珠海控股
ZHUHAI HOLDINGS

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

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

2018 INTERIM REPORT

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Huang Xin *(Chairman)*
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. Kwok Hoi Hing
Mr. Zou Chaoyong
(appointed on 28 May 2018)

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

Ms. Leung Kwan Wai

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
The Belvedere Building
69 Pitts Bay Road
Pembroke HM08
Bermuda

BRANCH SHARE REGISTRAR

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Units 3709-10
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168-200 Connaught Road Central
Sheung Wan
Hong Kong

REGISTERED OFFICE

Clarendon House
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STOCK CODE

00908

INVESTORS RELATION

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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 44, 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 2018 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 2018

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Note	Six months ended 30 June 2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)
Revenue	5	**2,689,447**	1,241,898
Cost of sales		**(2,281,673)**	(1,024,846)
Gross profit		**407,774**	217,052
Other income and gains, net		**37,771**	53,856
Selling and distribution expenses		**(61,693)**	(50,424)
Administrative expenses		**(104,364)**	(91,798)
Other operating expenses		**(5,213)**	(2,195)
Finance expenses	7	**(4,752)**	(3,639)
Share of profit/(losses) of:			
Joint ventures		**291**	(245)
Associates		**3,130**	(312)
Profit before tax	6	**272,944**	122,295
Income tax expense	8	**(121,567)**	(55,392)
Profit for the period		**151,377**	66,903
Profit attributable to:			
Owners of the Company		**76,274**	25,131
Non-controlling interests		**75,103**	41,772
		151,377	66,903
Earnings per share attributable to owners of the Company for the period			
Basic earnings per share	10	**RMB5.34 cents**	RMB1.76 cents
Diluted earnings per share	10	**RMB5.34 cents**	RMB1.76 cents

The notes on pages 14 to 44 form an integral part of this condensed consolidated interim financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Profit for the period	**151,377**	66,903
Other comprehensive income/(loss)		
Items that may be reclassified to profit or loss		
Fair value loss on available-for-sale investments	**–**	(1,431)
Exchange differences on translation of foreign operations	**13,061**	20,760
Item that will not be reclassified to profit or loss		
Fair value gain on financial assets at fair value through other comprehensive income	**865**	–
	13,926	19,329
Other comprehensive income for the period, net of tax	**13,926**	19,329
Total comprehensive income for the period	**165,303**	86,232
Attributable to:		
Owners of the Company	**90,200**	44,460
Non-controlling interests	**75,103**	41,772
	165,303	86,232

The notes on pages 14 to 44 form an integral part of this condensed consolidated interim financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	11	**1,168,941**	1,106,137
Prepaid land lease payments		**1,044,995**	374,040
Rights to use port facilities		**12,463**	12,751
Properties under development	12	**2,194,085**	3,353,467
Intangible asset		**3,865**	3,865
Interests in joint ventures		**57,745**	10,001
Interests in associates		**8,082**	4,953
Available-for-sale investments	4	**–**	7,439
Financial assets at fair value through other comprehensive income	4	**8,094**	–
Prepayments and deposits		**28,015**	30,695
Restricted bank balance		**108,431**	100,000
Deferred tax assets		**102,650**	102,284
Total non-current assets		**4,737,366**	5,105,632
Current assets			
Properties under development	12	**4,451,904**	3,256,533
Completed properties held-for-sale		**–**	1,083
Securities measured at fair value through profit or loss		**516**	644
Inventories		**30,333**	15,577
Trade receivables	13	**107,606**	113,688
Prepayments, deposits and other receivables		**459,127**	307,212
Factoring receivables	14	**644,731**	–
Prepaid tax		**323,589**	210,441
Due from related companies		**17,299**	10,731
Restricted bank balance		**571,958**	998,976
Time deposits		**–**	136,322
Cash and cash equivalents		**1,178,338**	1,776,963
Total current assets		**7,785,401**	6,828,170
Total assets		**12,522,767**	11,933,802

	Note	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Current liabilities			
Trade and bill payables	15	**210,183**	76,167
Deferred income, accrued liabilities and other payables		**240,984**	329,864
Properties pre-sale proceeds received from customers	4	**–**	3,880,694
Contract liabilities	4	**4,020,279**	–
Construction payables		**613,834**	647,402
Interest-bearing bank borrowings	16	**248,620**	–
Tax payable		**353,457**	260,205
Due to a major shareholder		**8,090**	2,646
Due to related companies		**20,924**	9,602
Total current liabilities		**5,716,371**	5,206,580
Non-current liabilities			
Interest-bearing bank borrowings	16	**2,738,211**	2,768,282
Deferred income, accrued liabilities and other payables		**–**	204,878
Contract liabilities		**189,910**	–
Deferred tax liabilities		**629,008**	647,112
Defined benefit obligations		**97,245**	95,821
Total non-current liabilities		**3,654,374**	3,716,093
Total liabilities		**9,370,745**	8,922,673

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

	Note	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Equity			
Equity attributable to owners of the Company			
Share capital	17	**142,874**	142,874
Reserves		**1,769,299**	1,703,765
		1,912,173	1,846,639
Non-controlling interests		**1,239,849**	1,164,490
Total equity		**3,152,022**	3,011,129
Total equity and liabilities		**12,522,767**	11,933,802

The notes on pages 14 to 44 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	Financial assets at fair value through other comprehensive income fair value 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
Balance as at 31 December 2017	142,874	851,806	477,600	(45,257)	559	(214,613)	84,245	796	–	251,842	(170,570)	467,357	1,846,639	1,164,490	3,011,129
Adjustment on adoption of HKFRS 9 (Note 4)	–	–	–	–	–	–	–	(796)	796	–	–	(832)	(832)	(322)	(1,154)
Adjustment on adoption of HKFRS 15 (Note 4)	–	–	–	–	–	–	–	–	–	–	–	867	867	578	1,445
Restated balance at 1 January 2018	142,874	851,806	477,600	(45,257)	559	(214,613)	84,245	–	796	251,842	(170,570)	467,392	1,846,674	1,164,746	3,011,420
Profit for the period	–	–	–	–	–	–	–	–	–	–	–	76,274	76,274	75,103	151,377
Other comprehensive income	–	–	–	–	–	–	–	–	865	–	13,061	–	13,926	–	13,926
Total comprehensive income for the period, net of tax	–	–	–	–	–	–	–	–	865	–	13,061	76,274	90,200	75,103	165,303
2017 final dividend paid	–	–	–	–	–	–	–	–	–	–	–	(24,701)	(24,701)	–	(24,701)
Total transactions with owners of the Company, recognised directly in equity	–	–	–	–	–	–	–	–	–	–	–	(24,701)	(24,701)	–	(24,701)
At 30 June 2018	142,874	851,806	477,600	(45,257)	559	(214,613)	84,245	–	1,661	251,842	(157,509)	518,965	1,912,173	1,239,849	3,152,022

	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	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
Total comprehensive (loss)/income for the period, net of tax	–	–	–	–	–	–	–	(1,431)	–	20,760	25,131	44,460	41,772	86,232
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

The notes on pages 14 to 44 form an integral part of this condensed consolidated interim financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Cash generated from operations	**68,007**	270,595
Income taxes paid	**(157,916)**	(217,070)
Net cash (used in)/generated from operating activities	**(89,909)**	53,525
Cash flows from investing activities		
Interest received	**11,055**	11,189
Purchases of property, plant and equipment	**(89,899)**	(111,051)
Proceeds from disposal of property, plant and equipment	**514**	13,760
Increase in prepaid land lease payments	**(680,774)**	–
Increase in investment in joint ventures	**(47,452)**	–
Decrease in restricted bank balance	**23,571**	–
Decrease in time deposits	**136,322**	–
Cash receipt from/(repayment to) an associate	**65**	(121)
Cash receipt from a joint venture	**6**	–
Net cash used in investing activities	**(646,592)**	(86,223)

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cash flows from financing activities		
Capital injection by non-controlling interest	**–**	11,250
Increase in restricted bank balance	**(9,515)**	(2,732)
New bank borrowings	**259,599**	400,000
Repayment of bank borrowings	**–**	(1,474)
Cash receipt from related companies	**567**	781
Cash repayment to related companies	**(818)**	(988)
Dividends paid to shareholders	**(24,701)**	(63,859)
Dividends paid to non-controlling shareholders	**–**	(156,429)
Interest paid	**(72,552)**	(70,927)
Repayment of loan to a shareholder	**–**	(600,000)
Net cash generated from/(used in) financing activities	**152,580**	(484,378)
Net decrease in cash and cash equivalents	**(583,921)**	(517,076)
Cash and cash equivalents at beginning of period	**1,776,963**	2,082,239
Effect of foreign exchange rate changes, net	**(14,704)**	(13,518)
Cash and cash equivalents at end of period	**1,178,338**	1,551,645

The notes on pages 14 to 44 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, factoring 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 2018.

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 2018 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 2017, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

3 ACCOUNTING POLICIES

The accounting policies applied to this condensed consolidated interim financial information are consistent with those of the annual financial statements for the year ended 31 December 2017, 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 new standards, amendments to standards and interpretation as set out below.

(a) The following new standards, amendments to standards and interpretation are mandatory for the first time for the financial year beginning 1 January 2018 and currently relevant to the Group:

- Amendments to HKFRS 1 and HKAS 28, "Annual Improvements 2014-2016 Cycle"
- Amendments to HKFRS 2, "Classification and Measurement of Share-based Payment Transactions"
- Amendments to HKFRS 4, "Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts"
- HKFRS 9, "Financial Instruments"
- HKFRS 15, "Revenue from Contracts with Customers"
- Amendments to HKFRS 15, "Clarifications to HKFRS 15"
- Amendments to HKAS 40, "Transfers of Investment Property"
- HK(IFRIC)-Int 22, "Foreign Currency Transactions and Advance Consideration"

The impact of the adoption of HKFRS 9, "Financial Instruments" and HKFRS 15, "Revenue from Contracts with Customers" are disclosed in Note 4 below.

Apart from aforementioned HKFRS 9 and HKFRS 15, there are no other new standards or amendments to standards that are effective for the first time for this interim period that could be expected to have a material impact on the Group.

3 ACCOUNTING POLICIES (continued)

(b) The following new standards, amendments to standards and interpretation have been issued but are not effective for the financial year beginning 1 January 2018 and have not been early adopted by the Group:

Amendments to HKFRS 9, "Prepayment Features with Negative Compensation"	1 January 2019
HKFRS 16, "Leases"	1 January 2019
HK(IFRIC)-Int 23, "Uncertainty over Income Tax Treatments"	1 January 2019
Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23 "Annual improvements 2015-2017 cycle"	1 January 2019
Amendments to HKAS 19, "Employee Benefits: Plan Amendment, Curtailment or Settlement"	1 January 2019
Amendments to HKAS 28, "Long-term Interests In an Associate or Joint Venture"	1 January 2019
HKFRS 17, "Insurance contracts"	1 January 2021
Amendments to HKFRS 10 and HKAS 28, "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined

HKFRS 16 "Leases"

HKFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the consolidated statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

3 ACCOUNTING POLICIES (continued)

(b) The following new standards, amendments to standards and interpretation have been issued but are not effective for the financial year beginning 1 January 2018 and have not been early adopted by the Group: (continued)

Impact

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 RMB25,164,000 (Note 21). 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.

Date of adoption by Group

The standard is mandatory for first interim periods within annual reporting periods beginning on or after 1 January 2019. The Group does not intend to adopt the standard before its effective date.

Apart from aforementioned HKFRS 16, the Group's management are in the process of assessing the financial impact of the adoption of the above new standards, amendments to standards and interpretation.

4 CHANGES IN ACCOUNTING POLICIES

The following explains the impact of the adoption of HKFRS 9 "Financial Instruments" and HKFRS 15 "Revenue from Contracts with Customers" on the Group's financial statements and also discloses the new accounting policies that have been applied from 1 January 2018, where they are different to those applied in prior periods.

The Group elected to adopt HKFRS 9 and HKFRS 15 without restating comparatives. The reclassifications and the adjustments arising from the new impairment and revenue recognition rules are therefore not reflected in the consolidated statement of financial position as at 31 December 2017, but are recognised in the opening consolidated statement of financial position on 1 January 2018.

4 CHANGES IN ACCOUNTING POLICIES (continued)

The following table shows the adjustments recognised for each individual line item. Line items that were not affected by the changes have not been included. The adjustments are explained in more detail by standard below.

Condensed consolidated statement of financial position (extract)	31 December 2017 As originally presented RMB'000	Effects of adoption of HKFRS 9 RMB'000	Effects of adoption of HKFRS 15 RMB'000	1 January 2018 Restated RMB'000
Non-current assets				
Available-for-sale investments	7,439	(7,439)	–	–
Financial assets at fair value through other comprehensive income	–	7,439	–	7,439
Deferred tax assets	102,284	385	–	102,669
Current assets				
Trade receivables	113,688	(1,539)	–	112,149
Prepayments, deposits and other receivables	307,212	–	1,445	308,657
Current liabilities				
Properties pre-sale proceeds received from customers	3,880,694	–	(3,880,694)	–
Deferred income, accrued liabilities and other payables	329,864	–	(62,523)	267,341
Contract liabilities	–	–	3,943,217	3,943,217
Non-current liabilities				
Deferred income, accrued liabilities and other payables	204,878	–	(187,738)	17,140
Contract liabilities	–	–	187,738	187,738
Equity				
Reserves	1,703,765	(832)	867	1,703,800
Non-controlling interests	1,164,490	(322)	578	1,164,746

4 CHANGES IN ACCOUNTING POLICIES (continued)

(a) HKFRS 9 "Financial Instruments" – Impact of adoption

HKFRS 9 replaces the provisions of HKAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The total impact on the Group's retained profits due to classification and measurement of financial instruments as at 1 January 2018 is as follows:

At 1 January 2018	Notes	RMB'000
Opening retained profits – HKAS 39		467,357
Reclassify investments from available-for-sale investments to financial assets at fair value through other comprehensive income	(i)	–
Increase in allowance for impairment of trade receivables, net of tax	(ii)	(832)
Adjustment to retained profits from adoption of HKFRS 9		(832)
Opening retained profits – HKFRS 9		466,525

4 CHANGES IN ACCOUNTING POLICIES (continued)

(a) HKFRS 9 "Financial Instruments" – Impact of adoption (continued)

(i) Classification and measurements

On 1 January 2018 (the date of initial application of HKFRS 9), the Group's management has assessed which business models apply to the financial instruments held by the Group into the appropriate HKFRS 9 categories.

The impact of the reclassification on condensed consolidated statement of financial position is as follows:

At 1 January 2018	Available-for-sale investments RMB'000	Financial assets at fair value through other comprehensive income RMB'000
Opening balance – HKAS 39	7,439	–
Reclassify investments from available-for-sale investments to financial assets at fair value through other comprehensive income	(7,439)	7,439
Opening balance – HKFRS 9	–	7,439

The impact of these changes on the Group's equity is as follows:

At 1 January 2018	Available-for-sale investments revaluation reserve RMB'000	Financial assets at fair value through other comprehensive income fair value reserve RMB'000
Opening balance – HKAS 39	796	–
Reclassify investments from available-for-sale investments to financial assets at fair value through other comprehensive income	(796)	796
Opening balance – HKFRS 9	–	796

4 CHANGES IN ACCOUNTING POLICIES (continued)

(a) HKFRS 9 "Financial Instruments" – Impact of adoption (continued)

(ii) Impairment of financial assets

The Group has three types of financial assets as at 1 January 2018 that are subject to HKFRS 9's new expected credit loss model:

- other receivables
- amounts due from related companies
- trade receivables

The Group was required to revise its impairment methodology under HKFRS 9 for each of these classes of assets. The Group makes estimates and assumption concerning the future which are discussed below:

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

While cash and cash equivalents, time deposits and restricted bank balance are also subject to the impairment requirements of HKFRS 9 and the identified impairment loss was immaterial.

Other receivables

The management considered the impairment loss on other receivables was immaterial.

Amounts due from related companies

The impairment loss on amounts due from related companies was immaterial.

4 CHANGES IN ACCOUNTING POLICIES (continued)

(a) HKFRS 9 "Financial Instruments" – Impact of adoption (continued)

(ii) Impairment of financial assets (continued)

Trade receivables

The Group applies the simplified approach to providing for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables.

By using the expected credit losses model, an additional provision for trade receivables of RMB1,539,000 was recognised as at 1 January 2018 for those trade receivables whose credit risk has been assessed as other than low.

The loss allowances for trade receivables as at 31 December 2017 reconcile to the opening loss allowances on 1 January 2018 as follows:

	RMB'000
At 31 December 2017 – HKAS 39	9,879
Amounts additionally provided on adoption of HKFRS 9	1,539
Opening loss allowance as at 1 January 2018 – HKFRS 9	11,418

4 CHANGES IN ACCOUNTING POLICIES (continued)

(b) HKFRS 9 "Financial Instruments" – Accounting policies

(i) Classification

From 1 January 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income ("OCI"), or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("FVOCI").

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in the consolidated statement of profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

4 CHANGES IN ACCOUNTING POLICIES (continued)

(b) HKFRS 9 "Financial Instruments" – Accounting policies (continued)

(ii) Measurement (continued)

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in the consolidated statement of profit or loss and presented in "other income and gains, net", together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statement of profit or loss.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in consolidated statement of profit or loss as "other income and gains, net" when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in "other income and gains, net", in consolidated statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

4 CHANGES IN ACCOUNTING POLICIES (continued)

(b) HKFRS 9 "Financial Instruments" – Accounting policies (continued)

(iii) Impairment

From 1 January 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

(c) HKFRS 15 "Revenue from Contracts with Customers" – Impact of adoption

HKFRS 15 replaces the provisions of HKAS 18, which resulted in changes in accounting policies that relate to revenue recognition, contract costs and presentation of contract liabilities.

There are reclassification of properties pre-sale proceeds received from customers of approximately RMB3,880,694,000, other advance receipts from customers and deferred income from golf club membership previously classified as "deferred income, accrued liabilities and other payables" of approximately RMB250,261,000 to contract liabilities as at 1 January 2018.

As at 1 January 2018, following adoption of HKFRS 15, stamp duty and other costs directly attributable to obtaining contracts totaling RMB1,445,000 were capitalised.

The impact on the Group's retained profits as at 1 January 2018 is as follows:

At 1 January 2018	RMB'000
Retained profits – after HKFRS 9 restatement	466,525
Capitalisation of costs directly attributable to obtaining contracts	867
Retained profits – after HKFRS 9 and HKFRS 15 restatement	467,392

4 CHANGES IN ACCOUNTING POLICIES (continued)

(d) HKFRS 15 "Revenue from Contracts with Customers" – Accounting policies

Accounting for sales of properties

In prior reporting periods, the Group accounted for property development activities when significant risk and rewards of ownership has been transferred to the customers on delivery in its entirety at a single time upon vacant possession and not continuously as construction progresses.

Under HKFRS 15, revenue are recognised when or as the control of the asset is transferred to the customer. Depending on the terms of the contract and laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group's performance:

- Provides all the benefits received and consumed simultaneously by the customer; or

- Creates and enhances an asset that the customer controls as the Group performs; or

- Do not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

Accounting for sales of goods

The Group trades and distributes fuel oil to other ferry companies and certain wholesalers. Sales of goods are recognised when the control of the goods have been transferred to the customers.

4 CHANGES IN ACCOUNTING POLICIES (continued)

(d) HKFRS 15 "Revenue from Contracts with Customers" – Accounting policies (continued)

Accounting for sales of services

The Group provides various services to its customers, including maritime passenger transportation services, hotel services, tourist attraction services, golf club membership service, provision of facilities services, financial information services, factoring services and internet financial information intermediary services. For golf club membership service, income is recognised on the straight-line basis over the expected life of membership. For sales of other services, revenue is recognised in the accounting period in which the services are rendered.

Accounting for incremental costs

Incremental costs incurred to obtain a contract, if recoverable, are capitalised and subsequently amortised when the related revenue is recognised.

Accounting for significant financing component

For contracts where the period between the payment by the customer and transfer of the promised property or service exceeds one year, the transaction price should be adjusted for the effects or a financing component, if significant. The Group has assessed that the financing component effect was insignificant.

5 OPERATING SEGMENT INFORMATION

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

5 OPERATING SEGMENT INFORMATION (continued)

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 profit/(losses) of joint ventures and associates are excluded from such measurement.

No geographical segment analysis is presented as the majority of the assets and operation of the Group are located in the People's Republic of China (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, provision of factoring 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.

5 OPERATING SEGMENT INFORMATION (continued)

The following tables present revenue and results for the Group's operating segments for the periods ended 30 June 2018 and 2017.

			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	
	2018 RMB'000	2017 RMB'000	2018 RMB'000	2017 RMB'000	2018 RMB'000	2017 RMB'000	2018 RMB'000	2017 RMB'000	2018 RMB'000	2017 RMB'000	2018 RMB'000	2017 RMB'000	2018 RMB'000	2017 RMB'000	2018 RMB'000	2017 RMB'000	2018 RMB'000	2017 RMB'000	2018 RMB'000	2017 RMB'000
Segment revenue:																				
Sales to external customers	**335,707**	287,329	**75,364**	68,035	**8,619**	10,125	**714,737**	–	**13,523**	12,956	**1,527,778**	863,224	**13,719**	229	**–**	–	**–**	–	**2,689,447**	1,241,898
Inter-segment sales	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**42,064**	34,929	**–**	–	**–**	–	**(42,064)**	(34,929)	**–**	–
Total	**335,707**	287,329	**75,364**	68,035	**8,619**	10,125	**714,737**	–	**13,523**	12,956	**1,569,842**	898,153	**13,719**	229	**–**	–	**(42,064)**	(34,929)	**2,689,447**	1,241,898
Segment results	**154,324**	155,757	**7,580**	6,563	**(10,564)**	(8,731)	**129,730**	(20,082)	**(8,899)**	(9,240)	**36,137**	36,825	**11,302**	(1,803)	**(14,326)**	(9,058)	**(42,064)**	(34,929)	**263,220**	115,302
Interest income																			**11,055**	11,189
Finance expenses																			**(4,752)**	(3,639)
Share of profit/(losses) of:																				
Joint ventures	**291**	(245)	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**291**	(245)
Associates	**3,137**	(325)	**–**	–	**–**	–	**–**	–	**–**	–	**(7)**	13	**–**	–	**–**	–	**–**	–	**3,130**	(312)
Profit before tax																			**272,944**	122,295
Income tax expense																			**(121,567)**	(55,392)
Profit for the period																			**151,377**	66,903

6 PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
Net fair value losses on securities measured at fair value through profit or loss	**114**	38
Depreciation	**36,765**	31,400
Amortisation of prepaid land lease payments	**7,875**	5,929
Amortisation of rights to use port facilities	**288**	288
Losses/(gains) on disposal of property, plant and equipment, net	**92**	(12,961)

7 FINANCE EXPENSES

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
Interest on bank loans and syndicated loan	**62,211**	58,429
Interest on loan from a major shareholder	**–**	11,664
Less: Interest capitalised	**(57,459)**	(66,454)
	4,752	3,639

8 INCOME TAX EXPENSE

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
Current income tax:		
– Hong Kong	**6**	19
– PRC corporate income tax and PRC withholding tax	**86,043**	87,529
– Current PRC land appreciation tax	**53,190**	–
Deferred income tax	**(17,672)**	(32,156)
	121,567	55,392

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2017: 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 2017: 25%).

PRC land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, with an exemption provided for sales of ordinary residential properties if their appreciation values do not exceed 20% of the sum of the total deductible items.

Pursuant to the PRC tax law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in the PRC.

9 DIVIDENDS

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
Dividends paid during the period		
Final in respect of the financial year ended 31 December 2017		
– HK2 cents (2016: HK2 cents) per ordinary share	**24,701**	25,544
Special in respect of the financial year ended 31 December 2017		
– Nil (2016: HK3 cents) per ordinary share	**–**	38,315
	24,701	63,859

No interim dividend in respect of six months ended 30 June 2018 was proposed by the board of directors.

10 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 RMB76,274,000 (six months ended 30 June 2017: RMB25,131,000) and the weighted average number of ordinary shares in issue during the period of 1,427,797,174 (six months ended 30 June 2017: 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 2018 and 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.

11 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2018, the Group acquired property, plant and equipment with a cost of RMB101,273,000 (six months ended 30 June 2017: RMB90,594,000). Property, plant and equipment with a net book value of RMB606,000 (six months ended 30 June 2017: RMB799,000) were disposed of during the period, resulting in losses on disposal of RMB92,000 (six months ended 30 June 2017: gains on disposal of RMB12,961,000).

12 PROPERTIES UNDER DEVELOPMENT

	30 June 2018 RMB'000	31 December 2017 RMB'000
Properties under development expected to be completed:		
– Within one operating cycle included under current assets	**4,451,904**	3,256,533
– Beyond one operating cycle included under non-current assets	**2,194,085**	3,353,467
	6,645,989	6,610,000
Properties under development comprise:		
– Capitalised interests	**880,103**	878,416
– Land use rights	**3,688,694**	3,828,288
– Construction costs and capitalised expenditures	**2,077,192**	1,903,296
	6,645,989	6,610,000

13 TRADE RECEIVABLES

	30 June 2018 RMB'000	31 December 2017 RMB'000
Trade receivables	**118,287**	123,567
Less: allowance for impairment of trade receivables	**(10,681)**	(9,879)
	107,606	113,688

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 2018 and 31 December 2017, based on the invoice date, is as follows:

	30 June 2018 RMB'000	31 December 2017 RMB'000
Current to 3 months	**109,135**	113,537
4 to 6 months	**483**	90
7 to 12 months	**630**	2,815
Over 12 months	**8,039**	7,125
	118,287	123,567

14 FACTORING RECEIVABLES

Factoring receivables granted to customers are measured at amortised cost and are generally for a period of 30 to 180 days with interest rates range from 6.8% – 8.0% per annum. (31 December 2017: Nil). As at 30 June 2018, none of the balance was overdue.

15 TRADE AND BILL PAYABLES

An ageing analysis of the trade and bill payables as at 30 June 2018 and 31 December 2017, based on the invoice date, is as follows:

	30 June 2018 RMB'000	31 December 2017 RMB'000
Current to 3 months	**29,845**	41,804
4 to 6 months	**179**	692
7 to 12 months	**633**	496
Over 12 months	**3,618**	3,467
	34,275	46,459
Bill payables	**175,908**	29,708
Trade and bill payables	**210,183**	76,167

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

As at 30 June 2018, bill payables of RMB175,908,000 (31 December 2017: RMB29,708,000) were secured by restricted bank balances of RMB48,797,000 (31 December 2017: RMB8,918,000) and corporate guarantee provided by a subsidiary of the Company.

16 INTEREST-BEARING BANK BORROWINGS

	30 June 2018 RMB'000	31 December 2017 RMB'000
Non-current		
Bank loans and syndicated loan – secured (note (a))	**2,738,211**	2,768,282
Current		
Bank loans – secured (note (a))	**168,620**	–
Bank loan – unsecured	**80,000**	–
	248,620	–
	2,986,831	2,768,282

Movements in borrowings are analysed as follows:

	Six months ended 30 June 2018 RMB'000	2017 RMB'000
At beginning of the period	**2,768,282**	2,374,876
Proceeds of new borrowings	**259,599**	400,000
Repayments of borrowings	**–**	(1,474)
Exchange differences	**(41,050)**	(48,254)
At end of the period	**2,986,831**	2,725,148

16 INTEREST-BEARING BANK BORROWINGS (continued)

At 30 June 2018 and 31 December 2017, the Group's borrowings were repayable as follows:

	Bank loans and syndicated loan	
	30 June 2018 RMB'000	31 December 2017 RMB'000
Within 1 year	**248,620**	–
Between 1 and 2 years	**1,247,240**	856,000
Between 2 and 5 years	**1,490,971**	1,912,282
	2,986,831	2,768,282

Notes:

(a) As at 30 June 2018, the Group's bank loan of RMB100,000,000 (31 December 2017: RMB100,000,000) were secured by its bank deposits.

As at 30 June 2018, the repayment obligation of the Company amounting to RMB1,687,661,000 (31 December 2017: RMB1,724,331,000), equivalent to HK$2,000,000,000, under the syndicated loan facility. The facility was entered into by the Company with various banks up to HK$2,000,000,000, which was secured by guarantees executed by Jiuzhou Tourist Development Company Limited ("JTD"), and Jiuzhou Tourism Property Company Limited ("JTP"), wholly-owned subsidiaries of the Company, 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 2018, 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 2017: RMB900,000,000) borrowed by Zhuhai Jiuzhou Holdings Property Development Co., Ltd. ("ZJ Development") up to RMB780,000,000 (31 December 2017: RMB780,000,000) and RMB855,000,000 (31 December 2017: RMB855,000,000) respectively. As at 30 June 2018, the repayment obligation of the Group under the Loan was secured by certain land use rights and properties under development of the Group of RMB838,267,000 (31 December 2017: RMB763,634,000).

As at 30 June 2018, the repayment obligation of the Company under a term loan facility of RMB168,620,000 (31 December 2017: Nil) was secured by guarantees executed by JTD and JTP.

As at 30 June 2018, bank borrowings of RMB50,550,000 (31 December 2017: RMB43,951,000) were secured by leasehold buildings with carrying amount of approximately RMB51,853,000 (31 December 2017: RMB54,000,000).

16 INTEREST-BEARING BANK BORROWINGS (continued)

Notes: (continued)

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

(c) Borrowings bear average coupons of 0.5% – 5.94% per annum (2017: 0.5% – 5.94% per annum). The capitalisation rate of borrowings for assets under construction was 3.81% (six months ended 30 June 2017: 4.44%) for the six months ended 30 June 2018.

17 SHARE CAPITAL

	30 June 2018 RMB'000	31 December 2017 RMB'000
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 (2017: 1,427,797,174) ordinary shares of HK$0.10 each	**142,874**	142,874

18 WARRANTS

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

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

In light of the declaration of final dividend and special dividend in 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$1.61 with effect from 6 June 2018.

18 WARRANTS (continued)

No Warrants were exercised from issue date to 30 June 2018. Upon full exercise of the Warrants, a total of 30,000,000 new shares would be issued under the present capital structure of the Company and the net proceeds upon full exercise are HK$48,300,000 (approximately RMB40,722,000).

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.

19 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 2018, ZJ Holdings' equity interest in the Company is 41.52% (31 December 2017: 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 **2018** **RMB'000**	 2017 RMB'000
Zhuhai Jiuzhou Passenger Port and Development Co., Ltd.	A subsidiary of a major shareholder	Port service fees	**6,335**	1,520
ZJ Holdings	A major shareholder	Rental expenses	**2,132**	2,223
ZJ Holdings	A major shareholder	Interest expenses	**–**	11,664
Zhuhai Jiuzhou Travel Transport Co., Ltd.	An associate of a major shareholder	Sales of diesel and petrol	**2,092**	515
Zhuhai Wanshan Port Co., Ltd.	A joint venture of a major shareholder	Commission expenses	**4,497**	4,560
三亞藍色幹線旅遊發展有限公司	An associate	Rental income	**4,270**	–

19 RELATED PARTY TRANSACTIONS (continued)

(b) Other transactions with related parties

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

(c) Key management compensation

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
Salaries, allowances and benefits in kind	**1,022**	1,264
Pension costs – defined contribution plans	**62**	112
	1,084	1,376

20 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 2018	As at 31 December 2017
	RMB'000	RMB'000
Guarantees in respect of mortgage facilities for certain purchasers of the Group's properties	**2,812,761**	2,632,585

20 CONTINGENT LIABILITIES (continued)

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

Pursuant to the terms of the guarantees, upon default of mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principal together with accrued interest and penalties 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 2018 (31 December 2017: Nil).

21 OPERATING LEASE COMMITMENTS

As at 30 June 2018 and 31 December 2017, the Group had future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 June 2018 RMB'000	31 December 2017 RMB'000
Within one year	**11,843**	8,008
In the second to fifth years, inclusive	**4,695**	6,241
After five years	**8,626**	8,884
	25,164	23,133

22 CAPITAL COMMITMENTS

As at 30 June 2018, the Group had the following contracted, but not provided for, commitments:

(a) In respect of acquisition of property, plant and equipment of RMB454,826,000 (31 December 2017: RMB434,991,000); and

(b) In respect of construction works related to properties under development of RMB1,855,575,000 (31 December 2017: RMB2,077,516,000).

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 2018 RMB'000	31 December 2017 RMB'000
Within one year	**24,000**	24,000
In the second to fifth years, inclusive	**48,000**	60,000
	72,000	84,000

23 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

This note provides an update on the judgements and estimates made by the Group in determining the fair values of the financial instruments since the last annual financial report.

Fair value hierarchy

To provide an indication about the reliability of the inputs used in determining fair value, the Group classifies its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

23 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)

The following table presents the Group's financial assets measured and recognised at fair value at 30 June 2018 and 31 December 2017 on a recurring basis:

At 30 June 2018	**Level 1 RMB'000**	**Level 2 RMB'000**	**Level 3 RMB'000**	**Total RMB'000**
Financial assets				
Financial assets at fair value through other comprehensive income (FVOCI)*				
– Equity investments of a listed entity in HK	**8,094**	**–**	**–**	**8,094**
Securities measured at fair value through profit or loss				
– Trading securities of a listed entity in HK	**516**	**–**	**–**	**516**
	8,610	**–**	**–**	**8,610**

At 31 December 2017	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets				
Available-for-sale investments				
– Equity investments of a listed entity in HK	7,439	–	–	7,439
Securities measured at fair value through profit or loss				
– Trading securities of a listed entity in HK	644	–	–	644
	8,083	–	–	8,083

* See note 4 for details regarding the reclassification as a result of a change in accounting policy.

23 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)

The different levels have been defined as follows:

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted (unadjusted) market prices at the end of the reporting period. The quoted marked price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities. There were no transfer of financial assets in the fair value hierarchy classification during the period.

MANAGEMENT DISCUSSION AND ANALYSIS AND OTHER INFORMATION

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

In the first half of 2018, China's business environment was full of challenges with increasing competition in the China's tourism industry. In this fiercely competitive environment, Zhuhai Holdings Investment Group Limited (the "Company") and its subsidiaries (collectively, the "Group") were able to strive for better quality of our products and services and minimise the effect. For the six months ended 30 June 2018 (the "Period Under Review"), the unaudited consolidated revenue of the Group amounted to approximately RMB2,689.4 million, representing an increase of about 117% as compared to approximately RMB1,241.9 million for the same period last year. Gross profit of the Group increased by 88% to RMB407.8 million. The unaudited consolidated profit for the Period Under Review was RMB151.4 million, comparing to RMB66.9 million for the same period last year. Furthermore, the unaudited consolidated profit attributable to owners of the Company was approximately RMB76.3 million (six months ended 30 June 2017: RMB25.1 million), representing an increase of 204%.

During the Period Under Review, the increase in the profit attributable to owners of the Company was primarily attributable to a substantial increase in revenue recognised as a result of an increase in units delivered for the sales of the Cuihu Xiangshan Project.

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", a non-wholly owned subsidiary of the 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 2018, 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 1,140,000 and 492,000, respectively, representing an increase of approximately 8.6% and 10.8% as compared to the same period last year. During the Period Under Review, the passenger volume of various island lines in Zhuhai was approximately 370,000, representing a decrease of approximately 4.7% 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 46.7%, continuing to lead the waterway transportation market between Guangdong province and Hong Kong.

The increase in passenger volume of Ferry Company during the Period Under review was mainly attributable to various drivers, including the launch of new lines such as the line between Shekou and Dongao, expansion of ferry schedule for certain lines and deployment of new ships for faster and more comfortable services to be provided in various stages.

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 Admiring Fireworks in Boat beside Xiang River (船遊湘江賞焰火), 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) ("CCCC Company") 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, new marine services at Sanya Bay were successfully launched and initial progress was made in the opening of the water transport network that brings eastern and western routes together. For details of the Hainan Framework Agreement, please refer to the Company's announcement dated 11 May 2015.

In 2017, Zhuhai Yuegongxin Marine Shipping Co., Ltd.* (珠海粵拱信海運輸有限責任公司), a company in which the Group has an equity interest, participated in the tender for the project in respect of shuttle bus operators for the boundary crossing facilities on the Hong Kong-Zhuhai-Macau Bridge (the "Shuttle Bus Project"), and was confirmed as the successful tenderer in August 2017, making it the sole operator of shuttle bus services for the boundary crossing facilities on the Hong Kong-Zhuhai-Macau Bridge. During the Period Under Review, the preparatory group pushed ahead with the preparatory work for the targets to be met before the opening of the bridge.

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 promotion campaigns, and 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 334,000 tourists in total, representing an increase of approximately 59.0% as compared to the same period of last year.

The increase in number of tourists served by Jiuzhou Cruises Company during the Period Under review was mainly attributable to various drivers, including the launch of new lines such as the night travel line on riverside along Zhuhai and Macau and increased efforts in launching various marketing activities.

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 will commence the design for the renewal unit programme. 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 cooperation 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 actively communicated with the other party with a view to solve the technical problems in the formation of the joint venture. For details of the Zhuhai Sailboat Station Project, please refer to the Company's announcement dated 15 June 2015.

On 2 May 2018, Zhuhai Haiqiao Investment Co., Ltd.* (珠海海喬投資有限公司), a wholly-owned subsidiary of Ferry Company, entered into a capital injection agreement with Taizhou Rongyuan Transportation Co., Ltd.* (台州市榮遠客運有限公司) ("Taizhou Rongyuan"), Zhejiang Jinbao Transportation Co., Ltd.* (浙江金豹運業有限公司) and Zhejiang Haimen Ferry Company* (浙江省海門輪渡公司) in relation to the capital injection in Taizhou Rongyuan, which is principally engaged in maritime passenger transportation in the PRC. Along with the capital injection, the Group intends to fully benefit from its strengths in the management, technology and talents in relation to ports and maritime transportation business by investing into Taizhou Rongyuan with plans for the investment, operation and cooperation of the Taizhou Dachen Island Maritime Transportation Project (台州大陳島水上交通項目). For details of the Taizhou Dachen Island Maritime Transportation Project, please refer to the Company's announcement dated 2 May 2018.

2. Green Leisure Tourism and Composite Real Estate

2.1 Zhuhai Holiday Resort Hotel

During the Period Under Review, 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 as its core and economic benefits as its target. In terms of social benefits, it has been awarded as the "Model Enterprise of Trustworthiness in Guangdong Province" jointly granted by Guangdong Provincial Enterprise Confederation and Guangdong Provincial Association of Entrepreneurs for twelve consecutive years. In addition, Zhuhai Holiday Resort Hotel was awarded the "Top 100 enterprise in Guangdong for comprehensive competitiveness in building corporate culture for 2017" and"Advanced Food Safety Enterprise".

During the Period Under Review, the total income of Zhuhai Holiday Resort Hotel amounted to RMB75.4 million, representing an increase of approximately 10.8% as compared to the same period last year. The increase in income was mainly attributable to an increase in income from food and beverage business as we strengthened our efforts in launching various marketing activities. The average occupancy rate of Zhuhai Holiday Resort Hotel during the Period Under Review was approximately 60.58%, representing an increase of 0.78% when compared to same period last year, and its average room rate was RMB582, representing a decrease of 2% when compared to the same period last year. In the first half of 2018, the hotel segment recorded a segment profit of approximately RMB7.6 million.

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

With Zhuhai Jiuzhou Property Development Limited* (珠海九洲置業開發有限公司) ("JPD Company", a wholly-owned subsidiary of the Company) being the investor and developer of the New Hotel Project, the roof-capping and the installation of glass curtain walls for the main structures of Phase 1 new hotel (the "New Hotel") and sports stadium had been completed, and construction moved onto interior finishes. We pressed ahead with the strategic cooperation between the New Hotel Project and well-known high-end hotel management companies in the world by introducing high-end global brands and positioning the New Hotel Project as a high-end boutique hotel in the world. With respect to Phase 2 office complex (the "Office Complex"), the preliminary procedures of construction approval had been completed and the construction plan has been refined. Meanwhile, we commenced the landscape design for the park.

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 1,831,000, which increased by approximately 1.7% when compared to the same period last year. During the Chinese New Year of this year, the New Yuanming Palace and Hebei View and Miracles Co., Ltd. (河北印象奇蹟公司) launched the show "Impression of Ancient Iron Flower in Zhuhai" at Longquanhu of Yuanming Palace. The show presents a perfect blend of molten iron flower, an intangible cultural heritage of China and Water Wedding, an intangible cultural heritage of Zhuhai Province with real mountain and lake. The show led to a rich, diversified and festive experience for the highly acclaimed event.

2.4 Hunan Chengtoushan Project

As disclosed in the Company's annual report for 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) (collectively, the "JV Parties") on 3 March 2017 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) (the "Chengtoushan JV Company"). After negotiation on a friendly basis, the JV Parties agreed, among other things, to terminate the Chengtoushan JV Contract, where no JV Party shall have any claim against the other in relation thereto. Chengtoushan JV Company was dissolved thereafter on 10 July 2018. For details of the Chengtoushan JV Contract, please refer to the Company's announcement dated 3 March 2017.

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 48,000 in aggregate for these two months.

During the first half of 2018, the Fantasy Water World launched the themed promotion activity "Amazing Va" with cultural heritage of the Va ethnic minority. The activity turned the site into a buoyant sea with vibrancy, and was covered by the news media. In the meantime, 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. ("ZJ Development Company", a non-wholly owned subsidiary of the Company) developed the Cuihu Xiangshan Project at full speed. During the Period Under Review, Cuihu Xiangshan Project was awarded another title, namely the 2017 "Livable Boutique Luxury" by Fangzhanggui, which elevated the brand awareness of the project and created favourable conditions for its subsequent sales.

In the first half of 2018, certain units of Phase 2 high-rise project were delivered. As the ongoing developments of the Cuihu Xiangshan Project are being delivered in different stages, work is underway in an orderly manner for the establishment of Xiangshan commercial hub. Meanwhile, the preliminary preparation work for attracting investment in business is well underway during the Period Under Review, which will lay a sound foundation for brand development and subsequent marketing for the project.

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) ("Zhuhai Golf"), a non wholly-owned subsidiary of the Company, served 20,100 golfers during the Period Under Review, representing a decrease by 9,000 as compared to the same period last year. Contributing to the decrease is fewer days of favourable weather for the first half of 2018 as compared to the same period of last year. During the Period Under Review, Lakewood Club has been developing its own brand, namely the "Greater Bay Area Champions golf tournament" and pushing forward its training for youth golfers, with the support by Zhuhai Bureau of Recreational and Sports Activities and Tourism* (珠海市文體旅遊局).

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 6% as compared with the same period of last year, primarily benefiting from overall favourable weather condition in the first half of 2018 which had lessened the impact on ferry schedule. During the Period Under Review, Jiuzhou Port Company continued to reform and expand its official website on Wechat, and improved the ticketing function. Jiuzhou Port Company optimised the platform in the areas of design, services, intelligence and IT application. Currently, the Jiuzhou Port Wechat platform has followers of more than 490,000. To minimize the impact of the super typhoon last year that caused damage to the port and the facilities, Jiuzhou Port has launched a number of upgrading and renovation measures to improve the port and facilities. Jiuzhou Port has conducted comprehensive overhaul to the multimedia resources in the passenger transport station building and further embellished multimedia advertising spaces. Jiuzhou Port also fully utilised the berths available at night time by leasing them as advertising spaces. Through the cooperation with operators by sharing and leasing, Jiuzhou Port created another driver for the growth in its 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 in competition. For the product oil retail business, sales volume during the Period Under Review was approximately 7,000 tons, representing a decrease of 13% as compared to the same period of last year. For the product oil wholesale business, sales volume during the Period Under Review was approximately 320,000 tons, representing an increase of 58% as compared to the same period of last year. 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 the second half of 2017, Jiuzhou Energy Company won the bid for the procurement project in an agreement designated petro-filling station for the official business vehicles in Zhuhai from 2017 to 2019 and ZJ Port Station became the designated petro-filling stations for the official business vehicles in Zhuhai.

In 2015, for the purpose of achieving the "going out" strategy, Jiuzhou Energy Company entered into a strategic co-operation framework agreement ("Shaoguan Framework Agreement") with its co-operation partners, for the proactive development and operation of an energy supply project in Shaoguan, the PRC (the "Energy Supply Project"). During the Period Under Review, Jiuzhou Energy Company continued to proceed with the Energy Supply Project, and the work is expected to complete in the second half of 2018. 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 and mortgage loans.

Shenzhen Jiuzhou Holdings Finance Lease Co., Ltd. * ("深圳市九控融資租賃有限公司") ("Jiuzhou Holdings Finance Lease Company"), a wholly-owned subsidiary of the Company, commenced its operation during the Period Under Review and successfully launched the factoring business for commercial bills and trade receivables. It also actively explored the commodity trading business to steadily advance the business development of the financial investment segment.

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 has been used in full 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.

LOAN AGREEMENT WITH COVENANTS RELATING TO SPECIFIC PERFORMANCE OBLIGATIONS OF 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. The above obligations lapsed upon such repayment of the 2015 Facility during the financial year ended 31 December 2017 ("FY2017").

Save as disclosed above, pursuant to the 2017 Facility Agreement, the Company has covenanted and undertaken to the Lenders (among other terms and conditions) that: (1) at least 30% of its entire issued share capital remain to be beneficially owned (directly or indirectly) by ZJ Holdings; (2) ZJ Holdings remains as the single largest beneficial shareholder of the Company; and (3) ZJ Holdings have management control over the Company. If any of such events of default occurs and continues, the loan, amounts payable under the 2017 Facility Agreement together with any accrued interest may immediately become due and payable on demand.

On 28 March 2018, the Company, as borrower, entered into a term loan facility agreement ("March Facility Agreement") with a bank ("Bank"), pursuant to which the Bank has agreed to grant to the Company a term loan facility of up to HK$200 million having the final maturity date falling 36 months from the date of the March Facility Agreement. Pursuant to the March Facility Agreement, the Company has covenanted and undertaken to the Bank (among other terms and conditions) that: (1) at least 30% of the entire issued share capital of the Company remains to be beneficially owned (directly or indirectly) by ZJ Holdings; (2) ZJ Holdings remains as the single largest beneficial shareholder of the Company; and (3) ZJ Holdings have management control over the Company.

For details of the 2017 Facility Agreement and the March Facility Agreement, please refer to the Company's announcements dated 15 August 2017 and 28 March 2018, 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 2018, 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 integration of water tourism resources and marketing activities for marine tourism at Sanya Bay with the Sanya government. Jiuzhou Cruises Company is actively developing the project of Wanchai Port and Wanchai cruise terminal, striving for an early commencement of construction. As for the Guishan Island Project, initial progress has been made for the mainstay that the number of rooms under the two phases of the project has reached 50 and the number of beds has reached nearly 80. Ferry Company will continue to follow up on the latest planning and design of Phase 3 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 2018, 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. 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 Company 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. As preliminary formats of commercial zones have been determined for the Office Complex, we will push forward the construction of the New Hotel Project. Meanwhile, attraction of investments in business and other ancillary services for the Office Complex are well underway.

New Yuanming Palace will proactively promote further planning and explore the possibilities of upgrading for its further development. The Fantasy Water World will improve its operating results during the Summer through strengthened efforts in marketing and promotion for its themed activity featuring the Va cultural heritage.

As for the Cuihu Xiangshan Project, the Town Center, being the core ancillary project, is the primary construction project of ZJ Development Company in 2018. For the second half of 2018, the Company will proceed with the sales of Phase 3 and Phase 4 of Cuihu Xiangshan with Phase 3 Town Centre, multi-storey villas and villas, which are the largest, most diversified and comprehensive core products in the project. For the second half of 2018, the Company will proceed with its construction. Showrooms for the Phase 4 French villa and Chinese-style courtyard houses are expected to be provided during the second half of 2018.

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 proactively work with other parties on various tasks related to the co-ordination and planning of Jiuzhou Port and Jiuzhouwan Area, and on carrying out the construction of the Wanzai ferry passenger terminal and the first phase of the tourist terminal. Moreover, Jiuzhou Port Company will work with Zhuhai on carrying out the smart city project, which is currently at the stage of program development. Meanwhile, it will continue to introduce more Alipay and WeChat payment functions to ticket counters to provide convenient and expedient services for travellers.

Jiuzhou Energy Company will continue to tap into market potential, enhance its market competitiveness and bring quality products and services to more customers. It will further optimise the operation model of the gas stations in an effort to effectively increase sales volume and profit margin, as well as to accelerate the development of the Energy Supply Project.

Jiuzhou Holdings Finance Lease Company will further expand the commodity trading business to facilitate diversified business development. It will also continue to expand the customer base and actively explore new financing channels. It will strive to achieve synergy with financial institutions to minimise cost of investment and higher corporate efficiency.

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

No further appeal against the CA Judgment was filed by the Appellants. For the financial 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, they will liaise with the Receivers when necessary and will proceed 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, 2016 and 2017.

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

The Group generally finances its operations with internally generated cashflow and 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 Company 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 Company 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 30 June 2018, JPD Company has drawn down RMB50.6 million from the Project Facility.

The Group's time deposits and cash and cash equivalents as at 30 June 2018 amounted to approximately RMB1,178.3 million (31 December 2017: RMB1,913.3 million), of which approximately RMB925.0 million (31 December 2017: RMB1,599.3 million) were denominated in RMB, approximately RMB253.3 million (31 December 2017: RMB314.0 million) were denominated in Hong Kong dollars.

As at 30 June 2018, trade receivables amounted to RMB107.6 million (31 December 2017: RMB113.7 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 RMB0.5 million as at 30 June 2018 (31 December 2017: RMB0.6 million), all of which RMB0.5 million were denominated in Hong Kong dollars (31 December 2017: RMB0.6 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 2018 (31 December 2017: Nil).

During the Period Under Review, the Group has subscribed for a wealth management product of China Citic Bank, Zhuhai Branch ("China Citic Bank Wealth Management Product") in an aggregate amount of RMB200 million. As at 30 June 2018, none of the China Citic Bank Wealth Management Product remain outstanding, as the terms of which have ended in accordance with its respective agreement prior to 30 June 2018. Interests received from the China Citic Bank Wealth Management Product amounted to approximately RMB2.6 million. Please refer to the Company's announcement dated 25 January 2018 for information in relation to the China Citic Bank Wealth Management Product. After the reporting period, the Group has subscribed for a wealth management product of China Citic Bank, Zhuhai Branch of RMB80 million. Please refer to the Company's announcement dated 12 July 2018 for information.

Total interest-bearing bank borrowings amounted to approximately RMB2,986.8 million as at 30 June 2018 (31 December 2017: RMB2,768.3 million).

The Group's gearing ratio was 0.54 as at 30 June 2018 (31 December 2017: 0.31), which is net debt divided by total shareholders' equity plus net debt. Net debt included interest-bearing bank borrowings, trade and bill payables, accrued liabilities and other payables, construction payables, amounts due to a major shareholder and related companies less restricted bank balances, time deposits and cash and cash equivalents.

As at 30 June 2018, the Group had a current ratio of 1.36 (31 December 2017: 1.31) and net current assets of RMB2,069.0 million (31 December 2017: RMB1,621.6 million).

As at 30 June 2018, interest-bearing bank borrowings that were outstanding amounted to RMB2,986.8 million (31 December 2017: RMB2,768.3 million), which mainly comprised of (1) principal amount of RMB80 million with the final maturity date falling due in April 2019; (2) principal amount of RMB900 million with the final maturity date falling due in April 2020; (3) principal amount of RMB100 million with the final maturity date falling due in December 2020; (4) principal amount of HK$200 million with the final maturity date falling due in March 2021; (5) principal amount of HK$2,000 million with the final maturity date falling due in August 2021; and (6) principal amount of RMB50.6 million with the final maturity date falling due in December 2022.

As at 30 June 2018 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.

On 28 March 2018, the Company, as borrower, entered into a term loan facility agreement ("March Facility Agreement") with a bank ("Bank"), pursuant to which the Bank has agreed to grant to the Company a term loan facility of up to HK$200 million having the final maturity date falling 36 months from the date of the March Facility Agreement. Please refer to the Company's announcement dated 28 March 2018 relating to the March Facility Agreement and the Company's disclosure pursuant to Rule 13.18 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules") for information.

CONTINGENT LIABILITIES

As at 30 June 2018, the Group had contingent liabilities in respect of financial guarantees on mortgage facilities for certain purchasers of the Group's properties amounted to approximately RMB2,812.8 million (31 December 2017: RMB2,632.6 million). Except for these financial guarantees as disclosed above, the Group had no material contingent liabilities as at 30 June 2018 (31 December 2017: Nil).

SUBSEQUENT EVENTS AFTER THE INTERIM PERIOD

On 4 September 2018, the Board resolved to proceed with dissolving the 珠海九洲互聯網科技股份有限公司 (Zhuhai Jiuzhou Internet Technology Co., Ltd.*), a company established under the laws of the PRC with limited liability and a non-wholly owned subsidiary of the Company, on a voluntary basis. Please refer to the Company's announcement dated 5 September 2018 for further information. Save as disclosed above, the Group did not have any significant subsequent events after the interim period ended 30 June 2018.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As at 30 June 2018, 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 2018, land use rights and properties under development of lot S4 of Cuihu Xiangshan Project with an aggregate carrying value of approximately RMB838.3 million (31 December 2017: land use rights and properties under development of lot S4 of Cuihu Xiangshan Project with an aggregate carrying value of approximately RMB763.6 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 2017: RMB900 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 2018, 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 30 June 2018, 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 RMB51.9 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 Company and the Bank Lender.

FOREIGN EXCHANGE EXPOSURE

Most of the businesses of the Group are operated in Mainland China, and most of the 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 has not entered into any foreign currency exchange contracts or derivative transactions to hedge the foreign exchange risk.

CAPITAL STRUCTURE

As at 30 June 2018, the number of issued ordinary shares was 1,427,797,174 shares (31 December 2017: 1,427,797,174 shares) in aggregate and the shareholders' equity of the Group was approximately RMB1,912.2 million (31 December 2017: RMB1,846.6 million). The increase in the shareholders' equity of the Group during the Period Under Review was mainly attributable to the profit attributable to owners of the Company of approximately RMB76.3 million.

As at 30 June 2018, 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 2018, the Board recommended the payment of a final dividend of HK2 cents per ordinary share of the Company ("2017 Dividend") in respect of FY2017. The shareholders of the Company approved the payment of the 2017 Dividend at the annual general meeting of the Company held on 25 May 2018. In light of the declaration of the 2017 Dividend, pursuant to the respective terms and conditions of the Warrants, the subscription price of the Warrants was adjusted from HK$1.64 to HK$1.61 per share. Details of the adjustment of the subscription price of the Warrants are set out in an announcement of the Company dated 19 June 2018.

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 2018, the Group had approximately 2,256 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.

During the Period Under Review, no share options were granted, exercised, cancelled or had lapsed under the Share Option Scheme. Moreover, the Company had no share options outstanding under the Share Option Scheme as at 30 June 2018 and 31 December 2017.

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

As at 30 June 2018, the interests and short positions of the directors and chief executive of the Company in shares and underlying shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), that were recorded in the register required to be kept pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), were as follows:

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

Name of director	Number of ordinary shares directly and beneficially owned	Approximate percentage of the Company's issued ordinary share capital *(Note 1)*
Mr. Huang Xin	720,000	0.05%
Mr. Jin Tao	1,742,000	0.12%
Mr. Ye Yuhong	700,000	0.05%
Mr. Kwok Hoi Hing	202,190,000 *(Note 2)*	14.16%
Mr. Chu Yu Lin, David	2,700,000	0.19%
Mr. Albert Ho	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 2018 (i.e., 1,427,797,174 shares).

Note 2 Mr. Kwok Hoi Hing held 202,190,000 shares of the Company of which 29,220,000 shares were held through his wholly-owned subsidiary, Surpassing Investment Limited.

Save as disclosed above, as at 30 June 2018, 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 2018, 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)*	592,868,000	Beneficial owner and interest of controlled corporation	41.52%
Longway Services Group Limited ("Longway") *(Note 2)*	357,668,000	Beneficial owner	25.05%
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 2018 (i.e., 1,427,797,174 shares).

Note 2 Out of the 592,868,000 shares of the Company held by ZJ Holdings, 357,668,000 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 2018, 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 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 2018.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted 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 2018.

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 2018 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 2018 (six months ended 30 June 2017: 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 2017 annual report is set out below:

Director	Details of changes
Mr. Zou Chaoyong	Appointed as a non-executive Director with effect from 28 May 2018.

By Order of the Board of Directors
Huang Xin
Chairman

Hong Kong, 30 August 2018