珠海控股
ZHUHAI HOLDINGS

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

2017 Interim Report

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

CONTENTS

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

Wing Lung Bank, Limited
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
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Bermuda

BRANCH SHARE REGISTRAR

Tricor Tengis Limited
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Hong Kong

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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STOCK CODE

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

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

羅兵咸永道

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

INTRODUCTION

We have reviewed the interim financial information set out on pages 6 to 39, which comprises the interim condensed consolidated statement of financial position of Zhuhai Holdings Investment Group Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2017 and the related interim condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

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

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 30 August 2017

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Note	Six months ended 30 June 2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited) (Restated)
Revenue	6	1,241,898	1,484,160
Cost of sales		(1,024,846)	(1,280,853)
Gross profit		217,052	203,307
Other income and gains, net		53,856	35,599
Selling and distribution expenses		(50,424)	(56,987)
Administrative expenses		(91,798)	(72,657)
Other operating expenses		(2,195)	(726)
Finance expenses	8	(3,639)	(2,766)
Share of (losses)/profit of:			
A joint venture		(245)	(137)
Associates		(312)	549
Profit before tax	7	122,295	106,182
Income tax expense	9	(55,392)	(44,025)
Profit for the period		66,903	62,157
Profit attributable to:			
Owners of the Company		25,131	19,257
Non-controlling interests		41,772	42,900
		66,903	62,157
Earnings per share attributable to owners of the Company for the period			
Basic earnings per share	11	RMB1.76 cents	RMB1.35 cents
Diluted earnings per share	11	RMB1.76 cents	RMB1.09 cents

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
		(Restated)
Profit for the period	**66,903**	62,157
Other comprehensive income/(loss)		
Items that may be reclassified to profit or loss		
Fair value loss on available-for-sale investments	**(1,431)**	(4,524)
Exchange differences on translation of foreign operations	**20,760**	(16,307)
	19,329	(20,831)
Other comprehensive income/(loss) for the period, net of tax	**19,329**	(20,831)
Total comprehensive income for the period	**86,232**	41,326
Attributable to:		
Owners of the Company	**44,460**	(1,574)
Non-controlling interests	**41,772**	42,900
	86,232	41,326

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited) (Restated)
Non-current assets			
Property, plant and equipment	12	**949,239**	891,739
Prepaid land lease payments		**310,067**	318,512
Rights to use port facilities		**13,038**	13,326
Properties under development	13	**3,643,839**	3,732,841
Intangible asset		**3,865**	3,865
Interest in a joint venture		**10,244**	10,489
Interests in associates		**4,427**	4,739
Available-for-sale investments		**7,985**	9,661
Prepayments and deposits		**49,427**	52,052
Restricted bank balance		**100,000**	–
Deferred tax assets		**138,451**	102,158
Total non-current assets		**5,230,582**	5,139,382
Current assets			
Properties under development	13	**3,245,838**	2,654,478
Completed properties held-for-sale		**5,324**	5,324
Securities measured at fair value through profit or loss		**692**	750
Inventories		**18,905**	20,194
Trade receivables	14	**57,358**	103,864
Prepayments, deposits and other receivables		**341,215**	209,222
Prepaid tax		**184,812**	165,076
Due from related companies		**10,711**	5,975
Restricted bank balance		**913,857**	954,819
Cash and cash equivalents		**1,551,645**	2,082,239
Total current assets		**6,330,357**	6,201,941
Total assets		**11,560,939**	11,341,323

	Note	**30 June 2017 RMB'000 (Unaudited)**	31 December 2016 RMB'000 (Audited) (Restated)
Current liabilities			
Trade and bill payables	15	**40,056**	38,459
Deferred income, accrued liabilities and other payables		**228,515**	248,026
Properties pre-sale proceeds received from customers		**4,062,137**	3,329,428
Construction payables		**423,212**	435,413
Interest-bearing bank and other borrowings	16	**347,168**	1,474
Tax payable		**192,159**	301,945
Loan from a major shareholder	17	**–**	600,000
Due to a major shareholder		**8,505**	8,683
Due to related companies		**9,901**	14,298
Total current liabilities		**5,311,653**	4,977,726
Non-current liabilities			
Interest-bearing bank and other borrowings	16	**2,377,980**	2,373,402
Deferred income, accrued liabilities and other payables		**195,732**	196,428
Deferred tax liabilities		**647,653**	644,716
Defined benefit obligations		**105,198**	103,522
Total non-current liabilities		**3,326,563**	3,318,068
Total liabilities		**8,638,216**	8,295,794

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

	Note	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited) (Restated)
Equity			
Equity attributable to owners of the Company			
Share capital	18	**142,874**	142,874
Reserves		**1,670,213**	1,689,612
		1,813,087	1,832,486
Non-controlling interests		**1,109,636**	1,213,043
Total equity		**2,922,723**	3,045,529
Total equity and liabilities		**11,560,939**	11,341,323

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited Capital and reserves attributable to owners of the Company													
	Share capital RMB'000	Share premium RMB'000	Contributed surplus RMB'000	Merger reserve RMB'000	Warrant reserve RMB'000	Other reserve RMB'000	Asset revaluation reserve RMB'000	Available-for-sale investments revaluation reserve RMB'000	Statutory reserve funds RMB'000	Exchange fluctuation reserve RMB'000	Retained profits RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2017 (Restated)	142,874	851,806	477,600	(45,257)	559	(214,613)	80,782	2,764	214,766	(178,109)	499,314	1,832,486	1,213,043	3,045,529
Profit for the period	–	–	–	–	–	–	–	–	–	–	25,131	25,131	41,772	66,903
Other comprehensive (loss)/income	–	–	–	–	–	–	–	(1,431)	–	20,760	–	19,329	–	19,329
Capital injection by non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	–	11,250	11,250
Dividends paid to non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	–	–	(156,429)	(156,429)
2016 final dividend paid	–	–	–	–	–	–	–	–	–	–	(25,544)	(25,544)	–	(25,544)
2016 special dividend paid	–	–	–	–	–	–	–	–	–	–	(38,315)	(38,315)	–	(38,315)
Total transactions with owners of the Company, recognised directly in equity	–	–	–	–	–	–	–	–	–	–	(63,859)	(63,859)	(145,179)	(209,038)
At 30 June 2017	142,874	851,806	477,600	(45,257)	559	(214,613)	80,782	1,333	214,766	(157,349)	460,586	1,813,087	1,109,636	2,922,723

	Unaudited Capital and reserves attributable to owners of the Company															
	Share capital RMB'000 (Restated)	Share premium RMB'000 (Restated)	Contributed surplus RMB'000 (Restated)	Merger reserve RMB'000 (Restated)	Warrant reserve RMB'000 (Restated)	Convertible bonds equity reserve RMB'000 (Restated)	Other reserve RMB'000 (Restated)	Asset revaluation reserve RMB'000 (Restated)	Available-for-sale investments revaluation reserve RMB'000 (Restated)	Statutory reserve funds RMB'000 (Restated)	Share option reserve RMB'000 (Restated)	Exchange fluctuation reserve RMB'000 (Restated)	Retained profits RMB'000 (Restated)	Sub-total RMB'000 (Restated)	Non-controlling interests RMB'000 (Restated)	Total equity RMB'000 (Restated)
At 1 January 2016	142,874	851,806	477,600	(45,257)	559	53,598	(214,613)	89,240	9,450	183,346	3,035	(111,108)	434,603	1,875,133	1,214,306	3,089,439
Profit for the period	–	–	–	–	–	–	–	–	–	–	–	–	19,257	19,257	42,900	62,157
Other comprehensive loss	–	–	–	–	–	–	–	–	(4,524)	–	–	(16,307)	–	(20,831)	–	(20,831)
2015 final dividend paid	–	–	–	–	–	–	–	–	–	–	–	–	(24,477)	(24,477)	–	(24,477)
Total transactions with owners of the Company, recognised directly in equity	–	–	–	–	–	–	–	–	–	–	–	–	(24,477)	(24,477)	–	(24,477)
At 30 June 2016	142,874	851,806	477,600	(45,257)	559	53,598	(214,613)	89,240	4,926	183,346	3,035	(127,415)	429,383	1,849,082	1,257,206	3,106,288

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
		(Restated)
Cash flows from operating activities		
Cash generated from operations	**270,595**	576,157
Income taxes paid	**(217,070)**	(178,054)
Net cash generated from operating activities	**53,525**	398,103
Cash flows from investing activities		
Interest received	**11,189**	11,516
Prepayment for purchases of property, plant and equipment	**(2,490)**	–
Purchases of property, plant and equipment	**(83,529)**	(119,214)
Proceeds from disposal of property, plant and equipment	**13,760**	7,043
Decrease in restricted bank balance	**–**	23,336
Increase in time deposits	**–**	(4,000)
Cash (repayment to)/receipt from an associate	**(121)**	92
Cash receipt from a joint venture	**–**	181
Proceeds from disposal of available-for-sale investments	**–**	15,000
Decrease in construction payables	**(25,032)**	–
Net cash used in investing activities	**(86,223)**	(66,046)

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
		(Restated)
Cash flows from financing activities		
Capital injection by non-controlling interests	**11,250**	–
Increase in restricted bank balance	**(2,732)**	(1,618)
New bank and other borrowings	**400,000**	427,268
Repayment of bank and other borrowings	**(1,474)**	(83,778)
Repayment of promissory note	**–**	(313,898)
Cash receipt from related companies	**781**	248
Cash repayment to related companies	**(988)**	(417)
Dividends paid to shareholders	**(63,859)**	(24,477)
Dividends paid to non-controlling shareholders	**(156,429)**	–
Interest paid	**(70,927)**	(115,728)
Repayment of loan to a shareholder	**(600,000)**	(215,000)
Net cash used in financing activities	**(484,378)**	(327,400)
Net (decrease)/increase in cash and cash equivalents	**(517,076)**	4,657
Cash and cash equivalents at beginning of period	**2,082,239**	1,569,049
Effect of foreign exchange rate changes, net	**(13,518)**	1,581
Cash and cash equivalents at end of period	**1,551,645**	1,575,287

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

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION

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

- investment holding
- management of a holiday resort
- management of a theme park
- management of an amusement park
- operation of a golf club
- property development
- provision of 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.

This condensed consolidated interim financial information is presented in Renminbi ("RMB"), unless otherwise stated. This condensed consolidated interim financial information was approved for issue on 30 August 2017.

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

2 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2017 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, "Interim Financial Reporting". The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2016, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

The Group has changed its presentation currency from Hong Kong dollars ("HK$") to RMB for the preparation of its financial statements for the six months ended 30 June 2017.

Having considered the principal activities of the Group are mainly conducted in the People's Republic of China ("PRC") and the functional currency of those subsidiaries in the PRC are denominated in RMB, the directors of the Company considered that the change would result in a more appropriate presentation of the Group's transactions in the financial statements.

The change in presentation currency has been applied retrospectively. Thus, the comparative figures in these condensed consolidated interim financial information were translated from HK$ to RMB using applicable average rates that approximated to actual rates for items in the interim condensed consolidated statement of profit or loss and interim condensed consolidated statement of comprehensive income and applicable closing rates for items in the interim condensed consolidated statement of financial position.

3 ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2016, as described in those annual financial statements, except for the estimation of income tax using the tax rate that would be applicable to expected total annual earnings and the adoption of amendments to HKFRSs effective for the financial year ending 31 December 2017.

3 ACCOUNTING POLICIES (continued)

(a) Amendments to HKFRSs effective for the financial year ending 31 December 2017 do not have a material impact on the Group.

(b) New and amendments to HKFRSs that have been issued and are effective for periods commencing on or after 1 January 2018 and have not been early adopted by the Group

Standards	Subject of amendment	Effective for annual periods beginning on or after
Annual improvements to HKFRS 1 and HKAS 28	Annual Improvements to HKFRSs 2014-2016 Cycle	1 January 2018
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts	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))	Clarification to HKFRS 15	1 January 2018
Amendments to HKAS 40	Transfers of Investment Properties	1 January 2018
HK(IFIC) – Interpretation 22	Foreign Currency Transactions and Advance Consideration	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

3 ACCOUNTING POLICIES (continued)

(b) New and amendments to HKFRSs that have been issued and are effective for periods commencing on or after 1 January 2018 and have not been early adopted by the Group (continued)

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2018 and have not been early applied. None of these is expected to have a significant impact on the consolidated financial statements of the Group, except the following set out below:

(i) HKFRS 9, "Financial instruments"

HKFRS 9, "Financial Instruments" 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. The Group has decided not to adopt HKFRS 9 until it becomes mandatory on 1 January 2018.

The Group does not expect the new guidance to have a significant impact on the classification and measurement of its financial assets for the following reasons:

- A fair value through other comprehensive income election is available for the equity instruments which are currently classified as available-for-sale.

- Equity investments currently measured at fair value through profit or loss will likely continue to be measured on the same basis under HKFRS 9.

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.

3 ACCOUNTING POLICIES (continued)

(b) New and amendments to HKFRSs that have been issued and are effective for periods commencing on or after 1 January 2018 and have not been early adopted by the Group (continued)

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

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. However, at this stage the Group does not expect to identify any new hedge relationships. It would appear that the Group's current hedge relationships would qualify as continuing hedges upon the adoption of HKFRS 9. Accordingly, the Group 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 contract assets under HKFRS 15 Revenue from Contracts with Customers, loan commitments and certain financial guarantee contracts. The Group does not adopt this new standard from 1 January 2017.

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.

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

The Hong Kong Institute of Certified Public Accountants has issued a new standard for the recognition of revenue. This will replace HKAS 18 which covers revenue arising from the sale of goods and the rendering of 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.

3 ACCOUNTING POLICIES (continued)

(b) New and amendments to HKFRSs that have been issued and are effective for periods commencing on or after 1 January 2018 and have not been early adopted by the Group (continued)

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

The standard permits either a full retrospective or a modified retrospective approach for the adoption. The new standard is effective for first interim periods within annual reporting periods beginning on or after 1 January 2018. The Group will adopt the new standard from 1 January 2018.

Management has identified the following areas that are likely to be affected:

- 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 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.

The Group does not adopt this new standard from 1 January 2017.

(iii) HKFRS 16, "Leases"

HKFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the 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.

3 ACCOUNTING POLICIES (continued)

(b) New and amendments to HKFRSs that have been issued and are effective for periods commencing on or after 1 January 2018 and have not been early adopted by the Group (continued)

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

The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of RMB21,050,000 (Note 22). 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 standard is mandatory for first interim periods within annual reporting periods beginning on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date.

4 ESTIMATES

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

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2016.

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including price risk, currency risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk.

The condensed consolidated interim financial information do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2016.

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

5.2 Liquidity risk

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

5.3 Fair value estimation

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

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

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

5.3 Fair value estimation (continued)

Assets measured at fair value:

As at 30 June 2017, the available-for-sale investments classified as non-current assets of RMB7,985,000 (31 December 2016: RMB9,661,000) and the securities measured at fair value through profit or loss of RMB692,000 (31 December 2016: RMB750,000) of the Group were measured by using quoted prices in active markets (i.e. level 1).

Liabilities measured at fair value:

As at 30 June 2017 and 31 December 2016, the Group had no financial liabilities measured at fair value.

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

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

6 OPERATING SEGMENT INFORMATION

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

Executive directors monitor the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of profit/(loss) before tax. The profit/(loss) before tax is measured consistently with the Group's profit/(loss) before tax except that interest income, finance expenses and share of (losses)/profit of a joint venture and associates are excluded from such measurement.

6 OPERATING SEGMENT INFORMATION (continued)

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

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 investments 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.

6 OPERATING SEGMENT INFORMATION (continued)

The following tables present revenue and results for the Group's operating segments for the periods ended 30 June 2017 and 2016.

			Green Leisure Tourism and Composite Real Estate								Public Utilities and Financial Investments									
	Jiuzhou Blue Sea Jet and Blue Marine Tourism		Hotel		Tourist attraction		Property development		Golf club operations		Public utilities		Financial investments		Corporate and others		Inter-segment eliminations		Consolidated	
	2017 RMB'000	2016 RMB'000 (Restated)	2017 RMB'000	2016 RMB'000 (Restated)	2017 RMB'000	2016 RMB'000 (Restated)	2017 RMB'000	2016 RMB'000 (Restated)	2017 RMB'000	2016 RMB'000 (Restated)	2017 RMB'000	2016 RMB'000 (Restated)	2017 RMB'000	2016 RMB'000 (Restated)	2017 RMB'000	2016 RMB'000 (Restated)	2017 RMB'000	2016 RMB'000 (Restated)	2017 RMB'000	2016 RMB'000 (Restated)
Segment revenue:																				
Sales to external customers	287,329	267,970	68,035	64,136	10,125	9,044	–	–	12,956	10,595	863,224	1,131,386	229	1,029	–	–	–	–	1,241,898	1,484,160
Inter-segment sales	–	–	–	–	–	–	–	–	–	–	34,929	35,990	–	–	–	–	(34,929)	(35,990)	–	–
Total	287,329	267,970	68,035	64,136	10,125	9,044	–	–	12,956	10,595	898,153	1,167,376	229	1,029	–	–	(34,929)	(35,990)	1,241,898	1,484,160
Segment results	155,757	141,017	6,563	4,999	(8,731)	(10,828)	(20,082)	(28,110)	(9,240)	1,750	36,825	35,921	(1,803)	498	(9,058)	(12,237)	(34,929)	(35,990)	115,302	97,020
Interest income																			11,189	11,516
Finance expenses																			(3,639)	(2,766)
Share of (losses)/profit of:																				
A joint venture	(245)	(137)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	(245)	(137)
Associates	(325)	536	–	–	–	–	–	–	–	–	13	13	–	–	–	–	–	–	(312)	549
Profit before tax																			122,295	106,182
Income tax expense																			(55,392)	(44,025)
Profit for the period																			66,903	62,157

7 PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2017 **RMB'000**	2016 RMB'000 (Restated)
Net fair value losses on securities measured at fair value through profit or loss	**38**	101
Depreciation	**31,400**	38,276
Amortisation of prepaid land lease payments	**5,929**	5,773
Amortisation of rights to use port facilities	**288**	288
Gains on disposal of property, plant and equipment, net	**(12,961)**	(6,637)

8 FINANCE EXPENSES

	Six months ended 30 June	
	2017 **RMB'000**	2016 RMB'000 (Restated)
Interest on bank loans and syndicated loan	**58,429**	20,971
Interest on a loan from Pingan-UOB Wealthtone Asset Management Co., Ltd.	**–**	67,298
Interest on loan from a major shareholder	**11,664**	10,792
Interest on promissory note	**–**	17,563
Interest on convertible bonds	**–**	34,749
Less: Interest capitalised	**(66,454)**	(148,607)
	3,639	2,766

9 INCOME TAX EXPENSE

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
		(Restated)
Current income tax:		
– Hong Kong	**19**	8
– PRC corporate income tax	**87,529**	75,855
Deferred income tax	**(32,156)**	(31,838)
	55,392	44,025

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2016: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. The Group's subsidiaries located in Mainland China are subject to the PRC income tax rate of 25% (six months ended 30 June 2016: 25%).

10 DIVIDENDS

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
		(Restated)
Dividends paid during the period		
Final in respect of the financial year ended 31 December 2016		
– HK2 cents (2015: HK2 cents) per ordinary share	**25,544**	24,477
Special in respect of the financial year ended 31 December 2016		
– HK3 cents (2015: Nil) per ordinary share	**38,315**	–
	63,859	24,477

No interim dividend in respect of six months ended 30 June 2017 was proposed by the board of directors.

11 EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

(a) Basic

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

The calculation of basic earnings per share is based on the profit for the period attributable to owners of the Company of approximately RMB25,131,000 (six months ended 30 June 2016: RMB19,257,000) and the weighted average number of ordinary shares in issue during the period of 1,427,797,174 (six months ended 30 June 2016: 1,427,797,174).

(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. For the six months ended 30 June 2016, the Company has three categories of dilutive potential ordinary shares: convertible bonds, warrants and share options. The convertible bonds are assumed to have been converted into ordinary shares, and the net profit is adjusted to eliminate the interest expense less the tax effect, if any. The warrants and share options of the Company had an anti-dilutive effect on the basic earnings per share for the period and were ignored in the calculation of diluted earnings per share.

For the six months ended 30 June 2017, the Company has one category of dilutive potential ordinary shares which is warrants. The warrants of the Company had an anti-dilutive effect on the basic earnings per share for the period and were ignored in the calculation of diluted earnings per share. There is no dilutive effect in relation to convertible bonds and share options for the six months ended 30 June 2017 as all convertible bonds and the share options were redeemed and cancelled on 29 August 2016 and 21 July 2016, respectively.

11 EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (continued)

(b) Diluted (continued)

The calculation of diluted earnings per share is based on:

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
		(Restated)
Earnings		
Profit attributable to owners of the Company	**25,131**	19,257
Interest expense on convertible bonds charged to interim consolidated statement of profit or loss	**–**	–
Profit used to determine diluted earnings per share	**25,131**	19,257
Shares		
Weighted average number of ordinary shares in issue	**1,427,797,174**	1,427,797,174
Adjustment for: assumed conversion of convertible bonds	**–**	338,028,169
Weighted average number of ordinary shares for diluted earnings per share	**1,427,797,174**	1,765,825,343

12 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2017, the Group acquired property, plant and equipment with a cost of RMB90,594,000 (six months ended 30 June 2016: RMB127,906,000). Property, plant and equipment with a net book value of RMB799,000 (six months ended 30 June 2016: RMB406,000) were disposed of during the period, resulting in gains on disposal of RMB12,961,000 (six months ended 30 June 2016: gains on disposal of RMB6,637,000).

13 PROPERTIES UNDER DEVELOPMENT

	30 June 2017 RMB'000	31 December 2016 RMB'000 (Restated)
Properties under development expected to be completed:		
– Within one operating cycle included under current assets	**3,245,838**	2,654,478
– Beyond one operating cycle included under non-current assets	**3,643,839**	3,732,841
	6,889,677	6,387,319
Properties under development comprise:		
– Capitalised interests	**886,571**	838,366
– Land use rights	**4,096,361**	4,096,361
– Construction costs and capitalised expenditures	**1,906,745**	1,452,592
	6,889,677	6,387,319

14 TRADE RECEIVABLES

	30 June 2017 RMB'000	31 December 2016 RMB'000 (Restated)
Trade receivables	**66,354**	112,770
Less: allowance for impairment of trade receivables	**(8,996)**	(8,906)
	57,358	103,864

A defined credit policy is maintained within the Group. The general credit terms range from one to three months. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables to minimise its credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Overdue balances are regularly reviewed by senior management. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at 30 June 2017 and 31 December 2016, based on the invoice date, is as follows:

	30 June 2017 RMB'000	31 December 2016 RMB'000 (Restated)
Current to 3 months	**39,158**	96,141
4 to 6 months	**20,174**	757
7 to 12 months	**332**	1
Over 12 months	**6,690**	15,871
	66,354	112,770

15 TRADE AND BILL PAYABLES

An ageing analysis of the trade and bill payables as at 30 June 2017 and 31 December 2016, based on the invoice date, is as follows:

	30 June 2017 RMB'000	31 December 2016 RMB'000 (Restated)
Current to 3 months	16,043	24,352
4 to 6 months	293	186
7 to 12 months	915	61
Over 12 months	3,802	3,850
	21,053	28,449
Bill payables	19,003	10,010
Trade and bill payables	40,056	38,459

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

16 INTEREST-BEARING BANK AND OTHER BORROWINGS

	30 June 2017 RMB'000	31 December 2016 RMB'000 (Restated)
Non-current		
Bank loans and syndicated loan – secured (note (a))	**2,377,980**	2,373,402
Current		
Bank loan – unsecured	**–**	1,474
Syndicated loan – secured (note (a))	**347,168**	–
	347,168	1,474
	2,725,148	2,374,876

Movements in borrowings are analysed as follows:

	Six months ended 30 June 2017 RMB'000	2016 RMB'000 (Restated)
At beginning of the period	**2,374,876**	2,365,962
Proceeds of new borrowings	**400,000**	427,268
Repayments of borrowings	**(1,474)**	(83,778)
Exchange differences	**(48,254)**	27,276
At end of the period	**2,725,148**	2,736,728

16 INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

At 30 June 2017 and 31 December 2016, the Group's borrowings were repayable as follows:

	Bank loans and syndicated loan	
	30 June 2017 RMB'000	31 December 2016 RMB'000 (Restated)
Within 1 year	**347,168**	1,474
Between 1 and 2 years	**1,194,336**	965,608
Between 2 and 5 years	**1,183,644**	1,407,794
Over 5 years	**–**	–
	2,725,148	2,374,876

Notes:

(a) As at 30 June 2017, the Group's bank loans of RMB100,000,000 (31 December 2016: RMB100,000,000) are secured by its bank deposits.

As at 30 June 2017 and 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"), 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 30 June 2017, Zhuhai Jiuzhou Holdings Group Co., Ltd. ("ZJ Holdings"), a major shareholder of the Company, and the Company have executed guarantees in respect of a loan of RMB900,000,000 ("Loan") (31 December 2016: RMB500,000,000) borrowed by Zhuhai Jiuzhou Holdings Property Development Co., Ltd. ("ZJ Development") up to RMB780,000,000 (31 December 2016: RMB500,000,000) and RMB855,000,000 (31 December 2016: RMB500,000,000) respectively. As at 30 June 2017, the repayment obligation of the Group under the Loan was secured by certain land use rights and properties under development of the Group of RMB725,488,000 (31 December 2016: RMB2,480,200,000).

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

(c) Borrowings bear average coupons of 0.5% – 5.94% per annum (2016: 0.5% – 5.94% per annum). The capitalisation rate of borrowings for assets under construction was 4.44% (six months ended 30 June 2016: 6.59%) for the six months ended 30 June 2017.

17 LOAN FROM A MAJOR SHAREHOLDER

	30 June 2017 RMB'000	31 December 2016 RMB'000 (Restated)
ZJ Holdings	–	600,000

The amount as at 31 December 2016 represents unsecured loan with principal of RMB600,000,000 which bore interests at 6.5% per annum. The loan was repaid during the six months ended 30 June 2017.

18 SHARE CAPITAL

	30 June 2017 RMB'000	31 December 2016 RMB'000 (Restated)
Shares		
Authorised:		
4,000,000,000 ordinary shares of HK$0.10 each	376,170	376,170
Issued and fully paid:		
1,427,797,174 (2016: 1,427,797,174) ordinary shares of HK$0.10 each	142,874	142,874

19 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 find dividend and special dividend in previous years, pursuant to the respective terms and conditions of the Warrants, the subscription price of the Warrants was adjusted. The latest subscription price is HK$1.64 with effect from 6 June 2017.

No Warrants were exercised from issue date to 30 June 2017. 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 HK$49,200,000 (approximately RMB42,702,000).

Warrants issued meet the definition of equity instrument and the total proceeds of HK$690,000 (approximately RMB559,000) were classified as warrant reserve in equity on issue date.

20 RELATED PARTY TRANSACTIONS

The Company's major shareholder is ZJ Holdings, which is a state-owned enterprise established in the PRC. As at 30 June 2017, ZJ Holdings' equity interest in the Company is 41.10% (31 December 2016: 41.10%). The transactions with related parties were conducted in the ordinary and usual course of business in accordance with terms agreed between the Group and its related parties.

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

Name	Relationship with the Company	Nature	Six months ended 30 June	
			2017 RMB'000	2016 RMB'000 (Restated)
Zhuhai Jiuzhou Passenger Port and Development Co., Ltd.	A subsidiary of a major shareholder	Port service fees	**1,520**	850
ZJ Holdings	A major shareholder	Rental expenses	**2,223**	2,082
ZJ Holdings	A major shareholder	Interest expenses	**11,664**	10,792
Zhuhai Jiuzhou Travel Transport Co., Ltd.	An associate of a major shareholder	Sales of diesel and petrol	**515**	891
Zhuhai Wanshan Port Co., Ltd.	A joint venture of a major shareholder	Commission expenses	**4,560**	3,181
Zhuhai Jiuzhou Holdings Investment Co., Ltd.	A subsidiary of a major shareholder	Agency fee income	**–**	1,029

(b) Other transactions with related parties

In addition, in 1994, Zhuhai Jiuzhou Port Passenger Traffic Services Co., Ltd. ("Jiuzhou Port Company"), a non wholly-owned subsidiary of the Company, was granted by ZJ Holdings the rights to use the port facilities at the Jiuzhou Port for a period of 20 years at a lump sum payment of approximately RMB33,000,000. 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.

20 RELATED PARTY TRANSACTIONS (continued)

(c) Key management compensation

	Six months ended 30 June	
	2017 RMB'000	2016 RMB'000 (Restated)
Salaries, allowances and benefits in kind	**1,264**	1,133
Pension costs – defined contribution plans	**112**	142
	1,376	1,275

21 CONTINGENT LIABILITIES

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

	As at 30 June 2017 RMB'000	As at 31 December 2016 RMB'000 (Restated)
Guarantees in respect of mortgage facilities for certain purchasers of the Group's properties	**2,304,468**	2,130,598

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 purchasers is minimal and their obligations are well covered by the value of the properties and therefore the fair value of financial guarantees is immaterial.

Except for the financial guarantees as disclosed above, the Group had no material contingent liabilities as at 30 June 2017 (31 December 2016: Nil).

22 OPERATING LEASE COMMITMENTS

As at 30 June 2017 and 31 December 2016, the Group had future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 June 2017 RMB'000	31 December 2016 RMB'000 (Restated)
Within one year	**7,068**	8,722
In the second to fifth years, inclusive	**4,841**	4,534
After five years	**9,141**	9,399
	21,050	22,655

23 CAPITAL COMMITMENTS

As at 30 June 2017, the Group had the following contracted, but not provided for, commitments:

(a) In respect of acquisition of property, plant and equipment of RMB486,148,000 (31 December 2016: RMB502,442,000); and

(b) In respect of construction works related to properties under development of RMB1,225,032,000 (31 December 2016: RMB837,001,000).

23 CAPITAL COMMITMENTS (continued)

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

	30 June 2017 RMB'000	31 December 2016 RMB'000 (Restated)
Within one year	**24,000**	24,000
In the second to fifth years, inclusive	**72,000**	84,000
	96,000	108,000

24 EVENTS OCCURRING AFTER THE DATE OF STATEMENT OF FINANCIAL POSITION

On 15 August 2017, the Company entered into a facility agreement with a group of banks for a 48-month term loan facilities of up to HK$2,000,000,000 (approximately RMB1,735,840,000) in order to refinance the existing syndicated loan.

MANAGEMENT DISCUSSION AND ANALYSIS AND OTHER INFORMATION

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

In the first half of 2017, the slowdown of global economy and the strong United States Dollars made China's business environment full of challenges and increasing competition in the China's tourism industry. In this fiercely competitive environment, the Group were able to strive for better quality of our products and services and minimise the effect. The Group achieved stable performance for the six months ended 30 June 2017 (the "Period Under Review"). The unaudited consolidated revenue of the Group amounted to approximately RMB1,241.9 million, representing a decrease of about 16% as compared to approximately RMB1,484.2 million for the same period last year. Gross profit of the Group increased by 7% to RMB217.1 million. The unaudited consolidated profit for the Period Under Review was RMB66.9 million, comparing to RMB62.2 million for the same period last year. Furthermore, the unaudited consolidated profit attributable to owners of the Company was approximately RMB25.1 million (six months ended 30 June 2016: RMB19.3 million).

During the Period Under Review, the decrease in unaudited consolidated revenue of the Group was primarily attributable to the strategic shrinking, pursuant to which the proportion of receivables for the fuel wholesale business under the city energy supply segment in the fund was reduced attempting to lower business risks. Besides the shrinking of the product oil wholesale business, through effective promotion techniques, the business volume of product oil retail, which enjoys a relatively high profit margin, has been further augmented; as such, the unaudited consolidated profit of the Group for the Period Under Review remained incremental.

1. Jiuzhou Blue Sea Jet and Blue Marine Tourism

1.1 Jiuzhou Blue Sea Jet

During the Period Under Review, based on its "Blue Marine Tourism" strategy, Zhuhai High-speed Passenger Ferry Co., Ltd.* (珠海高速客輪有限公司) ("Ferry Company") and its subsidiaries (collectively, the "Ferry Group") proactively sought business upgrade and transformation to grasp the opportunities presented by the close completion of the Hong Kong-Zhuhai-Macau Bridge.

In the first half of 2017, the passenger volume of ferry services running between Zhuhai and Hong Kong (including the Hong Kong Airport line) and between Zhuhai and Shekou operated by Ferry Company amounted to approximately 1,050,000 and 444,000, respectively, representing an increase of approximately 3.2% and 1.8% as compared to the same period last year. During the Period Under Review, the passenger volume of various island lines in Zhuhai was approximately 388,500, representing an increase of approximately 2.6% over the same period of last year.

During the Period Under Review, the market share of the passenger volume of Ferry Company was similar when compared to the same period of last year. The market share of the passenger volume of ferry services between Guangdong province and Hong Kong operated by Ferry Company was approximately 47%, representing a slight decrease of approximately 0.2% over the same period of last year, continuing to lead the waterway transportation market between Guangdong province and Hong Kong.

In May 2017, the safe production standardisation system of Ferry Company passed the Level A safe production standardisation appraisal of the Ministry of Transport of the PRC, being one of the first maritime transport enterprises in Zhuhai to have passed the appraisal.

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, completed the purchase of two cruises and adopted marketing programs to expand the tourist market, with a meticulous effort to design tourism products, adding new scenic spots of maritime tourism in Changsha during the Period Under Review.

In 2015, the Company entered into a Hainan strategic co-operation framework agreement ("Hainan Framework Agreement") with CCCC Hainan Construction Investment Limited* (中交海南建設投資有限公司) in relation to the Hainan Projects in the maritime tourism and transportation in Hainan and Guangdong provinces in the PRC. During the Period Under Review, the sea bus sightseeing experience event hosted by the Ferry Group substantially elevated its brand influence and gained warm reception from the public. In addition, the Ferry Group successfully connected its own routes to that of the Genting Dream, the largest luxury cruise in Asia, heralding the age of seamless business connection between sea bus in Sanya and international cruises. For details of the Hainan Framework Agreement, please refer to the Company's announcement dated 11 May 2015.

1.2 Blue Marine Tourism

Though the general operating environment became more difficult due to the effect of road reconstruction and the overall economic environment in Zhuhai, 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 its product attractiveness. During the Period Under Review, Jiuzhou Cruises Company served 210,000 tourists in total, representing an increase of approximately 6.6% as compared to the same period of last year.

In order to thoroughly implement the strategy of "Blue Marine Tourism" with an aim to establish marine-related business segments, 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 potential 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. During the Period Under Review, the homestay business of the Guishan Island Project went into full operation, with special offer promotions formulated with specific consideration of the seasonality features of the island. In addition, the working concepts of the renewal and modification project of Guihai Village* (桂海村) were laid out, and design efforts for the renewal unit programme shall commence. 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 the Period Under Review, Haichang Investment Company has been actively promoting the project, striving for the establishment of the project joint venture. 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

Since the beginning of 2017, despite market recovery in the hotel industry of the PRC, the increased amount of hotels in urban area of Zhuhai has created fierce competition among hotel brands, and the operation situation has remained grim. 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 achieved notable progress in all respects of its operation with integrated group development at its core and economic benefits as its target. In terms of social benefits, it has been respectively awarded as the "Model Enterprise of Trustworthiness in Guangdong Province" jointly granted by Guangdong Provincial Enterprise Confederation and Guangdong Provincial Association of Entrepreneurs for eleven consecutive years. In addition, Zhuhai Holiday Resort Hotel was elected as one of the 100 China Top MICE Hotels during the recently concluded first selection activity, showcasing the acclaim and recognition Zhuhai Holiday Resort Hotel has gained within the industry.

During the Period Under Review, the total income of Zhuhai Holiday Resort Hotel amounted to RMB68.0 million. The average occupancy rate of Zhuhai Holiday Resort Hotel during the Period Under Review was approximately 59.8% and its average room rate increased by 6.6% when compared to the same period last year. In the first half of 2017, the hotel segment recorded a segment profit of RMB6.6 million.

2.2 Zhuhai Holiday Resort Hotel Upgrade Project (the "New Resort Project")

With Zhuhai Jiuzhou Property Development Limited* (珠海九洲置業開發有限公司) ("JPD") being the investor and developer of the New Resort Project, the roof-capping for the main structures of phase 1 new hotel (the "New Hotel") and sports stadium have been completed, and construction has moved onto interior finishes. With respect to phase 2 office complex ("Office Complex"), the commercial positioning and formats have been determined in accordance with the overall city planning and the requirements of project planning standards; and the designing for the construction of the project has commenced. In the meantime, JPD has actively made early preparations for the Office Complex construction and pressed ahead with the development process of the project.

2.3 The New Yuanming Palace

During the Period Under Review, the number of visitors of the New Yuanming Palace* (圓明新園) theme park operated by The New Yuanming Palace Tourist Co., Ltd. of Zhuhai S.E.Z.* (珠海經濟特區圓明新園旅遊有限公司), a wholly-owned subsidiary of the Company, was approximately 1,801,000, which increased by approximately 13.4% when compared to the same period last year. During the Chinese New Year of this year, the New Yuanming Palace introduced magic drama, and the Exhibition of Flowers in Hong Kong, Macao and Zhuhai* (港珠澳花卉精品展) which, together with other activities such as gourmet festival, led to a rich, diversified and festive experience for the highly acclaimed golden week theme event. In addition, New Yuanming Palace orchestrated "Enchanting Taizhou, Chanting Qin Lake* (《泰州太美，溱湖「簖」歌》)", a large-scale panoramic performance at the closing ceremony of the 2017 Boat Festival of Jiangyan, Taizhou City, Jiangsu Province which received coverage from CCTV as well as various domestic and international media, significantly elevating the external image and reputation of the New Yuanming Palace performance, representing a solid step for its brand building.

2.4 Hunan Chengtoushan Project

On 3 March 2017, Zhuhai Jiuzhou Theme Park Management Company Limited* (珠海九洲景區管理有限公司), a wholly-owned subsidiary of the Company, entered into a joint venture contract (the "Chengtoushan JV Contract") with Hunan Chengtoushan Construction Development Company Limited* (湖南城頭山建設開發有限公司) in relation to the proposed formation of a joint venture enterprise under 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.

2.5 The Fantasy Water World

The Fantasy Water World operated by Zhuhai Water Entertainment Company Limited* (珠海市水上娛樂有限公司), a wholly-owned subsidiary of the Company, operates for six months from May to October each year. For the remaining months of a calendar year, it only opens partially for the operation of winter events. Operating results of the Fantasy Water World during the Period Under Review only included its operation in May and June this year. The number of visitors of the Fantasy Water World was approximately 52,000, in aggregate, for these two months.

During the first half of 2017, the Fantasy Water World upgraded the spiral slides and the Kid Kingdom* (兒童王國) and introduced magic-themed programmes. The series of promotional activities devised and launched at appropriate timing have proved to be satisfyingly effective.

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 Zhuhai Cuihu Xiangshan High-end Tourism Real Estate Project ("Cuihu Xiangshan Project"). During the Period Under Review, Cuihu Xiangshan Project was awarded the "Most Charming and Suitable for Living Development of the Year* (年度魅力宜居樓盤)" by house.sina.com.cn* (新浪樂居). The title elevated the brand influence of Cuihu Xiangshan Project and provided favourable conditions for its subsequent sales.

During the first half of 2017, besides the phase 1 villas project, the phase 2 high-rise, phase 3 multi-storey villas, phase 4 French villas, phase 5 high-rise and Town Center projects advanced smoothly. The phase 4 French villas have been topped and are undergoing external wall construction. The Chinese-style courtyard houses, having entered the stage of sample construction.

2.7 Zhuhai Lakewood Golf Club ("Lakewood Club")

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), a non wholly-owned subsidiary of the Company, served 21,000 golfers during the Period Under Review, representing an increase by 4,000 as compared to the same period last year. Contributing to the increase is more favourable weather for the first half of 2017 as compared to the same period of last year, as well as the introduction of booking through mobile app. 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, successfully hosted the Lakewood qualification match of 2017 AGWC China (Amateur Golf World Cup) and was elected to be one of the Asia Top 100 Golf Courses 2016. Meanwhile, the Norman Golf Course, through co-operation with Zhuhai Bureau of Recreational and Sports Activities and Tourism* (珠海市文體旅遊局), set up a training ground for youth golfers of Zhuhai, making solid contributions to the development of golf in the PRC.

3. Public Utilities and Financial Investments

3.1 Jiuzhou Passenger Port ("Jiuzhou 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"), a non wholly-own subsidiary of the Company, recorded an increase in total passenger flow volume by 3% as compared with the same period of last year, primarily benefiting from overall favourable weather condition in the first half of 2017 which had lessened the impact on ferry schedule. During the Period Under Review, Jiuzhou Port Company conducted comprehensive overhaul to the multimedia resources in the passenger transport station building and further embellished station windows and multimedia advertising spaces, which stimulated the existing multimedia resources and lifted advertising revenue. In addition, automatic ticket vending machines were installed in Jiuzhou Port, which increased rental income. Keeping up with the internet development, Jiuzhou Port Company improved the ticketing function for all lines on its official WeChat account "Jiuzhou Port Passenger Transport Station* (九洲港客運站)", providing strong support for increasing operating revenue.

3.2 City Energy Supply

During the Period Under Review, Zhuhai Jiuzhou Energy Co., Ltd.* (珠海九洲能源有限公司) ("Jiuzhou Energy Company"), a wholly-owned subsidiary of Ferry Company, adopted the operation strategy of focusing on quality, improving services, occupying the market and promotion discount, which successfully helped to retain a significant amount of existing customers and gained new ones. Sales volumes of both urban gas stations grew steadily. For the product oil retail business, sales volume during the Period Under Review was 12,000 tons, representing a growth of 22% as compared to the same period of last year. For the product oil wholesale business, sales volume during the Period Under Review was 197,000 tons, representing a decrease of 38% as compared to the same period of last year. The decrease in the wholesale business was primarily attributable to the strategic shrinking, pursuant to which the proportion of receivables for the fuel wholesale business under the city energy supply segment in the fund was reduced attempting to lower business risks. Active efforts have been made to identify new customers with potential for the wholesale business, subject to ensuring the security of the working capital and the controllability of the operating risks. The product oil wholesale business has been extended to Qinzhou, Hangzhou, Fushun, Nantong, among other cities, through effective business expansion.

In addition, in terms of the product oil retail business, Jiuzhou Energy Company won the bid in the open tender for the sourcing project of Zhuhai City Bus Company Limited ("Zhuhai Bus") by virtue of its outstanding company image and market competitiveness, and became the oil product supplier of Zhuhai Bus; and won the bid in the open tender for the sourcing project of Zhuhai Wanshan Station of Exit and Entry, it also became the sole oil product supplier of Zhuhai Wanshan Station of Exit and Entry.

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 active development and operation of an energy supply project in Shaoguan (the "Energy Supply Project"). During the Period Under Review, Jiuzhou Energy Company continued to proceed with the Energy Supply Project in Shaoguan. For details of the Shaoguan Framework Agreement, please refer to the Company's announcement dated 10 September 2015.

3.3 Financial Investments

During the Period Under Review, Jiuzhou Kingkaid Financial Services Company Limited* (珠海九洲金開貸金融服務有限公司) ("Zhuhai Jiuzhou Kingkaid Company"), a non wholly-owned subsidiary of the Company, built on the foundation of small and diverse charge on assets to promote automobile financing facility business in Zhuhai, Zhongshan and Jiangmen of the PRC, so as to gradually foster small and diverse consumer finance projects, such as state-owned enterprise supply chain finance, automobile pledge, real estate commercial bills or mezzanine fund business and yachts.

In 2016, Zhuhai 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 promote the development of "Industry + Internet + Creative Finance" business model as well as to enhance the synergies within the industrial chain and perfect the overall lifestyle and travelling experience. During the Period Under Review, Internet JV Company, having met the conditions for business commencement, completed the phase 1 development of the Jiuzhou Internet Big Data Platform (the "Jiuzhou World") by carrying out upgrades to the brand system and frontend and backend building. For details of Internet JV Company, please refer to the Company's announcement dated 21 November 2016.

ENTERING INTO A REFINANCE FACILITY AGREEMENT FOR A SYNDICATED LOAN OF HK$2 BILLION

On 28 July 2015, the Company, as borrower, entered into a facility agreement ("2015 Facility Agreement") with, among other parties, Malayan Banking Berhad, pursuant to which a term loan facility up to HK$2 billion was granted by the relevant lenders ("2015 Lenders") to the Company for a term of four years from the date of the 2015 Facility Agreement subject to the terms and conditions contained therein ("2015 Facility").

On 15 August 2017, in order to refinance the 2015 Facility in full, the Company, as borrower, entered into a refinance facility agreement ("2017 Facility Agreement") with Wing Lung Bank, Limited ("Wing Lung") as original mandated lead arranger and bookrunner, Wing Lung and twelve other banks as the lenders ("2017 Lenders"), Wing Lung as agent and Jiuzhou Tourist Development Company Limited ("JTD"), Jiuzhou Tourism Property Company Limited ("JTP"), as guarantors, pursuant to which a term loan facility ("2017 Facility") of an aggregate of HK$2 billion was agreed to be granted by the 2017 Lenders to the Company for a term of 48 months from the date of the 2017 Facility Agreement and subject to the terms and conditions of the 2017 Facility Agreement. The interest rate of the 2017 Facility is relatively lower than that of the 2015 Facility. The 2017 Facility in full has been used for the prepayment of the 2015 Facility, and it is expected that it will reduce the Group's finance expenses, increase the Group's economic benefits, and it is believed from which, the Group will be able to gain exposure to utilising offshore financial instruments and thereby promoting its corporate image and supporting the rapid development of the Group's core businesses and the advancement of its projects.

For details of the 2015 Facility Agreement and the 2017 Facility Agreement, please refer to the Company's announcements dated 28 July 2015 and 15 August 2017, respectively.

SPECIFIC PERFORMANCE OBLIGATIONS ON THE CONTROLLING SHAREHOLDER

As disclosed in the announcement of the Company dated 28 July 2015, pursuant to the 2015 Facility Agreement, the Company has covenanted and undertaken to the 2015 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 Zhuhai Jiuzhou Holdings Group Co., Ltd.* (珠海九洲控股集團有限公司) ("ZJ Holdings"), the controlling shareholder of the Company; (2) ZJ Holdings remains as the single largest beneficial shareholder of the Company; and (3) ZJ Holdings have management control over the Company.

Save as disclosed above, pursuant to the 2017 Facility Agreement, it would constitute an event of default of the 2017 Facility Agreement if ZJ Holdings: (1) does not or ceases to beneficially owned, directly or indirectly, at least 30% of the entire issued share capital of the Company; (2) is not or ceases to be the single largest beneficial shareholder of the Company; and (3) does not or ceases to have management control over the Company.

For details of the 2015 Facility Agreement and the 2017 Facility Agreement, please refer to the Company's announcements dated 28 July 2015 and 15 August 2017, respectively.

OUTLOOK

During the Period Under Review, the Company adhered to a development strategy combining the elements of "land-based, sea-going, inbound enhancement and international development", ensuring stable development for the Group's traditional business. The Company further plans for mergers and acquisitions to achieve international development and seeks co-operation and development to reach inbound enhancement. In addition, it aims to achieve breakthroughs in capital operation, reducing financial costs, investment in the merger and acquisition in Blue Marine Tourism, Green Leisure Tourism, Public Utilities and Financial Investments, promoting synergy between industry and finance to achieve the "dual-driven" development.

1. Jiuzhou Blue Sea Jet and Blue Marine Tourism

For the second half of 2017, the Ferry Group will take full advantage of the industrial chain of perfect living and travelling of the Group, adhere to the Group's development policy, develop and integrate upstream-downstream industries, establish the "Jiuzhou Blue Sea Jet Integrated Tourism Platform" and strive to become an influential developer and operator of maritime tourism in the PRC. Changsha JV Company will continue the construction of the Xiangjiang River sightseeing ferry, enrich on-board services, expand marketing channels and further enlarge the customer market of Xiangjiang River ferry line. Pursuant to the Hainan Framework Agreement, the Ferry Group will continue to push forward the consolidation of resources for marine tourism at Sanya Bay with the Sanya government. Jiuzhou Cruises Company is actively developing the phase 1 project of Wanchai Port and Wanchai cruise terminal, striving for an early commencement of construction. As for the Guishan Island Project, Ferry Company will continue to follow up on the latest planning and design of Guihai Village, enhance marketing which showcases homestay tourism and explore a diverse marketing mode.

2. Green Leisure Tourism and Composite Real Estate

For the second half of 2017, Zhuhai Holiday Resort Hotel will increase efforts in internet marketing, establish and enhance an internet marketing organisation, and further perfect the functionality of the smart hotel, fulfilling all functions referred to in the contract. In the meantime, the target market will be expanded with a focus on conference and commerce. For food and beverage business, efforts will be made on sales and promotion of banquets and high-end western cuisine, being a new direction for operation. JPD will continue to advance the construction work for each project to meet the intended targets, carry out the interior finishes of the New Hotel and sports stadium, and push forward the planning and construction of the Office Complex project.

New Yuanming Palace will proactively explore the possibilities of introducing strategic co-operation and the grade to be upgraded from AAAA to AAAAA. The Fantasy Water World will host a comprehensive selection of activities, plan and implement festive events as well as promote and follow up such events through WeChat to elevate attraction. Projects such as large-scale magic show, The Monkey King* (齊天大聖) and free-to-watch dancing performance will also be introduced, as well as innovative events to be held for each festival, which will significantly boost the attractiveness of the water world section.

As for the Cuihu Xiangshan Project, the Town Center, being the core ancillary project, is the primary construction project of ZJ Development Company in 2017. Currently, the development drawing has been completed and efforts are being made to commence its construction. Pre-sale permits for the phase 4 French villa and Chinese-style courtyard houses are expected to be obtained during the second half of 2017. The Lakewood Club will carry on the modifications to the Xiangshan Stadium and construction of the practice ranges. By hosting quarterly and annual members' cup competitions, the Lakewood Club will promote the establishment and utilisation of the golfer handicap system; as well as realising its function as the training ground for youth golfers of Zhuhai.

3. Public Utilities and Financial Investments

Jiuzhou Port Company will co-ordinate with the smart city project of Zhuhai, which is currently at the stage of program development and is expected to go online during the second half of 2017. Meanwhile, Alipay and WeChat pay functions will be added to ticket counters to provide convenient and expedient services to the travellers.

Jiuzhou Energy Company will continue to exploit market potential, enhance its market competitiveness and bring quality products and services to more customers during the second half of 2017. It will learn from PetroChina Company Limited and China Petroleum & Chemical Corporation, the top two leaders in the industry, to further optimise the operation model of the gas stations with an aim of effectively increase sales volume and profit margin, as well as accelerating the development of the Energy Supply Project.

For the second half of 2017, Zhuhai Jiuzhou Kingkaid Company will, depending on its existing projects and customer resources, increase the scale of its guarantee business, supply chain finance, consumer finance, automobile finance and the Jiuzhou World, and extensively 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.

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 ("2008 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 2008 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, 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. Based on the legal advice obtained from its legal advisers, the Company will, after the resolution of the proceedings between the Possible Vendor and the Receivers (details of which are set out in the paragraph below), further arrange with its legal advisers to fix the assessment of damages hearing as and when appropriate.

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 2008 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, 2015 and 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 and Lamdeal Golf & Country Club Limited, (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.

As disclosed in the section headed "Management Discussion and Analysis and Other Information – Entering into a Refinance Facility Agreement for a Syndicated Loan of HK$2 billion" of this interim report, in 2015, the Company entered into the 2015 Facility Agreement with the 2015 Lenders pursuant to which the 2015 Facility was agreed to be granted by the 2015 Lenders to the Company for a term of four years from the date of the 2015 Facility Agreement, subject to the terms and conditions contained therein.

On 15 August 2017, the Company, as borrower, entered into the 2017 Facility Agreement with the 2017 Lenders and JTD, JTP, as guarantors, pursuant to which the 2017 Facility was agreed to be granted by the 2017 Lenders to the Company for a term of 48 months from the date of the 2017 Facility Agreement and subject to the terms and conditions of the 2017 Facility Agreement for refinance of the 2015 Facility. The 2017 Facility is secured and with a floating interest rate. As at the date of this interim report, the Company has drawn down HK$2,000 million from the 2017 Facility and prepaid for the 2015 Facility in full. For details of the 2015 Facility Agreement and the 2017 Facility Agreement, please refer to the Company's announcements dated 28 July 2015 and 15 August 2017, respectively.

On 18 July 2017, JPD entered into a project facility loan agreement ("Project Facility Agreement") with a bank in the PRC as lender ("Bank Lender") pursuant to which a project facility ("Project Facility") of up to RMB300 million was agreed to be granted by the Bank Lender to JPD for a term of twelve years from the date of the Project Facility Agreement. The Project Facility is secured and with a floating interest rate. As at the date of this interim report, JPD has drawn down RMB2 million from the Project Facility.

The Group's cash and cash equivalents as at 30 June 2017 amounted to approximately RMB1,551.6 million (31 December 2016: RMB2,082.2 million), of which approximately RMB1,054.0 million (31 December 2016: RMB1,656.0 million) were denominated in RMB, approximately RMB497.6 million (31 December 2016: RMB426.2 million) were denominated in Hong Kong dollars.

As at 30 June 2017, trade receivables amounted to RMB57.4 million (31 December 2016: RMB103.9 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 RMB0.7 million as at 30 June 2017 (31 December 2016: RMB0.8 million), all of which RMB0.7 million were denominated in Hong Kong dollars (31 December 2016: RMB0.8 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 30 June 2017 (31 December 2016: Nil).

Total interest-bearing bank and other borrowings and loan from a major shareholder amounted to approximately RMB2,725.1 million as at 30 June 2017 (31 December 2016: RMB2,974.9 million).

The Group's gearing ratio was 0.33 as at 30 June 2017 (31 December 2016: 0.27), 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, 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 30 June 2017, the Group had a current ratio of 1.19 (31 December 2016: 1.25) and net current assets of RMB1,018.7 million (31 December 2016: RMB1,224.2 million).

As at 30 June 2017, interest-bearing bank and other borrowings that were outstanding amounted to RMB2,725.1 million (31 December 2016: RMB2,374.9 million), which mainly comprised of (1) principal amount of RMB900 million with the final maturity date falling due in April 2020; (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 30 June 2017, the Company had no outstanding amount payable pursuant to the Promissory Note and the Convertible Bonds (31 December 2016: Nil). Both the Promissory Note and the Convertible Bonds were fully redeemed by the Company in 2016.

As at 30 June 2017 and up to the date of this interim report, no warrantholder had exercised the warrants (the "Warrants") issued pursuant to the subscription agreement dated 18 November 2013.

CONTINGENT LIABILITIES

As at 30 June 2017, the Group had contingent liabilities in respect of financial guarantees on mortgage facilities for certain purchasers of the Group's properties amounted to approximately RMB2,304.5 million (31 December 2016: RMB2,130.6 million). Except for these financial guarantees as disclosed above, the Group had no material contingent liabilities as at 30 June 2017 (31 December 2016: Nil).

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As at 30 June 2017, the Group had no future plans for material investments or capital assets except for those disclosed under the heading "Management Discussion and Analysis and Other Information – Outlook" as stated aforesaid.

CHARGES ON ASSETS

As at 30 June 2017, land use rights and properties under development of lot S4 of Cuihu Xiangshan Project with an aggregate carrying value of approximately RMB725.5 million (31 December 2016: land use rights and properties under development of lot S1 of Cuihu Xiangshan Project with an aggregate carrying value of approximately RMB2,480.2 million) 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 RMB900 million (31 December 2016: 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.

As at 30 June 2017, the repayment obligation of the Company under the 2015 Facility was secured by a charge ("Share Charge") over 15,600 ordinary shares in JTD ("JTD Shares") and 100 ordinary shares in JTP ("JTP Shares"), representing the entire issued share capital of JTD and JTP, and a charge over a bank account of the Company ("Bank Account Charge") in favour of the facility agent ("2015 Agent") on behalf of the 2015 Lenders. On 28 August 2017, a deed of release was entered into between the Company, as chargor and the 2015 Agent on behalf of the 2015 Lenders as chargee to release the Share Charge over JTD Shares, JTP Shares and the Bank Account Charge and discharge such security interest created under the Share Charge and the Bank Account Charge.

As at the date of this interim report, the repayment obligation of the Company under the 2017 Facility was secured by a charge over a bank account of the Company in favour of Wing Lung as the 2017 Facility agent on behalf of the 2017 Lenders.

As at the date of this interim report, property comprises 82 blocks of villa, a recreational complex, a health centre, a shopping arcade, a basement car park and various ancillary facilities of Zhuhai Holiday Resort Hotel with a total gross floor areas of approximately 30,136.19 sqm and an aggregate carrying value of approximately RMB53.9 million included in property, plant and equipment were pledged (together with the Company's guarantee given for part of the repayment obligation) in favour of the Bank Lender to secure the Project Facility from the Bank Lender pursuant to the Project Facility Agreement and collateral agreement dated 18 July 2017 entered into between, among others, JPD and the Bank Lender.

FOREIGN EXCHANGE EXPOSURE

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

CAPITAL STRUCTURE

As at 30 June 2017, the number of issued ordinary shares was 1,427,797,174 shares (31 December 2016: 1,427,797,174 shares) in aggregate and the shareholders' equity of the Group was approximately RMB1,813.1 million (31 December 2016: RMB1,832.5 million). The decrease in the shareholders' equity of the Group during the Period Under Review was mainly attributable to the dividend paid amounted to RMB63.9 million.

As at 30 June 2017, 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 28 March 2017, the Board recommended 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 of the Company ("2016 Dividend") in respect of the financial year ended 31 December 2016. The shareholders of the Company approved the payment of the 2016 Dividend at the annual general meeting of the Company held on 26 May 2017. In light of the declaration of the 2016 Dividend, pursuant to the respective terms and conditions of the Warrants, the subscription price of the Warrants was adjusted from HK$1.72 to HK$1.64 per share. Details of the adjustment of the subscription price of the Warrants are set out in an announcement of the Company dated 28 June 2017.

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

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS

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

NUMBER AND REMUNERATION OF EMPLOYEES

As at 30 June 2017, the Group had approximately 2,489 employees. Remuneration of employees is determined and reviewed annually with reference to the market standard, individual performance and working experience, and certain staff is entitled to commission and share options. In addition to the basic salaries, the Group also provides, depending on the results of the Group and individual performance, staff benefits including discretionary bonus, contributory provident fund or mandatory provident fund, and professional tuition/training subsidies in order to retain quality employees.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

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 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.

Upon the consent to and acceptance of proposal for 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 with effect from 21 July 2016 without consideration ("Cancellation of Outstanding Share Options"). For details of the Cancellation of Outstanding Share Options, please refer to the Company's announcements dated 29 June 2016 and 21 July 2016.

Save as disclosed above, no share option was granted, exercised, cancelled or had lapsed under the Share Option Scheme during the Period Under Review. Moreover, the Company had no share options outstanding as at 30 June 2017 and 31 December 2016.

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

As at 30 June 2017, the interests and short positions of the directors and chief executive of the Company in shares and underlying shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), that were recorded in the register required to be kept pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO or the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), were as follows:

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

Name of director	Equity derivatives (Share options)	Number of ordinary shares directly and beneficially owned	Total interests	Approximate percentage of the Company's issued ordinary share capital *(Note 1)*
Mr. Huang Xin	-	720,000	720,000	0.05%
Mr. Jin Tao	-	1,742,000	1,742,000	0.12%
Mr. Ye Yuhong	-	700,000	700,000	0.05%
Mr. Kwok Hoi Hing	-	201,352,000 *(Note 2)*	201,352,000	14.10%
Mr. Chu Yu Lin, David	-	2,700,000	2,700,000	0.19%
Mr. Albert Ho	-	250,000	250,000	0.02%

Note 1 The percentage has been compiled based on the total number of ordinary shares of the Company in issue as at 30 June 2017 (i.e., 1,427,797,174 shares).

Note 2 Mr. Kwok Hoi Hing held 201,352,000 shares of the Company of which 29,120,000 shares were held through his wholly-owned subsidiary, Surpassing Investment Limited.

Save as disclosed above, as at 30 June 2017, 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.

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

As at 30 June 2017, 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 30 June 2017 (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 30 June 2017, 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.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Period Under Review.

CORPORATE GOVERNANCE

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

Save as disclosed above, the Company had complied with the code provisions set out in the CG Code during the six months ended 30 June 2017.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as its code of conduct regarding directors' securities transactions. All directors of the Company have confirmed, following specific enquiry by the Company, that they have complied with the required standard set out in the Model Code during the six months ended 30 June 2017.

AUDIT COMMITTEE

The Company has established an audit committee in compliance with Rule 3.21 and 3.22 of the Listing Rules for the purpose of, among other duties and functions, reviewing and providing supervision over the financial reporting process and internal controls of the Group. The audit committee comprises three independent non-executive directors of the Company, namely Mr. Albert Ho (Chairman), Mr. Hui Chiu Chung and Mr. Chu Yu Lin, David. The unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2017 has been reviewed by the audit committee and the Company's auditors, PricewaterhouseCoopers.

INTERIM DIVIDEND

The board of directors of the Company does not recommend the payment of any interim dividend for the six months ended 30 June 2017 (six months ended 30 June 2016: Nil).

CHANGE IN DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, change of directors' information since the publication of the Company's 2016 annual report is set out below:

Director	Details of changes
Mr. Wang Zhe	Ceased to act as the director of ZJ Holdings, a substantial shareholder of the Company, with effect from 22 March 2017.

By Order of the Board of Directors
Huang Xin
Chairman

Hong Kong, 30 August 2017