Group Co., Ltd.* (珠海九洲控股集團有限公司) ("ZJ Holdings"), a substantial shareholder of the Company, the chairman of both Zhuhai Jiuzhou Holdings Property Development Co., Ltd.* (珠海九控房地產有限公司) and 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), a director of Zhuhai Special Economic Zone Long Yi Enterprise Company Limited* (珠海經濟特區隆益實業有限公司) and other companies in the Group. Mr. Cheng had worked in Zhuhai Television, Shanghai New Visual Culture Broadcast Company and ZJ Holdings. He served as marketing director, strategy and planning department manager, together with business and administration department manager. He was involved in the fields of business administration, marketing planning, project financing management and etc. He joined the Company in April 2012. Mr. Cheng obtained his Master of Business Administration degree from the Hong Kong Polytechnic University and is qualified as a financial economist. He has over 22 years of experience in business administration and management, marketing, finance, project planning and investment.

Mr. Lu Tong, aged 49, is the vice president of the Company. He holds a master degree. He is also the chairman and general manager of Zhuhai Jiuzhou Property Development Limited* (珠海九洲置業開發有限公司), and a director of Zhuhai Jiuzhou Corporation Management Co., Ltd.* (珠海九洲企業管理有限公司), Zhuhai High-speed Passenger Ferry Co., Ltd.* (珠海高速客輪有限公司), Zhuhai Jiuzhou Holdings Property Development Co., Ltd.* (珠海九控房地產有限公司), 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 other companies within the Group. Mr. Lu had worked in many enterprises under the Zhu Kuan Group and was involved in various fields including company legal affairs, administrative affairs, project finance, investment management and financial management etc. He joined the Company in May 1998 and worked as a deputy department manager, department manager and assistant president. Mr. Lu received his Bachelor of Laws degree from Shenzhen University and is a qualified lawyer in the People's Republic of China. He was also a postgraduate in Finance in the University of International Business and Economics and received his Master of Business Administration degree from the Royal Roads University subsequently. He has over 26 years of experience in company law, finance investment, project finance, financial management and corporate management.

Mr. Wong Kok Ching, aged 41, is the vice president of the Company. Mr. Wong is also a deputy general manager of Zhuhai Jiuzhou Holdings Property Development Co., Ltd.* (珠海九控房地產有限公司) and a director of 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). Mr. Wong had worked in LBS Bina Group Berhad, a public company listed on the main board of Bursa Malaysia Securities Berhad, and engaged in real estate business. He joined the Company in August 2013. Mr. Wong received his Bachelor degree of Science (Quantity Surveying) from University of Northumbria at Newcastle in United Kingdom. He has over 17 years of experience in real estate development, quantity survey and cost management. Mr. Wong is the nephew of Datuk Wira Lim Hock Guan.

Mr. Tang Jin, aged 44, is the vice president of the Company. He holds a master degree. He is also a director of Zhuhai Jiuzhou Port Passenger Traffic Services Co., Ltd.* (珠海九洲港客運服務有限公司), Zhuhai Jiuzhou Cruises Co., Ltd.* (珠海市九洲郵輪有限公司) and Zhuhai Jiuzhou Corporation Management Co., Ltd.* (珠海九洲企業管理有限公司), and a supervisor of Zhuhai High-speed Passenger Ferry Co., Ltd.* (珠海高速客輪有限公司). Mr. Tang had worked in many enterprises under the Zhu Kuan Group in the capacities of assistant department manager, deputy department manager, department manager and assistant president, and was involved in the fields of international trading, finance investment, administrative management, asset management and human resources management. Mr. Tang joined the Company in May 1998. He obtained his Master of Business Administration degree from the Royal Roads University. He has nearly 21 years of experience in administrative management, financial investment, project management, asset management and human resources management.

Mr. Zhong Hua, aged 43, is an assistant president of the Company. He holds a master degree and is an executive director of Zhuhai Holdings Assets Management Co., Ltd.* (珠海控股資產管理有限公司) and the chairman of Zhuhai Jiuzhou Kingkaid Financial Services Company Limited* (珠海九洲金開貸金融服務有限公司), which are subsidiaries of the Company. Mr. Zhong worked at Wuhan Institute of Technology, C-Bons Group, Jiuzhou Holdings Group and served as education administrator, internal auditor, project manager and deputy general manager of development and planning department. He joined the Company in 2012 and served as general manager of corporate management department and director of other companies in the Group. Mr. Zhong received a bachelor of laws degree from Central China Normal University* (華中師範大學) and a MBA Degree from Huazhong University of Science and Technology* (華中科技大學). He is a certified internal auditor (CIA) with fund practice qualification. He has over 16 years of experience in corporate internal risk control project management, project planning, operation and management and financial investment.

Mr. Chan Chit Ming, Joeie, aged 44, is the financial controller and the company secretary of the Company. He holds a master degree. Prior to joining the Group, Mr. Chan had worked as finance manager, internal audit manager, company secretary and financial controller of various companies listed on the Main Board and the Growth Enterprise Market Board of The Stock Exchange of Hong Kong Limited. He joined the Company as financial controller in February 2012. Mr. Chan graduated from University of Humberside with a Bachelor degree of Arts (Accountancy and Finance) and received his Master of Business Administration degree from the University of Hull in United Kingdom. He is an associate member of the Institute of Chartered Accountants in England and Wales, a fellow member of the Association of Chartered Certified Accountants as well as a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants. Mr. Chan has over 22 years of solid finance, accounting, auditing experience in various industries and extensive experience and knowledge in company secretarial and corporate governance fields.

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

Report of the Directors

The directors of the Company present their report and the audited consolidated financial statements of the Company and of the Group for FY2016.

PRINCIPAL ACTIVITIES

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

BUSINESS REVIEW

Business review of the Group for FY2016 can be found in the section headed "Management Discussion and Analysis" of this annual report, of which the discussion forms part of this "Report of the Directors".

ENVIRONMENTAL POLICIES, PERFORMANCE AND COMPLIANCE WITH LAWS AND REGULATIONS

The Group is committed progress to raise energy efficiency and minimise both energy consumption and pollutant discharge. The Group uses petrol, diesel fuel, water and electricity as the main sources of energy during operation. The Group strives to reduce emissions through technological adaptation and plant and equipment upgrade.

The Group adheres to the principle of recycling and waste reduction. It implements green office practices such as double-sided printing and copying, setting up recycling bins, promoting using recycled paper and reducing energy consumption by switching off idle lightings and electrical appliance.

The Group regards production safely as its primary social responsibility. The Company is committed to becoming a safe production enterprise strictly according to its principles of "safe development" and "people orientation". Since its inception, the Company's businesses have a good history of safety. During FY2016, there was no general and more severe liability accidents occurred for our businesses.

For details, please refer to the section headed "Environmental, Social and Governance (ESG) Report 2016" on pages 37 to 39 of this annual report.

During FY2016, as far as the Company is aware, there was no material breach of or non-compliance with applicable laws and regulations by the Group that has a significant impact on the business and operations of the Group.

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

Being people-oriented, the Group ensures all staff are reasonable remunerated and also continues to improve and regularly review and update its policies on remuneration and benefits, training, occupational health and safety.

The Group maintains a good relationship with its customers. A customer complaint handling mechanism is in place to receive, analyse and study complaints and make recommendations on remedies with the aim of improving service quality.

The Group is in good relationship with its suppliers and conducts a fair and strict appraisal of its suppliers on an annual basis.

RESULTS AND DIVIDENDS

The Group's profit for FY2016 and the state of affairs of the Company and of the Group on that date are set out in the consolidated financial statements on pages 93 to 198.

The Board recommends the payment of a final dividend of HK2 cents per ordinary share and the payment of a special dividend of HK3 cents per ordinary share in respect of FY2016 to the shareholders whose names shall appear on the register of members of the Company on 5 June 2017.

SUMMARY FINANCIAL INFORMATION

A summary of the results and assets, liabilities and non-controlling interests of the Group for the years ended 31 December 2012, 2013, 2014, 2015 and 2016 is set out on page 200 of this report. This summary does not form part of the audited consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during FY2016 are set out in note 14 to the consolidated financial statements.

RIGHTS TO USE PORT FACILITIES

Details of movements in the rights to use port facilities of the Group during FY2016 are set out in note 16 to the consolidated financial statements.

PROPERTIES UNDER DEVELOPMENT

Details of the Group's properties under development are set out in note 17 to the consolidated financial statements and on page 199 of this report.

COMPLETED PROPERTIES HELD-FOR-SALE

Details of the Group's completed properties held-for-sale are set out in note 18 to the consolidated financial statements.

SHARE CAPITAL, WARRANTS AND CONVERTIBLE BONDS

As at 31 December 2016, the Company had no outstanding amount payable pursuant to the Convertible Bonds (31 December 2015: HK$480 million). During FY2016, no conversion notice has been received in respect of the exercise of conversion rights attached to the Convertible Bonds. The Convertible Bonds were fully redeemed by the Company on 29 August 2016.

Details of movements in the Company's share capital, warrants and convertible bonds during FY2016 are set out in notes 39, 36 and 34 to the consolidated financial statements, respectively.

SHARE OPTION SCHEME

Pursuant to an ordinary resolution passed by the annual general meeting of the Company held on 28 May 2012, a share option scheme ("Share Option Scheme") was adopted. The principal terms of the Share Option Scheme are set out in the circular of the Company dated 26 April 2012.

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

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

The total number of shares which may be issued upon exercise of all share options must not in aggregate exceed 10% of the nominal amount of the issued share capital of the Company as at 28 May 2012 (that is, 111,860,000 shares).

The maximum number of shares issued and which may fall to be issued upon exercise of the share options granted under the Share Option Scheme and any other share option schemes of the Company (including both exercised and outstanding options) to each participant of the Share Option Scheme in any 12-month period must not exceed 1% of the issued share capital of the Company for the time being (the "Individual Limit"). Any further grant of share options to a participant of the Share Option Scheme in excess of the Individual Limit (including exercised, cancelled and outstanding options) in any 12-month period up to and including the date of such further grant must be subject to shareholders' approval in general meeting of the Company with such participant and his or her associates abstaining from voting.

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

The exercise price shall be determined by the Board in its absolute discretion at the time the grant of the options is made and shall not be lower than the highest of: (i) the closing price of the shares as stated in The Stock Exchange of Hong Kong Limited (the "Stock Exchange")'s daily quotations sheets on the grant date, which must be a business day; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the grant date; and (iii) the nominal value of the shares.

The Share Option Scheme will remain in force for a period of 10 years commencing on its adoption date. The remaining life of the Share Option Scheme is approximately 5 years as at the date of this report.

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.

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.

Save as disclosed above, no share option was granted, exercised, cancelled or had lapsed under the Share Option Scheme during FY2016. Moreover, the Company had no share options outstanding as at 31 December 2016.

The movements in the outstanding share options granted under the Share Option Scheme during FY2016 are as follows:

Name or category of participant	Number of share options as at 1 January 2016	Number of share options granted during the year	Number of share options exercised during the year	Number of share options cancelled during the year	Number of share options lapsed during the year	Number of share options as at 31 December 2016	Date of grant of share options	Exercised period of share options	Exercise price (Note 1)	Approximate percentage of the Company's issued ordinary share capital (Note 2)
Directors										
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%
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%
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%
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%
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%
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%
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%
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%
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%
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%
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%
Subtotal	24,800,000	–	–	24,800,000	–	–				
Other employees										
In aggregate	39,250,000 *(Note 3)*	–	–	39,250,000	–	–	13 July 2015	13 July 2015 to 12 July 2025	HK$2.01	0%
Others										
In aggregate	15,550,000 *(Note 3)*	–	–	15,550,000	–	–	13 July 2015	13 July 2015 to 12 July 2025	HK$2.01	0%
Total	79,600,000	–	–	79,600,000	–	–				

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 31 December 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. The Group recognised the total expenses amounted to Nil for FY2016 (2015: HK$3,847,000) in relation to share options granted by the Company.

TAX RELIEF

The Company is not aware of any relief from taxation available to shareholders of the Company by reason of their holding of Company's shares.

PRE-EMPTIVE RIGHTS

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during FY2016.

RESERVES

Details of movements in the reserves of the Company and of the Group during FY2016 are set out in note 46 to the consolidated financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

As at 31 December 2016, the Company's reserves available for distribution, calculated in accordance with the laws of Bermuda, amounted to HK$324,201,000. In addition, the Company's contributed surplus, amounting to HK$628,440,000 as at 31 December 2016, is available for distribution. However, the Company cannot declare or pay a dividend, or make a distribution out of the contributed surplus if (i) it is, or would after the payment be, unable to pay its liabilities as they become due; or (ii) the net realisable value of its assets would thereby be less than the aggregate of its liabilities and its share capital and share premium account. The Company's share premium account with a balance of HK$911,207,000 as at 31 December 2016 is distributable in the form of fully-paid bonus shares.

CHARITABLE CONTRIBUTIONS

During FY2016, the Group made charitable contributions totalling HK$3,405,000.

MAJOR CUSTOMERS AND SUPPLIERS

For FY2016, the Group's revenue attributable to the Group's five largest customers was less than 30%. For FY2016, purchases from the Group's largest and the five largest suppliers accounted for approximately 18.4% and 40.8% of total purchases of the Group, respectively.

None of the directors of the Company or any of their close associates or any shareholders (which, to the best knowledge of the directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers or five largest suppliers during FY2016.

PERMITTED INDEMNITY PROVISION

According to the bye-laws of the Company, subject to the provisions of and so far as may be permitted by the statutes, the directors, managing directors, alternate director, auditors, secretary or other officers for the time being of the Company shall be entitled to be indemnified and secured harmless out of the assets of the Company against all actions, costs, charges, losses, damages and expenses which may be sustained or incur in or about the execution of the duties of their respective offices or otherwise in relation thereto.

The Company has taken out and maintained directors' and officers' liability insurance throughout the year, which provides appropriate cover the certain legal actions brought against its directors and officers.

EQUITY-LINKED AGREEMENTS

During FY2016, the Company has not entered into any equity-linked agreement, except for those disclosed under the heading "Share option scheme" as stated aforesaid.

DIRECTORS

The directors of the Company during FY2016 and up to the date of this report were:

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. 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)

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

In accordance with bye-law 111(A) of the Company's bye-laws, Mr. Huang Xin, Mr. Jin Tao, Mr. Ye Yuhong and Mr. Albert Ho, directors of the Company, shall retire at the forthcoming annual general meeting. All the above retiring directors, being eligible, will offer themselves for re-election at the forthcoming annual general meeting pursuant to bye-laws 111(A) of the Company's bye-laws.

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

Disclosure of Directors' updated information pursuant to Rule 13.51B(1) of the Listing Rules:

Datuk Wira Lim Hock Guan was re-designated as an executive director from a non-executive director of ML Global Berhad, a public company listed on the main board of Bursa Malaysia Securities Berhad, on 5 July 2016. Also, he is the president of Persatuan Hokkien Sungai Way, president of Selangor Petaling Business & Industry Association, Committee of Rumah Berhala Leng Tien Keong, Kajang, Committee of Sungai Way Old Folks Homes, Committee of Selangor & Kuala Lumpur Lim Clansmen Association, Committee of The Council of Justice of The Peace of Selangor, Committee of The Malaysia Japan Economic Associations (MAJECA) and Committee of Melaka and Guangdong Investment Committee during FY2016.

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 2016 interim report of the Company.

DIRECTORS' SERVICE CONTRACTS

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

DIRECTORS' REMUNERATION

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

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in the paragraph headed "Connected and Continuing Connected Transactions" in this report and in note 45 to the consolidated financial statements, no transaction, arrangement or contract of significance to the business of the Group to which the Company, its subsidiaries, its substantial shareholder or any subsidiaries of its substantial shareholder was a party and in which a director or an entity connected with a director has or had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during FY2016.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Save as disclosed below, as of the date of this report, the directors believe that none of the directors had any interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group:

- each of Mr. Huang Xin and Mr. Ye Yuhong, an executive director, holds directorship in Zhuhai Tianzhi Development Property Co., Ltd. (珠海天志發展置業有限公司), a company engaged in sales and development of property, golf course, tourism and recreational entertainment projects; and

- Mr. Wang Zhe, a non-executive director, holds directorship in Zhuhai Huafa Group Limited（珠海華發集團有限公司）, a company engaged in, among others, property development.

Although the above mentioned directors have competing interests in other companies by virtue of their respective common directorship, they will fulfil their fiduciary duties in order to ensure that they will act in the best interest of the Company's shareholders and the Company as a whole at all times.

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

As at 31 December 2016, the interests and short positions of the directors and chief executive of the Company in shares and underlying shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), that were recorded in the register required to be kept pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), were as follows:

Long positions in ordinary shares of HK$0.10 each of the Company:

Name of director	Equity derivatives (Share options, *Note 1*)	Number of ordinary shares directly and beneficially owned	Total interests	Approximate percentage of the Company's issued ordinary share capital *(Note 2)*
Mr. Jin Tao	–	1,742,000	1,742,000	0.12%
Mr. Ye Yuhong	–	700,000	700,000	0.05%
Mr. Kwok Hoi Hing	–	200,632,000 *(Note 3)*	200,632,000	14.05%
Mr. Chu Yu Lin, David	–	2,700,000	2,700,000	0.19%
Mr. Albert Ho	–	250,000	250,000	0.02%

Note 1 Details of movements in directors' interests in the share options of the Company during FY2016 are disclosed in the section headed "Share option scheme" in this report.

Note 2 The percentage has been compiled based on the total number of ordinary shares of the Company in issue as at 31 December 2016 (i.e., 1,427,797,174 shares).

Note 3 Mr. Kwok Hoi Hing held 200,632,000 shares of the Company of which 28,900,000 shares were held through his wholly-owned subsidiary, Surpassing Investment Limited.

Save as disclosed above, as at 31 December 2016, none of the directors or chief executive of the Company had any interests and short positions in the shares and underlying shares of the Company or any of its associated corporations that were recorded in the register pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the SFO or the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during FY2016 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouses or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the directors of the Company to acquire such rights in any other body corporate.

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

As at 31 December 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 and Underlying Shares of the Company and its Associated Corporations") had interests of 5% or more in the shares of the Company as recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

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 *(Note 1)*
Zhuhai Jiuzhou Holdings Group Co., Ltd. ("ZJ Holdings") *(Note 2)*	586,770,000	Beneficial owner and interest of controlled corporation	41.10%
Longway Services Group Limited ("Longway") *(Note 2)*	351,570,000	Beneficial owner	24.62%
Dragon Hill Corporation Limited ("Dragon Hill") *(Note 3)*	142,603,909	Beneficial owner	9.99%
Intellplace Holdings Limited ("IHL") *(Note 3)*	142,603,909	Interest of controlled corporation	9.99%
LBS Bina Group Berhad ("LBS Group") *(Note 3)*	142,603,909	Interest of controlled corporation	9.99%
Gaterich Sdn Bhd ("Gaterich") *(Note 3)*	142,603,909	Interest of controlled corporation	9.99%
Tan Sri Lim Hock San *(Note 3)*	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 31 December 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 are owned by Longway, a wholly-owned subsidiary of ZJ Holdings. The remaining 235,200,000 shares are owned by ZJ Holdings.

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

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

Save as disclosed above, as at 31 December 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 and Underlying Shares of the Company and its Associated Corporations" above), who had interests or short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

SPECIFIC PERFORMANCE OBLIGATIONS ON A SUBSTANTIAL SHAREHOLDER

On 28 July 2015, the Company, as borrower, entered into the Syndicated Loan Facility Agreement of up to HK$2 billion for a term of four years with Maybank and other Lenders in relation to the Syndicated Loan Facility. Pursuant to the Syndicated Loan Facility Agreement, the Company has covenanted and undertaken to the Lenders (among other terms and conditions) that: (1) at least 30% of its entire issued share capital remain to be beneficially owned (directly or indirectly) by ZJ Holdings; (2) ZJ Holdings remains as the single largest beneficial shareholder of the Company; and (3) ZJ Holdings have management control over the Company. For details of the Syndicated Loan Facility Agreement, please refer to the Company's announcement dated 28 July 2015.

CONNECTED AND CONTINUING CONNECTED TRANSACTIONS

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

A. Connected Transactions

(1) On 9 November 2016, Mr. Huang Xin ("Mr. Huang", an executive director of the Company) and ZJ Development Company, a non wholly-owned subsidiary of the Company, entered into a sale and purchase agreement ("SP Agreement") in respect of the sale and purchase of a residential property under the Cuihu Xiangshan Project at a consideration of RMB11,555,702. The SP Agreement was completed during FY2016.

As Mr. Huang, an executive director, is a connected person of the Company, the transactions contemplated under the SP Agreement constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios in respect of the transaction contemplated under the SP Agreement are more than 0.1% but less than 5%, the transaction contemplated under the SP Agreement are subject to the reporting and announcement requirements but are exempted from independent shareholders' approval requirement under Chapter 14A of the Listing Rules. As Mr. Huang is an executive director and the purchaser to the SP Agreement, he has abstained from voting on the relevant Board resolutions to approve the SP Agreement. For details of the SP Agreement, please refer to the Company's announcement dated 9 November 2016.

(2) On 1 January 2016, Jiuzhou Kingkaid Company entered into first crowdfunding agency service agreement ("January Agency Service Agreement") dated 1 January 2016 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 ZJ Holdings in relation to the implementation of a crowdfunding in January 2016 ("January Crowdfunding") through the Kingkaid financial services platform (www.kingkaid.com) ("Kingkaid Platform") during the term of January Agency Service Agreement including: membership registration services for potential investors as Kingkaid platform members, dissemination of information in relation to the January Crowdfunding on the Kingkaid Platform, technological support for the online signing of crowdfunding agreements (such agreements shall be provided by ZJ Holdings Investment) between Kingkaid platform members and ZJ Holdings Investment, communication services between Kingkaid platform members and ZJ Holdings Investment, freezing of funds (if necessary), payment and fund transfer services (collectively, "Financial Agency Services").

In return for providing the Financial Agency Services under the January Agency Service Agreement, Jiuzhou Kingkaid Company entitled to receive an agency fee (the "Fee of January Agreement") payable by ZJ Holdings Investment, the amount of which is calculated at 1% of the total funds raised from the January Crowdfunding and shall be paid within 180 days from the completion date of the January Crowdfunding.

On 11 April 2016, Jiuzhou Kingkaid Company entered into second crowdfunding agency service agreement ("April Agency Service Agreement") dated 11 April 2016 with ZJ Holdings Investment in relation to the provision of Financial Agency Services by Jiuzhou Kingkaid Company to ZJ Holdings Investment for a crowdfunding in April 2016 ("April Crowdfunding") during the term of April Agency Service Agreement.

In return for providing the Financial Agency Services under the April Agency Service Agreement, Jiuzhou Kingkaid Company entitled to receive an agency fee (the "Fee of April Agreement") payable by ZJ Holdings Investment, the amount of which is calculated at 1% (inclusive of any handling charges or other fees paid by Jiuzhou Kingkaid Company on behalf of ZJ Holdings Investment in relation to the April Crowdfunding) of the total funds raised from the April Crowdfunding and shall be paid within 250 days from the completion date of the April Crowdfunding.

After completion of transactions contemplated under the January Agency Service Agreement and the April Agency Service Agreement, Jiuzhou Kingkaid Company entitled to receive the Fee of January Agreement of approximately RMB1 million and the Fee of April Agreement of approximately RMB2 million, respectively.

As Jiuzhou Kingkaid Company is a 51%-owned subsidiary of the Company and ZJ Holdings Investment is a wholly-owned subsidiary of ZJ Holdings, and is an associate of ZJ Holdings and a connected person of the Company, the transactions contemplated under both agency service agreements ("Agency Service Agreements") constitute connected transactions for the Company under Chapter 14A of the Listing Rules. The transactions contemplated under each of the Agency Service Agreements by itself falls within the de minimis transactions under Rule 14A.76(1) of the Listing Rules and are fully exempted from shareholders' approval, annual review and all disclosure requirements. However, in consideration of the nature and parties involved in both transactions which were entered into or completed within a 12-month period, pursuant to Rule 14A.81 of the Listing Rules, the transactions contemplated under the Agency Service Agreements are aggregated.

As the applicable percentage ratios in respect of the transactions contemplated under the Agency Service Agreements, on an aggregate basis, are more than 0.1% but less than 5%, the transactions contemplated under the Agency Service Agreements shall constitute non-exempt connected transactions under Rule 14A.76(2) of the Listing Rules and are subject to the reporting and disclosure requirements but exempted from shareholders' approval requirement under Chapter 14A of the Listing Rules. For details of the January Agency Service Agreement and the April Agency Service Agreement, please refer to the Company's announcement dated 11 April 2016.

(3) On 21 November 2016, Zhuhai Holdings Assets Management Co., Ltd.* (珠海控股資產管理有限公司) ("Zhuhai Assets Company") (a wholly-owned subsidiary of the Company); Jiuzhou Kingkaid Company (a non wholly-owned subsidiary of the Company); ZJ Development Company (a non wholly-owned subsidiary and a connected person of the Company); Zhuhai Holiday Resort Hotel (a wholly-owned subsidiary of the Company), Ferry Company (a non wholly-owned subsidiary and a connected person of the Company) and Zhuhai Jiuzhou Passenger Port and Development Co., Ltd* (珠海九洲客運港發展有限公司) ("Jiuzhou Passenger Development Company") formerly known as Zhuhai Jiuzhou Port Passenger Transport Station Co., Ltd* (珠海九洲港客運站有限公司) (a wholly-owned subsidiary of ZJ Holdings and a connected person of the Company) entered into an articles of association ("Internet JV Agreement") dated 21 November 2016 pursuant to which the parties agreed to establish the Internet JV Company in the PRC.

The parties expected to invest a total of RMB10,000,000 into the Internet JV Company by contributing to its registered capital. Zhuhai Assets Company, Jiuzhou Kingkaid Company, ZJ Development Company, Zhuhai Holiday Resort Hotel, Ferry Company and Jiuzhou Passenger Development Company had respectively agreed to contribute RMB1,000,000, RMB4,500,000, RMB1,000,000, RMB1,000,000, RMB1,000,000 and RMB1,500,000 representing 10%, 45%, 10%, 10%, 10% and 15% of the registered capital in the Internet JV Company.

The purposes of the establishment of the Internet JV Company is to facilitate the promotion and development of internet financial products and the establishment of data platform for the implementation of "Industry + Internet + Creative Finance" business model.

Each of ZJ Development Company, Ferry Company and Jiuzhou Passenger Development Company is a connected person of the Company. Accordingly, the formation of Internet JV Company under the Internet JV Agreement constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Internet JV Agreement exceed 0.1% but are less than 5%, the transaction will be subject to reporting and announcement requirements but exempt from the independent shareholders' approval requirements as set out in Chapter 14A of the Listing Rules. For details, please refer to the Company's announcement dated 21 November 2016.

B. Continuing Connected Transactions

(1) On 18 March 2011, Jiuzhou Port Company, a non wholly-owned subsidiary of the Company, and Ferry Company, a non wholly-owned subsidiary of the Company (previously accounted for as a joint venture of the Group), entered into certain agreements on similar terms (collectively, the "2011 AM Fee Agreements") pursuant to which Jiuzhou Port Company acted as agent of Ferry Company for selling of ferry tickets to passengers and for providing management services for the berthing facilities at the Jiuzhou Port in Zhuhai to Ferry Company for the term commencing on 1 January 2011 and expired on 31 December 2013. As (a) Jiuzhou Port Company is indirectly owned by the Company and ZJ Holdings as to 90% and 10%, respectively, as at 31 December 2016; (b) Ferry Company is indirectly owned by the Company and ZJ Holdings as to 49% and 43%, respectively, as at 31 December 2016; and (c) ZJ Holdings is a substantial shareholder of the Company, Ferry Company is a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the 2011 AM Fee Agreements constituted CCTs for the Company under Chapter 14A of the Listing Rules. Under the 2011 AM Fee Agreements, Jiuzhou Port Company was entitled to receive agency cum management fees from Ferry Company calculated on the basis of 23.5% of the gross proceeds from the ferry tickets sold after deducting certain fees and expenses. Ferry Company was required to pay the agency cum management fees in arrears and on a monthly basis under the 2011 AM Fee Agreements. At the special general meeting of the Company held on 27 May 2011, the 2011 AM Fee Agreements, the transactions contemplated thereby and the related annual caps were approved by the independent shareholders of the Company.

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

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

It was expected that the CCTs under the 2012 AM Fee Agreements (as varied by the Supplemental Agreements) will continue beyond their respective expiry on 31 December 2014. On 31 December 2014, Ferry Company, Jiuzhou Port Company and Jiuzhou Passenger Development Company entered into, on a conditional basis, certain agreements on similar terms (collectively, the "2015 AM Fee Agreements") in relation to the operation of the same ferry lines as in the 2012 AM Fee Agreements (as varied by the Supplemental Agreements) all for a term of three years up to 31 December 2017.

As both Ferry Company and Jiuzhou Port Company are connected subsidiaries of the Company under the Listing Rules and Jiuzhou Passenger Development Company is a connected person of the Company under the Listing Rules, the transactions contemplated by the 2015 AM Fee Agreements thus constitute CCTs for the Company under Chapter 14A of the Listing Rules.

At the special general meeting of the Company held on 26 May 2015, the 2015 AM Fee Agreements, the transactions contemplated thereby and the related annual caps were approved by the independent shareholders of the Company.

During FY2016, Jiuzhou Port Company received agency, transportation cum management fees from Ferry Company amounted to HK$54,463,000 (2015: HK$59,160,000) and these intra-group transactions were fully eliminated on consolidation of the Group.

During FY2016, Jiuzhou Passenger Development Company received agency, transportation cum management fees from Ferry Company amounted to HK$2,108,000 (2015: HK$2,282,000).

Details of the 2011 AM Fee Agreements, the 2012 AM Fee Agreements, the Supplemental Agreements and the 2015 AM Fee Agreements are set out in the Company's announcements dated 17 November 2011 and 28 September 2012, the circular dated 23 November 2012, the announcements dated 30 September 2013 and 31 December 2014, and the circular dated 30 April 2015.

(2) Under a renewed supply agreement dated 31 December 2014, Jiuzhou Energy Company, a company wholly-owned by Ferry Company (and therefore is a connected person of the Company under the Listing Rules), has agreed to supply Zhuhai Holiday Resort Hotel diesel fuel on an on-going basis for a term of three years commencing from 1 January 2015 to 31 December 2017. The purchase price payable by Zhuhai Holiday Resort Hotel would be the same as the price level applicable to the group companies of ZJ Holdings and/or Ferry Company and shall be paid by Zhuhai Holiday Resort Hotel to Jiuzhou Energy Company on a monthly basis in arrears.

During FY2016, Zhuhai Holiday Resort Hotel purchased diesel fuel from Jiuzhou Energy Company amounted to HK$2,881,000 (2015: HK$2,967,000) and these intra-group transactions were fully eliminated on consolidation of the Group.

Details of the above agreement are set out in the Company's announcement dated 31 December 2014.

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

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

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

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

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

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

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

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

Since January 2010, transactions between HT Shipping and Wanshan Port Company were governed under written agreements for a term of either one year or three years. The CCTs between the parties in 2014 and 2015 were governed by the 2014 Wanshan AM Fee Agreement (as supplemented by the 2014 Supplemental Wanshan AM Fee Agreement) and a renewed agency transportation cum management fee agreement ("2015 Wanshan AM Fee Agreement") dated 20 March 2015, respectively.

On 31 December 2015, HT Shipping and Wanshan Port Company entered into a renewed agency transportation cum management fee agreement ("2016 Wanshan AM Fee Agreement") on similar terms in relation to the provision of certain port and transportation agency services by Wanshan Port Company to HT Shipping at the Designated Terminals for a term of one year from 1 January 2016 up to 31 December 2016.

It was expected that the CCTs under the 2016 Wanshan AM Fee Agreement will continue beyond their respective expiry on 31 December 2016. On 29 December 2016, HT Shipping and Wanshan Port Company entered into a renewed agency transportation cum management fee agreement ("2017 Wanshan AM Fee Agreement") in relation to the provision of port and transportation agency services by Wanshan Port Company to HT Shipping at the Designated Terminals for a term of one year from 1 January 2017 to 31 December 2017. For details of the 2017 Wanshan AM Fee Agreement, please refer to the Company's announcement dated 29 December 2016.

As HT Shipping is a member of the Group and Wanshan Port Company is a company in which ZJ Holdings (a substantial shareholder of the Company) is interested in 50% of its equity interest, hence Wanshan Port Company is an associate of ZJ Holdings and a connected person of the Company under Chapter 14A of the Listing Rules. The transactions contemplated by the 2016 Wanshan AM Fee Agreement thus constitute CCTs for the Company under Chapter 14A of the Listing Rules.

During FY2016, Wanshan Port Company received agency, transportation cum management fees and relevant fees from HT Shipping amounted to HK$9,446,000 (2015: HK$11,625,000).

Details of the 2014 Wanshan AM Fee Agreement, the 2014 Supplemental Wanshan AM Fee Agreement, the 2015 Wanshan AM Fee Agreement, the 2016 Wanshan AM Fee Agreement and 2017 Wanshan AM Fee Agreement are set out in the Company's announcements dated 20 March 2015, 31 December 2015 and 29 December 2016 respectively.

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

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

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

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

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

Financial year concerned	Amount of Compensation (RMB)
FY2014	22 million
FY2015	20 million
FY2016	20 million

During FY2016, ZJ Development Company accrued the entire amount of RMB20 million (equivalent to about HK$23.3 million) as Compensation for FY2016 pursuant to Compensation Agreement and capitalised such sum as compensation expenses under properties under development in the accounts of ZJ Development Company for FY2016 and these intra-group transactions were fully eliminated on consolidation of the Group.

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

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

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

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

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

It was expected that the CCTs under the 2014-15 Petrol Supply Agreement will continue beyond their respective expiry on 31 December 2015. On 31 December 2015, ZJ Port Station and Jiuzhou Travel Transport entered into a renewed supply of petrol and diesel agreement (the "2016-17 Petrol Supply Agreement") on similar terms in relation to supply of petrol and diesel by ZJ Port Station to Jiuzhou Travel Transport for a term of two years from 1 January 2016 up to 31 December 2017.

During FY2016, Jiuzhou Travel Transport purchased petrol and diesel fuel from ZJ Port Station amounted to HK$1,683,000 (2015: HK$5,282,000).

Details of the 2013-14 Petrol Supply Agreement, the 2014-15 Petrol Supply Agreement and the Supplemental Petrol Supply Agreement and the 2016-17 Petrol Supply Agreement are set out in the Company's announcements dated 31 December 2014 and 31 December 2015, respectively.

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

During FY2016, Haojiang Travel Agency purchased ferry tickets from Jiuzhou Cruises Company amounted to Nil (2015: Nil).

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

(7) On 19 December 2016, the Company (for itself and on behalf of certain wholly-owned subsidiaries of the Company) and Jiuzhou Port Company (for itself and on behalf of other certain entities (excluding Jiuzhou Port Company) that are treated as non wholly-owned subsidiaries of the Company from an accounting's perspective and are connected persons of the Company by virtue of ZJ Holdings' interest therein, collectively "Group B Companies") entered into a framework agreement ("Framework Agreement"), pursuant to which the parties to the Framework Agreement shall conduct the entrustment loan arrangement upon request from time to time and during the term of the Framework Agreement through Zhuhai Jiuzhou Corporate Management Limited* (珠海九洲企業管理有限公司), a wholly-owned subsidiary of the Company, and an independent third party financial institution ("Financial Institution") in the PRC (as entrustment loan lending agent) which is qualified to engage in entrustment loan business.

ZJ Holdings is a substantial and controlling shareholder and a connected person of the Company under the Listing Rules. Jiuzhou Port Company is indirectly owned as to 90% and 10% by the Company and ZJ Holdings, respectively, and accordingly, Jiuzhou Port Company is a connected subsidiary under Rule 14A.16 of the Listing Rules. Jiuzhou Port Company and each of the other Group B Companies is treated as a non wholly-owned subsidiary of the Company from an accounting perspective and connected person of the Company by virtue of ZJ Holdings' interest therein.

Although the Framework Agreement was entered into in 2016 and included an annual cap for relevant transactions proposed to be conducted in FY2016, given the Framework Agreement will only take effect upon compliance with all applicable Listing Rules and the Framework Agreement and the CCTs had not yet been approved by the independent shareholders in accordance with the Listing Rules as at 31 December 2016, for the avoidance of doubt, no actual amount for the CCTs was recorded in FY2016.

Details of the Framework Agreement are set out in the Company's announcements dated 19 December 2016 and 12 January 2017 and the circular dated 23 January 2017.

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

PricewaterhouseCoopers, the Company's auditors, were engaged to report on the Group's CCTs in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. PricewaterhouseCoopers have issued their unqualified letter containing their findings and conclusions in respect of the CCTs disclosed above by the Group in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

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

Other related party transactions disclosed in notes 46(a), (b) and (c) to the consolidated financial statements also constitute connected transactions entered into or continued by the Group during FY2016 and are regarded as an "exempted transaction" and a "de minimis transaction", respectively, pursuant to the Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the directors of the Company as at the latest practicable date prior to the issue of this report, the Company has maintained a sufficient public float as required under the Listing Rules.

AUDITORS

PricewaterhouseCoopers has been appointed as the auditors of the Company at the Company's annual general meeting held on 12 June 2014 to fill the casual vacancy arising from the retirement of Ernst & Young. Save as the above, there has been no change of auditors of the Company in the preceding three years.

PricewaterhouseCoopers will retire and a resolution for their re-appointment as auditors of the Company will be proposed at the 2017 annual general meeting of the Company.

ON BEHALF OF THE BOARD

Huang Xin
Chairman

Hong Kong, 28 March 2017

Corporate Governance Report

The board of directors (the "Board") of the Company is pleased to present this Corporate Governance Report in the annual report for FY2016 of the Company and its subsidiaries (the "Group").

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

CORPORATE GOVERNANCE PRACTICES

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

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

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

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

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

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

Throughout FY2016, the Company has complied with the code provisions as set out in the CG Code 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 FY2016.

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

BOARD OF DIRECTORS

Responsibilities, Accountabilities and Contributions of the Board and Management

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

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

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

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

Board Composition

Up to the date of publication of this report, the Board currently comprises 12 members, consisting of 5 executive directors, 3 non-executive directors and 4 independent non-executive directors.

The Board of the Company comprises the following 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. 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)

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

Save and except for that Mr. Wong Kok Ching is the nephew of Datuk Wira Lim Hock Guan, none of the member of the Board is related to one another and the biographical information of the directors are disclosed under "Directors and Senior Management" on pages 40 to 46.

Independent Non-Executive Directors

During FY2016, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive directors representing one-third of the Board with at least one independent non-executive director possessing appropriate professional qualifications or accounting or related financial management expertise.

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

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

Chairman and Chief Executive Officer

The roles and duties of the Chairman and the Chief Executive Officer of the Company are carried out by different individuals and have been clearly defined in writing.

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

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

Appointment/Re-election and Removal of Directors

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

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

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

Nomination Committee

The Board has established a Nomination Committee for the Company. The Nomination Committee, up to the publication date of this report, comprises 6 members, namely Mr. Huang Xin (Chairman), Mr. Ye Yuhong, Mr. Hui Chiu Chung, Mr. Chu Yu Lin, David, Mr. Albert Ho and Mr. Wang Yijiang, the majority of them are independent non-executive directors.

The primary objectives of the Nomination Committee include the following:

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

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

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

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

The Nomination Committee held one meeting during FY2016 and the attendance records are set out below:

Name of directors	Attendance/ Number of Meetings
EXECUTIVE DIRECTORS:	
Mr. Huang Xin *(Chairman)*	1/1
Mr. Ye Yuhong	1/1
INDEPENDENT NON-EXECUTIVE DIRECTORS:	
Mr. Hui Chiu Chung	1/1
Mr. Chu Yu Lin, David	1/1
Mr. Albert Ho	1/1
Mr. Wang Yijiang	1/1

The following is a summary of the work performed by the Nomination Committee during FY2016:

(a) reviewing and evaluating the composition of the Board with reference to certain criteria. These criteria included qualifications required under the Listing Rules or any other relevant laws regarding characteristics and skills of the directors, professional ethics and integrity, appropriate professional knowledge and industry experience, as well as ability to devote sufficient time to the work of the Board and its committees and to participate in all Board meetings and shareholders' meetings;

(b) reviewing and recommending the re-appointment of the retiring Directors;

(c) assessing independence of the independent non-executive Directors; and

(d) assessing and recommending the appointment of an alternate for a non-executive director of the Company, Datuk Wira Lim Hock Guan.

In accordance with the Company's bye-laws, the Company's directors, Mr. Huang Xin, Mr. Jin Tao, Mr. Ye Yuhong and Mr. Albert Ho, shall retire by rotation at the forthcoming annual general meeting.

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

The Nomination Committee has adopted the board diversity policy and will review annually the structure, size and composition of the Board and where appropriate make recommendations on any proposed changes to the Board to complement the Company's corporate strategy. In relation to reviewing and assessing the Board composition, the Nomination Committee will consider a number of aspects, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and industry and regional experience.

The Nomination Committee considered an appropriate balance of diversity perspectives of the Board that are relevant to the Company's business growth is maintained.

Training Induction and Continuing Professional Development of Directors

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

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

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

Name of directors	Topics of training covered (Notes)
EXECUTIVE DIRECTORS:	
Mr. Huang Xin *(Chairman)*	1,2,3
Mr. Zhou Shaoqiang *(Chief Executive Officer)*	1,2,3
Mr. Jin Tao	1,2,3
Mr. Ye Yuhong	1,2,3
Mr. Li Wenjun	1,2,3
NON-EXECUTIVE DIRECTORS:	
Datuk Wira Lim Hock Guan	1,2,3
Mr. Wang Zhe	1,2,3
Mr. Kwok Hoi Hing	1,2,3
INDEPENDENT NON-EXECUTIVE DIRECTORS:	
Mr. Hui Chiu Chung	1,2,3
Mr. Chu Yu Lin, David	1,2,3
Mr. Albert Ho	1,2,3
Mr. Wang Yijiang	1,2,3
ALTERNATE DIRECTOR:	
Mr. Lim Seng Lee (alternate to Datuk Wira Lim Hock Guan)	N/A

Notes:

1 Corporate governance

2 Regulatory updates

3 Industry updates

BOARD MEETINGS

Board Practices and Conduct of Meetings

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

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

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

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

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

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

Number of Board Meetings and Directors' Attendance Records

During FY2016, save for executive Board meetings held between executive directors during the normal course of business of the Company, four regular Board meetings and one special Board meeting were held for reviewing and approving the financial and operating performance, and considering and approving the overall strategies and policies of the Company.

The attendance records of each director at the Board meetings and general meetings of the Company during FY2016 are set out below:

Name of directors	Attendance/ Number of Board Meetings	Attendance/ Number of General Meetings
EXECUTIVE DIRECTORS:		
Mr. Huang Xin *(Chairman)*	6/6#	1/1
Mr. Zhou Shaoqiang *(Chief Executive Officer)*	5/5	1/1
Mr. Jin Tao	5/5	1/1
Mr. Ye Yuhong	5/5	0/1
Mr. Li Wenjun	5/5	0/1
NON-EXECUTIVE DIRECTORS:		
Datuk Wira Lim Hock Guan (Mr. Lim Seng Lee as his alternate)	6/6#	1/1
Mr. Wang Zhe	6/6#	1/1
Mr. Kwok Hoi Hing	6/6#	1/1
INDEPENDENT NON-EXECUTIVE DIRECTORS:		
Mr. Hui Chiu Chung	6/6#	1/1
Mr. Chu Yu Lin, David	6/6#	0/1
Mr. Albert Ho	6/6#	1/1
Mr. Wang Yijiang	6/6#	0/1

Included a meeting among the Chairman and the non-executive directors (including independent non-executive directors) held during FY2016.

Apart from regular and special Board meetings, the Chairman also held a meeting with the non-executive directors (including independent non-executive directors) without the presence of executive directors during FY2016.

Model Code for Securities Transactions

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

Specific enquiry has been made of all the directors and the directors have confirmed that they have complied with the Model Code throughout FY2016.

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

No incident of non-compliance of the Securities Dealing Code by the employees was noted by the Company during FY2016.

DELEGATION OF MANAGEMENT FUNCTIONS

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

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

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

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

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

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The Company has established a formal and transparent procedure for formulating policies on remuneration and senior management of the Group. Details of the remuneration of each of the directors of the Company for FY2016 are set out in note 9(a) to the consolidated financial statements.

The remuneration paid to the senior management (excluding the directors) during FY2016 were within the following bands:

Bands	Number of senior management
Nil to HK$1,000,000	6
HK$1,000,001 to HK$1,500,000	–
	6

Remuneration Committee

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

The primary objectives of the Remuneration Committee include the following:

– To make recommendations on the establishment of procedures for developing the remuneration policy and structure of the executive directors and the senior management, such policy shall ensure that no director or any of his/her associates will participate in deciding his/her own remuneration;

– To make recommendations on the remuneration packages of the executive directors and the senior management;

– To review and approve the remuneration packages of the executive directors and the senior management by reference to the performance of the individual and the Company as well as market practice and conditions; and

– To review and approve the compensation arrangements for the executive directors and the senior management.

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

The Remuneration Committee held three meetings during FY2016 and the attendance records are set out below:

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

The following is a summary of work performed by the Remuneration Committee during FY2016:

(a) reviewing and recommending the policy and structure of the remuneration of the directors and senior officers of the Group to the Board;

(b) assessing individual performance of the directors and senior officers of the Group; and

(c) reviewing specific remuneration packages of the directors and senior officers of the Group with reference to the Board's corporate goals and objectives as well as individual performances.

ACCOUNTABILITY AND AUDIT

Directors' Responsibilities for Financial Reporting

The directors acknowledge their responsibility for preparing the consolidated financial statements of the Company for FY2016.

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

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

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

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

RISK MANAGEMENT AND INTERNAL CONTROL

Responsibility of the Board

The Board acknowledges its responsibility to establish, maintain, and review the effectiveness of the Group's risk management and internal control systems, where management is responsible for the design and implementation of the risk management and internal control systems to manage the risk.

A sound and effective system of risk management and internal control system are designed to achieve the Group's strategic objectives and safeguard shareholder investments and Company assets. Such systems are designed to manage rather than eliminate the risk of failure to achieve strategic objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

Risk Management and Internal Control Framework

Management is responsible for setting the appropriate tone from the top, performing risk assessment, and owning the design, implementation and maintenance of internal control. Essential to this risk management and internal control systems are well defined policies and procedures that are properly documented and communicated to employees.

The operational manual forms the basis of all the Company's major guidelines and procedures and sets forth the control standards required for functioning of the Company's business entities. The policies address legal, regulatory, and operational topics, including occupational healthy and safety, cost control management, delegation of authority, contract management, etc.

Our risk management and internal control framework is founded with the following key components:

Key Parties	Roles and Responsibilities
The Board	• Has the overall responsibility for the Group's risk management and internal control systems • Oversees the actions of management and monitors the overall effectiveness of the risk management system and internal audit function on an ongoing basis • Sets forth the proper risk management culture and risk appetite for the Group, evaluates and determines the level of risk that the Group should take and monitor regularly
Audit Committee	• Supports the Board in monitoring risk exposure and reviewing the adequacy and effectiveness of the Group's risk management and internal control systems
Internal Audit	• Supports and reports directly to the Audit Committee in reviewing the effectiveness of the risk management and internal control systems
Senior Management	• Assess enterprise-wide risks and develop mitigating measures • Designs, implements and monitors the risk management and internal control systems
Operation Management	• Implements and monitors the risk management and internal control procedures across business operations and functional areas

Risk Management and Enterprise-Wide Risk Assessment

A risk management manual has been established to provide a framework for the identification, analysis, evaluation, treatment, monitoring and reporting of key risks at all levels across the Group to support the achievement of the organisation's overall strategic objectives.

An annual enterprise-wide risk assessment has been performed to evaluate the nature and extent of the risks to which the Group is willing to take in achieving its strategic objectives. During the risk assessment process, the Group has identified a number of key risks that may impact the Group's strategic objectives and to respond to the changes in the business and external environment. These risks are prioritised according to the likelihood of their occurrence and the significance of their impact on the business of the Group. Moreover, remedial actions or mitigation control measures are developed to manage these risks to an acceptable level.

Internal Audit

The Internal Audit Department is led by the Head of Internal Audit, who reports directly to the Audit Committee of the Company. The Internal Audit Department is primarily responsible for conducting reviews on operational, financial and compliance controls of the operating entities to ensure their compliance with the Group's risk management and internal control policies and procedures.

Internal Audit Department is independent from operation management and have full access to data required in performing internal audit reviews. Audits are conducted according to the multiple year internal audit plan ("Internal Audit Plan") approved by the Audit Committee. This Internal Audit Plan is developed by adopting a risk-based approach for every three years and reviewed annually. Ad-hoc internal audit assignments are performed on request by senior management or Audit Committee.

During the process of the internal audits, the Internal Audit Department identified internal control deficiencies and weakness, proposed recommendations for improvements, and followed up the status of the agreed remedial actions with management and process owners.

Review of Risk Management and Internal Control Systems

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

During FY2016, the Board has conducted a review of the effectiveness of the risk management and internal control systems of the Group and considered the risk management and internal control systems effective and adequate. In addition, the Board has reviewed and is satisfied with the adequacy of resources, qualifications and experience of staff of the Group's accounting, internal audit and financial reporting functions, and their training programmes and budget.

Procedures and Controls over Handling and Dissemination of Inside Information

The Company is aware of its obligation under relevant sections of the Securities and Futures Ordinance and Listing Rules. An inside information handling procedure has been established to lay down practical guidelines on identification, reporting and disclosure of inside information. All members of the Board, senior management, executives, head of departments, and staff who are likely to possess inside information are bound by this policy and the Model Code for Securities Transactions by Directors of Listed Issuers under the Listing Rules.

Also, staff who have access to these Inside Information is required to sign a written confidentiality agreement with the Company and keep the unpublished inside information strictly confidential.

AUDIT COMMITTEE

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

The main duties of the Audit Committee include the following:

– To review the consolidated financial statements and reports and consider any significant or unusual items raised by the qualified accountant, internal auditor or external auditors before submission to the Board;

– To review the relationship with the external auditors by reference to the work performed by the auditors, their fees and terms of engagement, and make recommendation to the Board on the appointment, re-appointment and removal of external auditors; and

– To review the adequacy and effectiveness of the Company's financial reporting system, risk management and internal control systems and associated procedures.

The Audit Committee provides supervision on the risk management and internal control systems of the Group and reports to the Board on any material issues and makes recommendations to the Board.

During FY2016, the Audit Committee has reviewed the Group's unaudited interim financial report for the six months ended 30 June 2016, annual results and annual report for FY2015, the financial reporting and compliance procedures, the report from the management on the Company's internal control and risk management review and process as well as its effectiveness, connected transactions and the re-appointment of the external auditors.

The Audit Committee also met the external auditors twice during FY2016.

The Audit Committee held two meetings during FY2016 and the attendance records are set out below:

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

EXTERNAL AUDITORS AND AUDITORS' REMUNERATION

The statement of the external auditors of the Company about their reporting responsibilities for the consolidated financial statements is set out in the "Independent Auditor's Report" on pages 87 to 92.

During FY2016, the remuneration paid to the Company's auditors, PricewaterhouseCoopers, is set out below:

Category of services	Fees paid/Payable (HK$'000)
Audit service	1,988
Non-audit services	
– Interim review	686
– Taxation service	67
– Continuing connected transactions report	46
– Others	1,826
Total	4,613

CORPORATE GOVERNANCE FUNCTIONS

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

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

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

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

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

During FY2016, the Company has not made any change to its memorandum of association and bye-laws of the Company. A consolidated version of the Company's memorandum of association and bye-laws is available on the Company's website and the Stock Exchange's website respectively.

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

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

The 2017 Annual General Meeting ("AGM") will be held on Friday, 26 May 2017. The notice of AGM will be sent to shareholders of the Company at least 20 clear business days before the AGM.

COMPANY SECRETARY

The Company's secretary, namely Mr. Chan Chit Ming, Joeie, is also the financial controller of the Company. Please refer to the section headed "Directors and Senior Management" for his biography. During FY2016, he has taken no less than 15 hours of relevant professional training.

SHAREHOLDERS' RIGHTS

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

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

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

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

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

A. Convening of Special General Meeting on Requisition and Putting Forward Proposals at General Meetings

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

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

B. Enquires from Shareholders

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

羅兵咸永道

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

OPINION

What we have audited

The consolidated financial statements of Zhuhai Holdings Investment Group Limited (the "Company") and its subsidiaries (the "Group") set out on pages 93 to 198, which comprise:

- the consolidated statement of financial position as at 31 December 2016;
- the consolidated statement of profit or loss for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2016, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

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

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

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KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarised as follows:

- Estimation of development costs directly attributable to property development activities

- Estimation of fair value of leasehold buildings

Key Audit Matter	How our audit addressed the Key Audit Matter
Estimation of development costs directly attributable to property development activities Refer to note 4(f) (Critical accounting estimates and assumptions) and note 7 (Expenses by nature) to the consolidated financial statements. The Group recognised cost of properties sold of HK$1,354,196,000 for the year ended 31 December 2016. Based on industry experience and other available information, management makes estimates on development costs directly attributable to property development activities. We focused on this area because the determination of development costs included in cost of properties sold recognised in 2016 requires estimation which involved significant judgements and estimates towards unbilled construction costs.	Our audit procedures in relation to management's estimation of development costs directly attributable to property development activities included: • Understanding and evaluating management's estimation process on property development costs. • Testing the operating effectiveness of controls including: a) the approval of budgets for property development costs; and b) the regular review meetings where management review actual property development costs against detailed budgets. • Examining construction contracts signed and invoices for development costs incurred on a sample basis. • Examining independent supervision report in relation to construction progress on a sample basis. • Circularisation of independent confirmations to construction contractors on a sample basis in confirming the payable balances as at 31 December 2016 and reconciled the confirmed amounts with those recorded by the Group. • Testing transactions after year-end to search for unrecorded liabilities, if any, on a sample basis. We found the management's estimation on development costs directly attributable to property development activities were supported by the available evidence.

KEY AUDIT MATTERS *(Continued)*

Key Audit Matter	How our audit addressed the Key Audit Matter
Estimation of fair value of leasehold buildings Refer to note 4(b) (Critical accounting estimates and assumptions) and note 14 (Property, plant and equipment) to the consolidated financial statements. Management chose to apply the revaluation model for the Group's leasehold buildings. The leasehold buildings are stated at fair value. Management has estimated the fair value of the Group's leasehold buildings to be HK$318,977,000 at 31 December 2016, with a revaluation loss of HK$13,157,000 for the year ended 31 December 2016 recorded in the consolidated statement of comprehensive income. Independent external valuations were obtained for all the leasehold buildings in order to support management's estimates. Fair values of leasehold buildings are derived using valuation techniques including the income approach, depreciated replacement cost method and direct comparison method. The valuations are dependent on certain key assumptions that require significant management judgement, including discount rates, estimated rental value, occupancy rates, market comparable sales evidence and construction costs. We focused on this area because the valuation of leasehold buildings requires the use of judgement and estimates.	Our audit procedures in relation to management's estimation of fair value of leasehold buildings included: • Evaluating the independent external valuers' competence, capabilities and objectivity; • Assessing the methodologies used and the appropriateness of the key assumptions, including discount rates, estimated rental value, occupancy rates, market comparable sales evidence and construction costs, by making reference to market data of comparable properties and engaging our internal valuation experts; and • Performing testing over the source data provided by the Group to the independent external valuers, on a sample basis, to satisfy ourselves of the accuracy and reasonableness of the property information used by the valuers. We found the key assumptions, including discount rates, estimated rental value, occupancy rates, market comparable sales evidence and construction costs, were supported by the available evidence.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Lee Kin Wah, Albert.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 28 March 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Note	Year ended 31 December 2016 HK$'000	2015 HK$'000
Revenue	5	**4,923,667**	3,067,067
Cost of sales	7	**(4,068,952)**	(2,302,986)
Gross profit		**854,715**	764,081
Other income and gains, net	6	**53,810**	75,746
Selling and distribution expenses	7	**(151,966)**	(155,334)
Administrative expenses	7	**(211,371)**	(210,068)
Other operating expenses	7	**(3,581)**	(3,222)
Finance expenses	10	**(7,003)**	(2,864)
Share of (loss)/profits of:			
A joint venture	21	**(420)**	1,469
Associates	22	**990**	2,304
Profit before tax		**535,174**	472,112
Income tax expense	11	**(276,116)**	(170,641)
Profit for the year		**259,058**	301,471
Profit attributable to:			
Owners of the Company		**84,680**	124,703
Non-controlling interests		**174,378**	176,768
		259,058	301,471
Earnings per share attributable to owners of the Company for the year	12		
Basic earnings per share		**HK5.93 cents**	HK8.77 cents
Diluted earnings per share		**HK5.51 cents**	HK7.10 cents

The Notes on pages 100 to 198 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2016	2015
	HK$'000	HK$'000
Profit for the year	**259,058**	301,471
Other comprehensive (loss)/income		
Items that will not be reclassified subsequently to profit or loss		
Remeasurements of defined benefit obligations	**(16,763)**	(14,018)
(Loss)/gain on property revaluation	**(9,868)**	28,587
	(26,631)	14,569
Items that may be reclassified to profit or loss		
Fair value (loss)/gain on available-for-sale investments	**(7,800)**	6,000
Exchange differences on translation of foreign operations	**(309,900)**	(272,394)
	(317,700)	(266,394)
Other comprehensive loss for the year, net of tax	**(344,331)**	(251,825)
Total comprehensive (loss)/income for the year	**(85,273)**	49,646
Attributable to:		
Owners of the Company	**(154,885)**	(48,719)
Non-controlling interests	**69,612**	98,365
	(85,273)	49,646

The Notes on pages 100 to 198 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	31 December 2016 HK$'000	31 December 2015 HK$'000
Non-current assets			
Property, plant and equipment	14	**996,902**	907,288
Prepaid land lease payments	15	**356,074**	387,383
Rights to use port facilities	16	**14,897**	16,593
Properties under development	17	**4,173,057**	4,407,397
Intangible asset	19	**4,321**	4,614
Interest in a joint venture	21	**11,726**	12,949
Interests in associates	22	**5,298**	6,631
Available-for-sale investments	23	**10,800**	18,600
Prepayments and deposits	24(a)	**58,191**	77,092
Deferred tax assets	37	**114,205**	65,320
Total non-current assets		**5,745,471**	5,903,867
Current assets			
Properties under development	17	**2,967,522**	3,276,251
Completed properties held-for-sale	18	**5,952**	121,021
Securities measured at fair value through profit or loss	25	**839**	1,038
Available-for-sale investments	23	**–**	17,904
Inventories	26	**22,575**	19,148
Trade receivables	27	**116,113**	121,797
Prepayments, deposits and other receivables	24(b)	**233,895**	250,212
Prepaid tax		**184,544**	102,937
Due from related companies	45	**6,680**	8,847
Restricted bank balance	28	**1,067,421**	723,393
Cash and cash equivalents	28	**2,327,799**	1,872,865
Total current assets		**6,933,340**	6,515,413
Total assets		**12,678,811**	12,419,280
Current liabilities			
Trade and bill payables	30	**42,994**	27,284
Deferred income, accrued liabilities and other payables	31	**277,277**	420,042
Properties pre-sale proceeds received from customers		**3,722,069**	2,393,895
Construction payables	32	**486,762**	549,732
Interest-bearing bank and other borrowings	33	**1,648**	449,740
Tax payable		**337,553**	188,875
Promissory note	35	**–**	200,000
Loan from a major shareholder	45	**670,758**	–
Due to a major shareholder	45	**9,707**	4,826
Due to related companies	45	**15,984**	10,903
Total current liabilities		**5,564,752**	4,245,297

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	31 December 2016 HK$'000	31 December 2015 HK$'000
Non-current liabilities			
Convertible bonds	34	–	542,083
Promissory note	35	–	153,714
Interest-bearing bank and other borrowings	33	2,653,298	2,374,345
Loan from a major shareholder	45	–	256,631
Due to a major shareholder	45	–	13,067
Deferred income, accrued liabilities and other payables	31	219,593	184,631
Deferred tax liabilities	37	720,748	858,208
Defined benefit obligations	38	115,730	103,655
Total non-current liabilities		3,709,369	4,486,334
Total liabilities		9,274,121	8,731,631
Equity			
Equity attributable to owners of the Company			
Share capital	39	142,780	142,780
Reserves	40	1,905,812	2,089,253
		2,048,592	2,232,033
Non-controlling interests		1,356,098	1,455,616
Total equity		3,404,690	3,687,649
Total equity and liabilities		12,678,811	12,419,280

The Notes on pages 100 to 198 are an integral part of these consolidated financial statements.

The financial statements on pages 93 to 198 were approved by the Board of Directors on 28 March 2017 and were signed on its behalf.

Huang Xin	**Zhou Shaoqiang**
Director	*Director*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Capital and reserves attributable to owners of the Company														
	Share capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000	Merger reserve HK$'000	Warrant reserve HK$'000 (Note 36)	Convertible bonds equity reserve HK$'000 (Note 34)	Other reserve HK$'000	Asset revaluation reserve HK$'000	Available-for-sale investments revaluation reserve HK$'000	Statutory reserve funds HK$'000	Share option reserve HK$'000 (Note 41)	Exchange fluctuation reserve HK$'000	Retained profits HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 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
Comprehensive income																
Profit for the year	–	–	–	–	–	–	–	–	–	–	–	–	84,680	84,680	174,378	259,058
Other comprehensive loss for the year																
Remeasurements of defined benefit obligations	–	–	–	–	–	–	–	–	–	–	–	–	(10,042)	(10,042)	(6,721)	(16,763)
Loss on property revaluation	–	–	–	–	–	–	–	(9,868)	–	–	–	–	–	(9,868)	–	(9,868)
Fair value loss on available-for-sales investments	–	–	–	–	–	–	–	–	(7,800)	–	–	–	–	(7,800)	–	(7,800)
Exchange differences on translation of foreign operations	–	–	–	–	–	–	–	–	–	–	–	(211,855)	–	(211,855)	(98,045)	(309,900)
Total other comprehensive loss	–	–	–	–	–	–	–	(9,868)	(7,800)	–	–	(211,855)	(10,042)	(239,565)	(104,766)	(344,331)
Total comprehensive (loss)/income	–	–	–	–	–	–	–	(9,868)	(7,800)	–	–	(211,855)	74,638	(154,885)	69,612	(85,273)
Redemption of convertible bonds (Note 34)	–	–	–	–	–	(66,026)	–	–	–	–	–	–	66,026	–	–	–
Capital injection by non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	–	–	–	1,750	1,750
Dividends paid to non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	–	–	–	–	(170,880)	(170,880)
Cancellation of share options granted (Note 41)	–	–	–	–	–	–	–	–	–	–	(3,847)	–	3,847	–	–	–
2015 final dividend paid	–	–	–	–	–	–	–	–	–	–	–	–	(28,556)	(28,556)	–	(28,556)
Appropriation to statutory reserve	–	–	–	–	–	–	–	–	–	36,656	–	–	(36,656)	–	–	–
Total transactions with equity holders, recognised directly in equity	–	–	–	–	–	(66,026)	–	–	–	36,656	(3,847)	–	4,661	(28,556)	(169,130)	(197,686)
At 31 December 2016	142,780	911,207	446,355	(57,310)	690	–	(200,573)	88,923	5,000	235,916	–	(84,037)	559,641	2,048,592	1,356,098	3,404,690

The Notes on pages 100 to 198 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Capital and reserves attributable to owners of the Company															
	Share capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000	Merger reserve HK$'000	Warrant reserve HK$'000 (Note 36)	Convertible bonds equity reserve HK$'000 (Note 34)	Other reserve HK$'000	Asset revaluation reserve HK$'000	Available-for-sale investments revaluation reserve HK$'000	Statutory reserve funds HK$'000	Share option reserve HK$'000 (Note 41)	Exchange fluctuation reserve HK$'000	Retained profits HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 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
Comprehensive income																
Profit for the year	–	–	–	–	–	–	–	–	–	–	–	–	124,703	124,703	176,768	301,471
Other comprehensive income for the year																
Remeasurements of defined benefit obligations	–	–	–	–	–	–	–	–	–	–	–	–	(10,534)	(10,534)	(3,484)	(14,018)
Gain on property revaluation	–	–	–	–	–	–	–	28,587	–	–	–	–	–	28,587	–	28,587
Fair value gain on available-for-sales investments	–	–	–	–	–	–	–	–	6,000	–	–	–	–	6,000	–	6,000
Exchange differences on translation of foreign operations	–	–	–	–	–	–	–	–	–	–	–	(197,475)	–	(197,475)	(74,919)	(272,394)
Total other comprehensive income/(loss)	–	–	–	–	–	–	–	28,587	6,000	–	–	(197,475)	(10,534)	(173,422)	(78,403)	(251,825)
Total comprehensive income/(loss)	–	–	–	–	–	–	–	28,587	6,000	–	–	(197,475)	114,169	(48,719)	98,365	49,646
Issue of shares upon conversion of convertible bonds (Note 34)	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)
Share option scheme	–	–	–	–	–	–	–	–	–	–	3,847	–	–	3,847	–	3,847
2014 final dividend paid	–	–	–	–	–	–	–	–	–	–	–	–	(14,278)	(14,278)	–	(14,278)
Appropriation to statutory reserve	–	–	–	–	–	–	–	–	–	29,944	–	–	(29,944)	–	–	–
Total transactions with equity holders, recognised directly in equity	1,364	22,998	–	–	–	(2,751)	–	–	–	29,944	3,847	–	(44,222)	11,180	(84,344)	(73,164)
At 31 December 2015	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

The Notes on pages 100 to 198 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

		Year ended 31 December	
	Note	**2016** **HK$'000**	2015 HK$'000
Cash flows from operating activities			
Cash generated from operations	42	**2,172,461**	1,204,270
Income taxes paid		**(343,528)**	(180,249)
Net cash flows generated from operating activities		**1,828,933**	1,024,021
Cash flows from investing activities			
Interest received		**27,492**	26,720
Decrease/(increase) in prepayment for property, plant and equipment		**18,240**	(37,186)
Purchases of property, plant and equipment		**(235,707)**	(170,725)
Proceeds from disposal of property, plant and equipment		**8,261**	739
Increase in restricted bank balance		**(3,948)**	(26,653)
Decrease in time deposits		**–**	8,725
Cash receipt from related companies		**1,074**	619
Cash receipt from an associate		**1,652**	3,115
Cash receipt from a joint venture		**210**	25
Disposal/(purchase) of available-for-sale investments		**17,904**	(17,904)
Dividend receipt from an associate		**1,913**	–
(Decrease)/increase in construction payables		**(21,723)**	36,194
Net cash flows used in investing activities		**(184,632)**	(176,331)
Cash flows from financing activities			
Capital injection by non-controlling interests		**1,750**	2,029
Payment for redemption of convertible bonds		**(614,500)**	–
Increase in restricted bank balance		**(3,503)**	(122,219)
New bank and other borrowings		**1,754,977**	2,844,744
Repayment of bank and other borrowings		**(1,854,594)**	(2,119,201)
Repayment of promissory note		**(374,678)**	(196,658)
Cash repayment to related companies		**(687)**	(10,383)
Dividends paid to shareholders		**(28,556)**	(14,278)
Dividends paid to non-controlling shareholders		**(170,880)**	(86,373)
Interest paid		**(222,924)**	(356,523)
Increase in a loan from a major shareholder		**414,127**	–
Net cash flows used in financing activities		**(1,099,468)**	(58,862)
Net increase in cash and cash equivalents		**544,833**	788,828
Cash and cash equivalents at beginning of year		**1,872,865**	1,138,076
Effect of foreign exchange rate changes, net		**(89,899)**	(54,039)
Cash and cash equivalents at end of year		**2,327,799**	1,872,865

The Notes on pages 100 to 198 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

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

- investment holding
- management of a holiday resort
- management of a theme park
- management of an amusement park
- operation of a golf club
- property development
- provision of financial information services and internet financial information intermediary services
- provision of port facilities
- provision of ferry services
- 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.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of presentation

The consolidated financial statements of Zhuhai Holdings Investment Group Limited have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (HKFRSs) and requirements of Hong Kong Company Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of buildings classified as property, plant and equipment, available-for-sale investments and securities measured at fair value through profit or loss, which are carried at fair value.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

2.2 Changes in accounting policies and disclosures

(A) EFFECT OF ADOPTING NEW STANDARDS AND AMENDMENTS TO EXISTING STANDARDS

The following new standards and amendments to existing standards are mandatory to the Group for accounting periods beginning on or after 1 January 2016:

Standards	Subject of amendment
Annual improvements 2014	Annual improvements 2012-2014 Cycle
Amendments to HKAS 1 (Revised)	Disclosure initiative
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants
Amendments to HKAS 27 (2011)	Equity method in separate financial statements
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	Investment entities: Applying the consolidation exception
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operation
HKFRS 14	Regulatory deferral accounts

The adoption of these new standards and amendments to existing standards does not have any significant impact on the results and financial position of the Group.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

(B) NEW STANDARDS AND AMENDMENTS TO EXISTING STANDARDS THAT ARE NOT YET EFFECTIVE 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	Disclosure initiative	1 January 2017
Amendments to HKAS 12	Recognition of deferred tax assets for unrealised losses	1 January 2017
Amendments to HKFRS 2	Classification and measurement of share-based payment transactions	1 January 2018
HKFRS 9 (note (i))	Financial instruments	1 January 2018
HKFRS 15 (note (ii))	Revenue from contracts with customers	1 January 2018
Amendments to HKFRS 15 (note (ii))	Clarifications to HKFRS 15	1 January 2018
HKFRS 16 (note (iii))	Leases	1 January 2019
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2016 and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

(i) HKFRS 9, "Financial instruments"

The new standard addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

While the Group has yet to undertake a detailed assessment of the classification and measurement of financial assets, currently classified as available-for-sale financial assets would appear to satisfy the conditions for classification as at fair value through other comprehensive income ("FVOCI") and hence there will be no change to the accounting for these assets.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

(B) NEW STANDARDS AND AMENDMENTS TO EXISTING STANDARDS THAT ARE NOT YET EFFECTIVE AND HAVE NOT BEEN EARLY ADOPTED BY THE GROUP *(Continued)*

(i) HKFRS 9, "Financial instruments" (Continued)

The other financial assets held by the Group include:

- equity investments currently measured at fair value through profit or loss which would likely continue to be measured on the same basis under HKFRS 9, and

Accordingly, the Group does not expect the new guidance to have a significant impact on the classification and measurement of its financial assets.

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The derecognition rules have been transferred from HKAS 39 Financial Instruments: Recognition and Measurement and have not been changed.

The new hedge accounting rules will align the accounting for hedging instruments more closely with the Group's risk management practices. As a general rule, more hedge relationships might be eligible for hedge accounting, as the standard introduces a more principles-based approach. While the Group does not involve any hedging, it does not expect a significant impact on the accounting for its hedging relationships.

The new impairment model requires the recognition of impairment provisions based on expected credit losses rather than only incurred credit losses as is the case under HKAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, contract assets under HKFRS 15, "Revenue from Contracts with Customers", lease receivables, loan commitments and certain financial guarantee contracts. While the Group has not yet undertaken a detailed assessment of how its impairment provisions would be affected by the new model, it may result in an earlier recognition of credit losses.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

HKFRS 9 must be applied for financial years commencing on or after 1 January 2018. Based on the transitional provisions in the completed HKFRS 9, early adoption in phases was only permitted for annual reporting periods beginning before 1 February 2015. After that date, the new rules must be adopted in their entirety. The Group does not intend to adopt HKFRS 9 before its mandatory date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

(B) NEW STANDARDS AND AMENDMENTS TO EXISTING STANDARDS THAT ARE NOT YET EFFECTIVE AND HAVE NOT BEEN EARLY ADOPTED BY THE GROUP *(Continued)*

(ii) HKFRS 15, "Revenue from contracts with customers"

The HKICPA has issued a new standard for the recognition of revenue. This will replace HKAS 18 which covers contracts for goods and services and HKAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption.

Management is currently assessing the effects of applying the new standard on the Group's financial statements and has identified the following areas that are likely to be affected:

- revenue from service – the application of HKFRS 15 may result in the identification of separate performance obligations which could affect the timing of the recognition of revenue.

- accounting for certain costs incurred in fulfilling a contract – certain costs which are currently expensed may need to be recognised as an asset under HKFRS 15, and

- rights of return – HKFRS 15 requires separate presentation on the balance sheet of the right to recover the goods from the customer and the refund obligation.

At this stage, the Group is not able to estimate the impact of the new rules on the Group's financial statements. The Group will make more detailed assessments of the impact over the next twelve months. HKFRS 15 is mandatory for financial years commencing on or after 1 January 2018. At this stage, the Group does not intend to adopt the standard before its effective date.

(iii) HKFRS 16, "Leases"

HKFRS 16 will result in almost all leases being recognised on the consolidated statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

(B) NEW STANDARDS AND AMENDMENTS TO EXISTING STANDARDS THAT ARE NOT YET EFFECTIVE AND HAVE NOT BEEN EARLY ADOPTED BY THE GROUP *(Continued)*

(iii) HKFRS 16, "Leases" (Continued)

The standard will affect primarily the accounting for Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of HK$25,327,000, see note 44. However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

Some of the commitments may be covered by the exception for short-term and low value leases and some commitments may relate to arrangements that will not qualify as leases under HKFRS 16. The new standard is mandatory for financial years commencing on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date.

2.3 Subsidiaries

2.3.1 CONSOLIDATION

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.3 Subsidiaries *(Continued)*

2.3.1 CONSOLIDATION *(Continued)*

(a) Business combinations

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

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

Acquisition-related costs are expensed as incurred.

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.3 Subsidiaries *(Continued)*

2.3.1 CONSOLIDATION *(Continued)*

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

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

(c) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. It means that amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs.

2.3.2 SEPARATE FINANCIAL STATEMENTS

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.4 Associates

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

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.5 Joint arrangements

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

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

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

2.6 Segment reporting

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

2.7 Foreign currency translation

(A) FUNCTIONAL AND PRESENTATION CURRENCY

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.7 Foreign currency translation *(Continued)*

(B) TRANSACTIONS AND BALANCES

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

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

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

(C) GROUP COMPANIES

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

(i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.8 Property, plant and equipment

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

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

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

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

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

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

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting date.

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.9 Rights to use port facilities

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

2.10 Intangible assets

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

2.11 Impairment of non-financial assets

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

2.12 Financial assets

2.12.1 CLASSIFICATION

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.12 Financial assets *(Continued)*

2.12.1 CLASSIFICATION *(Continued)*

(b) Loans and receivables

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

(c) Available-for-sale financial assets

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

2.12.2 RECOGNITION AND MEASUREMENT

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.12 Financial assets *(Continued)*

2.12.2 RECOGNITION AND MEASUREMENT *(Continued)*

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

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

2.13 Offsetting financial instrument

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

2.14 Impairment of financial assets

(A) ASSETS CARRIED AT AMORTISED COST

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.14 Impairment of financial assets *(Continued)*

(A) ASSETS CARRIED AT AMORTISED COST *(Continued)*

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

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

(B) ASSETS CLASSIFIED AS AVAILABLE-FOR-SALE

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.15 Inventories

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

2.16 Properties under development

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

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

2.17 Completed properties held-for-sale

Completed properties held-for-sale are stated at the lower of cost and net realisable value. Cost comprises development costs attributable to the unsold properties. Net realisable value is determined by reference to management estimates based on prevailing market conditions less estimated costs to be incurred in selling the property.

2.18 Trade and other receivables

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.19 Cash and cash equivalents

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

2.20 Share capital

Ordinary shares are classified as equity.

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

2.21 Trade and other payables

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

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

2.22 Borrowings

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

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

Borrowings are removed from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance expenses.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.23 Borrowing costs

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

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

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

Borrowing costs include interest expense, finance charges in respect of finance lease and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs. The exchange gains and losses that are an adjustment to interest costs include the interest rate differential between borrowing costs that would be incurred if the entity had borrowed funds in its functional currency, and the borrowing costs actually incurred on foreign currency borrowings. Such amounts are estimated based on interest rates on similar borrowings in the entity's functional currency.

When the construction of the qualifying assets takes more than one accounting period, the amount of foreign exchange differences eligible for capitalisation is determined for each annual period and are limited to the difference between the hypothetical interest amount for the functional currency borrowings and the actual interest incurred for foreign currency borrowings. Foreign exchange differences that did not meet the criteria for capitalisation in previous years should not be capitalised in subsequent years.

2.24 Compound financial instruments

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.24 Compound financial instruments *(Continued)*

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

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

2.25 Government grants

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

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

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

2.26 Current and deferred income tax

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

(A) CURRENT INCOME TAX

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.26 Current and deferred income tax *(Continued)*

(B) DEFERRED INCOME TAX

Inside basis differences

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

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

Outside basis differences

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

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

(C) OFFSETTING

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.27 Employee benefits

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

(A) PENSION OBLIGATIONS

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

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

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

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.27 Employee benefits *(Continued)*

(B) TERMINATION BENEFITS

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

2.28 Share-based payments

The Group operates an equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for share options of the Company. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save or holding shares for a specified period of time).

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-marketing performance and service conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated statement of profit or loss, with a corresponding adjustment to equity.

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

The proceeds received net of any directly attributable transaction costs are credited to share capital (and share premium).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.29 Provisions

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

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

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

2.30 Revenue recognition

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

(A) SALES OF SERVICES

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

(B) SALES OF GOODS

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.30 Revenue recognition *(Continued)*

(C) SALE OF PROPERTIES

Revenue from sales of properties is recognised when the significant risks and rewards of the properties are transferred to the buyers, which is when the construction of the relevant properties have been completed, notification of delivery of properties have been issued to the buyers and collectability of related receivables pursuant to the sales agreements is reasonably assured. Deposits and instalments received on properties sold prior to transfer of the significant risks and rewards of the properties are included as "properties pre-sale proceeds received from customers" under current liabilities.

(D) RENTAL INCOME

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

(E) INTEREST INCOME

Interest income is recognised using the effective interest method.

2.31 Dividend income

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

2.32 Leases

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

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

2.33 Dividend distribution

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

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

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

Risk management is carried out by a central treasury department (group treasury) under policies approved by the senior management. Group treasury identifies and evaluates financial risks in close co-operation with the Group's operating units. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign currency risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

(A) MARKET RISK

(1) Commodity price risk

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

(2) Foreign currency risk

The Group's business operated in Hong Kong is mainly exposed to foreign currency risk arising from Renminbi ("RMB").

At 31 December 2016, if RMB had strengthened/weakened by 5% against the Hong Kong dollar with all other variables held constant, post-tax profit for the year would have been HK$6,063,000 (2015: HK$6,429,000) higher/lower, mainly as a result of foreign exchange gains/losses on translation of RMB denominated monetary assets and liabilities.

(3) Cash flow and fair value interest rate risk

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

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(A) MARKET RISK *(Continued)*

(3) Cash flow and fair value interest rate risk (Continued)

The Group's interest rate risk arises from long-term borrowings. Borrowings obtained at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. During the year ended 31 December 2016 and 2015, the Group's long-term borrowings at variable rate were denominated in the HK dollar.

At 31 December 2016, if interest rates on Hong Kong dollar-denominated borrowings had been 50 basis points higher/lower with all other variables held constant, post-tax profit for the year would have been HK$874,000 (2015: HK$429,000) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

(B) CREDIT RISK

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

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

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

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

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(C) LIQUIDITY RISK

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

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

As at 31 December 2016

	Less than 12 months HK$'000	1 to 5 Years HK$'000	Total HK$'000
Trade and bill payables	**42,994**	**–**	**42,994**
Financial liabilities included in deferred income, accrued liabilities and other payables	**105,891**	**20,468**	**126,359**
Construction payables	**486,762**	**–**	**486,762**
Interest-bearing bank and other borrowings and interest payments	**114,105**	**2,785,817**	**2,899,922**
Due to a major shareholder	**9,707**	**–**	**9,707**
Due to related companies	**15,984**	**–**	**15,984**
Loan from a major shareholder and interest payments	**707,390**	**–**	**707,390**
Financial guarantees (Note 43)	**2,381,860**	**–**	**2,381,860**
	3,864,693	**2,806,285**	**6,670,978**

As at 31 December 2015

	Less than 12 months HK$'000	1 to 5 Years HK$'000	Total HK$'000
Trade and bill payables	27,284	–	27,284
Financial liabilities included in deferred income, accrued liabilities and other payables	186,273	–	186,273
Construction payables	549,732	–	549,732
Interest-bearing bank and other borrowings and interest payments	650,395	2,608,643	3,259,038
Promissory note	200,000	200,000	400,000
Due to a major shareholder	4,826	13,067	17,893
Due to related companies	10,903	–	10,903
Loan from a major shareholder and interest payments	–	293,832	293,832
Convertible bonds and interest payments	24,000	762,679	786,679
Financial guarantees (Note 43)	802,855	–	802,855
	2,456,268	3,878,221	6,334,489

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.2 Capital management

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

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2016 and 2015.

The Group monitors capital using a gearing ratio, which is net debt divided by capital plus net debt. Net debt includes interest-bearing bank and other borrowings, trade and bill 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 and cash and cash equivalents. Capital represents equity attributable to owners of the Company.

	2016 HK$'000	2015 HK$'000
Interest-bearing bank and other borrowings	2,654,946	2,824,085
Trade and bill payables	42,994	27,284
Accrued liabilities and other payables	288,627	412,429
Construction payables	486,762	549,732
Promissory note	–	353,714
Convertible bonds	–	542,083
Due to a major shareholder	9,707	17,893
Due to related companies	15,984	10,903
Loan from a major shareholder	670,758	256,631
Less: Restricted bank balance	(1,067,421)	(723,393)
Less: Cash and cash equivalents	(2,327,799)	(1,872,865)
Net debt	774,558	2,398,496
Equity attributable to owners of the Company	2,048,592	2,232,033
Capital and net debt	2,823,150	4,630,529
Gearing ratio	27%	52%

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.3 Fair value estimation

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

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

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

See Note 14 for disclosure of the leasehold buildings that are measured at fair value.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.3 Fair value estimation *(Continued)*

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

Assets measured at fair value:

	Level 1 HK$000	Level 3 HK$000	Total HK$000
At 31 December 2016			
Available-for-sale securities:			
Equity investments			
– Investment, trading and real estate industry	**10,800**	**–**	**10,800**
Financial assets at fair value through profit or loss:			
Trading securities			
– Utilities industry	**839**	**–**	**839**
	11,639	**–**	**11,639**
At 31 December 2015			
Available-for-sale securities:			
Equity investments			
– Investment, trading and real estate industry	18,600	–	18,600
Financial products	–	17,904	17,904
	18,600	17,904	36,504
Financial assets at fair value through profit or loss:			
Trading securities			
– Utilities industry	1,038	–	1,038
	19,638	17,904	37,542

There were no transfers of financial instruments between fair hierarchy classifications during the year.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.3 Fair value estimation *(Continued)*

FINANCIAL INSTRUMENTS IN LEVEL 1

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

FINANCIAL INSTRUMENTS IN LEVEL 3

The fair value of financial products classified as level 3 in 2015 is derived using discounted cash flow method. The key unobservable input is the expected interest rate of 1.9% to 3.2% per annum.

4 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

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

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

(a) Impairment of assets

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

4 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS *(Continued)*

(b) Estimation of fair value of leasehold buildings

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

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

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

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

The principal assumptions for the Group's estimation of the fair value have been disclosed in Note 14.

(c) Retirement benefit

The Group operates and maintains defined benefit pension plans. The cost of providing the benefits in the defined benefit pension plan is actuarially determined and recognised over the employee's service period by utilising various actuarial assumptions and using the projected unit credit method in accordance with the accounting policy stated in Note 2.27 to the financial statements. These assumptions include, without limitation, the selection of discount rate, annual rate of increase of pension payment and employee's turnover rate. The discount rate is based on management's review of government bonds. The employees' turnover rate is based on historical trends of the Group. Additional information regarding the defined benefit plan is disclosed in Note 38 to the financial statements.

(d) Income taxes and deferred taxation

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

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

4 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS *(Continued)*

(e) PRC land appreciation taxes

The Group is subject to land appreciation taxes in the People's Republic of China (the "PRC"). The Group has not finalised its PRC land appreciation taxes calculations and payments with local tax authorities in the PRC. Accordingly, significant judgement is required in determining the amount of the land appreciation and the related land appreciation taxes. The Group recognised the land appreciation taxes based on management's best estimates according to the interpretation of the tax rules. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the taxation and tax provisions in the years in which such taxes have been finalised with local tax authorities.

(f) Development costs directly attributable to property development activities

The Group allocates portions of land and development costs to properties held and under development for sale. As certain of the Group's property development projects are developed and completed by phases, the budgeted development costs of the whole project are dependent on the estimate on the outcome of total development. Based on the experience and the nature of the development undertaken, the management makes estimates and assumptions concerning the future events that are believed to be reasonable under the circumstances. Given the uncertainties involved in the property development activities, the related actual results may be higher or lower than the amount estimated at the end of the reporting period. Any change in estimates and assumptions would affect the Group's operating performance in current and future years.

5 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 (loss)/profits of a joint venture and associates are excluded from such measurement.

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

5 OPERATING SEGMENT INFORMATION *(Continued)*

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.

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

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

For the year ended 31 December 2016, none of the customers of the Group individually accounted for 10% or more of the Group's total revenue. For the year ended 31 December 2015, one of the customers of the Group individually accounted for approximately 11.2% of the Group's total revenue. The revenue was attributable to the public utilities segment.

5 OPERATING SEGMENT INFORMATION *(Continued)*

The following tables present revenue and results for the Group's operating segments for the years ended 31 December 2016 and 2015.

			Green Leisure Tourism and Composite Real Estate								Public Utilities and Financial Investment									
	Jiuzhou Blue Sea Jet and Blue Marine 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
	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
Segment revenue:																				
Sales to external customers	**682,855**	750,327	**170,037**	183,922	**37,756**	41,002	**1,727,757**	435,682	**27,433**	18,671	**2,273,536**	1,637,463	**4,293**	–	**–**	–	**–**	–	**4,923,667**	3,067,067
Inter-segment sales	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**92,500**	102,366	**–**	–	**–**	–	**(92,500)**	(102,366)	**–**	–
Total	**682,855**	750,327	**170,037**	183,922	**37,756**	41,002	**1,727,757**	435,682	**27,433**	18,671	**2,366,036**	1,739,829	**4,293**	–	**–**	–	**(92,500)**	(102,366)	**4,923,667**	3,067,067
Segment results	**378,243**	430,454	**10,352**	11,628	**(10,070)**	(12,030)	**215,154**	88,025	**(15,932)**	(25,469)	**90,796**	92,577	**2,280**	–	**(64,208)**	(38,336)	**(92,500)**	(102,366)	**514,115**	444,483
Interest income																			**27,492**	26,720
Finance expenses																			**(7,003)**	(2,864)
Share of (loss)/ profits of:																				
A joint venture	**(420)**	1,469	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**(420)**	1,469
Associates	**968**	2,293	**–**	–	**–**	–	**–**	–	**–**	–	**22**	11	**–**	–	**–**	–	**–**	–	**990**	2,304
Profit before tax																			**535,174**	472,112
Income tax expense																			**(276,116)**	(170,641)
Profit for the year																			**259,058**	301,471

5 OPERATING SEGMENT INFORMATION *(Continued)*

The following tables present certain assets and liabilities for the Group's operating segments as at 31 December 2016 and 2015.

	Jiuzhou Blue Sea Jet and Blue Marine Tourism		Green Leisure Tourism and Composite Real Estate: Hotel		Tourist attraction		Property development		Golf club operations		Public Utilities and Financial Investment: Public utilities		Financial investment		Corporate and others		Consolidated	
	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
Assets and liabilities:																		
Segment assets	**581,877**	572,677	**924,761**	601,110	**523,806**	481,386	**8,907,493**	9,051,063	**308,676**	313,016	**324,657**	339,514	**69,298**	–	**715,790**	863,830	**12,356,358**	12,222,596
Interest in a joint venture	**11,726**	12,949	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**11,726**	12,949
Interests in associates	**4,464**	4,786	**–**	–	**–**	–	**–**	–	**–**	–	**834**	1,845	**–**	–	**–**	–	**5,298**	6,631
Unallocated assets																	**305,429**	177,104
Total assets																	**12,678,811**	12,419,280
Segment liabilities	**128,716**	91,531	**108,774**	102,574	**34,768**	40,854	**4,239,364**	3,112,915	**232,687**	233,382	**101,554**	80,550	**1,648**	–	**16,914**	17,433	**4,864,425**	3,679,239
Unallocated liabilities																	**4,409,696**	5,052,392
Total liabilities																	**9,274,121**	8,731,631
Other segment information:																		
Depreciation and amortisation	**28,952**	10,682	**19,608**	20,432	**26,029**	23,666	**1,216**	1,332	**12,913**	12,795	**6,639**	6,095	**79**	–	**255**	241	**95,691**	75,243
Capital expenditure in respect of property, plant and equipment and properties under development (non-current portion)	**124,746**	50,351	**82,292**	37,011	**12,043**	12,117	**206,790**	255,414	**24,213**	69,819	**2,154**	9,378	**806**	–	**171**	56	**453,215**	434,146
Net fair value losses on securities measured at fair value through profit or loss	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**199**	402	**199**	402
Gains on disposal of securities measured at fair value through profit or loss	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**(163)**	(182)	**(163)**	(182)
Impairment/(write-back of impairment) of trade receivables	**90**	(419)	**187**	5	**–**	(2,654)	**197**	–	**130**	15	**359**	(897)	**–**	–	**–**	–	**963**	(3,950)

6 OTHER INCOME AND GAINS, NET

	Year ended 31 December	
	2016	2015
	HK$'000	HK$'000
Interest income	**27,492**	26,720
Government grants	**23,653**	19,368
Rental income	**24,644**	25,447
Net fair value losses on securities measured at fair value through profit or loss	**(199)**	(402)
Gains on disposal of securities measured at fair value through profit or loss	**163**	182
Loss on redemption of convertible bonds	**(28,740)**	–
Gains/(losses) on disposal of property, plant and equipment	**6,970**	(1,940)
Exchange (losses)/gains	**(6,448)**	2,997
Others	**6,275**	3,374
	53,810	75,746

7 EXPENSES BY NATURE

	Year ended 31 December	
	2016	2015
	HK$'000	HK$'000
Advertising and promotion expenses	**51,517**	56,580
Amortisation of prepaid land lease payments	**13,482**	14,286
Amortisation of rights to use port facilities	**671**	729
Auditors' remuneration		
– Audit services	**1,988**	1,988
– Non-audit services	**2,625**	1,095
Business tax on sales of properties	**66,717**	21,809
Commission fee	**64,508**	68,286
Cost of inventories sold	**2,242,880**	1,621,381
Cost of properties sold	**1,354,196**	268,145
Depreciation	**81,538**	60,228
Employee benefit expenses (including directors' remuneration) (Note 8)	**304,246**	317,329
Fuel and utilities expenses	**53,922**	64,743
Impairment/(write-back of impairment) of trade receivables	**963**	(3,950)
Land use tax	**14,175**	12,480
Operating lease payments	**19,077**	18,962
Repair and maintenance	**47,143**	46,459
Others	**116,222**	101,060
Total cost of sales, selling and distribution expenses, administrative expenses and other operating expenses	**4,435,870**	2,671,610

8 EMPLOYEE BENEFIT EXPENSES

	Year ended 31 December	
	2016	2015
	HK$'000	HK$'000
Salaries, allowances and benefits in kind	**272,495**	279,747
Pension costs – defined contribution plans (Note a)	**25,038**	24,280
Pension costs – defined benefit plans (Note 38)	**6,713**	9,455
Share-based payments	**–**	3,847
	304,246	317,329

(a) Pension costs – defined contribution plans

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

(b) Five highest paid employees

The five individuals whose emoluments were the highest in the Group for the year include two (2015: one) directors whose emoluments are reflected in the analysis presented in Note 9(a)(ii). The emoluments payable to the remaining three (2015: four) individuals during the year are as follows:

	Year ended 31 December	
	2016	2015
	HK$'000	HK$'000
Salaries, allowances and benefits in kind	**1,939**	2,200
Pension costs – defined contribution plans	**132**	95
Share-based payments	**–**	249
	2,071	2,544

The emoluments fell within the following bands:

	Number of individuals	
	2016	2015
Emolument bands (in HK dollars)		
Nil – HK$1,000,000	**3**	4

9 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' emoluments

The remuneration of every director and the chief executive for the year ended 31 December 2016 is set out below:

(i) INDEPENDENT NON-EXECUTIVE DIRECTORS

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

	Year ended 31 December	
	2016	2015
	HK$'000	HK$'000
Mr. Hui Chiu Chung	**200**	200
Mr. Chu Yu Lin, David	**200**	200
Mr. Albert Ho	**200**	200
Mr. Wang Yijiang[1]	**200**	–
	800	600

For the year ended 31 December 2015, in addition to directors' fee, the share-based payments costs attributable to Mr. Hui Chiu Chung, Mr. Chu Yu Lin, David and Mr. Albert Ho are HK$36,000 each, totaling HK$108,000. There were no other emoluments payable to the independent non-executive directors during the year (2015: Nil).

1 Mr. Wang Yijiang was appointed as an independent non-executive director of the Company on 14 August 2015.

9 BENEFITS AND INTERESTS OF DIRECTORS *(Continued)*

(a) Directors' emoluments *(Continued)*

(ii) EXECUTIVE DIRECTORS AND NON-EXECUTIVE DIRECTORS

	Fees HK$'000	Salaries HK$'000	Expense allowances in excess of actual expense HK$'000	Percentage and bonus HK$'000	Contribution paid under a retirement benefits scheme HK$'000	Estimated money value of benefits other than in kind HK$'000	Amounts received or receivable as inducement to join the Company/for accepting office as a director HK$'000	Other benefits HK$'000	Total remuneration HK$'000
2016									
Executive directors:									
Mr. Huang Xin[1]	–	390	70	614	114	–	–	–	1,188
Mr. Zhou Shaoqiang[2]	–	276	57	528	92	–	–	–	953
Mr. Ye Yuhong	–	–	–	–	–	–	–	–	–
Mr. Li Wenjun	–	–	–	–	–	–	–	–	–
Mr. Jin Tao	–	–	–	–	–	–	–	–	–
	–	666	127	1,142	206	–	–	–	2,141
Non-executive directors:									
Datuk Wira Lim Hock Guan	200	–	–	–	–	–	–	–	200
Mr. Wang Zhe[3]	–	–	–	–	–	–	–	–	–
Mr. Kwok Hoi Hing[4]	–	–	–	–	–	–	–	–	–
	200	–	–	–	–	–	–	–	200
	200	666	127	1,142	206	–	–	–	2,341

9 BENEFITS AND INTERESTS OF DIRECTORS *(Continued)*

(a) Directors' emoluments *(Continued)*

(ii) EXECUTIVE DIRECTORS AND NON-EXECUTIVE DIRECTORS *(Continued)*

	Fees HK$'000	Salaries HK$'000	Expense allowances in excess of actual expense HK$'000	Percentage and bonus HK$'000	Contribution paid under a retirement benefits scheme HK$'000	Estimated money value of benefits other than in kind HK$'000	Amounts received or receivable as inducement to join the Company/for accepting office as a director HK$'000	Other benefits HK$'000	Total remuneration HK$'000
2015									
Executive directors:									
Mr. Chen Yuanhe[5]	–	–	–	–	–	–	–	–	–
Mr. Huang Xin[1]	–	390	75	550	46	–	–	164	1,225
Mr. Zhou Shaoqiang[2]	–	–	–	–	–	–	–	160	160
Mr. Ye Yuhong	–	–	–	–	–	–	–	128	128
Mr. Li Wenjun	–	–	–	–	–	–	–	128	128
Mr. Jin Tao	–	–	–	–	–	–	–	128	128
	–	390	75	550	46	–	–	708	1,769
Non-executive directors:									
Datuk Wira Lim Hock Guan	200	–	–	–	–	–	–	36	236
Mr. Wang Zhe[3]	–	–	–	–	–	–	–	36	36
Mr. Kwok Hoi Hing[4]	–	–	–	–	–	–	–	36	36
	200	–	–	–	–	–	–	108	308
	200	390	75	550	46	–	–	816	2,077

9 BENEFITS AND INTERESTS OF DIRECTORS *(Continued)*

(a) Directors' emoluments *(Continued)*

(ii) EXECUTIVE DIRECTORS AND NON-EXECUTIVE DIRECTORS *(Continued)*

	Aggregate emoluments paid to or receivable by directors in respect of their services as directors, whether of the Company or its subsidiary undertakings	Aggregate emoluments paid to or receivable by directors in respect of their other services in connection with the management of the affairs of the Company or its subsidiary undertakings	Total
	HK$'000	HK$'000	HK$'000
For the year ended 31 December 2016	**2,341**	**–**	**2,341**
For the year ended 31 December 2015	2,077	–	2,077

No directors waived any emolument during the year (2015: none).

1 Mr. Huang Xin resigned as the chief executive officer of the Company on 14 August 2015.

2 Mr. Zhou Shaoqiang was appointed as an executive director and the chief executive officer of the Company on 14 August 2015.

3 Mr. Wang Zhe was appointed as a non-executive director of the Company on 19 January 2015.

4 Mr. Kwok Hoi Hing was appointed as a non-executive director of the Company on 16 June 2015.

5 Mr. Chen Yuanhe resigned as an executive director of the Company on 19 January 2015.

(b) Directors' retirement benefits

None of the directors received any retirement benefits during the year (2015: Nil).

(c) Directors' termination benefits

None of the directors received or will receive any termination benefits during the year (2015: Nil).

(d) Consideration provided to third parties for making available directors' services

During the year ended 31 December 2016, the Company did not pay consideration to any third parties for making available directors' services (2015: Nil).

9 BENEFITS AND INTERESTS OF DIRECTORS *(Continued)*

(e) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

As at 31 December 2016, there is no loans, quasi-loans and other dealing arrangements in favour of directors, controlled bodies corporate by and connected entities with such directors (2015: Nil).

(f) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Company's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year (2015: Nil).

10 FINANCE EXPENSES

	Year ended 31 December	
	2016	2015
	HK$'000	HK$'000
Interest on bank loans	**81,417**	25,572
Interest on a loan from AVIC Trust Co., Ltd.	**–**	132,346
Interest on a loan from Pingan-UOB Wealthtone Asset Management Co., Ltd. ("Entrusted Loan")	**104,636**	76,205
Interest on loan from a major shareholder	**30,366**	36,797
Interest on promissory note	**20,964**	33,148
Interest on convertible bonds	**55,677**	81,086
Less: Interest capitalised	**(286,057)**	(382,290)
	7,003	2,864

11 INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2015: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

	Year ended 31 December	
	2016	2015
	HK$'000	HK$'000
Current income tax:		
– Hong Kong	**(18)**	20
– PRC corporate income tax (Note (a)) and PRC withholding tax (Note (b))	**276,303**	173,696
– Current PRC land appreciation tax (Note (c))	**136,828**	19,385
Deferred income tax (Note 37)	**(136,997)**	(22,460)
	276,116	170,641

Notes:

(a) PRC corporate income tax

The income tax provision of the Group in respect of operations in the PRC has been calculated at the applicable tax rate on the estimated assessable profits for the years ended 31 December 2016 and 2015 based on the existing legislation, interpretations and practices in respect thereof.

The corporate income tax rate applicable to the group entities located in the PRC is 25%.

(b) PRC withholding tax

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

(c) PRC land appreciation tax ("LAT")

Pursuant to the requirements of the Provisional Regulations of the PRC on LAT effective on 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT effective on 27 January 1995, all income from the sale or transfer of state-owned land use rights, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption provided for sales of ordinary residential properties if their appreciation values do not exceed 20% of the sum of the total deductible items.

11 INCOME TAX EXPENSE *(Continued)*

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

	Year ended 31 December	
	2016	2015
	HK$'000	HK$'000
Profit before tax	**535,174**	472,112
Tax calculated at domestic tax rates applicable to profits in the respective jurisdictions	**180,268**	121,076
A joint venture and associates' results reported net of tax	**(143)**	(943)
Income not subject to tax	**(192)**	(100)
Expenses not deductible for tax purposes	**9,881**	547
Effect of withholding tax at 10% on the distributable profits of the Group's PRC subsidiaries	**16,828**	16,262
PRC LAT deductible for income tax purpose	**(21,623)**	(10,406)
Tax losses for which no deferred income tax asset was recognised	**4,605**	2,581
Corporate income tax expenses	**189,624**	129,017
Land appreciation tax (including current and deferred LAT)	**86,492**	41,624
Income tax expenses	**276,116**	170,641

11 INCOME TAX EXPENSE *(Continued)*

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

	2016			2015		
	Before tax HK$'000	**Tax credit HK$'000**	**After tax HK$'000**	Before tax HK$'000	Tax charge HK$'000	After tax HK$'000
Remeasurements of defined benefit obligations	**(16,763)**	**–**	**(16,763)**	(14,018)	–	(14,018)
(Loss)/gain on property revaluation	**(13,157)**	**3,289**	**(9,868)**	38,116	(9,529)	28,587
Other comprehensive (loss)/income	**(29,920)**	**3,289**	**(26,631)**	24,098	(9,529)	14,569
Deferred tax (Note 37)		**(3,289)**			9,529	

12 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 year attributable to owners of the Company of approximately HK$84,680,000 (2015: profit for the year attributable to owners of the Company of approximately HK$124,703,000) and the weighted average number of ordinary shares in issue during the year of 1,427,797,174 (2015: 1,422,567,976).

(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 year and were ignored in the calculation of diluted earnings per share. The convertible bonds and the share options were redeemed and cancelled on 29 August 2016 and 21 July 2016, respectively.

12 EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY *(Continued)*

(b) Diluted *(Continued)*

The calculation of diluted earnings per share is based on:

	Year ended 31 December	
	2016	2015
	HK$'000	HK$'000
Earnings		
Profit attributable to owners of the Company	**84,680**	124,703
Interest expense on convertible bonds charged to consolidated statement of profit or loss	**–**	–
Profits used to determine diluted earnings per share	**84,680**	124,703
Shares		
Weighted average number of ordinary shares in issue	**1,427,797,174**	1,422,567,976
Adjustment for: assumed conversion of convertible bonds	**108,981,759**	334,650,975
Weighted average number of ordinary shares for diluted earnings per share	**1,536,778,933**	1,757,218,951

13 DIVIDENDS

The dividends paid in the year ended 31 December 2016 and the year ended 31 December 2015 were HK$28,556,000 (HK2 cents per share) and HK$14,278,000 (HK1 cent per share) respectively. A final dividend and a special dividend in respect of the year ended 31 December 2016 of HK2 cents per share and HK3 cents per share respectively, amounting to a total dividend of HK$71,390,000, are to be proposed at the forthcoming annual general meeting on 26 May 2017. These consolidated financial statements do not reflect these dividends payable.

	Year ended 31 December	
	2016	2015
	HK$'000	HK$'000
Proposed final dividend of HK2 cents (2015: HK2 cents) per ordinary share	**28,556**	28,556
Proposed special dividend of HK3 cents (2015: Nil) per ordinary share	**42,834**	–
	71,390	28,556

14 PROPERTY, PLANT AND EQUIPMENT

	Construction in progress HK$'000	Medium term leasehold buildings outside Hong Kong HK$'000	Golf club facilities HK$'000	Vessels HK$'000	Furniture, fixtures, equipment motor vehicles, plant and machinery and leasehold improvements HK$'000	Total HK$'000
Year ended 31 December 2016						
Cost or valuation:						
At 1 January 2016	165,442	354,230	124,530	286,873	416,598	1,347,673
Additions	134,755	18,173	24,213	57,729	13,200	248,070
Disposals and write-off	–	(24)	(1,678)	(22,001)	(7,741)	(31,444)
Loss on revaluation, net	–	(31,488)	–	–	–	(31,488)
Transfer in/(out)	(120,518)	–	6,769	89,984	23,765	–
Exchange realignment	(9,670)	(21,914)	(9,122)	(23,444)	(27,413)	(91,563)
At 31 December 2016	170,009	318,977	144,712	389,141	418,409	1,441,248
Accumulated depreciation and impairment:						
At 1 January 2016	–	–	12,912	143,466	284,007	440,385
Depreciation charge	–	18,343	9,736	25,844	27,615	81,538
Disposals and write-off	–	(12)	(1,454)	(21,657)	(7,030)	(30,153)
Loss on revaluation, net	–	(18,331)	–	–	–	(18,331)
Exchange realignment	–	–	(1,165)	(9,273)	(18,655)	(29,093)
At 31 December 2016	–	–	20,029	138,380	285,937	444,346
Net book amount:						
At 31 December 2016	170,009	318,977	124,683	250,761	132,472	996,902
At 31 December 2015	165,442	354,230	111,618	143,407	132,591	907,288
At 31 December 2016						
Analysis of cost or valuation:						
At cost	170,009	–	144,712	389,141	418,409	1,122,271
At valuation	–	318,977	–	–	–	318,977
	170,009	318,977	144,712	389,141	418,409	1,441,248

14 PROPERTY, PLANT AND EQUIPMENT *(Continued)*

	Construction in progress HK$'000	Medium term leasehold buildings outside Hong Kong HK$'000	Golf club facilities HK$'000	Vessels HK$'000	Furniture, fixtures, equipment motor vehicles, plant and machinery and leasehold improvements HK$'000	Total HK$'000
Year ended 31 December 2015						
Cost or valuation:						
At 1 January 2015	109,659	356,460	45,607	297,755	430,988	1,240,469
Additions	100,645	1,681	59,819	8,189	9,412	179,746
Disposals and write-off	–	(2,327)	(3,114)	(1,285)	(10,948)	(17,674)
Gain on revaluation, net	–	22,255	–	–	–	22,255
Deficit on revaluation charged to statement of profit or loss	–	(2,344)	–	–	–	(2,344)
Transfer in/(out)	(36,105)	467	22,883	–	12,755	–
Exchange realignment	(8,757)	(21,962)	(665)	(17,786)	(25,609)	(74,779)
At 31 December 2015	165,442	354,230	124,530	286,873	416,598	1,347,673
Accumulated depreciation and impairment:						
At 1 January 2015	–	–	6,932	145,419	285,371	437,722
Depreciation charge	–	17,180	9,151	7,973	25,924	60,228
Disposals and write-off	–	(1,319)	(2,764)	(1,031)	(9,881)	(14,995)
Gain on revaluation, net	–	(15,861)	–	–	–	(15,861)
Exchange realignment	–	–	(407)	(8,895)	(17,407)	(26,709)
At 31 December 2015	–	–	12,912	143,466	284,007	440,385
Net book amount:						
At 31 December 2015	165,442	354,230	111,618	143,407	132,591	907,288
At 31 December 2014	109,659	356,460	38,675	152,336	145,617	802,747
At 31 December 2015						
Analysis of cost or valuation:						
At cost	165,442	–	124,530	286,873	416,598	993,443
At valuation	–	354,230	–	–	–	354,230
	165,442	354,230	124,530	286,873	416,598	1,347,673

14 PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Had the Group's medium term leasehold buildings outside Hong Kong been carried at cost less accumulated depreciation, they would have been included in the financial statements at a net book value of HK$227,376,000 (2015: HK$271,446,000).

Depreciation expenses of HK$75,363,000 (2015: HK$54,482,000) has been charged in "Cost of sales", HK$913,000 (2015: HK$645,000) in "Selling and distribution expenses" and HK$5,262,000 (2015: HK$5,101,000) in "Administrative expenses".

During the year, the Group has capitalised borrowing costs amounting to HK$12,363,000 (2015: HK$7,208,000) in construction in progress. Borrowings costs were capitalised at weighted average rate of 2.80% (2015: 3.43%).

Fair value hierarchy

As at 31 December 2016, the fair value measurement of these land and buildings is categorised in level 3 of the fair value hierarchy (i.e., fair value measurement using significant unobservable inputs).

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

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

	Leasehold buildings located in the Group's theme park and amusement park HK$'000	Leasehold buildings located in the Group's resort hotel, excluding the main building, office building and various ancillary facilities HK$'000	Remaining leasehold buildings located in the Group's resort hotel, the PRC HK$'000	A residential building temporarily leased to a third party located in Zhuhai, the PRC HK$'000	Remaining residential buildings located in Zhuhai, the PRC HK$'000	Total HK$'000
Carrying amount at 1 January 2016	192,174	57,268	78,898	12,903	12,987	354,230
Additions	1,594	16,579	–	–	–	18,173
Depreciation charge	(11,658)	(2,359)	(3,060)	(631)	(635)	(18,343)
Disposals and write-off	(12)	–	–	–	–	(12)
Loss on property revaluation, net, recognised in other comprehensive income	(15,584)	(5,150)	747	3,407	3,423	(13,157)
Exchange realignment	(11,122)	(4,011)	(4,908)	(933)	(940)	(21,914)
Carrying amount at 31 December 2016	155,392	62,327	71,677	14,746	14,835	318,977

14 PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Fair value hierarchy *(Continued)*

	Leasehold buildings located in the Group's theme park and amusement park HK$'000	Leasehold buildings located in the Group's resort hotel, excluding the main building, office building and various ancillary facilities HK$'000	Remaining leasehold buildings located in the Group's resort hotel, the PRC HK$'000	Remaining leasehold buildings located in Zhuhai, the PRC HK$'000	Total HK$'000
Carrying amount at 1 January 2015	186,342	62,039	87,835	20,244	356,460
Additions	1,638	43	–	–	1,681
Transfer from construction in progress	467	–	–	–	467
Depreciation charge	(11,201)	(2,368)	(3,352)	(259)	(17,180)
Disposals and write-off	(1,008)	–	–	–	(1,008)
Gain on property revaluation, net, recognised in other comprehensive income	30,194	1,104	(692)	7,510	38,116
Deficit on valuation charged to statement of profit or loss	(2,344)	–	–	–	(2,344)
Exchange realignment	(11,914)	(3,550)	(4,893)	(1,605)	(21,962)
Carrying amount at 31 December 2015	192,174	57,268	78,898	25,890	354,230

VALUATION PROCESSES OF THE GROUP

The Group's medium term leasehold buildings outside Hong Kong were valued at 31 December 2016 and 2015 by independent professionally qualified valuers who hold a recognised relevant professional qualification.

The Group's finance department includes a team that review the valuations performed by the independent valuers for financial reporting purposes. This team reports directly to the senior management. Discussions of valuation processes and results are held between management and valuers annually. As at 31 December 2016 and 2015, the fair values of the properties have been determined by Knight Frank Petty Limited ("Knight Frank").

At each financial year end the finance department:

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

14 PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Fair value hierarchy *(Continued)*

VALUATION TECHNIQUE

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

(2) Fair value of leasehold buildings located in the Group's resort hotel excluding the main building, office building and various ancillary facilities is derived using direct comparison method. Under this method, fair value is estimated with reference to market comparable sales evidence available in the market.

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

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

(4) Due to the fact that discounted cash flow method is more appropriate in valuation of properties than direct comparison method, the Group changed its valuation technique for a residential building temporary leased to a third party located in Zhuhai, the PRC from direct comparison method to discounted cash flow method.

(5) Fair value of remaining residential building located in Zhuhai, the PRC is derived using direct comparison method. Under this method, fair value is estimated with reference to market comparable sales evidence available in the market.

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

14 PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Fair value hierarchy *(Continued)*

VALUATION TECHNIQUE *(Continued)*

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

2016

	Valuation techniques	Significant unobservable inputs	Range of unobservable inputs (weighted average)	Relationship of unobservable inputs to fair value
Leasehold buildings located in the Group's theme park and amusement park	Cost approach (Depreciated replacement cost method)	Construction cost by use	RMB2,000 to RMB5,500 per square meter	The higher the depreciated replacement cost, the higher the fair value
Leasehold buildings located in the Group's resort hotel, excluding the main building, office building, and various ancillary facilities	Direct comparison method	Price	RMB8,000 per square meter	The higher the price, the higher the fair value
Remaining leasehold buildings located in the Group's resort hotel, the PRC	Income approach (Discounted cash flow method)	Estimated rental value	RMB560 per night	The higher the estimated rental value, the higher the fair value
		Discount rate	6.5%	The higher the discount rate, the lower the fair value
		Occupancy rate	59%	The higher the occupancy rate, the higher the fair value
A residential building temporarily leased to a third party located in Zhuhai, the PRC	Income approach (Discounted cash flow method)	Unit market rent	RMB21 per square metre per month	The higher the unit market rent, the higher the fair value
		Capitalisation rate	2.5%	The higher the capitalisation rate, the lower the fair value
Remaining residential buildings located in Zhuhai, the PRC	Direct comparison method	Price	RMB9,600 per square meter	The higher the price, the higher the fair value

14 PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Fair value hierarchy *(Continued)*

VALUATION TECHNIQUE *(Continued)*

2015

	Valuation techniques	Significant unobservable inputs	Range of unobservable inputs (weighted average)	Relationship of unobservable inputs to fair value
Leasehold buildings located in the Group's theme park and amusement park	Cost approach (Depreciated replacement cost method)	Construction cost by use	RMB1,800 to RMB5,400 per square metre	The higher the depreciated replacement cost, the higher the fair value
Leasehold buildings located in the Group's resort hotel, excluding the main building, office building, and various ancillary facilities	Direct comparison method	Price	RMB7,800 per square metre	The higher the price, the higher the fair value
Remaining leasehold buildings located in the Group's resort hotel, the PRC	Income approach (Discounted cash flow method)	Estimated rental value	RMB550 per night	The higher the estimated rental value, the higher the fair value
		Discount rate	6.5%	The higher the discount rate, the lower the fair value
		Occupancy rate	59%	The higher the occupancy rate, the higher the fair value
Remaining leasehold buildings located in Zhuhai, the PRC	Direct comparison method	Price	RMB7,900 per square metre	The higher the price, the higher the fair value

15 PREPAID LAND LEASE PAYMENTS

	2016 HK$'000	2015 HK$'000
At 1 January	**387,383**	418,538
Amortisation charge	**(13,482)**	(14,286)
Exchange realignment	**(17,827)**	(16,869)
	356,074	387,383

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

Amortisation charge of HK$13,482,000 (2015: HK$14,286,000) is included in the "Cost of sales".

16 RIGHTS TO USE PORT FACILITIES

	2016 HK$'000	2015 HK$'000
At 1 January	**16,593**	18,350
Amortisation charge	**(671)**	(729)
Exchange realignment	**(1,025)**	(1,028)
At 31 December	**14,897**	16,593

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

Amortisation charge of HK$671,000 (2015: HK$729,000) is included in the "Cost of sales".

17 PROPERTIES UNDER DEVELOPMENT

	31 December 2016 HK$'000	31 December 2015 HK$'000
Properties under development expected to be completed:		
– Within one operating cycle included under current assets	**2,967,522**	3,276,251
– Beyond one operating cycle included under non-current assets	**4,173,057**	4,407,397
	7,140,579	7,683,648
Properties under development expected to be completed and available-for-sale:		
– Within one year	**1,971,085**	2,800,911
– Beyond one year	**5,169,494**	4,882,737
	7,140,579	7,683,648
Properties under development comprise:		
– Capitalised interests	**937,235**	781,422
– Land use rights	**4,579,447**	5,397,128
– Construction costs and capitalised expenditures	**1,623,897**	1,505,098
	7,140,579	7,683,648

As at 31 December 2016, certain land use rights with a carrying amount of HK$2,772,691,000 (2015: HK$4,395,068,000) included in properties under development were pledged to secure the Group's borrowings.

18 COMPLETED PROPERTIES HELD-FOR-SALE

	31 December 2016 HK$'000	31 December 2015 HK$'000
Completed properties held-for-sale comprise:		
– Capitalised interests	**306**	8,589
– Land use rights	**2,270**	58,255
– Construction costs and capitalised expenditures	**3,376**	54,177
	5,952	121,021

19 INTANGIBLE ASSET

	HK$'000
At 1 January 2015	
Cost	29,162
Accumulated impairment	(24,262)
Net book amount	4,900
Year ended 31 December 2015	
Opening net book amount	4,900
Exchange realignment	(286)
Closing net book amount	4,614
At 31 December 2015	
Cost	27,459
Accumulated impairment	(22,845)
Net book amount	4,614
Year ended 31 December 2016	
Opening net book amount	**4,614**
Exchange realignment	**(293)**
Closing net book amount	**4,321**
At 31 December 2016	
Cost	**25,718**
Accumulated impairment	**(21,397)**
Net book amount	**4,321**

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

The recoverable amount of the golf club membership at 31 December 2016 and 2015 was determined by the Group with reference to the open market basis assessed by Knight Frank.

20 PRINCIPAL SUBSIDIARIES

(a) The following is a list of the principal subsidiaries at 31 December 2016:

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued and paid-up registered capital	Proportion of ordinary shares directly held by the Group (%)	Proportion of ordinary shares directly held by non-controlling interests (%)
Zhuhai Holiday Resort Hotel Co., Ltd. (Note a)	PRC, Limited liability company	Management of a holiday resort in the PRC	HK$184,880,000	100	–
The New Yuanming Palace Tourist Co., Ltd. of Zhuhai S.E.Z. (Note a)	PRC, Limited liability company	Management of a theme park in the PRC	RMB60,000,000	100	–
珠海市水上娛樂有限公司 (Note a)	PRC, Limited liability company	Management of an amusement park in the PRC	RMB22,500,000	100	–
Zhuhai Jiuzhou Port Passenger Traffic Services Co., Ltd. ("Jiuzhou Port Company") (Note b)	PRC, Limited liability company	Provision of port facilities in the PRC	RMB42,330,000	90	10
Zhuhai High-speed Passenger Ferry Co., Ltd. ("Ferry Company") (Notes c, d)	PRC, Limited liability company	Provision of ferry services in the PRC	RMB65,374,000	49	51
珠海經濟特區海通船務有限公司 (Note e)	PRC, Limited liability company	Provision of ferry services in the PRC	RMB15,000,000	49 (Note f)	51

20 PRINCIPAL SUBSIDIARIES *(Continued)*

(a) The following is a list of the principal subsidiaries at 31 December 2016: *(Continued)*

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued and paid-up registered capital	Proportion of ordinary shares directly held by the Group (%)	Proportion of ordinary shares directly held by non-controlling interests (%)
珠海市九洲郵輪有限公司 (Note e)	PRC, Limited liability company	Provision of ferry services in the PRC	RMB20,000,000	49 (Note f)	51
珠海九洲能源有限公司 (Note e)	PRC, Limited liability company	Trading and distribution of fuel oil in the PRC	RMB30,000,000	49 (Note f)	51
珠海九控房地產有限公司 ("ZJ Development") (Note c)	PRC, Limited liability company	Property development in the PRC	US$24,080,000	60	40
珠海國際賽車場高爾夫俱樂部有限公司 ("Zhuhai Golf") (Note c)	PRC, Limited liability company	Operation of a golf club in the PRC	US$8,800,000	60	40

Notes:

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

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

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

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

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

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

20 PRINCIPAL SUBSIDIARIES *(Continued)*

(b) Material non-controlling interests

The total non-controlling interests as at 31 December 2016 is HK$1,356,098,000 (2015: HK$1,455,616,000), of which HK$277,632,000 (2015: HK$329,515,000) is for Ferry Company and its subsidiaries ("Ferry Company Group") and HK$998,693,000 (2015: HK$1,039,717,000) is attributed to ZJ Development and its subsidiaries ("ZJ Development Group"). The non-controlling interests in respect of other entities are not material.

SUMMARISED FINANCIAL INFORMATION ON SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

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

SUMMARISED STATEMENT OF FINANCIAL POSITION

	Ferry Company Group		ZJ Development Group	
	31 December 2016 HK$'000	31 December 2015 HK$'000	**31 December 2016 HK$'000**	31 December 2015 HK$'000
Current				
Assets	**428,232**	552,476	**4,834,058**	4,635,156
Liabilities	**(147,781)**	(139,818)	**(5,238,767)**	(3,995,644)
Total current net assets/(liabilities)	**280,451**	412,658	**(404,709)**	639,512
Non-current				
Assets	**318,727**	266,955	**4,119,800**	4,386,740
Liabilities	**(54,802)**	(33,505)	**(1,218,358)**	(2,426,959)
Total non-current net assets	**263,925**	233,450	**2,901,442**	1,959,781
Net assets	**544,376**	646,108	**2,496,733**	2,599,293

20 PRINCIPAL SUBSIDIARIES *(Continued)*

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

SUMMARISED STATEMENT OF PROFIT OR LOSS

	Ferry Company Group Year ended 31 December		ZJ Development Group Year ended 31 December	
	2016 HK$'000	2015 HK$'000	**2016 HK$'000**	2015 HK$'000
Revenue	**2,917,305**	2,344,780	**1,727,757**	435,682
Profit before tax	**336,594**	387,077	**233,097**	94,732
Income tax expense	**(83,143)**	(95,385)	**(153,141)**	(69,916)
Other comprehensive loss	**(55,727)**	(47,188)	**(182,516)**	(166,344)
Total comprehensive income/(loss) for the year	**197,724**	244,504	**(102,560)**	(141,528)
Total comprehensive income/(loss) allocated to non-controlling interests	**100,839**	124,697	**(41,024)**	(56,611)
Dividend paid to non-controlling shareholders	**152,722**	82,065	**–**	–

20 PRINCIPAL SUBSIDIARIES *(Continued)*

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

SUMMARISED STATEMENT OF CASH FLOWS

	Ferry Company Group Year ended 31 December		ZJ Development Group Year ended 31 December	
	2016 HK$'000	2015 HK$'000	**2016 HK$'000**	2015 HK$'000
Cash flows generated from operating activities				
Cash generated from operations	**534,091**	345,514	**1,179,738**	355,975
Interest paid	**1,088**	783	**186,088**	409,866
Income tax paid	**(84,085)**	(90,347)	**(187,570)**	(24,202)
Net cash generated from operating activities	**451,094**	255,950	**1,178,256**	741,639
Net cash (used in)/generated from investing activities	**(110,412)**	(32,227)	**2,280**	3,288
Net cash used in financing activities	**(315,546)**	(161,758)	**(1,003,442)**	(409,866)
Net increase in cash and cash equivalents	**25,136**	61,965	**177,094**	335,061
Cash and cash equivalents at beginning of year	**284,808**	235,569	**450,230**	129,342
Exchange losses on cash and cash equivalent	**(16,405)**	(12,726)	**(29,722)**	(14,173)
Cash and cash equivalents at end of year	**293,539**	284,808	**597,602**	450,230

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

21 INTEREST IN A JOINT VENTURE

	2016 HK$'000	2015 HK$'000
At 1 January	**12,949**	12,109
Share of (loss)/profit	**(420)**	1,469
Exchange realignment	**(803)**	(629)
At 31 December	**11,726**	12,949

Particulars of the Group's joint venture indirectly held by the Company as at 31 December 2016 are as follows:

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

珠海市珠澳輪渡有限公司 is a private company and not significant to the Group. There is no quoted market price available for its shares.

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

22 INTERESTS IN ASSOCIATES

	2016 HK$'000	2015 HK$'000
At 1 January	**6,631**	4,614
Share of profit	**990**	2,304
Dividend received	**(1,913)**	–
Exchange realignment	**(410)**	(287)
At 31 December	**5,298**	6,631

Particulars of the associates as at 31 December 2016 are as follows:

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

All the associates are private companies and not significant to the Group. There are no quoted market prices available for their shares.

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

23 AVAILABLE-FOR-SALE INVESTMENTS

	31 December 2016 HK$'000	31 December 2015 HK$'000
Hong Kong listed equity investments, at fair value and denominated in HK$	10,800	18,600
Financial products, at fair value and denominated in RMB	–	17,904
	10,800	36,504
Less: non-current portion	(10,800)	(18,600)
Current portion	–	17,904

	2016 HK$'000	2015 HK$'000
At 1 January	36,504	12,600
Additions	–	19,015
Disposal of available-for-sale investments	(17,904)	–
Net (loss)/gain recognised as other comprehensive income	(7,800)	6,000
Exchange realignment	–	(1,111)
At 31 December	10,800	36,504

24 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

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

	31 December 2016 HK$'000	31 December 2015 HK$'000
Rental prepayments	2,534	3,030
Other prepayments and deposits	55,657	74,062
	58,191	77,092

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

	31 December 2016 HK$'000	31 December 2015 HK$'000
Prepayments	202,093	216,188
Deposits and other receivables	31,802	34,024
	233,895	250,212

(i) The fair values of the Group's deposits and other receivables as at 31 December 2016 and 2015 approximate their carrying amounts.

(ii) The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security.

(iii) The Group's prepayments, deposits and other receivables are mainly denominated in RMB.

25 SECURITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 December 2016 HK$'000	31 December 2015 HK$'000
Listed equity securities in Hong Kong – held-for-trading Investments in Hong Kong, at fair value	**839**	1,038

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

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

26 INVENTORIES

	31 December 2016 HK$'000	31 December 2015 HK$'000
Food, beverages and souvenirs held for resale	**1,603**	1,898
Spare parts and consumables	**20,972**	17,250
	22,575	19,148

The cost of inventories recognised as expense and included in "Cost of sales" amounted to HK$2,242,880,000 (2015: HK$1,621,381,000).

27 TRADE RECEIVABLES

	31 December 2016 HK$'000	31 December 2015 HK$'000
Trade receivables	**126,069**	131,451
Less: allowance for impairment of trade receivables	**(9,956)**	(9,654)
	116,113	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 at the end of the reporting period, based on the invoice date, is as follows:

	31 December 2016 HK$'000	31 December 2015 HK$'000
Current to 3 months	**107,479**	121,701
4 to 6 months	**846**	865
7 to 12 months	**1**	859
Over 12 months	**17,743**	8,026
	126,069	131,451

27 TRADE RECEIVABLES *(Continued)*

As of 31 December 2016, trade receivables of HK$10,007,000 (31 December 2015: HK$1,579,000) were past due but not impaired. These relate to a number of independent customers for whom there is no significant financial difficulty and based on past experience, the overdue amounts can be recovered. The ageing analysis of these trade receivables is as follows:

	31 December 2016 HK$'000	31 December 2015 HK$'000
Within 1 year	**393**	1,579
Over 1 year	**9,614**	–
	10,007	1,579

As of 31 December 2016, trade receivables of HK$9,956,000 (31 December 2015: HK$9,654,000) were impaired and provided. The ageing of these receivables is as follows:

	31 December 2016 HK$'000	31 December 2015 HK$'000
Current to 3 months	**1,373**	1,483
4 to 6 months	**453**	45
7 to 12 months	**–**	100
Over 12 months	**8,130**	8,026
	9,956	9,654

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

	2016 HK$'000	2015 HK$'000
At 1 January	**9,654**	15,081
Impairment losses recognised/(write-back of impairment), net	**963**	(3,950)
Amount written off as uncollectible	**(8)**	(560)
Exchange realignment	**(653)**	(917)
At 31 December	**9,956**	9,654

The carrying amount of trade receivables approximate their fair value.

28 CASH AND BANK BALANCES

	31 December 2016 HK$'000	31 December 2015 HK$'000
Cash and cash equivalents	**2,327,799**	1,872,865
Tourism deposits (Note (a))	**1,022**	1,074
Deposits for construction fee payable (Note (b))	**37,757**	46,111
Guarantee deposits for construction of pre-sold properties (Note (c))	**906,747**	553,989
Pledged deposits for borrowings (Note (d))	**118,538**	122,219
Deposits for issuance of bill payables	**3,357**	–
Restricted bank balance	**1,067,421**	723,393

Notes:

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

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

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

(d) As at 31 December 2016, HK$118,538,000 (2015: HK$122,219,000) are pledged deposits for certain bank borrowings.

As at 31 December 2016, the cash and bank balances of the Group denominated in RMB amounted to approximately HK$2,911,945,000 (31 December 2015: HK$2,302,936,000). RMB is not freely convertible into other currencies. However, under the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

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

The carrying amount of cash and bank balances approximate their fair value.

29 FINANCIAL INSTRUMENTS BY CATEGORY

	Assets at fair value through profit or loss HK$'000	Loans and receivables HK$'000	Available-for-sale HK$'000	Total HK$'000
31 December 2016				
Assets as per consolidated statement of financial position				
Available-for-sale investments	–	–	10,800	10,800
Securities measured at fair value through profit or loss	839	–	–	839
Trade receivables	–	116,113	–	116,113
Financial assets included in other receivables	–	31,802	–	31,802
Due from related companies	–	6,680	–	6,680
Restricted bank balance	–	1,067,421	–	1,067,421
Cash and cash equivalents	–	2,327,799	–	2,327,799
	839	3,549,815	10,800	3,561,454

	Assets at fair value through profit or loss HK$'000	Loans and receivables HK$'000	Available-for-sale HK$'000	Total HK$'000
31 December 2015				
Assets as per consolidated statement of financial position				
Available-for-sale investments	–	–	36,504	36,504
Securities measured at fair value through profit or loss	1,038	–	–	1,038
Trade receivables	–	121,797	–	121,797
Financial assets included in other receivables	–	34,024	–	34,024
Due from related companies	–	8,847	–	8,847
Restricted bank balance	–	723,393	–	723,393
Cash and cash equivalents	–	1,872,865	–	1,872,865
	1,038	2,760,926	36,504	2,798,468

29 FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

	31 December 2016 HK$'000	31 December 2015 HK$'000
Liabilities as per consolidated statement of financial position		
Financial liabilities at amortised cost:		
Trade and bill payables	**42,994**	27,284
Financial liabilities included in deferred income, accrued liabilities and other payables	**124,142**	186,273
Construction payables	**486,762**	549,732
Interest-bearing bank and other borrowings	**2,654,946**	2,824,085
Promissory note	**–**	353,714
Due to a major shareholder	**9,707**	17,893
Due to related companies	**15,984**	10,903
Convertible bonds	**–**	542,083
Loan from a major shareholder	**670,758**	256,631
	4,005,293	4,768,598

30 TRADE AND BILL PAYABLES

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

	31 December 2016 HK$'000	31 December 2015 HK$'000
Current to 3 months	**27,224**	22,315
4 to 6 months	**208**	580
7 to 12 months	**68**	320
Over 12 months	**4,304**	4,069
	31,804	27,284
Bill payables	**11,190**	–
Trade and bill payables	**42,994**	27,284

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

31 DEFERRED INCOME, ACCRUED LIABILITIES AND OTHER PAYABLES

	31 December 2016 HK$'000	31 December 2015 HK$'000
Accrued liabilities and other payables	**288,627**	412,429
Deferred income	**208,243**	192,244
	496,870	604,673
Less: Current portion	**(277,277)**	(420,042)
Non-current portion	**219,593**	184,631

Except for a loan from a non-controlling shareholder of RMB17,140,000 (approximately HK$19,161,000) (2015: Nil) which bears interests at 4.75% (2015: Nil) per annum and is repayable in 2019, other payables are non-interest-bearing and have average payment terms of one to three months.

The accrued liabilities and other payables mainly include accrued staff costs, advances from customers, interest payables and accrued vessel maintenance fund.

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

32 CONSTRUCTION PAYABLES

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

33 INTEREST-BEARING BANK AND OTHER BORROWINGS

	31 December 2016 HK$'000	31 December 2015 HK$'000
Non-current		
Entrusted Loan – secured (Note (a))	–	1,432,356
Bank loans and syndicated loan – secured (Note (b))	2,653,298	941,989
	2,653,298	2,374,345
Current		
Entrusted Loan – secured (Note (a))	–	358,089
Bank loans – secured (Note (b))	–	91,651
Bank loans – unsecured	1,648	–
	1,648	449,740
	2,654,946	2,824,085

At 31 December 2016, the Group's borrowings were repayable as follows:

	Bank loans and syndicated loan		Entrusted Loan		Total	
	31 December 2016 HK$'000	31 December 2015 HK$'000	31 December 2016 HK$'000	31 December 2015 HK$'000	31 December 2016 HK$'000	31 December 2015 HK$'000
Within 1 year	1,648	91,651	–	358,089	1,648	449,740
Between 1 and 2 years	1,079,483	23,783	–	537,134	1,079,483	560,917
Between 2 and 5 years	1,573,815	918,206	–	895,222	1,573,815	1,813,428
Over 5 years	–	–	–	–	–	–
	2,654,946	1,033,640	–	1,790,445	2,654,946	2,824,085

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

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

	31 December 2016 HK$'000	31 December 2015 HK$'000
6 months or less	**1,982,540**	897,625

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

	31 December 2016 HK$'000	31 December 2015 HK$'000
HK$	**1,982,540**	897,625
RMB	**672,406**	1,926,460
	2,654,946	2,824,085

(a) The Entrusted Loan, with an original maturity date in 2018, was early repaid in full during the year ended 31 December 2016.

(b) As at 31 December 2016, the Group's bank loans of HK$111,793,000 (2015: HK$119,363,000) are secured by its bank deposits.

As at 31 December 2016 and 2015, 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 2016, ZJ Holdings and the Company have executed guarantees in respect of a loan of RMB500,000,000 (equivalent to HK$558,965,000) ("Loan") borrowed by ZJ Development up to RMB500,000,000 (equivalent to HK$558,965,000). As at 31 December 2016, the repayment obligation of the Group under the Loan was secured by certain land use rights included in the properties under development of the Group of HK$2,772,691,000. (2015: Nil)

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) The fair value of borrowings approximates their carrying amount.

(d) Borrowings bear average coupons of 0.5% – 5.94% per annum (2015: 0.5% – 9.43% per annum). The capitalisation rate of borrowings for assets under construction was 4.05% for the year ended 31 December 2016 (2015: 7.42%).

34 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

(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).

34 CONVERTIBLE BONDS *(Continued)*

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 per share. 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.

On 29 August 2016, the convertible bonds with aggregate principal amount of HK$480,000,000 were early redeemed by the Company at a consideration of HK$614,500,000. Loss on redemption of convertible bonds of HK$28,740,000, being the difference of consideration of HK$614,500,000 and carrying value of CB of HK$585,760,000 was recognised in "Other income and gains, net". The equity component (convertible bonds equity reserve) of HK$66,026,000 was transferred to retained profits.

Movement of the CB during the year:

	2016 **HK$'000**	2015 HK$'000
At 1 January	**542,083**	506,994
Conversion of convertible bonds	**–**	(21,611)
Interest expenses	**55,677**	81,086
Interest paid	**(12,000)**	(24,386)
Redemption	**(585,760)**	–
At 31 December	**–**	542,083

35 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 year are as follows:

	2016 HK$'000	2015 HK$'000
At 1 January	**353,714**	517,224
Net repayment*	**(374,678)**	(196,658)
Interest expenses	**20,964**	33,148
At 31 December	**–**	353,714
Less: Current portion	**–**	(200,000)
Non-current portion	**–**	153,714

* During the year ended 31 December 2016, Dragon Hill Corporation Limited ("Dragon Hill"), 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 year ended 31 December 2016.

During the year ended 31 December 2015, Dragon Hill offered a rebate option of cash amount calculated at a discounting rate of 5% per annum from the date of repayment until the maturity date of 31 December 2015 to the Group in relation to early settlement of principal amount of HK$200,000,000. A net amount of HK$196,658,000 was settled by the Group during the year ended 31 December 2015.

36 WARRANTS

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

No Warrants were exercised from issue date to 31 December 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 issue date.

37 DEFERRED INCOME TAX

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

	31 December 2016 HK$'000	31 December 2015 HK$'000
Deferred tax assets:		
– Deferred tax asset to be recovered after more than 12 months	**(114,205)**	(65,320)
Deferred tax liabilities:		
– Deferred tax liability to be settled after more than 12 months	**697,936**	844,710
– Deferred tax liability to be settled within 12 months	**22,812**	13,498
	720,748	858,208
Deferred tax liabilities (net)	**606,543**	792,888

The gross movements on the deferred income tax account are as follows:

	2016 HK$'000	2015 HK$'000
At 1 January	**792,888**	853,578
Credited to the statement of profit or loss	**(136,997)**	(22,460)
Tax (credit)/charge relating to components of other comprehensive income	**(3,289)**	9,529
Exchange realignment	**(46,059)**	(47,759)
At 31 December	**606,543**	792,888

37 DEFERRED INCOME TAX *(Continued)*

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

Deferred tax liabilities

	Leasehold buildings and prepaid land lease payments HK$'000	Fair value adjustments arising from acquisition of subsidiaries and subsequent changes HK$'000	Withholding taxes on undistributed profit of subsidiaries HK$'000	Total HK$'000
At 1 January 2015	43,242	860,063	27,490	930,795
Charged/(credited) to the statement of profit or loss	2,547	(36,491)	4,500	(29,444)
Charged to other comprehensive income	9,529	–	–	9,529
Exchange realignment	(3,158)	(45,139)	(1,605)	(49,902)
At 31 December 2015	52,160	778,433	30,385	860,978
Charged/(credited) to the statement of profit or loss	8	(63,123)	(14,904)	(78,019)
Credited to other comprehensive income	(3,289)	–	–	(3,289)
Exchange realignment	(2,179)	(47,791)	(481)	(50,451)
At 31 December 2016	46,700	667,519	15,000	729,219

37 DEFERRED INCOME TAX *(Continued)*

Deferred tax assets

	Timing difference in sales recognition HK$'000	Depreciation of vessels HK$'000	Unused tax losses, bad debt provision and others HK$'000	Total HK$'000
At 1 January 2015	(38,233)	(14,883)	(24,101)	(77,217)
(Credited)/charged to the statement of profit or loss	(10,878)	2,272	15,590	6,984
Exchange realignment	1,217	599	327	2,143
At 31 December 2015	(47,894)	(12,012)	(8,184)	(68,090)
(Credited)/charged to the statement of profit or loss	(58,775)	(348)	145	(58,978)
Exchange realignment	3,351	826	215	4,392
At 31 December 2016	(103,318)	(11,534)	(7,824)	(122,676)

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred income tax assets of HK$24,540,000 (2015: HK$19,935,000) in respect of losses amounting to HK$124,534,000 (2015: HK$106,116,000) that can be carried forward against future taxable income. Losses arising in Hong Kong amounting to HK$77,582,000 (2015: 77,582,000) are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Losses arising in the PRC amounting to HK$46,952,000 (2015: HK$28,534,000) will expire between 2017 and 2021.

38 DEFINED BENEFIT OBLIGATIONS

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

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

	31 December 2016 HK$'000	31 December 2015 HK$'000
Consolidated statement of financial position obligations for:		
– Defined pension benefits	**115,730**	103,655

	Year ended 31 December	
	2016 HK$'000	2015 HK$'000
Statement of profit or loss charge included in operating profit:		
– Defined pension benefits	**6,713**	9,455

38 DEFINED BENEFIT OBLIGATIONS *(Continued)*

The movements in the defined benefit liability over the year are as follows:

	Year ended 31 December	
	2016	2015
	HK$'000	HK$'000
Opening defined benefit obligations	**103,655**	90,466
Current service	**3,625**	3,795
Past service cost – scheme amendments and changes	**–**	2,196
Interest expense	**3,088**	3,464
	6,713	9,455
Remeasurements:		
– Loss from change in financial assumptions	**10,353**	10,611
– Gain from change in demographic assumptions	**(5,638)**	–
– Experience losses	**12,048**	3,407
	16,763	14,018
Exchange differences	**(7,386)**	(6,427)
Benefit payments	**(4,015)**	(3,857)
Closing defined benefit obligations	**115,730**	103,655

The significant actuarial assumptions were as follows:

Discount rate

	31 December 2016	31 December 2015
Discount rate	**3.4%**	3.1%

38 DEFINED BENEFIT OBLIGATIONS *(Continued)*

Employee turnover rate

Active employees are assumed to leave the Company before retirement in accordance with an age-related table as at 31 December 2016 and 2015:

Age	Employee turnover rate (p.a.)
Less than 25	20%
25 – 29	15%
30 – 39	10%
40 – 54	7.5%
Age 55 and over	5%

Mortality rate

Mortality rate is based on China Life Insurance Mortality Table (2010-2013).

The sensitivity of the defined benefit obligations to changes in the weighted principal assumptions is:

31 December 2016

	Impact on defined benefit obligations		
	Change in assumption	**Increase in assumption** HK$'000	**Decrease in assumption** HK$'000
Discount rate	1%	(15,529)	19,636
Mortality rate	1% p.a. improvement	5,260	(3,656)
Turnover rate	25%	(5,123)	6,164
		(15,392)	22,144

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligations to significant actuarial assumptions, the same method (present value of the defined benefit obligations calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the consolidated statement of financial position.

39 SHARE CAPITAL

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

40 RESERVES

The amounts of the Group's reserves and the movements therein for the years ended 31 December 2016 and 2015 are presented in the consolidated statement of changes in equity.

The contributed surplus of the Group represents the difference between the nominal value of the shares of the subsidiaries acquired, together with the surplus arising on the acquisition of the site of the Group's theme park, pursuant to the Group reorganisation on 30 April 1998, and the nominal value of the Company's shares issued pursuant to the Group reorganisation.

In accordance with the relevant PRC regulations, the group companies established in the PRC are required to transfer a certain percentage of their profits after tax to the statutory reserve funds. Subject to certain restrictions set out in the relevant PRC regulations and the articles of association of the subsidiaries, the statutory reserve funds may be used to offset against losses and/or may be capitalised as paid-up capital.

Other reserve arising on the acquisition of subsidiaries in prior years of HK$200,573,000 (2015: HK$200,573,000) remains eliminated against consolidated reserves.

41 SHARE OPTION SCHEME

Pursuant to an ordinary resolution passed by the annual general meeting of the Company held on 28 May 2012, a share option scheme ("Share Option Scheme") was adopted. The principal terms of the Share Option Scheme are set out in the circular of the Company dated 26 April 2012.

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

41 SHARE OPTION SCHEME *(Continued)*

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

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

On 13 July 2015, the Company has granted an aggregate of 79,600,000 share options ("Share Options") to eligible grantees (the "Grantees"), including certain directors, senior management and connected persons of the Group under the Share Option Scheme.

During the year ended 31 December 2016, 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. The share option reserve amounting to HK$3,847,000 recognised in 2015 was then transferred to retained profits upon the cancellation.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2016	
	Average exercise price in HK$ per share option	Number of share options
At 1 January	2.01	79,600,000
Cancelled during the year	2.01	(79,600,000)
At 31 December		–
Exercisable at 31 December		–

The Company had no share options outstanding as at 31 December 2016.

42 CASH GENERATED FROM OPERATIONS

	Year ended 31 December	
	2016	2015
	HK$'000	HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	**535,174**	472,112
Adjustments for:		
Share of loss/(profits) of a joint venture	**420**	(1,469)
Share of profits of associates	**(990)**	(2,304)
Interest income	**(27,492)**	(26,720)
Finance expenses	**7,003**	2,864
Depreciation	**81,538**	60,228
Amortisation of prepaid land lease payments	**13,482**	14,286
Amortisation of rights to use port facilities	**671**	729
(Gains)/losses on disposal of property, plant and equipment	**(6,970)**	1,940
Loss on redemption of convertible bonds	**28,740**	–
Deficits on property revaluation	**–**	2,344
Capitalised interest included in cost of properties sold	**126,164**	27,752
Securities measured at fair value through profit or loss	**199**	402
Share-based payments	**–**	3,847
	757,939	556,011
Change in working capital:		
Properties under development and completed properties held-for-sale	**360,314**	(1,263,890)
Inventories	**(3,427)**	284
Trade receivables	**(1,226)**	(15,205)
Prepayments, deposits and other receivables	**16,978**	(55,611)
Trade and bill payables	**17,258**	(5,869)
Deferred income, accrued liabilities and other payables	**(118,382)**	42,271
Construction payables	**(10,061)**	442,377
Defined benefit obligations	**2,698**	5,598
Restricted bank balance	**(399,132)**	(545,517)
Balances from related companies	**4,999**	(2,668)
Properties pre-sale proceeds received from customers	**1,544,503**	2,046,489
Cash generated from operations	**2,172,461**	1,204,270

43 FINANCIAL GUARANTEES

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

	Year ended 31 December	
	2016	2015
	HK$'000	HK$'000
Guarantees in respect of mortgage facilities for certain purchasers of the Group's properties	**2,381,860**	802,855

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 owned 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 purchases is minimal and their obligations are well covered by the value of the properties and therefore the fair value of financial guarantees is immaterial.

44 COMMITMENTS

(a) Capital commitments

The Group had the following contracted, but not provided for, commitments at the end of the reporting period:

	31 December 2016 HK$'000	31 December 2015 HK$'000
Property, plant and equipment	**561,695**	453,289
Properties under development	**935,709**	458,676
	1,497,404	911,965

The Group entered into an agreement with an independent third party to pay an annual management fee of RMB24,000,000 (equivalent to HK$28,647,000 at 31 December 2015 or HK$26,830,000 at 31 December 2016) for a period of 90 months for management of the property development project of the Group. As at 31 December 2016, total management fee commitment falling due as follows:

	31 December 2016 HK$'000	31 December 2015 HK$'000
Within one year	**26,830**	28,647
In the second to fifth years, inclusive	**93,906**	114,589
After five years	**–**	14,324
	120,736	157,560

44 COMMITMENTS *(Continued)*

(b) Operating lease commitments

(i) AS LESSOR

The Group leases certain of its leasehold buildings and sub-leases certain of its leased premises under operating lease arrangements, with leases negotiated for original terms ranging from 1 to 15 years. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

As at 31 December 2016, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	31 December 2016 HK$'000	31 December 2015 HK$'000
Within one year	**28,064**	28,696
In the second to fifth years, inclusive	**48,288**	51,357
After five years	**61,582**	68,369
	137,934	148,422

(ii) AS LESSEE

The Group leases certain of its office premises, the port properties and facilities under operating lease arrangements. Leases are negotiated for original terms ranging from 1 to 40 years (2015: 1 to 40 years).

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

	31 December 2016 HK$'000	31 December 2015 HK$'000
Within one year	**9,751**	10,776
In the second to fifth years inclusive	**5,069**	13,538
After five years	**10,507**	13,457
	25,327	37,771

45 RELATED PARTY TRANSACTIONS

The following is a summary of significant related party transactions which, in the opinion of the directors, are entered into in the ordinary course of business between the Company and its related parties, and the balances arising from related party transactions in addition to the related party information shown elsewhere in these financial statements.

The Company's major shareholder is ZJ Holdings, which is a state-owned enterprise established in the PRC. As at 31 December 2016, ZJ Holdings' equity interest in the Company is 41.10% (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) Significant related party transactions

Name	Relationship with the Company	Nature	Year ended 31 December 2016 HK$'000	2015 HK$'000
Zhuhai Jiuzhou Passenger Port and Development Co., Ltd. (formerly known as Zhuhai Jiuzhou Port Passenger Transport Station Co., Ltd.) ("Jiuzhou Passenger Development Company")	A subsidiary of a major shareholder	Port service fees	**2,195**	2,282
ZJ Holdings	A major shareholder	Rental expenses	**5,716**	6,148
ZJ Holdings	A major shareholder	Interest expenses	**30,366**	36,797
Zhuhai Jiuzhou Travel Transport Co., Ltd. ("Jiuzhou Travel Transport")	An associate of a major shareholder	Sales of diesel and petrol	**1,683**	5,282
Zhuhai Wanshan Port Co., Ltd. ("Wanshan Port Company")	A joint venture of a major shareholder	Commission expenses	**9,446**	11,625
Zhuhai Jiuzhou Holdings Investment Co., Ltd.	A subsidiary of a major shareholder	Agency fee income	**4,081**	–

45 RELATED PARTY TRANSACTIONS *(Continued)*

(b) Other transactions with related parties

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

During the year ended 31 December 2016, the amortisation of "Rights to use port facilities" of HK$671,000 (2015: HK$729,000) was charged to "Cost of sales".

(c) Other transactions with key management

(1) As disclosed in the announcement of the Company dated 16 June 2015, Mr. Ye Yuhong, an executive director of the Company, and his close family member entered into a sale and purchase agreement with ZJ Development in respect of the sale and purchase of a residential property under the Cuihu Xiangshan Project, a property development project in Zhuhai, the PRC undertaken by ZJ Development, at a consideration of RMB6,227,383 (approximately HK$7,265,000). The transaction was completed during the year ended 31 December 2016.

(2) As disclosed in the announcement of the Company dated 9 November 2016, Mr. Huang Xin, an executive director of the Company, entered into a sale and purchase agreement with ZJ Development in respect of the sale and purchase of a residential property under the Cuihu Xiangshan Project, a property development project in Zhuhai, the PRC undertaken by ZJ Development, at a consideration of RMB11,555,702 (approximately HK$13,482,000). The transaction was completed during the year ended 31 December 2016.

(d) Key management compensation

	Year ended 31 December	
	2016 **HK$'000**	2015 HK$'000
Salaries, allowances and benefits in kind	**3,328**	2,434
Pension costs – defined contribution plans	**320**	110
Share-based payments	**–**	413
	3,648	2,957

45 RELATED PARTY TRANSACTIONS *(Continued)*

(e) Year-end balances

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

	31 December 2016 HK$'000	31 December 2015 HK$'000
Amounts due from related companies:		
Amount due from associates:		
深圳市機場高速客運有限公司	**3,689**	5,386
珠海市九洲快運有限公司	**45**	–
	3,734	5,386
Amount due from a joint venture:		
珠海市珠澳輪渡有限公司	**–**	81
Subsidiaries of a major shareholder:		
珠海九洲綠色生態旅遊發展有限公司	**–**	222
珠海九洲酒店管理有限公司	**6**	–
珠海九控鄉村旅遊發展有限公司	**5**	–
珠海九洲文化產業投資發展有限公司	**–**	6
	11	228
An associate of a major shareholder:		
Jiuzhou Travel Transport	**119**	960
A joint venture of a major shareholder:		
Wanshan Port Company	**2,816**	2,192
	2,946	3,380
Total	**6,680**	8,847

45 RELATED PARTY TRANSACTIONS *(Continued)*

(e) Year-end balances *(Continued)*

	31 December 2016 HK$'000	31 December 2015 HK$'000
Amounts due to related companies:		
Amount due to a joint venture:		
珠海市珠澳輪渡有限公司	**(126)**	–
Subsidiaries of a major shareholder:		
Zhuhai Holding Resort Co., Ltd.	**(7,700)**	(5,426)
珠海九洲綠道旅遊有限公司	**(571)**	(636)
日昇金舫旅遊有限公司	**(1,675)**	(1,764)
珠海渡假村有限公司加油站	**–**	(2,795)
Jiuzhou Passenger Development Company	**(5,057)**	(274)
珠海南油大酒店	**(11)**	(8)
珠海市九洲航海文化有限公司	**(382)**	–
	(15,396)	(10,903)
Amount due to a non-controlling interest:		
湖南龍驤橘子洲旅遊服務開發有限責任公司	**(462)**	–
Total	**(15,984)**	(10,903)
Amounts due to a major shareholder:		
ZJ Holdings	**(9,707)**	(17,893)
Less: non-current portion	**–**	13,067
Current portion	**(9,707)**	(4,826)
Loan from a major shareholder:		
ZJ Holdings	**(670,758)**	(256,631)

Except for a loan from a major shareholder of RMB600,000,000 (approximately HK$670,758,000) (2015: RMB215,000,000 (approximately HK$256,631,000)) which bears interests at 6.5% (2015: 13%) per annum and repayable in 2017, the balances with related companies and a major shareholder are unsecured, interest-free and repayable on demand. The balances with related companies and a major shareholder approximate their fair value.

46 STATEMENT OF FINANCIAL POSITION AND RESERVES MOVEMENT OF THE COMPANY

(a) Statement of financial position of the Company

	31 December 2016 HK$'000	31 December 2015 HK$'000
NON-CURRENT ASSETS		
Property, plant and equipment	**140**	266
Investments in subsidiaries	**3,401,067**	3,241,869
Available-for-sale investments	**10,800**	18,600
Total non-current assets	**3,412,007**	3,260,735
CURRENT ASSETS		
Securities measured at fair value through profit or loss	**839**	1,038
Deposits and other receivables	**804**	719
Restricted bank balance	**118,538**	122,219
Cash and cash equivalents	**472,108**	286,920
Total current assets	**592,289**	410,896
Total assets	**4,004,296**	3,671,631

46 STATEMENT OF FINANCIAL POSITION AND RESERVES MOVEMENT OF THE COMPANY *(Continued)*

(a) Statement of financial position of the Company *(Continued)*

	31 December 2016 HK$'000	31 December 2015 HK$'000
CURRENT LIABILITIES		
Accrued liabilities and other payables	**9,438**	7,745
Interest-bearing bank borrowings	**–**	75,000
Promissory note	**–**	200,000
Total current liabilities	**9,438**	282,745
NON-CURRENT LIABILITIES		
Convertible bonds	**–**	542,083
Promissory note	**–**	153,714
Interest-bearing bank borrowings	**1,982,540**	822,625
Total non-current liabilities	**1,982,540**	1,518,422
Total liabilities	**1,991,978**	1,801,167
EQUITY		
Share capital	**142,780**	142,780
Reserves	**1,869,538**	1,727,684
Total equity	**2,012,318**	1,870,464
Total equity and liabilities	**4,004,296**	3,671,631

The statement of financial position was approved by the Board of Directors on 28 March 2017 and was signed on its behalf.

Huang Xin
Director

Zhou Shaoqiang
Director

46 STATEMENT OF FINANCIAL POSITION AND RESERVES MOVEMENT OF THE COMPANY *(Continued)*

(b) Reserves movement of the Company

	Contributed surplus HK$'000	Share premium HK$'000	Warrant reserve HK$'000	Convertible bonds equity reserve HK$'000	Available-for-sale investments revaluation reserve HK$'000	Share option reserve HK$'000	Retained profits HK$'000	Total HK$'000
For the year ended 31 December 2016								
At 1 January 2016	**628,440**	**911,207**	**690**	**66,026**	**12,800**	**3,847**	**104,674**	**1,727,684**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**178,210**	**178,210**
Redemption of convertible bonds	**–**	**–**	**–**	**(66,026)**	**–**	**–**	**66,026**	**–**
Fair value loss on available-for-sale investments	**–**	**–**	**–**	**–**	**(7,800)**	**–**	**–**	**(7,800)**
Cancellation of share options granted	**–**	**–**	**–**	**–**	**–**	**(3,847)**	**3,847**	**–**
2015 final dividend paid	**–**	**–**	**–**	**–**	**–**	**–**	**(28,556)**	**(28,556)**
At 31 December 2016	**628,440**	**911,207**	**690**	**–**	**5,000**	**–**	**324,201**	**1,869,538**
For the year ended 31 December 2015								
At 1 January 2015	628,440	888,209	690	68,777	6,800	–	80,012	1,672,928
Profit for the year	–	–	–	–	–	–	38,940	38,940
Issue of shares upon conversion of convertible bonds	–	22,998	–	(2,751)	–	–	–	20,247
Fair value gain on available-for-sale investments	–	–	–	–	6,000	–	–	6,000
Share option scheme	–	–	–	–	–	3,847	–	3,847
2014 final dividend paid	–	–	–	–	–	–	(14,278)	(14,278)
At 31 December 2015	628,440	911,207	690	66,026	12,800	3,847	104,674	1,727,684

PROPERTIES UNDER DEVELOPMENT

Location	Use	Site area (sq.m.)	Approximate gross floor area (sq.m.)	Stage	Attributable interest of the Group
South of Jintang East Road, East of Jinfeng Road, Tangjiawan, Hi-tech Development Zone, Zhuhai City, Guangdong Province, the PRC	Commercial/ residential	788,400	718,316	Construction commenced and partially completed	60%

Financial Summary

A summary of the results and assets, liabilities and non-controlling interests of the Group for the last five financial years is set out below.

RESULTS

	Year ended 31 December				
	2016	2015	2014	2013	2012
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
REVENUE	**4,923,667**	3,067,067	1,739,447	1,107,835	967,547
PROFIT BEFORE TAX	**535,174**	472,112	274,945	312,468	164,679
Income tax expense	**(276,116)**	(170,641)	(112,650)	(55,225)	(51,067)
PROFIT FOR THE YEAR	**259,058**	301,471	162,295	257,243	113,612
Profit attributable to:					
Owners of the Company	**84,680**	124,703	59,343	210,322	65,232
Non-controlling interests	**174,378**	176,768	102,952	46,921	48,380
	259,058	301,471	162,295	257,243	113,612

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	31 December				
	2016	2015	2014	2013	2012
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total assets	**12,678,811**	12,419,280	9,473,802	8,342,516	1,898,722
Total liabilities	**(9,274,121)**	(8,731,631)	(5,762,635)	(4,744,077)	(341,285)
Non-controlling interests	**(1,356,098)**	(1,455,616)	(1,441,595)	(1,347,504)	(191,879)
	2,048,592	2,232,033	2,269,572	2,250,935	1,365,558


珠海控股
ZHUHAI HOLDINGS