珠海控股
ZHUHAI HOLDINGS

Annual Report 2019 年報

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

(Incorporated in Bermuda with limited liability)（於百慕達註冊成立之有限公司）

Stock Code 股份代號: 00908

ZHUHAI HOLDINGS INVESTMENT GROUP LIMITED

FORGING AN INDUSTRIAL CHAIN OF PERFECT LIVING AND TRAVELLING

CONTENT

Corporate Information

Board of Directors

Executive Directors

Mr. Huang Xin *(Chairman)*
Mr. Jin Tao (appointed as the
Chief Executive Officer on 8 April 2020)
Mr. Ye Yuhong
Mr. Li Wenjun
Mr. Zeng Jianping (appointed on 20 April 2020)

Non-Executive Directors

Datuk Wira Lim Hock Guan
(Mr. Lim Seng Lee as his alternate)
Mr. Kwok Hoi Hing
(Mr. Zhu Minming as his alternate)
Mr. Zou Chaoyong

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)
Mr. Zhu Minming
(alternate to Mr. Kwok Hoi Hing)

Audit Committee

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

Nomination Committee

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

Remuneration Committee

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

Company Secretary

Mr. Kwok Tung Fai

Auditors

PricewaterhouseCoopers
Certified Public Accountants and
Registered Public Interest Entity Auditor

Principal Bankers

Wing Lung Bank, Limited
Industrial and Commercial Bank of China,
Zhuhai Branch
Bank of China, Zhuhai Branch
China Everbright Bank, 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 54, Hopewell Centre
183 Queen's Road East
Hong Kong

Head Office and Principal Place of Business in Hong Kong

Units 3709–10
37/F, West Tower, Shun Tak Centre
168–200 Connaught Road Central
Sheung Wan
Hong Kong

Registered Office

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Stock Code

00908

Investors Relation

Email address:
ir0908hk@zhjzgroup.com

Website

www.0908.hk

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

Chairman's Statement

Huang Xin
Chairman

Dear Shareholders,

Looking back on its struggle in 2019, Zhuhai Holdings Investment Group Limited ("Zhuhai Holdings") (the "Company" and its subsidiaries, the "Group")), under the leadership of the board of directors, adhered to the guidelines of "cultivating corporate values, forging the conventional path while launching new ideas, assuming great responsibilities, achieving through synergy", and fully monitored its resources in accordance with its strategic development goals for the year. On one hand, the Company actively promoted the stable development of various core businesses, further enhanced operating efficiency, implemented quality management and strengthened internal monitoring. On the other hand, the Company leveraged on the market's financing channels to improve its capital structure. During the period, the Company focused on key project strategies, constantly optimized its business and fund structure, as well as strengthened the profit base of the principal businesses. Meanwhile, the Company continued to enhance the operational management of held assets, gradually raised its operating efficiency, continued to revitalize existing assets, centralized resources and further focused on core businesses.

Chairman's Statement

The Company recorded a net profit attributable to owners of the Company for the year ended 31 December 2019 ("FY2019") of approximately RMB81,069,000 (FY2018: RMB177,028,000) and a basic earnings per share of RMB5.68 cents for FY2019 (FY2018: RMB12.40 cents). The board of directors of the Company does not recommend the payment of a final dividend to the shareholders for FY2019 (FY2018: HK2 cents).

In 2020, global trade and economic situations remain grim, domestic and overseas capital markets stay volatile, and the business environment is still full of uncertainties, thereby forcing all sorts of challenges upon the Group's business development. The Group will adhere to its corporate strategic goals by continuing to reinforce the intensity and depth of its capital operations and expanding its financing channels. In order to tackle with the liquidity risk and interest rate risk arising from external economic fluctuations and uncertainty of environmental factors, the Group will continue to facilitate sales and capital returns. In addition, through comprehensively utilizing the advantage of diversification among domestic and overseas financing channels, the Group will make full use of various finance means, continuously optimize its capital management, reduce financing costs, improve debt structure, as well as strengthen the internal control system and fully coordinate resource allocation to improve operating efficiency.

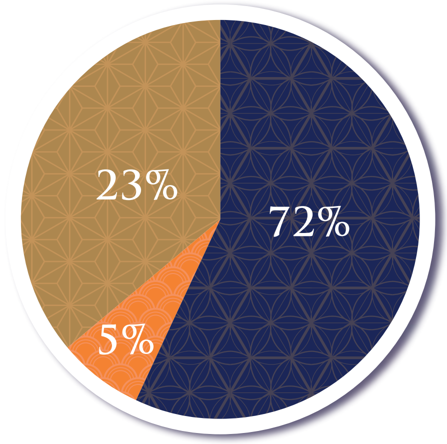
Finally, I would like to thank all of our directors, employees and shareholders for their dedication and consistent support in the past year. Wish you all a prosperous and healthy new year!

By Order of the Board
Huang Xin
Chairman
Hong Kong, 26 March 2020

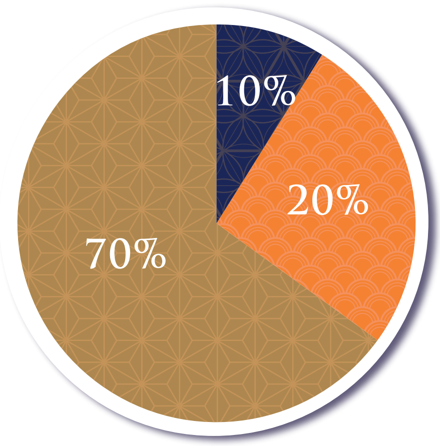
Financial Highlights

Segment Revenue

RMB 11,812.3 M



- Jiuzhou Blue Sea Jet and Blue Marine Tourism
- Green Leisure Tourism and Composite Real Estate
- Public Utilities and Financial Investments



Segment Results*

RMB 1,071.2 M

- Jiuzhou Blue Sea Jet and Blue Marine Tourism
- Green Leisure Tourism and Composite Real Estate
- Public Utilities and Financial Investments

	2019	2018
Revenue (RMB'000)	**11,812,280**	9,248,350
Gross profit (RMB'000)	**1,244,050**	1,328,993
EBITDA (RMB'000)	**1,061,404**	1,126,792
Profit for the year (RMB'000)	**280,328**	396,844
Profit attributable to owners of the Company (RMB'000)	**81,069**	177,028
Gross margin (%)	**10.5%**	14.4%
EBITDA margin (%)	**9.0%**	12.2%
Profit margin (%)	**2.4%**	4.3%
Earnings per share (RMB) – basic	**RMB5.68 cents**	RMB12.40 cents
Dividend per share (HK$) – final dividend (proposed) (HK$)	**Nil**	HK2 cents
Dividend pay-out ratio (%)	**Nil**	14%
Current ratio (times)	**1.34**	1.29
Gearing ratio (%)	**61%**	64%

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

Management Discussion And Analysis


澳门环岛游

Business Review

In 2019, the global economic growth showed a significant slowdown and an unstable recovery. The ongoing Sino-US trade disputes brought great uncertainty to the growth of global economy. Although China's overall economy maintained a steady yet progressive development trend, the increasing instability and uncertainty in the external environment imposed a certain level of downward pressure on the macro economy.

The Group continued to optimize its businesses. The audited consolidated income of the Group was approximately RMB11,812,280,000 for FY2019, representing an increase of 27.72% as compared with approximately RMB9,248,350,000 for the same period last year. The gross profit of the Group was RMB1,244,050,000, representing a decrease of approximately 6.39% as compared with approximately RMB1,328,993,000 for the same period last year. The consolidated profit for FY2019 was RMB280,328,000, representing a decrease of approximately 29.36% as compared with approximately RMB396,844,000 for the same period last year. In addition, the consolidated profit attributable to owners of the Company was RMB81,069,000, representing a decrease of approximately 54.21% as compared with approximately RMB177,028,000 for the same period last year.

For FY2019, there was an increase in the revenue of the Company, primarily due to the significant increase in transaction volume of fuel oil trading and distribution, which increased the revenue of Public Utilities and Financial Investments businesses of the Group. However, there was a decrease in profit attributable to the owners of the Company for FY2019, primarily due to significant decrease in segment results in (i) the Jiuzhou Blue Sea Jet and Blue Marine Tourism business as a result of a full year effect of diversion in passenger flow from the Hong Kong-Zhuhai ferry lines following the opening of the Hong Kong-Zhuhai-Macao Bridge in around October 2018 and (ii) the hotel business of the Group as a result of the increase in number of new hotels in Zhuhai and increased competition in the region, despite significant revenue and segment results recognized from the property development business of the Group as a result of the change in sales mix in the Zhuhai Cuihu Xiangshan High-end Tourism Real Estate Project.

The Company's principal businesses include Jiuzhou Blue Sea Jet and Blue Marine Tourism, Green Leisure Tourism and Composite Real Estate, and Public Utilities and Financial Investments.

1. Jiuzhou Blue Sea Jet and Blue Marine Tourism

1.1 Jiuzhou Blue Sea Jet

During FY2019, 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 transformation and upgrade by leveraging the development of the Guangdong-Hong Kong-Macao Greater Bay Area, the launch of the Hong Kong-Zhuhai-Macao Bridge and Zhuhai's unique coastal tourism resources, as well as through perseverance and relentless efforts. During the Group's transition from "traditional maritime transportation" to "maritime transportation + tourism", it further consolidated its traditional businesses, developed water tourism and advanced its external projects, and actively explored future development opportunities in the Greater Bay Area.

During FY2019, the passenger transportation business of Ferry Company delivered various performances, its offshore and domestic businesses had apparent polarized results. Traditional businesses rendered various performances under the impact of the opening of the Bridge and the uncertainties in Hong Kong during the period, while the newly launched marine tourism business achieved a good start, with the external projects steadily advanced. The development of the Hong Kong-Zhuhai-Macao Bridge and Hengqin New District, coupled with the implementation of the strategy on Guangdong-Hong Kong-Macao Greater Bay Area have attracted a large number of people to Zhuhai for tourism, investment and transit purposes, bringing vast room for the development of waterway passenger transport market. Also, the demand for transportation travel between Guangdong, Hong Kong and Macao has been surging, with the passenger volume of Shekou route and island routes increasing significantly, the passenger volume of the urban route and airport route in Hong Kong has significantly declined. During FY2019, Ferry Company upgraded and transformed the traditional businesses, and the update on capacities of ferries, which are now faster-running and decoration being more luxurious and comfortable, has been basically completed. While expanding and strengthening the traditional marine passenger transport business, the Group has deeply explored the tourism resources in the Greater Bay Area and has actively searched and boldly tried to arrange for marine tourism routes. As a result, the development pace exceeded expectations in the first full operating year.

During FY2019, the passenger volume of ferry services of the Ferry Company running between Jiuzhou Port (Zhuhai) and Hong Kong (including the Hong Kong Airport line) amounted to approximately 0.95 million, representing a decrease of approximately 55% as compared with the passenger volume of the previous year. Throughout the year, the Ferry Company accounted for 36.61% of the total number of routes between Guangdong and Hong Kong, the total number of waterway routes between Guangdong and Hong Kong continued to maintain its leading position. The volume of passenger travel on Shekou route was 1.13 million persons throughout the year, representing an increase of 3% as compared with that of the previous year. During FY2019, the volume of passenger travel on various Zhuhai island lines had a 6% increase as compared with that of the previous year. Apart from the overseas routes being affected by the opening of Hong Kong-Zhuhai-Macao Bridge and uncertainties in Hong Kong during the period leading to a great decline in the passenger volume, the passenger volume of each passenger route of the Ferry Company has increased to varying degrees, with the most significant increase in island routes, thanks to the increasing popularity of tourism in Greater Bay Area, the municipal government's development strategy regarding vigorous promotion of marine tourism and the "Land-island public transportation". The development pace of the newly explored and cultivated marine tourism route was beyond expectation, the number of tourists it received was 0.24 million in the first full operating year.

Zhuhai Yuegong Xinhai Transportation Co., Ltd.* (珠海粵拱信海運輸有限責任公司), a company in which the Group has equity interests, participated in the tender for the project in respect of shuttle bus operators for the boundary crossing facilities on the Hong Kong-Zhuhai-Macao 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-Macao Bridge. During FY2019, it scheduled regular safety checks on vehicle conditions and strengthened driver training to ensure safety, and it carried a total of 14.64 million passengers, with daily passenger volume of 40,000. Such Shuttle Bus Project can effectively respond to the impact of the opening of Hong Kong-Zhuhai-Macao Bridge on Jiuzhou Blue Sea Jet, and brings new economic growth to the Group's transportation business segment.

1.2 Blue Marine Tourism

The surrounding area, where Zhuhai Jiuzhou Cruises Co., Ltd.* (珠海市九洲郵輪有限公司) ("Jiuzhou Cruises Company", a wholly-owned subsidiary of the Ferry Company) is located, is affected by the municipal road construction, and a large portion of its parking lot has been occupied, whereby the government has subsequently funded the upgrade of the parking lot, which solved some problems and improved the quality of the reception service of the terminal. With the favorable opportunity arising from the opening of the Hong Kong-Zhuhai-Macao Bridge, Jiuzhou Cruises Company further broadened the Zhuhai-Macau Bay Tourism route. By improving service quality, organizing several festivals and brand promotion, the number of tourists it received had significantly increased. Meanwhile, issues such as shortage of the company's ship capacity were alleviated through measures such as the construction of two new vessels, leasing, renovation and reconstruction. Jiuzhou Cruises Company actively participated in a large-scale integrated media live event "Set off sailing under the blessings of joyful songs (一路歡歌 揚帆起航)" organized and implemented by China Media Group (中央廣播電視總台), with an aim to build a communication platform for both Zhuhai and Macao with high standard service. During FY2019, the total number of tourists that Jiuzhou Cruises Company received was 1,089,200, with a year-on-year increase of 252,900 when compared to 836,300 in the corresponding period of last year, representing an increase of 30.24%.

In order to completely implement the strategy of "Blue Marine Tourism" with an aim to establish a marine-related business segment, the Ferry Company entered into a strategic co-operation framework agreement ("Guishan Framework Agreement") with the People's Government of Guishan Town, Zhuhai (珠海市桂山鎮人民政府) in 2015 in relation to the possible co-operation in the investment, construction and operation of a project on Guishan Island (桂山島), Zhuhai of the People's Republic of China ("PRC" or "China"), involving the featured cultural industry and homestay tourism industry ("Guishan Island Project"). Initial progress has been made for the project, which was recognized as the most beautiful homestay in Guangdong. During FY2019, the Ferry Company further increased marketing strategies, launched special marketing activities, constantly enriched the connotation of homestay "fishing village of the island (海島漁村)", improved campfire gatherings and introduced featured products such as trip photography and "Blue Shore Music Party (藍岸音樂派對)", thereby further expanded the market. Guishan Island Project is the Company's introductory work that closely follows the island's construction and carries out transformation and upgrade, and it is of great significance to the extension of the Group's industrial chain towards the "Blue Marine Tourism".

In 2015, Zhuhai Haichang Investment Company Limited* (珠海海昌投資有限公司) ("Haichang Investment") entered into a preliminary co-operation agreement with a subsidiary of a state-owned enterprise in Zhuhai, in relation to the development of "Zhuhai Sailboat Station Project" in Zhuhai, the PRC. The project will comprise water sports (including but not limited to sailboats, yachts, kayaks and motor boats) and the operation of the marine restaurant business and marine culture memorial, etc. During FY2019, both parties continued to promote the establishment of a joint venture company and initiated the infrastructure work of the preliminary project. The area of future projects will be built into maritime tourism, marine sports, land area business, etc. For details of the Zhuhai Sailboat Station Project, please refer to the Company's announcement dated 15 June 2015.

2. Green Leisure Tourism and Composite Real Estate

2.1 Zhuhai Holiday Resort Hotel

At the grand occasion of 70th Anniversary of the founding of motherland, PRC, this also ushers in the salute to 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, for its 35th anniversary. The hotel was honourably awarded the "Trustworthy Model Enterprise in Guangdong Province" (廣東省誠信示範企業) for thirteen consecutive years, won the award for the "Innovative Enterprise Regarding Zhuhai Enterprise Culture Construction at the 40th Anniversary of China's Reform and Opening Up". It also earned the title of "2019 Most Competitive Resort Hotel" at the MICE STAR awarding Ceremony. All such honours and awards have testified to the solid brand positioning and marketing strategies of the hotel.

In FY2019, due to the impacts attributable to various factors, including uncertain economic prospect in Hong Kong during the period, intense competition in the local hotel industry, increasing number of newly founded hotels at the locality of Zhuhai, the average occupancy rate of Zhuhai Holiday Resort Hotel dropped.

In order to strengthen its competitive edges, the Zhuhai Holiday Resort Hotel has stepped up efforts on online sales and marketing, introduced culture-themed décor, promotion of celebrity chefs, signature dishes and culture-themed guestrooms and villas. With all such initiatives, the hotel has enhanced its brand recognition. Guided by the benchmarks set by branded hotel in terms of service standards, procedures and business norms, Zhuhai Holiday Resort Hotel, based on its actual circumstances, aims to enhance the overall service quality and foster refined management, as well as to launch attentive butler service. Through our duly efforts in extending the industry chain, promoting property management, wedding banquets, travel agencies and other businesses, we resolve to maximize the Company's revenue.

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

In FY2019, Zhuhai Jiuzhou Property Development Limited* (珠海九洲置業開發有限公司) ("JPD", a wholly-owned subsidiary of the Company), is keen on devising and carrying forth the pre-designed annual blueprint. As such, JPD will strictly monitor the project construction progress, optimize management mechanism, source for diverse capital funding channels, exert stringent control on expenses, whereby a healthy business development is expected. For newly commenced hotel projects, respective renovation works are winding up as refurbishment of public areas are completed, while only fixtures of guestrooms are needed to be installed. Various engineering inspections and acceptances on construction safety are underway in an orderly manner.

Regarding the Phase 2 commercial and office complex project, a construction permit was obtained in mid-November. At present, "three connections and one leveling" work (i.e. construction works that enable connection to water and electric power supplies and road networking, and that the ground is leveled) has been completed on the land parcel; followed by undertaking foundation pit construction as planned. Meanwhile, JPD has sought active liaison with the relevant administrative units that it was able to shorten construction period and save construction costs via a modified construction solution. To boost the financing capacity of certain projects, JPD actively invited for strategic investors. JPD was able to further enhance the overall resort hotel landscape by creating new hotel main buildings and garden landscapes. Besides, the operation team actively commenced preliminary preparatory works, including recruitment of new staff, setting up management system, monitoring of service quality and brand operation. JPD is dedicated to step-up effort to raise the overall functionality of the hotel, from a holiday resort hotel to one that is amplified by all-inclusive facilities, namely, an integrated themed hotel.

2.3 The New Yuanming Palace

During FY2019, 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) (the "New Yuanming Palace") received 3,560,600 visitors, representing a year-on-year decrease of 412,600 visitors, or 10.38%. The New Yuanming Palace carried forth renovation works in phase, including the environmental rejuvenation works at the New Yuanming Palace, and the restoration works at scenic spot, and actively explored the feasibility of transforming land functionality, among others. All such efforts helped lay a solid foundation for promoting planned upgrade and reconstruction works undertaken in the theme park. The New Yuanming Palace plans ahead in promoting the leasing markets within the park's venue, whereby, a distinct classified expansion plan is carried forth in terms of the business sectors and industries. It particularly targets for school graduation ceremonies and social organizations in its provision of leasing service for such functions and entities. Due to improved service quality, the venue leasing service increased by 44% in the year. Efforts have been made to improve the standard of various research courses, and as such, the student group market witnessed rapid growth. The newly commenced courses have been well received by collaborative partners, schools, and other walks of life, and therefore, this sector contributed promising revenue to the New Yuanming Palace. The New Yuanming Palace also actively explores and expands the market channels of performing arts that it vigorously promoted the Company's "going out" strategy for its performing arts sector, diverging from "passive watching" into "active participation" in its marketing approach. The Company has expected a higher profitability through entering into market expansion agreements where an agreed fixed-quota arrangement for ticket distribution can be reached.

2.4 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 the year, it only opens partially for the running of winter events. In FY2019, the number of visitors received by Fantasy Water World was 209,200, with the same number of visitors recorded in the corresponding period of previous year. The Fantasy Water World has upgraded its hardware facilities to safeguard its water quality, and that the water quality at the Fantasy Water World was rated A-grade for the 9 consecutive years. To counteract keen competition in water park market, the Fantasy Water World strove to strengthen overall internal management, refine on detailed operations, beautify the environmental landscape, exercise pragmatic management on on-site operations, introduce cleaning and etiquette training, and other measures. Besides, it endeavors to save costs through energy conservation and reduced consumption, enhanced work efficiency and stringent cost control. The New Yuanming Palace targeted at holiday sales promotions and high-season marketing, launched off-season packages and strengthened fixed-quota distribution, as well as initiated various preferential promotions during festive holidays, and was resolute to increase revenue through multiple channels. Meanwhile, it leveraged the priority WeChat channels, "Two Parks and Three Tagged Numbers" (兩園三號), to boost promotion on signature products and prioritize marketing strategies, while launching sales promotion activities such as "messaging and interactive tickets forwarding" to appeal to fans' attention and engagement, along with scale-up budget for advertisement and increased advertisement posting to promote offline sales.

2.5 Jiuzhou • Greentown – Cuihu Xiangshan Project

Zhuhai Jiuzhou Holdings Property Development Co., Ltd. (珠海九控房地產有限公司) ("ZJ Development Company", formerly known as Zhuhai International Circuit Consolidated Development Limited* (珠海國際賽車場綜合發展有限公司), a non-wholly-owned subsidiary of the Company) continued to speed up construction progress with respect to Zhuhai Cuihu Xiangshan High-end Tourism Real Estate Project ("Cuihu Xiangshan Project"). Delivery of some high-rise residences, villas and French villas were completed. Renovation works for kindergarten project were completed, and while the respective fire protection and planning acceptance were underway, primary school projects were delivered for use. In terms of sales promotion, emphasis was put on the metropolitan living experience at Cuihu Xiangshan, and brand differentiation and influence were highlighted. Through strategic arrangement for various high-quality cultural events, impressive results have been achieved in both new product sales and inventory destocking. Meanwhile, the small town center actively proceeded with brand invitation in the second half of the year, and has successfully signed four brands.

2.6 Zhuhai Lakewood Golf Club ("Lakewood Club")

During FY2019, the Lakewood Club operated by Zhuhai Jiuzhou Holdings Sports Management Co., Ltd.* (珠海市九控體育管理有限公司) ("Jiuzhou Sports") (formerly known as Zhuhai International Circuit Golf and Country Club Limited* (珠海國際賽車場高爾夫俱樂部有限公司)), a non-wholly-owned subsidiary of the Company, increased the number of playing sessions to 50,879, representing a year-on-year increase of 7,829, or year-on-year growth of 18.2%, through implementing a series of measures, including no time-limit for venue reservation, scale-up reception services for group sports events, strengthened cooperation with game booking agents, special promotions for spring and summer, and online-platform promotions for autumn and winter. At the same time, revenue generated from catering and butler services also had year-on-year increases. Jiuzhou Sports was being honoured the "2019 Extraordinary Golf Community and Course". Moreover, it achieved impressive results in the final of the 2nd Youth Games of the People's Republic of China (Golf event) and the Guangdong Youth Championship Tournament on behalf of Zhuhai City.

2.7 Pingsha Project

ZJ Development Company has won the auction of a land parcel in Pingsha at an amount of RMB706 million for residential development ("Pingsha Project", covering a site area of 72,600 sq.m. and a total GFA of approximately 145,000 sq.m. (which includes ancillary facilities, social housing for talents and public rental apartments of 14,300 sq.m.), with planned plot ratio of 1.99 and an estimated total investment exceeding RMB1 billion). ZJ Development Company also established a project company, namely Zhuhai Pingsha Jiuzhou Development Company Limited* (珠海平沙九洲開發有限公司), in Pingsha and will utilize such company as a main developing entity to engage in financing, development, construction and operation work.

3. Public Utilities and Financial Investments

3.1 Jiuzhou Passenger Port ("Jiuzhou Port")

Jiuzhou Port is 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 owned subsidiary of the Company. Due to the impact brought about by Hong Kong-Zhuhai-Macao Bridge and the uncertainties within Hong Kong, passenger flow at Hong Kong route and the Hong Kong airport route were both adversely affected. In order to secure the passenger source along all the routes, Jiuzhou Port Company joined hands with the Ferry Company to actively develop large-scale online sales channels. In collaboration with the entertainment sector of Trip.com Group Ltd, Jiuzhou Port Company focused on promoting "Sea-viewing across Zhuhai, Jiuzhou Island and other sea routes" for tourists. Due to the collaborative efforts with large-scale online travel agency ("OTA") platforms, Jiuzhou Port Company expanded the popularity and sales along its operating routes. Other measures that boosted sales, include commissioning ferry tickets agency services through two large-scale online sales platforms, Tongcheng.com and Guangdong-Hong Kong-Macao Cross-border Express Rail Link (Hong Kong-Zhuhai-Macao Bridge Shuttle Bus Ticket-Booking System). With the help of QR code application on a special ferry ticket sales point at "Jiuzhou Port Passenger Terminal", and one-to-one sales strategies, sales service staff at the point of sale can easily promote WeChat public account or small program to passengers, and the ticket sales can be completed within an instance. Jiuzhou Port Company joined hands with travel agencies to develop first-tier agency services for Hong Kong district routes, and this helped broaden source passenger along the district routes. Jiuzhou Port Company will continue to develop intensively the leasing resources within station venue. Despite the fact that rental income received from dock shops, the Hong Kong-Zhuhai-Macao Bridge area and the advertising space increased notably, yet the rental income received from parking lot decreased as traffic flow plummeted.

Besides providing enhanced professional service training and improving staff service quality, Jiuzhou Port Company has electronic screen display installed, nursery room upgraded, signage in place for identification, and safety facilities replaced. With all such measures, Jiuzhou Port Company aims to improve service quality and passengers' waiting experience. The application of WeChat ticketing program at "Jiuzhou Passenger Home Port" enabled a broadened ticket selling channels. The adding of new functionality of blue-card frequent passengers for Hong Kong district routes and Shekou line; VIP-card passengers along Hong Kong local route system at the online ticket selling and inquiry systems, plus updated ticket inspection system, introduction of hybrid ticket inspections system for different ferries' owners, second-generation ID cards and electronic QR codes application for boarding, initiation of a smart travelling reminder service, and the overwhelming trend towards digital and smart ports in the aspect of terminal management have all served to provide passengers with improved and more convenient services.

3.2 City Energy Supply

Along with the gradual deregulation of the refined oil industry in China, 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) is stressed with the today's complex and diversified development of wholesale trade in refined oil and gas station operating entities, as well as the deregulation in resources funding channels. Against such backdrop of development, the competition landscape for wholesale trade and the gas station retail industry has become severe. Jiuzhou Energy Company is always inspired by its artisan spirit, ploughing intensively into wholesale business of refined oil products. Confronted with new and alarming changes in the refined oil trading, Jiuzhou Energy Company resolves to new business models, distinctive innovative path of development, and continuously develop upstream and downstream customers and source for new oil refined products. Yet, Jiuzhou Energy Company presses forward steadily along the path to high-quality development, and gradually evolves from a mono-refined oil supplier to a comprehensive service provider. Guided by the business philosophy of integrity and professional service standards, Jiuzhou Energy Company has earned a wide popularity in the industry and the sustained loyalty from customers, and, thereby, its relative positioning in the industry has improved. To further instill growth momentum into the its operating capacity, Jiuzhou Energy Company intends to expand further supply and marketing trade channels, that will boost the profitability at the corporate level. On account of multi-faceted market researches and analyses at the preliminary phase, Jiuzhou Energy Company has planned to enter into new business sectors, though based on the previous refined oil trading business. Jiuzhou Energy Company will seek for strong and trustworthy corporate giants for strategic cooperation, in the view to enrich our projects' portfolio, foster competitive strength, and eventually maximise the income of Jiuzhou Energy Company.

During FY2019, sales for various refined oil products increased, year-on-year, which is mainly attributable to the increase in revenue from wholesale business and trade of refined oil products. Jiuzhou Energy Company is one of the most instrumental partners of Sinopec in Zhuhai. Along with the continuous penetrating collaboration with Sinopec, we have gradually reached a consensus agreement on co-joint effort between the central authorities and local entities, fueled by our respective complementary strengths. Both contract parties plan to found a joint venture company so as to give concerted effort to lease, acquire and operate gas stations. As such, both parties will leverage on brand influence and resource advantages attributable to central and local state-owned enterprises, and embark on a new path of development, to become a stronger and bigger state-owned enterprises.

Jiuzhou Energy Company, as a state-owned enterprise in Zhuhai City, is endowed with better refined operating capacity and better consolidated operation and management strength in gas stations among other local state-owned enterprises. Jiuzhou Energy Company has accumulated rich experience in operation and management in gas station after years of unremitting efforts. In an effort to further promote the strategic development of the Group's public utility sector, along with to expand its size of assets, to secure a stable source of profits, Jiuzhou Energy Company seeks to expand the gas station network, actively enters into diversified business sectors. With all such due endeavor, the Company intends to lay a solid foundation for the high-quality development ahead.

Reference is made to the inside information announcement of the Company dated 7 December 2018 in relation to, among other things, the potential disposal of the Group's 49% equity interest in Ferry Company and its subsidiaries, but excluding the Jiuzhou Energy Group (as defined below), to Zhuhai Jiuzhou Holdings Group Co., Ltd.* (珠海九洲控股集團有限公司) ("ZJ Holdings") (the "Announcement"). "Jiuzhou Energy Group" refers to Zhuhai Jiuzhou Energy Co., Ltd.* (珠海九洲能源有限公司) and its subsidiaries, Zhuhai Jiuzhou Port Petro-Filling Station Company Limited* (珠海九洲港加油站有限公司) and Zhuhai Shihuadong Resort Petro-filling Station Co., Ltd.* (珠海市石花東度假村加油站有限公司). The Jiuzhou Energy Group are currently wholly-owned subsidiaries of Ferry Company, a non-wholly owned subsidiary of the Company.

Ferry Company will undergo a demerger ("Demerger") into two companies, namely, Ferry Company and the newly established Jiuzhou Public Co., Ltd.* (九洲公用有限公司), "Jiuzhou Public", as described below), through which the Group will continue to hold a 49% equity interest in the Jiuzhou Energy Group and consolidate the Jiuzhou Energy Group as non wholly-owned subsidiaries. Under the Demerger, the companies consisting of the Jiuzhou Energy Group will be allocated to Jiuzhou Public and the remaining of the subsidiaries of Ferry Company will remain as subsidiaries of Ferry Company. Upon completion of the Demerger, Jiuzhou Public, through the Jiuzhou Energy Group, will operate the business of the Jiuzhou Energy Group, and Ferry Company will operate the remaining business of Ferry Company. Currently, the Ferry Company is approaching final stage of the Demerger.

In 2015, Jiuzhou Energy Company signed a strategic cooperation framework agreement (the "Shaoguan Framework Agreement") with its collaborative partners in order to realize the "Going Global" strategy, and jointly developed and operated an energy supply project in Shaoguan, China ("Energy Supply Project"). During FY2019, Jiuzhou Energy Company is further promoting undertakings related to Energy Supply Projects. For details on the Shaoguan Framework Agreement, please refer to the announcement of the Company dated 10 September 2015.

3.3 Financial Investments

During FY2019, 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, entered into rapid and comprehensive development phase. Jiuzhou Holdings Finance Lease Company achieved outstanding results in both of its major business sectors, namely, commercial factoring business and factoring business for commercial bills. Jiuzhou Holdings Finance Lease Company actively developed into bulk commodity trade business that brought forth relatively significant contributions to the overall growth in operating revenue. Meanwhile, leveraged on the Group's internal resource funding, Jiuzhou Holdings Finance Lease Company managed to further strengthen the strategic cooperative synergy between the refined oil product trading sector and coal trading sector within the Group. With all such due efforts, Jiuzhou Holdings Finance Lease Company intend to achieve mutual win-win situation in the financial and energy cross-over sectors. While commencing on diversified business pursuit, Jiuzhou Holdings Finance Lease Company exercise prudent control on capital risk, through the setting up of a refined risk control system and regular risk monitoring routine, among other measures. In the future, Jiuzhou Holdings Finance Lease Company will further expand various financing channels, strengthen the close-tie connection with various financial institutions, and maximise the overall efficiency within the Company.

Possible Risk Exposure and Uncertainties

The Group's financial condition, results of operations, and business prospects may be affected by a number of risks and uncertainties directly or indirectly pertaining to the Group's businesses. During FY2019, the Group further improved the risk management system which covered all aspects including corporate strategies, operation and finance. In future developments, the Group will be highly aware of the following risks and uncertainties and will adopt effective tackling measures proactively. There may be other risks and uncertainties in addition to those shown below which are not known to the Group or which may not be material now but could turn out to be material in the future.

1. Risk in Competing Markets

Risk analysis:

As the business development of the Group becomes more and more diverse, the Group has to face fierce competitions from several markets. The entering of new operators into the market, the intensified price competition from existing competitors and product innovation or technology advancement may have an adverse impact on the Group's financial position and operating results. As for our ferry services, the launch of the Guangzhou-Shenzhen-Hong Kong High Speed Rail Service and the Hong Kong-Zhuhai-Macao Bridge, as well as the expected opening of the Shenzhen-Zhongshan Bridge in 2024 will result in the traditional maritime transportation facing a more intense competition, thus the passenger volume of maritime transportation between Guangdong and Hong Kong will inevitably show an overall decline. As for our trading and distribution of fuel oil, due to the constantly changing fuel oil supply market and the increasing popularity of electric vehicles, market competition is even more fierce. With the development of Guangdong-Hong Kong-Macao Greater Bay Area, the surging property prices in Zhuhai, as well as more and more new properties being completed, the Group will be exposed to a more intense property market competition risk. If the Group is unable to make timely and effective strategic adjustments and to adopt according measures to enhance its competitive advantages, such may have a significant negative impact on the Group's business and financial performance.

Tackling measures:

The Group will further determine the future direction of its principal business, enhance industry research and product development of principal business, and also lead the Group in achieving diversified development in fields related to the principal business so as to reduce reliance on the Hong Kong route; the investment and development department shall strive to identify investment projects, which serve as decision-making basis for the management and for consideration and discussion at the president office meetings; the investment and development department or other subsidiaries of the Group will collect and prepare market data on a regular basis for overall analysis and reporting to the Board, so that we can adopt measures in advance for any possible challenges arising from the competition in the market; Zhuhai Yuegong Xinhai Transportation Co., Ltd.* (珠海粵拱信海運輸有限責任公司), an associated company in which the Group has an equity interest, has become the sole operator of shuttle bus services for the boundary crossing facilities on the "Hong Kong-Zhuhai-Macao Bridge", which offsets the loss of revenue from high-speed ferry; we launch several island and Sham Wan lines to expand the tourist market; and we introduce fare concessions to attract tourists. The Group won the bid for a piece of residential land in Pingsha which increases its land reserve for development. The Group enhances service quality, improves the comfort level of journey and increases customer loyalty. We closely monitor the market demand and the competitors' development so as to keep abreast of their actions and to stay alert and maintain our competitiveness. An analysis of the Group's advantages will be made on the basis of market data to strengthen its market position and formulate strategies relating to areas such as marketing and pricing.

2. Risk in Investment Decisions

Risk analysis:

When the Group and its subsidiaries invest in projects (e.g., property developments or acquisitions, hotels, fixed assets), if, in the feasibility assessment of such projects, an inaccurate market forecast is made, or if the project investment does not match with the future market demand, such will significantly increase the uncertainty of the project development, and will result in failure of project operations at a later stage, thereby creating the risk of a material adverse impact on the economic benefits of the Group and its subsidiaries.

Tackling measures:

The Group will establish a project approval review working group and a project risk control working group to conduct research and approve investment projects. The Group uses the 5-year development plan to implement the Group's future development; a detailed and comprehensive analysis shall be conducted before approval of the investment, and apart from the basic factors (such as project cost budget, expected gains and duration), the feasibility study report shall also include scenario analysis (budget for the best/worst case scenario), contingent plans etc. to deal with sudden changes during the investment project period; organize professional team to conduct feasibility study report evaluation. The investment and development department will collect and prepare market data on a regular basis for overall analysis, and regularly provides update progress of investment projects, and will modify such investment projects in response to market changes and report them to the Board; draws up clear project impacting factors, enabling the project approval review working group to fully consider the external and internal factors when reviewing new projects (external factors including government's policy restrictions and market demands; internal factors including expected goals and market positioning of new projects); establishes a clear and feasible timetable and sets specific goals for different phases when establishing a project, thus allowing the use of performance and progress indicators to assess the overall execution status of a project; increases the analysis on uncontrollable factors of and losses in projects and stop-loss measures in the feasibility study report.

3. Liquidity Management Risk

Risk analysis:

With respect to the Jiuzhou Blue Sea Jet and Blue Marine Tourism, Green Leisure Tourism and Composite Real Estate and Public Utilities and Financial Investments businesses of the Group, the Group required sufficient funds to acquire ideal projects and optimize its assets. Therefore, the Group is highly dependent on funds, and whether it can obtain sufficient funds in time to support its capital activities and operating activities may be subject to various factors, such as capital market liquidity and the credit rating of the Group. If the performance of the Group continues to be unsatisfactory or the credit rating of the Group declines, it may affect the effectiveness and cost of obtaining loans. The operating strategy of the Group will also affect the liquidity of funds. For example, in the public utility sales business, the Group provides a longer credit period to customers, which will put pressure on its cash flow. Resorts and real estate development projects involve long construction cycles, substantial capital investment, and slow returns. In addition, construction of river-regulating facilities and provision of river maintenance service involve substantial amount of capital, and it requires a long period of time to recover costs, exposing the Group to capital shortage risk.

Tackling measures:

The Group will raise funds through bank loans, bonds and equity financing, such as obtaining credit approvals from 4 to 5 banks from overseas to bargain for lower financing costs; and negotiate with domestic banks and consider increasing capital. The Group aims to obtain uncommitted revolving loans in order to fulfil funding needs with more flexibility. The investment and development department will formulate a specialised cash flow budget for the investment project, and after formulating the project budget, the project manager will regularly compare with the actual situation. If the actual cash flow is below expectation, management should discuss the causes and consequences of the differences, take countermeasures, and make appropriate adjustments to the project budget for future monitoring. The Group regularly reviews the effectiveness of existing projects (including the cash flow, profits and risks from its projects), and reduces underperforming projects, in order to effectively allocate funds of the Group to other better performed projects to increase cash flow. The finance department of the Group will strengthen its monitoring of cash flow, prepare cash flow forecasts for the next five years, and make a prudent review and adjustment each year to strengthen the monitoring of investment in short, medium and long-term projects. As the Group has more long-term investment projects, it has reviewed the cash flow situation at different phrases and in stages and will adjust the differences between the actual and forecasted situation in order to utilize its working capital more effectively. The finance department of the Group will formulate a cash flow budget plan every month to ensure that the Group has sufficient cash to maintain the normal operation of the Group.

4. Risk of Strategic Planning

Risk analysis:

The lack of a clear development strategy plan or a deviation in understanding of strategic goals leads to the risk of waste of corporate resources and the difficulty of achieving development strategies. If the existing monitoring measures could not be effective in identifying risks, it might fail to rectify strategic planning in a timely manner. The business and operating results of the Group, to a certain extent, are subject to the ability to develop high-quality projects and provide quality services to meet customer needs. If the Group fails to seize the development opportunities of the Greater Bay Area to prepare its land reserve and improve its ability to continuously develop new projects, it will have a negative impact on the future earnings of the Group. In addition, if the Group is not able to accurately predict or anticipate customer's preferences or demands, the Group's operating results could be negatively affected. The Group's strategic planning may also be limited by external factors. From the view point of government's efforts to promote new energy and the global electrification of automobiles, the Group may not be able to adjust its business strategy in accordance with changes in market demand.

Tackling measures:

The investment and development department timely adjust the development strategy for approval by the Board. After the development strategy is formulated, a commissioner shall be appointed to monitor the implementation progress and results of the development strategy. The development strategy plan should be reviewed regularly (at least annually) to ensure that any changes or actions have been updated in the development strategy plan. The investment and development department regularly collects and organizes market information, conducts comprehensive analysis and reports to the Board, and takes measures in advance to response to the challenges brought by market competition. The Group will set standards for its subsidiaries under the Group's strategic goals and will proactively promote business transformation, such as transforming the ferry services gradually from the traditional routes service to the "Blue Marine Tourism" that combines transportation and tourism, and to study the feasibility of installing electric vehicle charging piles at newly acquired gas stations. The New Yuanming Palace is also undergoing secondary planning and transformation. The Group regularly collects and analyses customer feedback through various channels, in order to understand customer preferences and demands and closely monitors changes in customer preferences. In order to facilitate a sustainable business, the Group will give comprehensive consideration on the impacts on social, economic and environmental brought by its business. The Group will negotiate with the government to strive after quality projects. The Group will pay close attention to the economic benefits of each business segment and formulate targets for revenue portfolio components, with the aim to avoid excessive reliance on a single business or excessive fragmentation of the business so as to facilitate efficient use of resources.

5. Risk in Project and Cost Management

Risk analysis:

In recent years, the Group has committed to the development of green leisure tourism and composite real estate. Lack of control over the quality of works and the cost of projects, or lack of regular monitoring over work progress, may cause work projects to fail to progress as scheduled. Mismanagement of subcontracting or subletting of works may lead to inferior quality of works and delay of completion, which may in turn leads to disputes. For our property development business, in the event that construction materials and labour costs rise after the pre-sale of our pre-sale properties, such increases in costs may not be passed on to buyers of the properties, which may have adverse and material impact on the Group's business, financial conditions, results of operations and growth prospects.

Tackling measures:

The Group has formulated its own Administrative Measures for Tendering (招標管理辦法) and Administrative Measures for the Management of Construction Works (建設工程管理辦法) in order to regulate work investment plans, the tendering and bidding of works and project cost management within a clear framework, and to monitor units in charge of the management of work projects. The Group has implemented the relevant policies and closely monitored the work progress and work cost of projects at their different stages, in order to ensure that the cost of each project is within its budget. It has comprehensively analysed factors that may affect the cost, took into consideration the possibility of the occurrence of risks and quantified the impact of risks on works. It has ensured that personnel responsible for project management have managerial and technical experience in the field of the relevant project, report the progress of the project regularly and truthfully, and carry out discussions and investigations in a timely manner when risks arise. It has strengthened its management of subcontractors by, for example, setting up and regularly updating a register of qualified subcontractors. It has established an assessment mechanism, providing performance feedback to subcontractors in a timely manner so as to adopt appropriate measures to solve problems in a timely manner.

Entering into a Refinance Facility Agreement for a Syndicated Loan of HK$2 billion

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

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

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

Pursuant to the 2017 Facility Agreement, it would constitute an event of default of the 2017 Facility Agreement if ZJ Holdings: (1) does not or ceases to beneficially own, directly or indirectly, at least 30% of the entire issued share capital of the Company; (2) is not or ceases to be the single largest beneficial shareholder of the Company; and (3) does not or ceases to have management control over the Company. Please refer to the section headed "Loan agreement with covenants relating to specific performance obligations of the controlling shareholder" in the Reports of the Directors.

Outlook

In 2020, the outlook of global trade and economy remains grim, with domestic and overseas capital markets staying volatile and business environments still full of uncertainties, which poses challenges to the Group's business development. Adhering to its corporate strategic goals, the Group will continue to reinforce and deepen its capital operation and to expand its financing channels. In order to mitigate liquidity risk arising from external economic fluctuations and the uncertainty of environmental factors, the Group will continue to expedite sales and capital returns. In addition, through comprehensively utilizing its advantage of diversification among domestic and overseas financing channels, the Group will make full use of various finance means to continuously optimize its capital management, reduce financing costs, and improve its debt structure. It will also implement quality management and enhance its risk control. Moreover, it will strengthen its internal control system and coordinate its resource allocation in a comprehensive manner in order to improve operating efficiency. Meanwhile, the Group will further improve its business and capital structures as and when appropriate, capture opportunities that arise in the market to revitalize its stock assets, focus on its core business, improve its debt and capital structures and seek appropriate opportunities for investment. The recent outbreak of coronavirus known as COVID-19 has further shadowed the prospects of each of the Group's principal business segments to various extents in near term .The Group is proactively exploring various remedial measures in the three major segments. In the next year, the Group will increase its investment in and control over the following three major segments:

1. Jiuzhou Blue Sea Jet and Blue Marine Tourism

As the main transportation company for the mainland and islands of Zhuhai, the Ferry Company has formulated operational and developmental strategies to ensure that it will grow steadily and plan proactively, deploying its capacities in a flexible manner. In order to mitigate the negative impact of external changes, the Ferry Company has taken measures proactively, optimizing and adjusting the services of some of its Hong Kong city routes and airport routes, with a view to increasing the passenger capacities of these routes and reducing the Ferry Company's costs of capacity deployment and vessel operation at the same time. Through increasing the frequency of services of its island routes, the Ferry Company has further optimized and expanded its business of maritime tourism routes, intending to break new ground in the development of the Company's business of maritime tourism. Jiuzhou Cruises Company will leverage its own advantages in order to seize the opportunities of tourism presented by the opening of the Hong Kong-Zhuhai-Macao Bridge and the development of the Guangdong-Hong Kong-Macau Greater Bay Area. For those projects including the Beach Maritime Project, the Sanya Blue Route, the Taizhou Rongyuan Project and the Guishan Homestay Project, the Group continues to explore and launch new products, in order to attract more tourists and improve their results through creating products of their own brands.

Following the Hong Kong and Zhuhai governments' measures to tackle the novel coronavirus infection, the Group has suspended or reduced the frequency of its ferry routes between Hong Kong and the PRC. The Group is also seeing a significant reduction in the population of customers. Meanwhile, the Group is mulling various remedial measures.

2. Green Leisure Tourism and Composite Real Estate

The Zhuhai Holiday Resort Hotel has carried out the renovation project for its old main building in an orderly manner, optimizing and deepening its design plan. With the preparatory work in place, the project will commence smoothly after the reception work for Airshow China Zhuhai 2020. JPD is endeavoring to promote the progress of the decoration project for the new hotel in order to expedite its commencement of business. The New Yuanming Palace will actively explore the possibility of a secondary planning scheme, speed up the upgrading of its scenic area and carry out an overall upgrading of the Fantasy Water World, with the aim of increasing the competitiveness of the scenic area and further consolidating the brand influence of the Fantasy Water World to improve its operating income. The Lakewood Club will further step up its marketing efforts that combine on-line and off-line approaches, improving the utilization rate of the Norman Golf Course and accommodating more team events and commercial activities to increase its operating income and the number of course users. ZJ Development Company will actively push for the commencement of works for the different stages of its new project as scheduled, in order to accelerate the commencement of construction and facilitate sales of the new project.

The epidemic has imposed difficulties on the national tourism and hotel industry, of which the segment forms part. In this respect, the Company is contemplating a series of measures to maintain the segment performance.

3. Public Utilities and Financial Investments

Coping with the challenges brought by the opening of the Hong Kong-Zhuhai-Macao Bridge to its operating environment in an appropriate manner, Jiuzhou Port Company will further strengthen the training of its staff and their service awareness, optimize the service process and enhance its team building. It will also improve the facilities in waiting lounges and increase its soft power through increasing its investment in software development and focusing on new technologies such as the internet and WeChat in order to enhance passengers' travel experience and provide them with better services, thereby continuously improving the competitiveness of Jiuzhou Port's Passenger Station.

The energy segment being an important part of the Company, Jiuzhou Energy Company will proactively explore and consider a diversified approach to co-operative development while consolidating the business development of its traditional oil products, with the aim of steadily increasing its sales volume. While thoroughly developing its wholesale business of refined oil in an artisanal manner, it will innovate to cater for trends and models of the refined oil trade that keep upgrading and changing. It will progress steadily in its development of high-quality products, attracting both upstream and downstream customers and expanding its mix of oil products.

Jiuzhou Finance Leasing Company will closely monitor the regulatory updates of the industry, while engaging in thorough research and analysis. It will continue to widen its financing channels, increase its business size and strengthen its customer base building. It will also establish a multi-level model of customer retention while attracting new customers in a systematic and targeted manner to expand its customer base, in order to accelerate the commencement of business and maximize the interest of the Group as a whole.

Contemporaneous with its suspension or reduction of ferry routes, the Group is seeing decline in passenger volume at its port facilities. Moreover, as the epidemic has discouraged people from travel, both road and marine traffic in Zhuhai has shrunk, which has dragged down the demand for the Group's refined oil products at its stations in the city. The Company is proactively exploring the possibilities to expand its service and product offerings.

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

1. Investment

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

2. Finance

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

3. Risk Management and Internal Control

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

4. Human Resources

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

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

A letter of intent ("Letter of Intent") in relation to the possible acquisition of 80% of the issued share capital in a company ("Target Company") was entered into in August 2008 (as amended and supplemented) by the Group with a possible vendor ("Possible Vendor", being an independent third party of the Company). The Target Company then owned a wholly foreign-owned enterprise established in the PRC. Pursuant to the Letter of Intent, earnest money ("Earnest Money") in the amount of RMB26 million was paid by the Company to the Possible Vendor. The repayment of the Earnest Money was secured by, among others, certain pledge created by the Possible Vendor over certain shares of the Target Company ("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 to 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 ("FY2014"), a further total sum of approximately HK$2.2 million was received by the Company as partial payment of agreed costs and interest thereon payable by the Appellants to the Company. The Company will soon proceed to assess its damages against the Appellants pursuant to the CFI Judgment and the CA Judgment. 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, 2017, 2018 and its interim report for 2019.

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

Liquidity and Financial Resources

Except for the issue by the Company of (1) a promissory note ("Promissory Note") in relation to the acquisitions of Lamdeal Consolidated Development Limited and Lamdeal Golf & Country Club Limited, (2) the convertible bonds with an aggregate value of HK$500 million to PA Bloom Opportunity III Limited and Prominent Investment Opportunity IV Limited pursuant to a subscription agreement dated 10

April 2013 (the “Convertible Bonds”), and (3) the financing obtained for payment of the remaining land price for the Cuihu Xiangshan Project, in 2013, the Group generally finances its operations with internally generated cashflow and bank borrowings provided by its principal bankers.

As disclosed in the section headed “Management Discussion and Analysis – Entering into a Refinance Facility Agreement for a Syndicated Loan of HK$2 billion” of the annual report in 2015, the Company entered into the facility Agreement with the 2015 Lenders pursuant to which the 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 the annual report in 2017, the Company has drawn down HK$2,000 million from the 2017 Facility and repaid for the 2015 Facility in full. For details of the 2015 Facility Agreement and the 2017 Facility Agreement, please refer to the Company’s announcements dated 28 July 2015 and 15 August 2017, respectively.

On 18 July 2017, JPD entered into a project facility loan agreement (“Project Facility Agreement”) with a bank in the PRC as lender (“Bank Lender”) pursuant to which a project facility (“Project Facility”) of up to RMB300 million was agreed to be granted by the Bank Lender to JPD for a term of twelve years from the date of the Project Facility Agreement. The Project Facility is secured and with a floating interest rate. The above obligations lapsed upon repayment of the Project Facility during the year ended 31 December 2019.

On 20 September 2019, JPD entered into a project facility loan agreement (“September 2019 Project Facility Agreement”) with a bank in the PRC as lender (“Bank Lender”) pursuant to which a project facility of up to RMB550 million was agreed to be granted by the Bank Lender to JPD for a term of fifteen years from the date of the September 2019 Project Facility Agreement. The project facility was secured and with a floating interest rate. As at the date of this annual report, JPD has drawn down RMB149 million from the facility.

The Group’s time deposits and cash and cash equivalents as at 31 December 2019 amounted to approximately RMB1,457.8 million (31 December 2018: RMB982.5 million), of which approximately RMB1,347.7 million (31 December 2018: RMB766.4 million) were denominated in RMB, approximately RMB110.1 million (31 December 2018: RMB216.1 million) were denominated in Hong Kong dollars.

As at 31 December 2019, trade receivables amounted to RMB510.3 million (31 December 2018: RMB923.1 million). Decrease in trade receivables was mainly due to the strengthening of credit control over 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 RMB0.3 million as at 31 December 2019 (31 December 2018: RMB0.5 million), all of which RMB0.3 million were denominated in Hong Kong dollars (31 December 2018: RMB0.5 million). The securities measured at fair value through profit or loss comprised some listed securities in Hong Kong.

During FY2019, the Group has subscribed for wealth management products of Xiamen International Bank, Zhuhai Branch (“XIB Wealth Management Products”) in an aggregate amount of RMB250 million, wealth management products of China Citic Bank, Zhuhai Branch (“China Citic Wealth Management Products”) in an aggregate amount of RMB160 million, wealth management products of China Everbright Bank, Zhuhai Branch in an aggregate amount of RMB50 million, wealth management products of Industrial Bank Co. Ltd, Zhuhai Branch in an aggregate amount of RMB47 million, wealth management products of China Resources Bank, Zhuhai branch in an aggregate amount of RMB47 million, and wealth management products of Bank of China, Zhuhai branch in an aggregate amount of RMB13.1 million. Please refer to the Company's announcements dated 7 May 2019 for information in relation to the XIB Wealth Management Products and the China Citic Wealth Management Products.

Total interest-bearing bank borrowings amounted to approximately RMB3,426.2 million as at 31 December 2019 (31 December 2018: RMB2,848.2 million).

The Group's gearing ratio was 0.61 as at 31 December 2019 (31 December 2018: 0.64), which is net debt divided by total shareholders' equity plus net debt. Net debt included interest-bearing bank and other borrowings, trade and bill payables, accrued liabilities and other payables, construction payables, lease liabilities, amounts due to a major shareholder and related companies less restricted bank balances, time deposits and cash and cash equivalents.

As at 31 December 2019, the Group had a current ratio of 1.34 (31 December 2018: 1.29) and net current assets of RMB2,257.5 million (31 December 2018: RMB1,724.6 million).

As at 31 December 2019, interest-bearing bank borrowings that were outstanding amounted to RMB3,426.2 million (31 December 2018: RMB2,848.2 million), which mainly comprised of (1) principal amount of RMB1,257.3 million with the final maturity date falling due in 2020; (2) principal amount of RMB1,301.6 million with the final maturity date falling due in 2021; (3) principal amount of RMB728.0 million with the final maturity date falling due in 2022; (4) principal amount of RMB10.7 million with the final maturity date falling due in 2023; and (5) principal amount of RMB128.6 million with the final maturity date falling due in 2024 and up to 2034.

As at 31 December 2019, the Company had no outstanding amount payable pursuant to the Promissory Note and the Convertible Bonds (31 December 2018: Nil). Both the Promissory Note and the Convertible Bonds were fully redeemed by the Company in 2016.

From the issue date to 24 November 2018, the expiry date of the warrants, no warrantholder had exercised the warrants (the "Warrants") issued pursuant to the subscription agreement dated 18 November 2013.

On 28 February 2019, the Company, as borrower, entered into a revolving loan facility agreement ("February 2019 Facility Agreement") with a bank pursuant to which the bank has agreed to grant to the Company, a revolving loan facility up to HK$250 million having the final maturity date of falling 3 years from the date of the Facility Agreement. Please refer to the Company's announcement dated 28 February 2019 relating to the February 2019 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 ("Stock Exchange") ("Listing Rules") for information.

On 30 December 2019, the Company, as borrower, entered into a revolving loan facility letter ("December 2019 Facility Letter") with a bank, pursuant to which the bank has agreed to grant to the Company an uncommitted revolving loan facility of up to HK$200 million having the final maturity date falling 3 years from the date of the bank's receipt of the Company's acceptance of the December 2019 Facility Letter. Please refer to the Company's announcement dated 30 December 2019 relating to the December 2019 Facility Letter 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 ("Stock Exchange") ("Listing Rules") for information.

On 20 January 2020, the Company, as borrower, entered into a term loan facility letter ("January 2020 Facility Letter") with a bank, pursuant to which the bank has agreed to grant to the Company a committed term loan facility of up to HK$200 million having the term of 36 months commencing from each drawdown during the availability period which is

6 months beginning from the date of the Company's acceptance of the January 2020 Facility Letter. Please refer to the Company's announcement dated 20 January 2020 relating to the January 2020 Facility Letter 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 ("Stock Exchange") ("Listing Rules") for information.

Number and Remuneration of Employees

At the year end, the Group had approximately 2,258 employees. During FY2019, the level of our overall staff cost was approximately RMB302.5 million (2018: RMB281.4 million).

The Group operates and maintains defined benefit pension plans. According to the plans, the Group makes pension payments to its retired employees till their death with reference to their respective positions at the time when they retire. The expected cost of providing these post-retirement benefits is actuarially determined and recognised by using the projected unit credit method, which involves a number of assumptions and estimates, including discount rate, employee turnover rate and mortality rate and etc. The latest actuarial valuation of the defined benefit pension plans was made as at 31 December 2019 by Mark Whatley, Fellow of the Institute of Actuaries (FIA) and Fellow of the Singapore Actuarial Society (FSAS), of Milliman Private Limited. As at 31 December 2019, the Group's aggregate defined benefit obligations was approximately RMB135.7 million (31 December 2018: RMB122.8 million).

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

Dividend

The Board has not recommended the payment of a final dividend (2018: HK$28,556,000, approximately RMB25,130,000) for FY2019 to the shareholders.

Annual General Meeting

The forthcoming annual general meeting will be held on Monday, 29 June 2020. The Notice of the forthcoming annual general meeting will be published on the Stock Exchange's website at www.hkexnews.hk and the Company's website at www.0908.hk and dispatched to the shareholders of the Company in due course.

Contingent Liabilities

As at 31 December 2019, the Group had contingent liabilities in respect of financial guarantees on mortgage facilities for certain purchasers of the Group's properties amounted to approximately RMB1,791.6 million. Except for these financial guarantees as disclosed above, the Group had no material contingent liabilities as at 31 December 2019.

Future Plans for Material Investments or Capital Assets

As at 31 December 2019, the Group had no future plans for material investments or capital assets except for those disclosed under the heading "Management Discussion and Analysis – Outlook" as stated aforesaid.

Charges on Assets

As at 31 December 2019, land use rights and properties under development of lot S4 of Cuihu Xiangshan Project (31 December 2018: land use rights and properties under development of lot S4 of Cuihu Xiangshan Project with an aggregate carrying value of approximately RMB993.8 million) were no longer pledged but the Company's guarantee given for part of the repayment obligation was still valid in favour of an independent third party (the "Third Party") to secure a loan of RMB899 million (31 December 2018:

RMB650 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 31 December 2016, the repayment obligation of the Company under the 2015 Facility was secured by a charge ("2015 Share Charge") over 15,600 ordinary shares in JTD ("JTD Shares") and 100 ordinary shares in JTP ("JTP Shares"), representing the entire issued share capital of JTD and JTP, and a charge over a bank account of the Company ("Bank Account Charge") in favour of the facility agent ("2015 Agent") on behalf of the 2015 Lenders. On 28 August 2017, a deed of release was entered into between the Company, as chargor and the 2015 Agent on behalf of the 2015 Lenders as chargee to release the 2015 Share Charge over JTD Shares, JTP Shares and the Bank Account Charge and discharge such security interest created under the 2015 Share Charge and the Bank Account Charge.

As at 31 December 2017, 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 31 December 2019 and up to the date of this annual report, property comprises 75 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 22,367.86 sqm and an aggregate carrying value of approximately RMB50 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 20 September 2019 entered into between, among others, JPD 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 have not entered into any foreign currency exchange contracts or derivative transactions to hedge the foreign exchange risk.

Capital Structure

As at 31 December 2019, the number of issued ordinary shares was 1,427,797,174 shares (31 December 2018: 1,427,797,174 shares) in aggregate and the shareholders' equity of the Group was approximately RMB1,974.5 million (31 December 2018: RMB1,946.8 million). The increase in the shareholders' equity of the Group during FY2019 was mainly attributable to profit for the year.

As at 24 November 2018, the Warrants at the issue price of HK$0.023 per Warrant pursuant to a subscription agreement dated 18 November 2013, expired.

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.

Up to the expiry date, no subscription notice has been received in respect of the exercise of subscription rights attached to the Warrants.

Share Option Scheme

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

During FY2019, no share option was granted, exercised, cancelled or had lapsed under the Share Option Scheme. Moreover, the Company had no share options outstanding as at 31 December 2019.

Significant Investments Held, Material Acquisitions and Disposals

During FY2019, there was no significant investment held, material acquisition or disposal of investment, subsidiary or associated company, except for those disclosed under the heading "Management Discussion and Analysis" as stated aforesaid.

About the Report

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

This report is prepared in accordance with the Environmental, Social and Governance Reporting Guide under Appendix 27 to the Main Board Listing Rules issued by The Stock Exchange of Hong Kong Limited. The scope of the report covers our major operations in Mainland China and Hong Kong, such as ferry services, public utilities, hotel services and property development. Thus, the report provides an overview of our ESG management approach, related initiatives and environmental performance indicators during the period of 1 January 2019 to 31 December 2019.

During the year 2019, the Company continued to commit to the sustainable development of its business and create long-lasting values for our stakeholders, which includes our employees, customers, shareholders, business partners and the community. Stakeholders are communicated by us through various channels on an ongoing basis, with the goal of understanding their expectations and feedback in regards to sustainable development. The key ESG interests and concerns of stakeholders are identified and addressed in this report.

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

Stakeholder Engagement

Our stakeholder engagement helps ensure that we consider a diverse range of perspectives as we seek to meet the needs of our customers, add value for shareholders, provide fulfilling careers for our employees, and contribute to building a vibrant local economy and civic pride.

We recognise the benefits to openly and actively engage our stakeholders, who include customers, shareholders, employees, business partners, regulators, suppliers and the media. Our management has reviewed our business operations and industry development. We have therefore determined several ESG topics where our stakeholders paid more attention to: customer satisfaction, supplier and customer management, employee benefits, and poverty alleviation.

Key Stakeholders	Engagement Channels
Customers	• Daily operations and interactions • Customer satisfaction surveys • Corporate website
Shareholders	• Annual General Meeting and other meetings • Corporate communication including circulars, notifications, result announcements, annual and interim reports
Employees	• Regular employee meetings and gatherings • Training, seminars and workshops • Performance and development discussions • Volunteering activities
Business partners	• Meetings and seminars • Site visits
Regulators	• Circulars or guidelines • Ad-hoc enquiries
Suppliers	• Supplier evaluations and performance reviews • Site visits and meetings
Media	• Management interviews and meetings • Results announcements
Communities	• Volunteering activities • Sponsorship and donations • Community outreach

Environment Protection

Emission

The Group is dedicated to minimising its environmental impact by continuously looking to improve its energy efficiency, minimise its greenhouse gas (GHG) emissions and waste discharges.

Each business segment of the Group has taken extensive action to reduce GHG emissions throughout its operations process, starting from the earlier planning stages. In public utilities, fuel transportation and storage are key operations that allow fuelling stations to serve customers every day. Measures are taken to prevent leaks at our fuelling stations through well-designed, well-maintained and properly operated equipment. To prevent soil and ground water pollution resulting from gasoline and diesel leakages, we have followed the national regulation in 2019 and adopted the use of two-compartment oil tanks and implemented an enhanced oil and gas recovery system, leading to gas and diesel leakage reduction by 99%. In order to minimise the fuel usage and wastage, we have implemented a strict monitoring system towards the use of truck tankers. A GPS system is installed in truck tankers, monitoring the different driving routes taken, thus effectively reducing the excess fuel required from unnecessary travel by choosing the shortest route. We have also obtained the Sewage Discharge Permit for all of our gas stations, thus minimising the amount of excess fuel required for different operational processes.

The day to day operations of the ferry services may involve unintentional release of hydrocarbon emissions. To curb these fugitive emissions, Zhuhai High-speed Passenger Ferry works to mitigate environmental impacts and strictly follow all regulations set out by the local government and the International Maritime Organisation. Maintenance and testing are undertaken regularly in our maritime transportation service to maintain operational efficiency and reduce air and GHG emissions. The incentive programme was launched to encourage reduction in fuel consumption and has resulted in savings of close to 14 million litres of diesel oil since 2012. We also observed a lowered number of incidents of defects from our ferries.

Our Zhuhai Holiday Resort Hotel has also achieved remarkable results through its ongoing energy conservation checks and investment in the Green Fund. We have continued the tradition and invested over RMB10 million in 2019 to support different environmental conservation initiatives, such as the renovation work of the artificial lake. Aside from replacing old lightbulbs with LED lightbulbs in our guest rooms and restaurants, energy-saving and technological-advanced models would be first considered during the purchase of new equipment. The housekeeping department also encourages long-stay hotel guests to reduce the frequency of linen and towel replacements, thus reducing water and detergent consumption. Furthermore, the engineering department switched the fuel type from diesel oil to natural gas for certain hotel kitchen equipment to reduce GHG emissions in 2018 and has extended the engineering work to cover staff canteen and hotel boiler room for 2019. Compared to 2018, energy consumption in the hotel has been reduced by 2 tonnes of standard coal.

Banquet remains one of the major sources of waste in our Hotel's operations. To facilitate sustainable food waste management and promote food waste recycling, we have co-operated with various pig farms to collect and recover the generated food waste to produce pig feed. Throughout the sustainable programme, over 12,000 kg of food waste was recovered to produce pig feed every month. This greatly reduces waste disposal to landfill and the environment from our hotel's operation.

Numerous plans have also been adopted to minimising waste generated within the Group and its subsidiaries. For example, we have collected and offered old office, security and surveillance equipment to underprivileged communities. In addition to donations, we have implemented waste recycling policies, in which old furniture in our hotel will be repaired, sent and reused in the back office. In 2019, over 100 items has been repaired, which directly reduces our procurement cost as well.

Use of Resources

In 2019, the Group has continued to implement its plan for efficient use of resources. We have purchased and replaced energy-saving equipment; for example, our property development business has upgraded office lamps to energy-saving models and our colleagues will turn off electrical appliances before leaving office. The electricity consumption for lighting has been successfully reduced by 35% in 2019. Furthermore, efficient usage of paper sources and other printing materials have also been actively encouraged in the Group. We do not only encourage double-side printing, but also support the use of network printers and binding machines.

Our Hotel continues to utilise an online platform that monitors electricity usage. This platform was first introduced by Zhuhai Science, Technology, Industry, Trade and Information Technology Bureau. In addition, the Group strictly abides to the guidelines and targets set by 珠海市海洋農業和水務局 (Zhuhai Branch of Marine Fisheries and Water*). Our Hotel collects rainwater through its artificial lake and reuses it in different water-based activities, such as watering plants and toilet flushing to reduce our fresh water consumption. The natural water consumption was reduced by about 10 tonnes per day.

The Environment and Natural Resources

The Group endeavours to minimise the environmental impact of our operations through robust measures. In our Hotel operation, procurement and use of pesticides have been replaced by artificial weeding so as to minimise the impacts on biodiversity. Our Hotel is one of the first batch of the green hotels in China. We have established a working group to formulate plans for energy conservation and emission reduction. Furthermore, we have also developed a plan to procure half of our paper supply from sustainable sources.

Our property development business has also established a dedicated working group and "Construction Site Air Pollution Control Action Notice" in order to prevent the dust and other emission that pollute the environment. Project managers act as chairmen to initiate the different ventures that minimise air emissions released to the surrounding environment. Furthermore, we work to supervise and manage all our subcontractors and business units to be in full compliance with the circulated notice on the prevention and control of atmospheric pollution caused by construction dusts. Relevant parties would have to ensure

- Construction site is fully enclosed
- Unused sand is fully covered
- Construction site is fully hardened
- Demolition projects are fully sprinkled with water to minimise construction dust
- Vehicles are fully washed and cleaned before departing from the construction sites
- Bare soil in construction sites are fully covered with greenery

In the future, the Group will continue to adopt different energy, gas and water-saving initiatives, such as replacing old water-supply facilities with new, water-saving equipment and using energy-saving appliances in our daily operation to minimise environmental impacts.

Environmental KPIs	Unit	2018	2019
Nitrogen oxides (NOx) emissions	tonne	3.68	**3.25**
Sulphur oxides (SOx) emissions	tonne	0.25	**0.28**
Particulate matter (PM) emissions	tonne	0.28	**0.25**
Total greenhouse gas (GHG) emissions	tonne CO_2e	65,680.43	**70,978.28**
Scope 1 – Direct emissions and removals	tonne CO_2e	53,439.93	**58,204.29**
Scope 2 – Energy indirect emissions	tonne CO_2e	12,240.50	**12,773.99**
Total non-hazardous waste produced	tonne	994.20	**763.54**
Total energy consumption	MWh	186,271	**206,434**
Total direct energy consumption	MWh	171,642	**191,167**
Petrol	MWh	387	**256**
Diesel	MWh	168,766	**187,221**
Natural gas	MWh	2,490	**3,690**
Total direct energy consumption intensity	kWh/Revenue RMB'000	18.56	**16.18**
Total indirect energy consumption	MWh	14,630	**15,267**
Purchased electricity	MWh	14,630	**15,267**
Total indirect energy consumption intensity	kWh/Revenue RMB'000	1.58	**1.29**
Water consumption	m^3	319,133.11	**347,941.20**
Water consumption intensity	m^3/Revenue RMB'000	0.03	**0.03**

Employment and Labour Practices

Employment

We believe our people are an important asset, thus we have developed comprehensive human resource policies in respect to areas such as recruitment, promotion, working hours, and equal opportunity to safeguard our employees' rights and benefits. In addition to our strict compliance towards the Labour Law of the People's Republic of China, the Group also strongly abides to relevant local laws and regulations in areas they operate. The Group works to ensure every employee is paid no less than the minimum wage set in Zhuhai City. We adopt fair and equal principles in the hiring process; age and gender of applicants will not affect their chances of being hired. In addition, we reward our staff based on their year-end performance reviews. This not only encourages our employees to aim and work at their best, but also ensures their hard work and efforts are recognised.

In order to stay competitive and retain talents, the Group is regularly benchmarking its remuneration packages with the market. In addition, we also conduct continuous evaluations to optimise our employees' compensation system, to ensure relevant promotion opportunities and satisfactory benefits are provided to our staff, this is evident in our hotel business, where a broadband salary structure has been established. Positions are divided into eight different levels, each level having equal opportunity for promotion. The option for reallocation is also provided to our staff to ensure transparency and fairness.

The Group is also dedicated to promoting a healthy work-life balance atmosphere within its operations, hence different leisure and outdoor activities such as sports competitions and regular hiking activities are organised for our staff to participate in. During the year, team building events had been organised for all staff to enhance their sense of belonging to the Group and team working spirit. Different internal activities such as birthday celebrations, Christmas party and reunion dinners have also been organised within the Group and across its subsidiaries to boost team cohesion, morale, and understanding.

Health and Safety

Protecting the health and safety of our employees has always been one of the mission of the Group. Occupational health, safety and wellbeing of our staff is considered as one of the utmost important issues within the organisation. Therefore, besides the provision of safety trainings for our new hires, we have also invited professionals and different government units to conduct annual safety workshops, so as to raise the occupational health and safety awareness of our employees. For example, our hotel business invited traffic police and fire services officers to provide safety awareness training to our employees during the year. The Group has also been working to adhere to the different labour laws and regulations. Whenever an accident or work-related injury happens, employees are required to report to their supervisors immediately, ensuring proper actions are taken at first response. In the public utilities business, we conduct safety checks and inspections on a regular basis to ensure relevant health and safety requirements and standards are met at our premises. We have also organised annual body checks for our employees to ensure they are in a healthy condition to carry out daily tasks. During the year, employees at all levels within the Group were offered a body check while our female employees also received an annual female checkup.

We have also implemented complete policies and procedures to guide our employees in proper identification, management and mitigation towards occupational health and safety risks. Furthermore our ferry services are also in full compliance to international health and safety standards, including the International Regulations for Preventing Collisions at Sea (1972) and International Safety Management Code to ensure safe operation. A leading group and a safety management system, which has passed the certificate by China Maritime Safety Administration, has been set up and put in place to ensure safe production. To eliminate operational risks and raise our employees' awareness towards workplace safety, our hotel business has established an inspection team to conduct regular inspections of the working environment. In addition, annual fire drills and competitions that relate to operational safety skills have also been conducted for our employees to raise their awareness of workplace safety.

Training and Development

Talent development has been considered one of the key components for the Group to sustain its competitive edge in the market. Hence, a wide range of job-related training programmes that matches the needs, working level and job duties of our employees are offered. Furthermore, in addition to the mandatory new-joiner training, regular operational trainings have also been offered to our employees to replenish their technical knowledge and soft skills required for their day-to-day operations. For example, we have launched a series of large-scale training activities in our Hotel, including the “Staff of the Month – Service”, “Staff of the Month – Technical Ability” and “Basic Hotel Knowledge and Measurable After Quiz” to encourage and nurture improvement in our employees’ services. Over 1000 employees had participated in various training sessions and an overall competence assessment within 2019.

Our maritime business also provides various trainings such as new staff induction, safety management system, and maritime operational, navigational and other refresher trainings for employees to ensure professional requirements are met and offer opportunities for promotion and career advancement. In addition, during 2019, our property development business organised a series of technical and managerial trainings covering procurement and tendering, costing management, safety management and construction management. We strive to create a good learning atmosphere and we share industrial related news and knowledge in WeChat groups every day. We also organise optional small-scale training and seminars from time to time for staff who are interested to learn.

Moreover, to further sharpen the talent development processes, we have been working to offer more internship opportunities to students from universities and professional institutions so that they can gain a deeper insight in regards to the business and industry of the Group. For instance, our public utilities business has initiated a rotational program that allows outstanding employees to be selected and rotated amongst different departments within the company. This ensures our elite employees gain a full understanding of the company’s function.

Labour Standards

The Group upholds high labour standards throughout our businesses. The use of child or forced labour in our operations is strictly prohibited, and we expect our suppliers to follow and apply the same standard of labour practices throughout their operations. The Employee Code of Conduct and the Employee Handbook are widely distributed to standardise different employee management procedures. To ensure they are at the legal working age, the Group strictly requires our applicants to provide household registry and Proof of identity. The Group also ensure its operations comply with the latest labour regulations. For example, the Regulation on Ensuring Wage Payment to Migrant Workers will be updated by State Council in May 2020. In order to ensure the timely payment of wages to migrant workers, our accounting department reviews the actual payment records on a monthly basis.

We do not force or encourage our employees to work overtime, but appropriate allowance that meets legal requirements is provided if necessary. Our maritime business has established a labour union and workers’ congresses so employees’ benefits and interests could be better understood and responded to.

Supply Chain Management

The Group interacts with a network of suppliers and service providers to source its goods and services. We work to exert a positive influence on our supply chain. Thus, numerous internal policies that regulate our procurement practices, such as the Procurement Management Guidelines, have been established to ensure we are fully abiding to regulatory requirements at all levels, including the "Measures for the Control of Processed Oil Market" that regulates our trading and risk related management procedures. Clear instructions and guidelines are also in place for our selection of suppliers. For example, before cooperating with new suppliers or customers, our public utilities business and factoring business will first conduct site visits and due diligence to minimise the credit risk. Additional approval from senior management is needed for the contracts with significant amount. We also strictly follow our customer management policy. We maintain detailed records of our customers and evaluate their credit rating and credit limit so as to reduce the default risk. Creditworthiness is one of the main considerations for our customer selection. We prefer customers with large scale and healthy financial position. In view of this, our major customer in the public utilities business is a Central enterprise, which has a strong sense of compliance and good credit history and thus the default risk is low. The Group is dedicated to working only with suppliers that align with our sustainability and ESG standards and visions. If the suppliers fail to meet our requirements, we reserve the right to return the goods and the supplier will be deleted from the approved supplier list. Taking an additional step, our public utilities business has also leveraged the technology possess and developed a business information system which completes the supplier management system.

The Suppliers' Code of Conduct has been issued to all of our vendors and service providers. To maintain the high quality service of our suppliers, regular assessments and evaluations are carried out to guarantee that they are in full compliance with relevant manuals. Our hotel business conducts bi-annual assessments and evaluations to search for suppliers that have an acute environmental awareness. Our ferry service business also performs evaluations of suppliers' qualifications regularly. Those who fail to pass the assessments will be disqualified, hence leading to their contract not being renewed.

Product Responsibility

Our customers' safety is considered as one of the Group's top priorities, thus we are dedicated to providing high quality yet safe services to all our customers. Policies and systems are in place to maintain the high reliability of our services. In our ferry service business, we abide to the safety management system and standardised different production and operation processes, which allows our ships and defected fleets to be effectively managed and controlled. This helps to increase accident prevention and minimises any potential risks that may affect our customers' safety or our service's reliability. Training is conducted regularly for employees to enhance their understanding of the Employee Handbook. In our public utilities business, we conduct regular product inspections to ensure the quality of our products supplied to customers.

Customer feedback is vital to our pursuit of service excellence. We actively engage and communicate with our customers and stakeholders through various channels to understand their expectations and collect their feedback. A comprehensive complaint handling mechanism has been developed and put in place to ensure customers' complaints are handled by relevant departments immediately. For example, our ferry services business collects customers' feedback through hotline and website. Feedback and complaints are escalated as needed and followed up by designated teams in a timely manner. In addition, customer data and personal information is also handled carefully in a serious manner. It is only accessible by authorised personnel and disclosed on a need-to-know basis.

Anti-Corruption

The Group operates with high standards of integrity, transparency and accountability. We have zero-tolerance for any forms of bribery, corruption and unethical practices. To extend our responsibility, our suppliers are also constantly reminded of our stance in regards to anti-corruption, anti-bribery and anti-money laundering. Whistle-blowing mechanisms have been put in place to allow employees and third parties to report suspicious cases in a confidential manner.

Our property development service has established strict operational guidelines, which includes business payments, office supply procurements, guest reception and business car use. Procedural manuals, including the Guidelines for Construction Project Management have been drafted and implemented in our Hotel to prevent potential misconduct or impropriety. A supervising team that consists of professionals and auditors has also been established to manage and carry out regular inspections towards different large-scale projects. To avoid conflict of interests, regular workshops are held to ensure our anti-corruption principles and initiatives are well communicated to all of our employees. Posters and slogans are posted in the office area to promote anti-corruption. Furthermore, our public utilities business has adopted a branched management system, where any type of transaction would have to undergo multiple audits to prevent any form of bribery. For example, multiple layers of approvals and segregation of duties across different departments are established in the procurement processes to avoid possible conflict of interests.

Community Investment

The Group is dedicated towards giving back to communities in which it operates. During the year, the Group has donated a total of RMB1.95 million regarding poverty alleviation. Our public utilities business has donated RMB200,000 to Zhuhai poverty Alleviation Foundation, which will be used for poverty alleviation in Maoming, Yangjiang. We have also assisted the government to repair houses for the poor in Xige village.

Volunteering teams have been established to visit elderly homes and participate in different charity events. Clothing and cash is also donated on a regular basis to act as a relief for the underprivileged. Numerous fund raising activities have been organised within 2019 to support initiatives, which includes but not limited to, the renovation of public facilities and the provision of educational funds to bring village children back to school. Also, we have been actively giving away our unused or outdated surveillance equipment and office supplies to help the underprivileged communities. Our hotel business has also donated 120 boxes of moon cakes to the nursing homes and poverty alleviation organisations while our ferry services business has donated a total of RMB150,000 for the construction of public toilets and the support of poor families.

Regulatory Compliance

The Group is committed to ensuring its businesses are operated in compliance with relevant laws, rules and regulations. We hire law firms to review business and contract compliance; in addition, the audit and supervision department will also audit the internal control of equity investment companies. Regulatory frameworks within which the Group operates are analysed and monitored; internal policies are prepared and updated accordingly. Workshops or trainings are also conducted where necessary to strengthen the awareness and understanding of the Group's internal controls and compliance procedures.

We did not observe any forms of non-compliance with laws and regulations within the reporting period that may cause a potential impact on the Group's operating areas, such as environmental protection and conservation, employment, labour practices, operational and organisational activities.

DIRECTORS AND SENIOR MANAGEMENT

Executive directors

Mr. Huang Xin, aged 53, was appointed as an executive Director in July 2006. He is chairman of the Board and chairman of the nomination committee of the Company with effect from 19 January 2015. Mr. Huang was also the chief executive officer of the Company from July 2006 to August 2015. Mr. Huang was the chairman of the board of directors and legal representative of Zhuhai Jiuzhou Holdings Group Co., Ltd.* (珠海九洲控股集團有限公司) ("ZJ Holdings"), a substantial shareholder of the Company from 8 January 2015 to 19 February 2020. He holds a doctorate and obtained a title of senior economist from the Ministry of Finance of the People's Republic of China and was invited as visiting professor and researcher of a number of universities. Mr. Huang previously worked with Ministry of Finance, China Trust and Investment Corporation for Economic Development and China Cinda Asset Management Corporation. He served as secretary to general manager, secretary to the board of directors, general manager of securities business department, deputy general manager of Beijing Enterprises Holdings High-tech Development Co., Ltd., executive director and general manager of Winghap (Macao) Company Limited, executive director and general manager of East Sea International (Macao) Company Limited, deputy chairman and general manager of Zhuhai Heng Fok Machinery & Electric Industrial Company Limited and general manager of ZJ Holdings. Mr. Huang is a representative of the 13th People's Congress of Guangdong Province. He has over 33 years of experience in trust, insurance, securities, investment banking, financial management, corporate management and venture investment.

Mr. Jin Tao, aged 56, was appointed as an executive Director in January 2012 and as the chief executive officer of the Company on 8 April 2020. Mr. Jin was promoted as the director and general manager of ZJ Holdings effective from 12 December 2017. Mr. Jin was previously an executive director of the Company from September 2002 to July 2009. He served as the chairman of the board of directors and legal representative of Zhuhai High-speed Passenger Ferry Co., Ltd. (珠海高速客輪有限公司), a non-wholly-owned subsidiary of the Company, until 1 July 2019; he also served as the chairman of the board of directors and legal representative of Zhuhai Jiuzhou Cruises Co., Ltd.* (珠海市九洲郵輪有限公司) until 1 July 2015; and the chairman of the board of directors and legal representative of Zhuhai Jiuzhou Tourism Development Co., Ltd.* (珠海九洲旅遊開發有限公司) until October 2012. He also served as the chairman of the board of directors and legal representative of Zhuhai Tianzhi Development Property Co., Ltd. (珠海天志發展置業有限公司) until 28 June 2019, which is an associate of ZJ Holdings, and is engaged in sales and development of property, golf course, tourism and recreational entertainment projects. He also worked as secretary of the board of directors, manager of the Operation Development Department, chief engineer, and deputy general manager in ZJ Holdings, and as director, general manager and legal representative in Zhuhai Dahengqin Investment Co., Ltd. ("ZDIC"). In the past, Mr. Jin also worked in Liyang Machinery Co., Ltd. under the Ministry of Aviation of the People's Republic of China, the Electrical & Mechanical General Factory of Zhuhai, Gongbei Industrial General Corporation of Zhuhai Special Economic Zone, and ZDIC. He is a non-executive committee member of the Zhuhai Municipal City Planning Committee. Mr. Jin holds a master degree in aircraft engineering from Northwestern Industrial University and is qualified as a senior engineer. He has over 33 years of experience in enterprise management, shipping management and maintenance, tourism management and project investment, technological development, loan, capital operation and acquisition.

Mr. Ye Yuhong, aged 54, was appointed as an executive Director in July 2009 and as a member of the nomination committee of the Company in March 2012. He is currently also a director and deputy secretary of CPC Committee, secretary of Discipline Inspection Commission, and president of labor union of ZJ Holdings. Since October 2002, he has worked as the assistant general manager and deputy secretary of Discipline Inspection Commission of ZJ Holdings. He also served as director of Zhuhai Tianzhi Development Property Co., Ltd. until May 2017. Mr. Ye has worked in the State Key Laboratory of Laser Technology of Huazhong University of Science and Technology, the Organisation Department of CPC Zhuhai Committee and the Zhuhai Municipal Hong Kong-Macao Enterprise Office as secretary, deputy division head and leader of Macao work group. Mr. Ye holds a postgraduate of Huazhong University of Science and Technology and has over 30 years of experience in Hong Kong and Macao affairs, administrative management and human resources management.

Mr. Li Wenjun, aged 54, was appointed as an executive Director in July 2009. He is currently also the deputy general manager of ZJ Holdings. He was the managing director of both The New Yuanming Palace Tourist Co., Ltd. of Zhuhai S.E.Z. (珠海經濟特區圓明新園旅遊有限公司) and Zhuhai Water Entertainment Company Limited* (珠海市水上娛樂有限公司), the subsidiaries of the Company, until October 2015. He served as the chairman of the board of directors and legal representative of Zhuhai Jiuzhou Cultural and Industrial Investment Development Co., Ltd. (珠海九洲文化產業投資發展有限公司) until 21 November 2019, which is a subsidiary of ZJ Holdings and is engaged in tourism and cultural project development and operation; real estate project development, sales, leasing, parking services, property management; project investment and development, construction materials, mechanical and electrical equipment installation, import and export of goods; organization of cultural, exhibition exchange activities, project management services. He also served as deputy chairman of Zhuhai Jiuzhou Travel Transport Co., Ltd., deputy chairman of Haiwei Tourism Co., Ltd.* (海威旅遊有限公司), deputy chairman of Macau Zhuhai Tourism Development Co., Ltd.* (澳門珠海旅遊發展有限公司) and deputy chairman of Guangdong Haiwei Direct Passenger Transport Co., Ltd.* (廣東海威直通客運有限公司) until 2019. Mr. Li has worked for China Ship Industrial Material South China Co., Zhuhai Commission for Economic Restructuring, Zhuhai Economic and Trade Bureau, Zhuhai State-owned Assets Operation and Administration Bureau, Zhuhai State-owned Assets Supervision and Administration Commission and Zhuhai Xinhe Transportation Group Co., Ltd. as secretary to general manager, deputy division head, division head, deputy chief economist, director and deputy general manager. He holds a postgraduate in Logistics Management of Huazhong University of Science and Technology and has over 30 years of experience in administrative management, economic management and financial securities.

Non-executive directors

Datuk Wira Lim Hock Guan, aged 58, was appointed as a non-executive Director effective from 12 August 2013. He has been an executive director of LBS Bina Group Berhad ("LBS"), a public company listed on the main board of Bursa Malaysia Securities Berhad, since 6 December 2001. He is sitting on the board of several subsidiaries of LBS group, including Dragon Hill Corporation Limited and Intellplace Holdings Limited ("LBS Group"); and he is also a director of Gaterich Sdn Bhd (a substantial shareholder of the LBS Group). Datuk Wira Lim holds a Bachelor of Science Civil Engineering from the Tennessee Technology University, USA and started his career as a Civil Engineer upon his graduation. Datuk Wira Lim has more than 28 years of extensive experience in the field of property development, operations and construction. He is in charge of the LBS Group's projects in Klang Valley, Malaysia and is one of the major driving forces behind the LBS Group's successful implementation of the projects in the Klang Valley, Malaysia. He also sits on the risk management committee and the ESOS committee of LBS. Datuk Wira Lim was appointed as a non-executive director of ML Global Berhad, a public company listed on the main board of Bursa Malaysia Securities Berhad, on 1 August 2014 and was re-designated as an executive director on 5 July 2016. He is also active in community works and has involved in several non-profit-making organisations. He is the President of Persatuan Hokkien Sungai Way, President of Selangor Petaling Business & Industry Association, Vice President of Malaysia-Guangdong Chamber of Investment Promotion, Vice President of The Malaysian Chamber of Commerce in Guangdong, China, committee member of Rumah Berhala Leng Tien Keong, Kajang, committee member of Sungai Way Old Folks Homes, committee member of Selangor & Kuala Lumpur Lim Clansmen Association, committee member of The Council of Justice of The Peace of Selangor, committee member of The Malaysia Japan Economic Associations (MAJECA) and committee member of Melaka and Guangdong Investment Committee. He is also a qualified sharpshooter from National Rifle Association, Washington D.C..

Mr. Kwok Hoi Hing, aged 56, has been appointed as a non-executive Director effective from 16 June 2015. He graduated from the undergraduate programme in Horticulture of Northwest Agriculture Institute of China (now known as Northwest A&F University) in 1985. Mr. Kwok currently is the managing director of Surpassing Investment Limited and the chairman and general manager of SFT Holding Limited. He also worked as a director of the fifth session of the board of directors of Shanghai Jin Jiang International Hotels Development Company Limited (上海錦江國際酒店發展股份有限公司). Mr. Kwok has over 34 years of investment experience in tourism, leisure resort and hotel real estate industry.

Mr. Zou Chaoyong, aged 42, was appointed as a non-executive Director of the Company on 28 May 2018. Mr. Zou was awarded a bachelor's degree in accounting from Central University of Finance and Economics (中央財經大學), the People's Republic of China, and he was awarded the qualification of senior accountant (高級會計師). He is currently a director and the financial controller of Zhuhai Jiuzhou Holdings Group Co., Ltd.* (珠海九洲控股集團有限公司) ("ZJ Holdings"), a substantial shareholder of the Company. Before joining ZJ Holdings and the Company, Mr. Zou previously worked as a financial manager of Cooper Edison Power Systems Co., Ltd., a company under the Cooper Industries Group from July 2001 to June 2010. During the period from June 2010 to December 2013, Mr. Zou served as the vice general manager of Henan Province Shengyuan Anti-corrosion Installation Construction Co., Ltd.* (河南省晟原安裝防腐工程公司) and during the period from December 2013 to March 2018, Mr. Zou served as the financial controller of the State-owned Assets Supervision and Administration Commission of the Zhuhai Municipal People's Government* (珠海市人民政府國有資產監督管理委員會), when he was designated to serve as a director and the financial controller of Zhuhai Water Environment Holdings Group Ltd. (珠海水務環境控股集團有限公司), Zhuhai Urban Construction Group Co., Ltd. (珠海城市建設集團有限公司) and Zhuhai Investment Holdings Co., Ltd.* (珠海投資控股有限公司), a director of Zhuhai Chengfa Investment Holdings Co., Ltd.* (珠海城發投資控股有限公司), and a supervisor of Zhuhai Venture Capital Guidance Fund Co., Ltd.* (珠海創業投資引導基金有限公司). Since December 2017 and March 2018, Mr. Zou has been a director of Zhuhai Huajin Capital Co., Ltd. (珠海華金資本股份有限公司) (stock code: 000532), a company listed on the Shenzhen Stock Exchange, and a director and the financial controller of Zhuhai Gree Group Co., Ltd.* (珠海格力集團有限公司) respectively. Since February 2019, Mr. Zou has been a director and the financial controller of Zhuhai Anju Group* (珠海市安居集團). He has over 19 years of experience in finance and accounting.

Independent non-executive directors

Mr. Hui Chiu Chung, J.P., aged 72, joined the Company as an independent non-executive Director in April 1998. He is also the chairman of the remuneration committee, a member of the audit committee and the nomination committee of the Company. Mr. Hui is currently the chairman and chief executive officer of Luk Fook Financial Services Limited. He has over 49 years of experience in the securities and investment industry. Mr. Hui had for years been serving as council member and vice chairman of The Stock Exchange of Hong Kong Limited, a member of the Advisory Committee of the Hong Kong Securities and Futures Commission, director of the Hong Kong Securities Clearing Company Limited, a member of the Listing Committee of the Hong Kong Exchange and Clearing Limited, an appointed member of the Securities and Futures Appeals Tribunal, a member of Standing Committee on Company Law Reform, a member of the Committee on Real Estate Investment Trusts of the Hong Kong Securities and Futures Commission, and appointed member of the Hong Kong Institute of Certified Public Accountants Investigation Panel A and also a member of Government "Appointees" (independent member) of Appeal Panel of the Travel Industry Council of Hong Kong. Mr. Hui was appointed by the Government of the Hong Kong Special Administrative Region a Justice of the Peace in 2004 and was also appointed a member of the Zhuhai Municipal Committee of the Chinese People's Political Consultative Conference in 2006. Mr. Hui also serves as a non-executive director of Luk Fook Holdings (International) Limited (Stock Code: 590), an independent non-executive director of Lifestyle International Holdings Limited (Stock Code: 1212), Gemdale Properties and Investment Corporation Limited (Stock Code: 535), China South City Holdings Limited (Stock Code: 1668), SINOPEC Engineering (Group) Co., Ltd. (Stock Code: 2386), Agile Group Holdings Limited (formerly known as "Agile Property Holdings Limited") (Stock Code: 3383) and FSE Services Group Limited (formerly known as "FSE Engineering Holdings Limited") (Stock Code: 331) whose shares are listed on The Stock Exchange of Hong Kong Limited. Mr. Hui was an independent non-executive director of Chun Wo Development Holdings Limited (now known as "Asia Allied Infrastructure Holdings Limited") (Stock Code: 0711) from 1 January 2006 to 1 February 2015 and an independent non-executive director of Hong Kong Exchanges and Clearing Limited (Stock Code: 388) from 23 April 2009 to 29 April 2015 (whose shares are listed on The Stock Exchange of Hong Kong Limited).

Mr. Chu Yu Lin, David, SBS, J.P., aged 76, joined the Company as an independent non-executive Director in April 1998. He is also a member of the audit committee, the remuneration committee and the nomination committee of the Company. Mr. Chu received his Master of Business Administration degree from Harvard University after degrees in electrical engineering and management at Northeastern University, the United States and was awarded an honorary Doctor of Public Service degree from Northeastern University, the United States. Prior to joining the Group, he had worked in a number of sizeable international corporations such as Bank of America, General Electric Co., and Jardine Matheson & Company Limited. Mr. Chu is a Justice of the Peace of the Hong Kong Special Administrative Region. He is also an independent non-executive director of Chuang's China Investments Limited (Stock Code: 298), AVIC International Holding (HK) Limited (Stock Code: 232) and Chuang's Consortium International Limited (Stock Code: 367) whose shares are listed on The Stock Exchange of Hong Kong Limited.

Mr. Albert Ho, aged 62, was appointed as an independent non-executive Director in September 2004. He is also the chairman of the audit committee, a member of the remuneration committee and the nomination committee of the Company. Mr. Ho graduated from the Macquarie University, Sydney, Australia with a Bachelor of Economics degree in 1985 and obtained his Master of Business Administration degree from the University of Hong Kong in 1991. He is a Certified Public Accountant and fellow member of the Association of Chartered Certified Accountants. He has extensive experience in financial and corporate management. Mr. Ho is also an independent non-executive director of SHK Hong Kong Industries Limited (Stock Code: 666), a listed company in Hong Kong.

Mr. Wang Yijiang, aged 66, was appointed as an independent non-executive Director in August 2015. He is also a member of the nomination committee of the Company. Mr. Wang holds a doctorate in economics at Harvard University. He is currently a professor of economics and human resources management and an associate dean of Cheung Kong Graduate School of Management at Beijing in charge of academics. He is also a member of editorial board at China Economic Review, a member of academic committee at Sun Ye-Fang Prize of Economics, a specially invited overseas advisor of Hunan Provincial Political Consultative Conference, an academic advisor of National Center of Fiscal and Tax Policy Research at Tsinghua University, Beijing, a senior researcher of Center of Fiscal Studies at Peking University, a fellow of Center of China in the World Economy at Tsinghua University, a senior fellow of National Centre of Economic Research of Faculty of Economics and Management at Tsinghua University, a permanent fellow of Chinese Economists' Society in North America, professor emeritus of University of Minnesota. Mr. Wang has over 37 years of academic experience in economics and human resources management. Mr. Wang is (i) an independent director of Zhong Qing Bao, also known as 深圳中青寶互動網絡股份有限公司(Shenzhen ZQGame Co. Ltd.), (Stock Code: 300052), a company listed on the Shenzhen Stock Exchange; and (ii) a non-executive director of Zhejiang Red Dragonfly Footwear Co. Ltd. (stock code: 603116), a company listed on the Shanghai Stock Exchange. Mr. Wang is also (i) an independent non-executive director of TCL Electronics Holdings Limited (formerly known as TCL Multimedia Technology Holdings Limited) (stock code: 1070), a listed company in Hong Kong; and (ii) an independent non-executive director of China VAST Industrial Urban Development Company Limited (stock code: 6166), a listed company in Hong Kong. During July 2007 to November 2013, Mr. Wang was also an independent director of Beijing SPC Environment Protection Tech Co., Ltd. (北京清新環境技術股份有限公司) (formerly known as Beijing SPC Environment Protection Tech Co., Ltd. (北京國電清新環保技術股份有限公司)), (stock code: 002573), a company listed on the Shenzhen Stock Exchange in April 2011. During November 2012 to June 2017, Mr. Wang was also an independent director of Hua Tu Education, also known as Beijing Huatu Hongyang Education & Culture Corp., Ltd. (北京華圖宏陽教育文化發展股份有限公司), (stock code: 830858), a company listed on the National Equities Exchange and Quotations System ("NEEQ") in the People's Republic of China (NEEQ is also commonly known as The New Third Board (新三板). During July 2010 to July 2017, he was also a director of Xuzhou Construction Machinery Corporation, also known as XCMG Construction Machinery Co., Ltd. (徐工集團工程機械股份有限公司), (stock code: 000425), a company listed on the Shenzhen Stock Exchange.

Alternate directors

Mr. Lim Seng Lee, aged 60, was appointed as an alternate to Datuk Wira Lim Hock Guan on 24 March 2016. He is currently a senior general manager of investor relations at LBS. He joined the Singapore International Monetary Exchange (SIMEX/SGX) and worked for 5 years as a full time Proprietary Trader trading the Singapore, Japan and USA financial market derivatives including the cross rate forex. Subsequently he joined the Kuala Lumpur Options and Financial Futures Exchange (KLOFFE) as a Professional Trader dealing in the KLSE stock index futures and the Crude Palm Oil futures for 2 years. Prior to joining LBS, he worked in RHB Investment Bank Berhad as a Dual Licensed Dealer's Representative dealing in Bursa listed shares and the Futures market for 11 years. During that time he has participated as one of the Securities Commission's approved program Trainers/Speakers for Continuous Professional Course (CPE).

Mr. Zhu Minming, aged 51, was appointed as an alternate to Mr. Kwok Hoi Hing on 7 December 2018. He has been serving as the managing director of Shanghai Jinglong Investment Management Co., Ltd.* (上海景隆投資管理有限公司) since 2008. Mr. Zhu obtained a bachelor's degree from the School of Information Management and Engineering of the Shanghai University of Finance and Economics ("SUFE"), the People's Republic of China ("PRC"), in 1991, and a master's degree in financial securities and statistical analysis from SUFE in 2002. He further obtained a Master of Business Administration from the New York Institute of Technology, the United States, in 2012. He has extensive experience working in securities firms, including being a senior manager (高級經理) at Shanghai AJ Trust Company Limited* (上海愛建信託有限責任公司) from 2007 to 2008, the general manager (總經理) of the Guangzhong Road Sales Department of AJ Securities Co. Ltd.* (愛建證券有限責任公司廣中路營業部) and AJ Securities Research and Development Center* (愛建證券研發中心) from 2001 to 2006.

Senior management

Mr. Lu Tong, aged 51, is the vice president of the Company. He holds a master degree. He is also the chairman of Zhuhai Jiuzhou Property Development Limited* (珠海九洲置業開發有限公司), the chairman of Zhuhai Jiuzhou Corporation Management Co., Ltd.* (珠海九洲企業管理有限公司), a director of Jiuzhou Tourism Property Company Limited, Jiuzhou Tourist Development Company Limited, Jiuzhou Transportation Investment Company Limited, Zhuhai Highspeed Passenger Ferry Co., Ltd.* (珠海高速客輪有限公司), Zhuhai Jiuzhou Holdings Property Development Co., Ltd.* (珠海九控房地產有限公司) (formerly known as Zhuhai International Circuit Consolidated Development Co., Ltd.* (珠海國際賽車場綜合發展有限公司)), Zhuhai Jiuzhou Holdings Sports Management Co., Ltd.* (珠海市九控體育管理有限公司) (formerly known as Zhuhai International Circuit Golf and Country Club Limited* (珠海國際賽車場高爾夫俱樂部有限公司)) and Zhuhai Jiuzhou Public Utilities Co., Ltd.* (珠海九洲公用有限公司), and the chairman of the board of directors of Lamdeal Consolidated Development Limited and Zhuhai International Circuit Consolidated Development (HK) Limited. Mr. Lu is also an employee supervisor of Zhuhai Jiuzhou Holdings Group Co., Ltd* (珠海九洲控股集團有限公司). Mr. Lu has been serving as a director of Zhuhai Jiuzhou Cultural and Industrial Investment Development Co., Ltd.* (珠海九洲文化產業投資發展有限公司) since March 2020. Mr. Lu had worked in many enterprises under the Zhu Kuan Group and was involved in various fields including company legal affairs, administrative affairs, project finance, investment management, financial management and project development etc. He joined the Company in May 1998 and worked as a deputy department manager, department manager and assistant president. Mr. Lu received his Bachelor of Laws degree from Shenzhen University and is a qualified lawyer in the People's Republic of China. He was also a postgraduate in Finance in the University of International Business and Economics and received his Master of Business Administration degree from the Royal Roads University subsequently. He has over 29 years of experience in company law, finance investment, project finance, financial management and corporate management.

Mr. Wong Kok Ching, aged 44, is the vice president of the Company until 19 March 2020 but Mr. Wong remains a deputy general manager of Zhuhai Jiuzhou Holdings Property Development Co., Ltd.* (珠海九控房地產有限公司) (formerly known as Zhuhai International Circuit Consolidated Development Co., Ltd.* (珠海國際賽車場綜合發展有限公司)), and a director of Zhuhai Jiuzhou Holdings Sports Management Co., Ltd.* (珠海市九控體育管理有限公司) (formerly known as 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)). He holds a bachelor degree. Mr. Wong had worked in LBS Bina Group Berhad (a public company listed on the main board of Bursa Malaysia Securities Berhad), in which he engaged in real estate business. He joined the Company in August 2013. Mr. Wong received his Bachelor degree of Science (Quantity Surveying) from University of Northumbria at Newcastle in United Kingdom. He has over 20 years of experience in real estate development, quantity survey and cost management. Mr. Wong is the nephew of Datuk Wira Lim Hock Guan.

Mr. Tang Jin, aged 46, is the vice president of the Company. He holds a master degree. He is also a deputy chairman of Zhuhai Jiuzhou Corporation Management Co., Ltd.* (珠海九洲企業管理有限公司), a director of Zhuhai Jiuzhou Port Passenger Traffic Services Co., Ltd.* (珠海九洲港客運服務有限公司), Zhuhai Jiuzhou Cruises Co., Ltd.* (珠海市九洲郵輪有限公司) and Zhuhai Jiuzhou Cruises Investment Co., Ltd.* (珠海市九洲郵輪投資有限公司), chairman of the board of directors of Lakewood Golf & Country Club (HK) Limited and Lamdeal Golf & Country Club Limited, and a supervisor of Zhuhai High-speed Passenger Ferry Co., Ltd.* (珠海高速客輪有限公司) and Zhuhai Jiuzhou Public Utilities Co., Ltd.* (珠海九洲公用有限公司). Mr. Tang had worked in many enterprises under the Zhu Kuan Group in the capacities of assistant department manager, deputy department manager, department manager and assistant president, and was involved in the fields of international trading, finance investment, administrative management, asset management and human resources management. He joined the Company in May 1998. Mr. Tang obtained his Master of Business Administration degree from the Royal Roads University. He has nearly 24 years of experience in administrative management, financial investment, project management, asset management and human resources management.

Mr. Li Xiang, aged 51, is the vice president of the Company. He holds an undergraduate degree. He is also a director of Jiuzhou Tourist Development Company Limited, Jiuzhou Tourism Property Company Limited, Shenzhen Jiuzhou Holdings Finance Lease Co., Ltd.* (深圳市九控融資租賃有限公司) and Zhuhai Jiuzhou Corporation Management Co., Ltd.* (珠海九洲企業管理有限公司) and the appointed representative of executive affairs partner of Zhuhai Jiuzhou Longxiang Equity Investment Funds Company (Limited Partnership) * (珠海九洲龍驤股權投資基金企業(有限合夥)). Mr. Li has been serving as a general manager of the capital operations centre (資本運作中心) of Zhuhai Jiuzhou Holdings Group Co., Ltd.* (珠海九洲控股集團有限公司), a director of Zhuhai Jiuzhou Holdings Investment Co., Ltd.* (珠海九控投資有限公司) and Zhuhai Shipping Supply Company Limited* (珠海市外輪供應有限公司) and a director, chairman of the board of directors and legal representative of Jiuzhou Ping'an Industrial Investment Fund Management Company Limited* (九洲平安產業投資基金管理有限公司) since March 2020. Mr. Li worked at Guangdong Kingman Group Co., Ltd.* (廣東金曼集團股份有限公司), Zhuhai Zhongfu Enterprise Co., Ltd.* (珠海中富實業股份有限公司), the Company and Zhuhai International Golf Amusement Co., Ltd.* (珠海國際高爾夫遊樂有限公司) and served as a board secretariat, deputy general manager and managing director. He joined the Company in May 2017 and served as vice president. Mr. Li received a bachelor degree from Peking University. He is qualified as an independent director and a securities analyst. He has over 27 years of experience in capital markets, mergers and acquisitions, project investment and business management.

Ms. Shi Yi, aged 51, is the vice president of the Company. She holds an undergraduate degree. Currently, she is also a director of Jiuzhou Transportation Investment Company Limited* (九州交通投資有限公司) and Zhuhai Jiuzhou Energy Co., Ltd.* (珠海九洲能源有限公司), and a supervisor of Zhuhai Holiday Resort Hotel Company Limited* (珠海度假村酒店有限公司), Zhuhai Jiuzhou Cruises Co., Ltd.* (珠海市九洲郵輪有限公司), Shenzhen Jiuzhou Holdings Finance Lease Co., Ltd.* (深圳市九控融資租賃有限公司) and Zhuhai Jiuzhou Property Development Limited* (珠海九洲置業開發有限公司). Ms. Shi is also an employee supervisor of Zhuhai Jiuzhou Holdings Group Co., Ltd* (珠海九洲控股集團有限公司), a supervisor of Zhuhai Haojiang Travel Agency Co., Ltd.* (珠海市濠江旅行社有限公司), and chairman of the supervisory committee of Zhuhai City Gas Engineering Technology Development Co., Ltd.* (珠海市燃氣工程技術開發有限公司). Ms. Shi has served as supervisor of Zhuhai Jiuzhou Holdings Investment Co., Ltd. and supervisor of Zhuhai Jiuzhou Cultural and Industrial Investment Development Co., Ltd. (珠海九洲文化產業投資發展有限公司) since March 2020. Ms. Shi worked at Guangzhou Institute of Railway Technology, Guangzhou Jincheng Real Estate Co., Ltd.* (廣州金城房地產股份有限公司), Guangzhou Jincheng Computer Co., Ltd.* (廣州金城計算機有限公司) and Zhuhai Jiuzhou Holdings Group Co., Ltd., where she successively served as manager of sales department, manager of finance department, and general manager of audit and law department, respectively. She joined the Company in 2012 and took up the position of general manager of the audit and supervision department. Ms. Shi obtained a bachelor's degree in accounting from East China Jiaotong University and owns the intermediate accountant certificate. She has accumulated over 20 years of working experience in risk management, financial management and corporate governance of enterprises.

Mr. Gui Ke, aged 47, is an assistant president of the Company. He holds an undergraduate degree and is a director of Zhuhai High-speed Passenger Ferry Co., Ltd.* (珠海高速客輪有限公司), Zhuhai Holiday Resort Hotel Company Limited* (珠海度假村酒店有限公司), Zhuhai Jiuzhou Cruises Co., Ltd.* (珠海市九洲郵輪有限公司), Zhuhai Jiuzhou Public Utilities Co., Ltd.* (珠海九洲公用有限公司), Shenzhen Jiuzhou Holdings Finance Lease Co., Ltd.* (深圳市九控融資租賃有限公司) and 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), and a supervisor of Zhuhai Jiuzhou Holdings Property Development Co., Ltd.* (珠海九控房地產有限公司) (formerly known as Zhuhai International Circuit Consolidated Development Co., Ltd.* (珠海國際賽車場綜合發展有限公司)), which are all subsidiaries of the Company. Mr. Gui is also a deputy general manager of Zhuhai Sanjiao Island Development Company Limited* (珠海市三角島開發有限公司) and a director of Zhuhai Special Economic Zone Yuxin Energy Company Limited* (珠海經濟特區裕信能源有限公司). Mr. Gui has served as deputy general manager of Zhuhai Jiuzhou Holdings Investment Co., Ltd., director of Zhuhai Jiuzhou Cultural and Industrial Investment Development Co., Ltd. (珠海九洲文化產業投資發展有限公司), director, chairman and legal representative of Zhuhai Jiuzhou Property Management Co., Ltd.* (珠海九洲物業管理有限公司), and legal representative and general manager of Zhuhai Jiuzhou Holdings Blue Marine Tourism Development Company Limited* (珠海九控藍色海洋旅遊發展有限公司) since March 2020. Mr. Gui worked at Zhuhai Hotel* (珠海賓館), Zhuhai New Yuanming Palace* (珠海圓明新園), Zhuhai Holiday Haitian International Travel Agency* (珠海海天旅行社), Zhuhai Holiday Resort Hotel International Travel Agency* (珠海國際度假旅行社), Zhuhai and Macao Tourism Distribution Center* (珠澳旅遊集散中心) and EJ Holdings, and served as supervisor of housekeeping department, manager of marketing, assistant general manager of Zhuhai Holiday Resort Hotel International Travel Agency* (珠海國際度假旅行社), deputy general manager of Zhuhai and Macao Tourism Distribution Center* (珠澳旅遊集散中心) and deputy general manager of development and management department of EJ Holdings. He joined the Company in 2015 and served as general manager of corporate management department. Mr. Gui received a bachelor of business administration degree from Renmin University of China* (中國人民大學). He has over 24 years of experience in business operations, management, marketing, travel management, project planning and investment development.

Mr. Kwok Tung Fai, aged 47, holds a master's degree and is the Financial Controller and the company secretary of the Company. Mr. Kwok joined the Company as financial controller on 24 July 2018 and is primarily responsible for all accounting and finance operations of the Company, and was appointed as its company secretary on 31 December 2018. Mr. Kwok is an associate member of Hong Kong Institute of Certified Public Accountants and a fellow member of The Chartered Association of Certified Accountants. He obtained a Master of Finance degree from Hong Kong University of Science and Technology in 2010 and a bachelor degree in Business Administration from The Chinese University of Hong Kong in 1997. Before joining the Company, Mr. Kwok has over 21 years of experience working in various corporations, including multinational accounting firm, multinational financial institution, listed firms in Hong Kong and listed firms in Singapore. He has previously held positions of Chief Financial Officer/Financial Controller and Company Secretary in listed firms in Hong Kong and listed firms in Singapore for over 6 years, and accumulated many years of experience in acquiring listed companies in Hong Kong and Singapore, IPO, spin-off listing business, stock market financing, bank financing and corporate secretarial field.

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

The directors of the Company present their report and the audited consolidated financial statements of the Company and of the Group for FY2019.

Principal activities

The principal activity of the Company is investment holding. The principal activities of the Group consist of investment holding, the provision of port facilities in Zhuhai, the PRC excluding Hong Kong and Macao, the provision of ferry services between Zhuhai on the one part and Hong Kong and Shekou on the other part, the provision of financial information services and internet financial information intermediary services, the management of a holiday resort, a theme park and an amusement park, property development, the operation of a golf club and trading and distribution of fuel oil. The principal activities of the principal subsidiaries are set out in note 21 to the consolidated financial statements.

Business review

Business review of the Group for FY2019 can be found in the section headed "Management Discussion and Analysis" of this annual report, of which the discussion forms part of this "Report of the Directors".

Environmental policies, performance and compliance with laws and regulations

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

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

The Group regards production safely as its primary social responsibility. The Company is committed to becoming a safe production enterprise strictly according to its principles of "safe development" and "people orientation". Since its inception, the Company's businesses have a good history of safety. During FY2019, there was no general and more severe liability accidents occurred for our businesses.

For details, please refer to the section headed "Environmental, Social and Governance (ESG) Report 2019" on pages 34 to 43 of this annual report.

During FY2019, as far as the Company is aware, there was no material breach of or non-compliance with applicable laws and regulations by the Group that has a significant impact on the business and operations of the Group.

Key relationships with employees, customers and suppliers

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

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

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

Results and dividends

The Group's profit for FY2019 and the state of affairs of the Company and of the Group on that date are set out in the consolidated financial statements on pages 124 to 234.

The Board does not recommend the payment of a final dividend in respect of FY2019 to the shareholders.

Summary financial information

A summary of the results and assets, liabilities and non-controlling interests of the Group for the years ended 31 December 2015, 2016, 2017, 2018 and 2019 is set out on page 236 of this report. This summary does not form part of the audited consolidated financial statements.

Property, plant and equipment

Details of movements in the property, plant and equipment of the Group during FY2019 are set out in note 14(a) to the consolidated financial statements.

Rights to use port facilities

Details of movements in the rights to use port facilities of the Group during FY2019 are set out in note 17 to the consolidated financial statements.

Properties under development

Details of the Group's properties under development are set out in note 18 to the consolidated financial statements and on page 235 of this report.

Completed properties held-for-sale

Details of the Group's completed properties held-for-sale are set out in note 19 to the consolidated financial statements.

Share capital, warrants and convertible bonds

As at 31 December 2019, the Company had no outstanding amount payable pursuant to the Convertible Bonds (31 December 2018: Nil). The Convertible Bonds were fully redeemed by the Company on 29 August 2016.

Details of movements in the Company's share capital and warrants during FY2019 are set out in notes 39 and 36 to the consolidated financial statements, respectively.

Share option scheme

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

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

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

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

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

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

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

The Share Option Scheme will remain in force for a period of 10 years commencing on its adoption date. The remaining life of the Share Option Scheme is approximately 2 years as at the date of this report.

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

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

Save as disclosed above, no share option was granted, exercised, cancelled or had lapsed under the Share Option Scheme during FY2019. Moreover, the Company had no share options outstanding as at 31 December 2019.

Tax relief

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

Pre-emptive rights

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

Purchase, sale or redemption of listed securities of the Company

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during FY2019.

Reserves

Details of movements in the reserves of the Company and of the Group during FY2019 are set out in note 40 to the consolidated financial statements and in the consolidated statement of changes in equity, respectively.

Distributable reserves

As at 31 December 2019, the Company's reserves available for distribution, calculated in accordance with the laws of Bermuda, amounted to RMB297,000. In addition, the Company's contributed surplus, amounting to RMB672,431,000 as at 31 December 2019, is available for distribution. However, the Company cannot declare or pay a dividend, or make a distribution out of the contributed surplus if (i) it is, or would after the payment be, unable to pay its liabilities as they become due; or (ii) the net realisable value of its assets would thereby be less than the aggregate of its liabilities and its share capital and share premium account. The Company's share premium account with a balance of RMB851,806,000 as at 31 December 2019 is distributable in the form of fully-paid bonus shares.

Charitable contributions

During FY2019, the Group made charitable contributions totalling RMB1,953,000.

Major customers and suppliers

For FY2019, the Group's revenue attributable to the Group's five largest customers was less than 51%. For FY2019, purchases from the Group's largest and the five largest suppliers accounted for approximately 14% and 44% of total purchases of the Group, respectively.

None of the directors of the Company or any of their close associates or any shareholders (which, to the best knowledge of the directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers or five largest suppliers during FY2019.

Permitted indemnity provision

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

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

Equity-linked agreements

During FY2019, the Company has not entered into any equity-linked agreement, except for those disclosed under the heading "Share option scheme" as stated aforesaid.

Directors

The directors of the Company during FY2019 and up to the date of publication of this report were:

Executive Directors:

Mr. Huang Xin *(Chairman)*
Mr. Jin Tao (appointed as the Chief Executive Officer on 8 April 2020)
Mr. Ye Yuhong
Mr. Li Wenjun
Mr. Zeng Jianping (appointed on 20 April 2020)

Non-Executive Directors:

Datuk Wira Lim Hock Guan
Mr. Kwok Hoi Hing
Mr. Zou Chaoyong

Independent Non-Executive Directors:

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

Alternate Directors:

Mr. Lim Seng Lee (alternate to Datuk Wira Lim Hock Guan)
Mr. Zhu Minming (alternate to Mr. Kwok Hoi Hing)

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

In accordance with bye-law 111(A) of the Company's bye-laws, Mr. Huang Xin, Mr. Chu Yu Lin, David, Mr. Albert Ho and Mr. Wang Yijiang, directors of the Company, shall retire at the forthcoming annual general meeting. In addition, Mr. Zeng Jianping who has been appointed by the Board on 20 April 2020 shall hold office until the forthcoming annual general meeting pursuant to bye-law 115 of the Company's bye-laws. For details of the biography of Mr. Zeng Jianping please refer to the Company's announcement dated 20 April 2020. Mr Huang Xin has informed the Board that he will not offer himself for re-election and accordingly will retire as Director upon the conclusion of the forthcoming annual general meeting. Mr. Chu Yu Lin, David, Mr. Albert Ho, Mr. Wang Yijiang and Mr. Zeng Jianping, being eligible, will offer themselves for re-election at the forthcoming annual general meeting pursuant to bye-laws 111(A) and 115 of the Company's bye-laws.

The Company has received from each of the independent non-executive directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that all the independent non-executive directors are independent.

Change in Directors' information

Pursuant to Rule 13.51B (1) of the Listing Rules, the changes in information of Directors subsequent to the date of 2019 interim report of the Company are set out below:

Directors	Details of changes
Mr. Huang Xin	Resigned as the chairman of the board of directors and legal representative of ZJ Holdings on 19 February 2020
Mr. Li Wenjun	Resigned as the chairman of the board of directors and legal representative of Zhuhai Jiuzhou Cultural and Industrial Investment Development Co., Ltd. (珠海九洲文化產業投資發展有限公司) on 21 November 2019

Directors' service contracts

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

Management contracts

Other than the Directors' service contract and appointment letters, no contract concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or in existence as at the end of the year or at any time during FY2019.

Directors' remuneration

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

Directors' material interests in transactions, arrangements or contracts of significance

Save as disclosed in the paragraph headed "Connected and Continuing Connected Transactions" in this report and in note 46 to the consolidated financial statements, no transaction, arrangement or contract of significance to the business of the Group to which the Company, its subsidiaries, its substantial shareholder or any subsidiaries of its substantial shareholder was a party and in which a director or an entity connected with a director has or had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during FY2019.

Directors' interests in competing business

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

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

- Mr. Li Wenjun, an executive director, holds directorship in Zhuhai Jiuzhou Cultural and Industrial Investment Development Co., Ltd.* (珠海九洲文化產業投資發展有限公司), a company engaged in, among others, property development.

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

Directors' and chief executive's interests and short positions in shares and underlying shares of the Company and its associated corporations

As at 31 December 2019, 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	Total interests	Approximate percentage of the Company's issued ordinary share capital *(Note 1)*
Mr. Huang Xin	720,000	720,000	0.05%
Mr. Jin Tao	1,742,000	1,742,000	0.12%
Mr. Ye Yuhong	700,000	700,000	0.05%
Mr. Kwok Hoi Hing	245,170,000 *(Note 2)*	245,170,000	17.17%
Mr. Chu Yu Lin, David	2,700,000	2,700,000	0.19%
Mr. Albert Ho	250,000	250,000	0.02%

Note 1 The percentage has been compiled based on the total number of ordinary shares of the Company in issue as at 31 December 2019 (i.e. 1,427,797,174 shares).

Note 2 Mr. Kwok Hoi Hing held 245,170,000 shares of the Company of which 29,780,000 shares were held through his wholly-owned subsidiary, Surpassing Investment Limited.

Save as disclosed above, as at 31 December 2019, none of the directors or chief executive of the Company had any interests and short positions in the shares and underlying shares of the Company or any of its associated corporations that were recorded in the register pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the SFO or the Model Code.

Directors' rights to acquire shares or debentures

At no time during FY2019 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouses or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the directors of the Company to acquire such rights in any other body corporate.

Substantial shareholders' and other persons' interests in shares and underlying shares

As at 31 December 2019, 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 and as to knowledge of the Company:

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)*	602,598,000	Beneficial owner and interest of controlled corporation	42.20%
Longway Services Group Limited ("Longway") *(Note 2)*	367,398,000	Beneficial owner	25.73%
Dragon Hill Corporation Limited ("Dragon Hill") *(Note 3)*	78,929,909	Beneficial owner	5.52%
Intellplace Holdings Limited ("IHL") *(Note 3)*	78,929,909	Interest of controlled corporation	5.52%
LBS Bina Group Berhad ("LBS Group") *(Note 3)*	78,929,909	Interest of controlled corporation	5.52%
Gaterich Sdn. Bhd. ("Gaterich") *(Note 3)*	78,929,909	Interest of controlled corporation	5.52%
Tan Sri Lim Hock San *(Note 3)*	78,929,909	Interest of controlled corporation	5.52%

Note 1 The percentage has been compiled based on the total number of ordinary shares of the Company in issue as at 31 December 2019 (i.e. 1,427,797,174 shares).

Note 2 Out of the 602,598,000 shares of the Company held by ZJ Holdings, 367,398,000 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 78,929,909 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 41.42% owned by Gaterich; and
- Gaterich is 50% owned by Tan Sri Lim Hock San.

Save as disclosed above, as at 31 December 2019, 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.

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 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 year ended 31 December 2017 ("FY2017").

On 15 August 2017, the Company, as borrower, entered into the 2017 Facility Agreement of up to HK$2 billion for a term of four years with Wing Lung Bank, Limited and other Lenders in relation to the 2017 Facility. 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. For details of the 2017 Facility Agreement, please refer to the Company's announcement dated 15 August 2017.

On 28 March 2018, the Company, as borrower, entered into a term loan facility agreement ("March 2018 Facility Agreement") with the 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 2018 Facility Agreement. Under the March 2018 Facility Agreement, the Company has covenanted and undertaken to the bank, among others, that:

(i) at least 30% of the entire issued share capital of the Company will remain to be beneficially owned (directly or indirectly) by ZJ Holdings;

(ii) ZJ Holdings shall remain as the single largest beneficial shareholder of the Company; and

(iii) ZJ Holdings shall have management control over the Company.

On 28 February 2019, the Company, as borrower, entered into a revolving loan facility agreement with the bank, pursuant to which the bank has agreed to grant to the Company a revolving loan facility of up to HK$250 million having the final maturity date falling 3 years from the date of the February 2019 Facility Agreement. Under the February 2019 Facility Agreement, the Company has covenanted and undertaken to the bank, among others, that:

(i) at least 30% of the entire issued share capital of the Company will remain to be beneficially owned (directly or indirectly) by ZJ Holdings;

(ii) ZJ Holdings shall remain as the single largest beneficial shareholder of the Company; and

(iii) ZJ Holdings shall have management control over the Company.

On 30 December 2019, the Company, as borrower, entered into a revolving loan facility letter with a bank, pursuant to which the bank has agreed to grant to the Company an uncommitted revolving loan facility of up to HK$200 million having the final maturity date falling 3 years from the date of the bank's receipt of the Company's acceptance of the December 2019 Facility Letter ("Facility"). Under the December 2019 Facility Letter, the Company has covenanted and undertaken to the bank, among others, that:

(i) the State-owned Assets Supervision and Administration Commission of Zhuhai Municipal People's Government shall maintain 100% beneficial ownership of the share capital of ZJ Holdings;

(ii) ZJ Holdings shall maintain not less than 30% beneficial ownership of the share capital of the Company; and

(iii) ZJ Holdings shall remain directly or indirectly the single largest beneficial shareholder and management control of the Company throughout the life of the Facility.

On 20 January 2020, the Company, as borrower, entered into a term loan facility letter with a bank, pursuant to which the bank has agreed to grant to the Company a committed term loan facility of up to HK$200 million having the term of 36 months commencing from each drawdown during the availability period which is 6 months beginning from the date of the Company's acceptance of the January 2020 Facility Letter. Under the January 2020 Facility Letter, the Company has covenanted and undertaken to the bank, among others, that:

(i) the Zhuhai Municipal People's Government State-owned Assets Supervision and Administration Commission maintains the sole beneficial shareholder of ZJ Holdings; and

(ii) ZJ Holdings maintains the single largest beneficial shareholder, directly or indirectly, at least 30% of the entire issued share capital of the Company, and has the management control over the Company.

Connected and continuing connected transactions

In addition to the related party transactions disclosed in note 46 to the consolidated financial statements, details of connected transactions or continuing connected transactions ("CCTs") of the Group as defined under the Listing Rules, details of which are required to be disclosed in accordance with the requirements of Chapter 14A of the Listing Rules, are summarised below:

A. Connected Transactions

(1) Ferry Leasing Agreements

During FY2019, Zhuhai High-speed Passenger Ferry Co., Ltd.* (珠海高速客輪有限公司) ("Ferry Company") or Zhuhai S.E.Z. Haitong Shipping Co., Ltd.* (珠海經濟特區海通船務有限公司) ("HT Shipping") (as applicable) entered into the following ferry leasing agreements to lease ferries from Zhuhai Jiuzhou Shipping Co., Ltd.* (珠海九洲船務有限公司) ("Jiuzhou Shipping"):

Agreement	Date	Lessor	Lessee
1. Ferry leasing agreement (the "February Ferry Leasing Agreement")	27 February 2019	Jiuzhou Shipping	Ferry Company
2. Ferry leasing agreement (the "April Ferry Company Ferry Leasing Agreement")	12 April 2019	Jiuzhou Shipping	Ferry Company
3. Ferry leasing agreement (the "April HT Shipping Ferry Leasing Agreement")	26 April 2019	Jiuzhou Shipping	HT Shipping
4. Ferry leasing agreement (the "June Ferry Leasing Agreement")	24 June 2019	Jiuzhou Shipping	HT Shipping
5. Ferry leasing agreement (the "August Ferry Leasing Agreement")	19 August 2019	Jiuzhou Shipping	HT Shipping
6. Ferry leasing agreement (the "2019-2020 Ferry Leasing Agreement")	28 August 2019	Jiuzhou Shipping	HT Shipping

Pursuant to the ferry leasing agreements above, Ferry Company or HT Shipping (as applicable) shall during the respective terms use the subject ferries for operation of designated ferry operations:

Agreement	Term	Subject Ferries	Designed Ferry Operations
1. February Ferry Leasing Agreement	27 February 2019 to 31 May 2020 (both days inclusive)	「尋仙6」輪 (the "Xunxian 6" Ferry*)	Land-to-island and inter-islands passengers sea travel and sea transportation for tourists (including both day and evening services) along the waters of Pearl River Estuary and Wanshan Islands to be carried out by Ferry Company
2. April Ferry Company Ferry Leasing Agreement	12 April 2019 to 31 October 2020 (both days inclusive)	「尋仙5」輪 (the "Xunxian 5" Ferry)	Land-to-island and inter-islands passengers sea travel and sea transportation for tourists (including both day and evening services) along the waters of Pearl River Estuary and Wanshan Islands to be carried out by Ferry Company
3. April HT Shipping Ferry Leasing Agreement	1 May 2019 to 30 June 2019 (both days inclusive)	「新海濱」輪 ("Xinhaibin" Ferry), 「新海亮」輪 ("Xinhailiang" Ferry), 「新海天」輪 ("Xinhaitian" Ferry), 「 新海珠 」輪 ("Xinhaizhu" Ferry) and 「新海洋」輪 ("Xinhaiyang" Ferry)	Operation of the ferry lines ("Relevant Ferry Lines") between 香洲港北堤碼頭 (Xiangzhou Port*) and 九洲港 (Jiuzhou Port*) on the one part and 桂山碼頭 (Guishan Terminal*), 東澳碼頭 (Dongao Terminal*), 外伶仃碼頭 (Wai Lingding Terminal*) and 萬山碼頭 (Wanshan Terminal*) on the other part

Agreement	Term	Subject Ferries	Designed Ferry Operations
4. June Ferry Leasing Agreement	1 July 2019 to 31 August 2019 (both days inclusive)	「新海亮」輪 ("Xinhailiang" Ferry), 「新海天」輪 ("Xinhaitian" Ferry), 「新海珠」輪 ("Xinhaizhu" Ferry) and 「新海洋」輪 ("Xinhaiyang" Ferry)	Operation of the ferry lines ("Relevant Ferry Lines") between 香洲港北堤碼頭 (Xiangzhou Port*) and 九洲港 (Jiuzhou Port*) on the one part and 桂山碼頭 (Guishan Terminal*), 東澳碼頭 (Dongao Terminal*), 外伶仃碼頭 (Wai Lingding Terminal*) and 萬山碼頭 (Wanshan Terminal*) on the other part
5. August Ferry Leasing Agreement	1 September 2019 to 31 October 2019	「新海亮」輪 ("Xinhailiang" Ferry), 「新海天」輪 ("Xinhaitian" Ferry), 「新海珠」輪 ("Xinhaizhu" Ferry) and 「新海洋」輪 ("Xinhaiyang" Ferry)	Operation of the ferry lines ("Relevant Ferry Lines") between 香洲港北堤碼頭 (Xiangzhou Port*) and 九洲港 (Jiuzhou Port*) on the one part and 桂山碼頭 (Guishan Terminal*), 東澳碼頭 (Dongao Terminal*), 外伶仃碼頭 (Wai Lingding Terminal*) and 萬山碼頭 (Wanshan Terminal*) on the other part
6. 2019–2020 Ferry Leasing Agreement	1 November 2019 to 31 December 2020 (both days inclusive)	「新海亮」輪 ("Xinhailiang" Ferry), 「新海天」輪 ("Xinhaitian" Ferry), 「新海珠」輪 ("Xinhaizhu" Ferry) and 「新海洋」輪 ("Xinhaiyang" Ferry) (subject to the provision of another ferry in place of any of the aforesaid ferries due to repairmen or safety reasons)	Operation of the ferry lines (the "Relevant Ferry Lines") between 香洲港北堤碼頭 (Xiangzhou Port*) and 九洲港 (Jiuzhou Port*) on the one part and 桂山碼頭 (Guishan Terminal*), 東澳碼頭 (Dongao Terminal*), 外伶仃碼頭 (Wai Lingding Terminal*) and 萬山碼頭 (Wanshan Terminal*) on the other part

Both Ferry Company and HT Shipping are connected subsidiaries of the Company under Rule 14A.16 of the Listing Rules. As Jiuzhou Shipping is wholly-owned by ZJ Holdings, a substantial shareholder of the Company, Jiuzhou Shipping is an associate of ZJ Holdings, hence a connected person of the Company under Rule 14A.07(4) of the Listing Rules. The transactions as contemplated by the Ferry Leasing Agreement thus constitute CCTs for the Company under Chapter 14A of the Listing Rules.

As a result of the adoption by the Group of HKFRS 16 “Leases” from 1 January 2019, under the Listing Rules, the leases of the subject ferries under the ferry leasing agreements above are regarded as an acquisition of asset (i.e. an acquisition of capital assets). Since the leases of the subject Ferries under the ferry leasing agreements are each subject to a fixed term, the transactions contemplated thereunder are treated as one-off connected transactions of the Group.

The rental charges payable by Ferry Company or HT shipping (as applicable) to Jiuzhou Shipping under the ferry leasing agreements were:

	Agreement	Rental Charges Payable (RMB)
1.	February Ferry Leasing Agreement	6,093,214
2.	April Ferry Company Ferry Leasing Agreement	4,057,667
3.	April HT Shipping Ferry Leasing Agreement	2,263,595
4.	June Ferry Leasing Agreement	2,077,560
5.	August Ferry Leasing Agreement	3,528,140
6.	2019–2020 Ferry Leasing Agreement	N/A

At the special general meeting of the Company held on 30 October 2019, as more than 50% of the votes were cast against the ordinary resolution of the Company to approve, among other things, the 2019-2020 Ferry Leasing Agreement, the resolution was not passed as an ordinary resolution of the Company. As a result, HT Shipping did not lease the respective subject ferries under the 2019-2020 Ferry Leasing Agreement. For further details, see the Company’s announcement dated 28 August 2019, circular dated 8 October 2019, notice of special general meeting dated 8 October 2019 and poll results announcement dated 30 October 2019.

Details of the other ferry leasing agreements are set out in the Company’s announcements dated 27 February 2019, 12 April 2019, 26 April 2019, 24 June 2019 and 19 August 2019.

(2) **Operations Management Entrustment Agreement**

On 31 October 2019, Ferry Company entered into an operations management entrustment agreement (運營管理代理合同) with Jiuzhou Shipping, pursuant to which Ferry Company agreed to provide operation services to Jiuzhou Shipping in respect of four ferries for an initial term from 1 November 2019 to 31 October 2020 at a fee which was arrived after arm’s length negotiation among the parties. While Jiuzhou Shipping is a connected person of the Company under the Listing Rules, given that the such agreement is on normal commercial terms and the annual fee to be received by Ferry Company under such agreement is less than HK$3,000,000 and each of the applicable percentage ratios is less than 5%, it is a fully exempted continuing connected transaction of the Company under Rule 14A.76(1) of the Listing Rules. This transaction has been voluntarily disclosed in the Company’s announcement dated 31 October 2019.

B. Continuing Connected Transactions

(1) Jiuzhou Agency Transportation Cum Management Fee Agreements

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

On 28 September 2012, Jiuzhou Port Company and Ferry Company entered into certain termination agreements to terminate the 2011 AM Fee Agreements. Three new agency transportation cum management fee agreements for the period commencing on 28 September 2012 and expired on 31 December 2014 on similar terms (collectively, the "2012 AM Fee Agreements") were made between Jiuzhou Port Company, Ferry Company and Zhuhai Jiuzhou Passenger Port and Development Co., Ltd.* (珠海九洲客運港發展有限公司) ("Jiuzhou Passenger Development Company", formerly known as Zhuhai Jiuzhou Port Passenger Transport Station Co., Ltd.*(珠海九洲港客運站有限公司)), a wholly-owned subsidiary of ZJ Holdings. Pursuant to the 2012 AM Fee Agreements, Jiuzhou Port Company was mainly responsible for providing waiting lounge for passengers, supplying electricity and fresh water to the ferries of Ferry Company, conducting promotional activities for the ferry lines and providing berthing facilities and services for the ferries of Ferry Company at the Jiuzhou Port, and Jiuzhou Passenger Development Company was mainly responsible for selling ferry tickets to passengers in the PRC, luggage transportation, assisting in the management of waiting lounge services and conducting business promotion activities. Both Jiuzhou Passenger Development Company and Ferry Company are connected persons of the Company under the Listing Rules. Accordingly, the transactions contemplated under the 2012 AM Fee Agreements constituted CCTs for the Company under Chapter 14A of the Listing Rules. Under the 2012 AM Fee Agreements, (i) Jiuzhou Port Company was entitled to receive the agency, transportation cum management fees ("AM Fees") from Ferry Company calculated on the basis of 17.5% or 20.5% of the gross proceeds from the ferry tickets sold, after deducting certain expenses and fees payable to certain independent third parties for certain ferry lines; and (ii) Jiuzhou Passenger Development Company was entitled to receive (1) agency transportation and management fees from Ferry Company calculated on the basis of 3% of the gross proceeds from the ferry tickets sold, after deducting certain expenses and fees payable to certain independent third parties for certain ferry lines; and (2) an agency fee of RMB3 per ticket sold for certain ferry lines. Ferry Company was required to pay the agency cum management fees in arrears and on a monthly basis under the 2012 AM Fee Agreements. At the special general meeting of the Company held on 18 December 2012, the 2012 AM Fee Agreements, the transactions contemplated thereby and the related annual caps were approved by the independent shareholders of the Company.

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

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

On 4 December 2017, Ferry Company, Jiuzhou Port Company and Jiuzhou Passenger Development Company entered into, on a conditional basis, certain agreements (collectively, the "2018 AM Fee Agreements") in relation to the operation of the same ferry lines as in the 2012 AM Fee Agreements (as varied by the Supplemental Agreements) all for a term of three years up to 31 December 2020. The major terms of the 2018 AM Fees Agreements included: (1) Jiuzhou Port Company was entitled to receive the AM Fees from Ferry Company calculated on the basis of 18.8% of the Net Proceeds from the ferry tickets sold (the charging rate under the 2015 AM Fee Agreements was in the range of 19.5% or 22.5%); (2) Jiuzhou Passenger Development Company was entitled to receive agency transportation and management fees from Ferry Company calculated on the basis of 1.7% or 4.7% of the Net Proceeds from the ferry tickets sold[1] (the original charging rate under the 2015 AM Fee Agreements was 1.7% or 4.7%); and (3) the sharing ratio of certain expenses in connection with business promotion between Ferry Company, Jiuzhou Port Company and Jiuzhou Passenger Development Company was 76.5%: 18.8%: 1.7% or 76.5%: 18.8%: 4.7% (as the case may be) (the sharing ratio under the 2015 AM Fee Agreements was 76.5%: 22.5%: 1%).

1 The ticket selling agents are entitled to receive a handling fee equivalent to 3% of the Net Proceed for one of the ferry lines.

As the outbound passenger flow for the ferry lines and the average ferry ticket price during FY2018 increased at a rate greater than originally expected, the parties increased the annual caps under the 2018 AM Fee Agreements from RMB52.42 million, RMB51.42 million and RMB50.42 million to RMB71.03 million, RMB78.93 million and RMB87.33 million for FY2018, FY2019 and FY2020, respectively.

As (a) Jiuzhou Port Company is indirectly owned by the Company and ZJ Holdings as to 90% and 10%, respectively; (b) Ferry Company is indirectly owned by the Company and ZJ Holdings as to 49% and 43%, respectively; and (c) ZJ Holdings is a substantial shareholder of the Company, Ferry Company and Jiuzhou Port Company are connected subsidiaries of the Company under the Listing Rules. As Jiuzhou Passenger Development Company is a wholly-owned subsidiary of ZJ Holdings, Jiuzhou Passenger Development Company is a connected person of the Company under the Listing Rules. Therefore, the transactions contemplated by the 2018 AM Fee Agreements thus constitute CCTs for the Company under Chapter 14A of the Listing Rules and the revision of the annual caps thereunder require the Company to re-comply with the provisions of Chapter 14A of the Listing Rules in relation to the relevant connected transaction.

At the special general meeting of the Company held on 18 January 2018, the 2018 AM Fee Agreements, the transactions contemplated thereby and the related annual caps were approved by the independent shareholders of the Company.

At the special general meeting of the Company held on 30 October 2018, the revision of the annual caps for the CCTs contemplated under the 2018 AM Fee Agreements was approved by the independent shareholders of the Company.

During FY2019, agency, transportation cum management fees received by Jiuzhou Port Company from Ferry Company amounted to RMB26,576,000 (2018: RMB45,361,000) and these intra-group transactions were fully eliminated on consolidation of the Group.

During FY2019, agency, transportation cum management fees received by Jiuzhou Passenger Development Company from Ferry Company amounted to RMB7,209,000 (2018: RMB12,499,000).

Details of the 2011 AM Fee Agreements, the 2012 AM Fee Agreements, the Supplemental Agreements, the 2015 AM Fee Agreements, the 2018 AM Fee Agreements, the revision of the annual caps for the CCTs contemplated under the 2018 AM Fee Agreements are set out in the Company's announcements dated 17 November 2011 and 28 September 2012, the circular dated 23 November 2012, the announcements dated 30 September 2013, 31 December 2014, 4 December 2017 and 24 September 2018, and the circulars dated 30 April 2015, 28 December 2017 and 10 October 2018.

(2) **Diesel Supply Agreements**

Under a renewed supply agreement dated 4 December 2017, Zhuhai Jiuzhou Energy Co., Ltd.* (珠海九洲能源有限公司) ("Jiuzhou Energy Company", formerly known as Zhuhai Jiuzhou Marine Bunker Supply Co., Ltd.* (珠海九洲船舶燃料供應有限公司)), a company wholly-owned by Ferry Company (and therefore is a connected person of the Company under the Listing Rules),[2] has agreed to supply Zhuhai Holiday Resort Hotel diesel fuel on an on-going basis for a term of three years commencing from 1 January 2018 to 31 December 2020. The purchase price payable by Zhuhai Holiday Resort Hotel would be at a discount of RMB0.05 per litre for diesel fuel to the daily rate promulgated by the State and shall be paid by Zhuhai Holiday Resort Hotel to Jiuzhou Energy Company on a monthly basis in arrears.

During FY2019, the diesel fuel Zhuhai Holiday Resort Hotel purchased from Jiuzhou Energy Company amounted to RMB726,000 (2018: RMB1,463,000).

Details of the above agreement are set out in the Company's announcement dated 4 December 2017.

(3) **Wanshan Agency Transportation Cum Management Fee Agreements**

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

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

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

2 An internal restructuring of the Group was still underway on 22 April 2020. Upon completion of the internal restructuring (the "Internal Restructuring"), Jiuzhou Energy Company and its subsidiaries (the "Jiuzhou Energy Group") will no longer be held by the Ferry Company but will be held by Jiuzhou Public Utilities Co., Ltd.* (九洲公用有限公司) under the same shareholding structure of the Ferry Company, pursuant to which the Group will continue to hold a 49% equity interest in Jiuzhou Energy Group and will consolidate Jiuzhou Energy Group as non wholly-owned subsidiaries. Upon completion of the Internal Restructuring, Jiuzhou Energy Company will remain a connected person. The subsisting supply agreement dated 4 December 2017 and the transaction thereunder will remain connected transactions under Chapter 14A of the Listing Rules.

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

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

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

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

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

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

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

On 29 December 2016, HT Shipping and Wanshan Port Company entered into a renewed agency transportation cum management fee agreement (the "2017 Wanshan AM Fee Agreement") in relation to the provision of port and transportation agency services by Wanshan Port Company to HT Shipping at the Designated Terminals (Wanshan Line) for a term of one year from 1 January 2017 to 31 December 2017.

On 4 December 2017, HT Shipping and Wanshan Port Company entered into a renewed agency transportation cum management fee agreement (the "2018 Wanshan AM Fee Agreement") in relation to the provision of port and transportation agency services by Wanshan Port Company to HT Shipping at the Designated Terminals (Wanshan Line) for a term of one year from 1 January 2018 to 31 December 2018.

On 24 December 2018, HT Shipping and Wanshan Port Company entered into the following three agency transportation cum management fee agreements (collectively the "2019 Wanshan AM Fee Agreements") in relation to the provision of certain port and transportation agency services by Wanshan Port Company to HT Shipping at designated terminals for a term of one year from 1 January 2019 up to 31 December 2019:

Agreement	Date	Service Recipient	Service Provider	Designated Terminals
1. Agency transportation cum management fee agreement (the "2019 Wanshan AM Fee Agreement (Wanshan Line)")	24 December 2018	HT Shipping	Wanshan Port Company	the Designated Terminals (Wanshan Line)
2. Agency transportation cum management fee agreement (the "2019 Wanshan AM Fee Agreement (Hengqin Line)")	24 December 2018	HT Shipping	Wanshan Port Company	(i) Jiuzhou Port* (九洲港碼頭) or Hengqin Port* (橫琴碼頭), Zhuhai; and (ii) Wai Lingding Terminal* (外伶仃碼頭) and Dongao Nansha Wan Terminal* (東澳南沙灣碼頭), Zhuhai (together with (i) above, the "Designated Terminals (Hengqin Line)"

Agreement	Date	Service Recipient	Service Provider	Designated Terminals
3. Agency transportation cum management fee agreement (the "2019 Wanshan AM Fee Agreement (Shenzhen Shekou Line)")	24 December 2018	HT Shipping	Wanshan Port Company	(i) Shekou Port* (深圳蛇口港), Shenzhen; and (ii) Wai Lingding Terminal* (外伶仃碼頭), Dongao Wan Terminal* (東澳灣碼頭) and Guishan Terminal* (桂山碼頭), Zhuhai (together with (i) above, the "Designated Terminals (Shenzhen Shekou Line).

In return for the above services, Wanshan Port Company is entitled to receive the following fees payable by HT Shipping:

Agreement	Fees payable by HT Shipping
1. 2019 Wanshan AM Fee Agreement (Wanshan Line)	(i) agency and management fees calculated on the basis of: (A) 12% of the gross proceeds from the ferry tickets sold in respect of the ferry services from North Terminal to the Wanshan Qundao Terminals; (B) 15% of the gross proceeds from the ferry tickets sold in respect of the ferry services from the Wanshan Qundao Terminals to the North Terminal; (ii) luggage transportation fee calculated on the basis of 40% of the gross revenue per month for such service; (iii) a berthing fee of RMB200 per day for each non-operating ferry of HT Shipping which berths at the Designated Terminals (Wanshan Line); (iv) a cleaning fee of RMB10 per service for each ferry of HT Shipping which enters into the Designated Terminals (Wanshan Line); (v) an office leasing fee of RMB1,000 per month (excluding electricity and water charges); and (vi) a surcharge on the provision of electricity, fresh water and sewage treatment (at a fee to be charged at a fixed rate with reference to the actual usage) to ferries of HT Shipping at the Designated Terminals (Wanshan Line), and a maintenance fee calculated on the basis of a premium of 10% on the actual usage of electricity and fresh water

Agreement	Fees payable by HT Shipping
2. 2019 Wanshan AM Fee Agreement (Hengqin Line)	(i) agency and management fees calculated on the basis of: subject to a minimum fee for each voyage of RMB500: (A) 20% of the operating income from the ferry services from Wai Lingding Terminal and Dongao Nansha Wan Terminal to Jiuzhou Port; (B) 20% of the gross proceeds from the ferry tickets sold in respect of the ferry services from Wai Lingding Terminal and Dongao Nansha Wan Terminal to Hengqin Port; (ii) a cleaning fee of RMB10 per service for each ferry of HT Shipping which enters into the Designated Terminals (Hengqin Line); and (iii) a surcharge on the provision of electricity, fresh water and sewage treatment (at a fee to be charged at a fixed rate with reference to the actual usage) to ferries of HT Shipping at the Designated Terminals (Hengqin Line), and a maintenance fee calculated on the basis of a premium of 10% on the actual usage of electricity and fresh water

	Agreement	Fees payable by HT Shipping	
3.	2019 Wanshan AM Fee Agreement (Shenzhen Shekou Line)	(i)	agency and management fees calculated on the basis of 25% of the operating income from the ferry services from Wai Lingding Terminal, Dongao Nansha Wan Terminal, and Guishan Terminal to Shenzhen Shekou Port; or RMB30 for each customer of the ferry services from Wai Lingding Terminal, Dongao Nansha Wan Terminal, and Guishan Terminal to Shenzhen Shekou Port, whichever is higher;
		(ii)	a cleaning fee of RMB10 per service for each ferry of HT Shipping which enters into the Designated Terminals (Shenzhen Shekou Line);
		(iii)	the berthing fees of HT Shipping's ferries at the terminals of Wanshan Port Company shall be calculated and collected at the standard fee of RMB500 per berthing; for the berthing of the ships on the route connecting the islands, the berthing fees shall be calculated and collected at the standard fee of RMB250 per berthing; and for the roundtrip voyages containing vacant ferries, the berthing fees shall be calculated and collected at the standard fee of RMB250 per berthing; and
		(iv)	a surcharge on the provision of electricity, fresh water and sewage treatment (at a fee to be charged at a fixed rate with reference to the actual usage) to ferries of HT Shipping at the Designated Terminals (Shenzhen Shekou Line), and a maintenance fee calculated on the basis of a premium of 10% on the actual usage of electricity and fresh water.

It was expected that the CCTs under the 2019 Wanshan AM Fee Agreements will continue beyond its expiry on 31 December 2019. To ensure continual provision of port and transportation agency services by Wanshan Port Company to HT Shipping after the expiry of the 2019 Wanshan AM Fee Agreement, and to expand the Group's market presence in the Wanshan region/business operations following the opening of the Hong Kong – Zhuhai – Macao Bridge, on 27 December 2019, HT Shipping or Zhuhai City Zhuhai-Macau Marine Tourism Co., Ltd* (珠海市環珠澳海上觀光有限公司) ("Marine Tourism Company") and Wanshan Port Company entered into the following four agency transportation cum management fee agreements (collectively the "2020 Wanshan AM Fee Agreements") in relation to the provision of certain port and transportation agency services by Wanshan Port Company to HT Shipping or Marine Tourism Company at the designated terminals for a term of one year from 1 January 2020 up to 31 December 2020:

Agreement	Date	Service Recipient	Service Provider	Designated Terminals
1. Agency transportation cum management fee agreement (the "2020 HT-Wanshan AM Fee Agreement (Wanshan Line)")	27 December 2019	HT Shipping	Wanshan Port Company	the Designated Terminals (Wanshan Line)
2. Agency transportation cum management fee agreement (the "2020 HT-Wanshan AM Fee Agreement (Hengqin Line)")	27 December 2019	HT Shipping	Wanshan Port Company	The Designated Terminals (Hengqin Line)
3. Agency transportation cum management fee agreement (the "2020 HT-Wanshan AM Fee Agreement (Shenzhen Shekou Line)")	27 December 2019	HT Shipping	Wanshan Port Company	the Designated Terminals (Shenzhen Shekou Line)
4. Agency transportation cum management fee agreement (the "2020 Marine Tourism-Wanshan AM Fee Agreement")	27 December 2019	Marine Toursim Company	Wanshan Port Company	Xiangzhou Port* (香洲港碼頭), Zhuhai (the "Designated Terminal (Xiangzhou Line)")

In return for the above services, Wanshan Port Company is entitled to receive the following fees payable by HT Shipping or Marine Tourism Company (as applicable):

Agreement	Fees payable by HT Shipping or Marine Tourism Company (as applicable)
1. 2020 HT-Wanshan AM Fee Agreement (Wanshan Line)	(i) agency and management fees calculated on the basis of: (A) 12% of the gross proceeds from the ferry tickets sold in respect of the ferry services from North Terminal to the Wanshan Qundao Terminals; (B) 15% of the gross proceeds from the ferry tickets sold in respect of the ferry services from the Wanshan Qundao Terminals to the North Terminal; (ii) luggage transportation fee calculated on the basis of 40% of the gross revenue per month for such service; (iii) a berthing fee of RMB200 per day for each non-operating ferry of HT Shipping which berths at the Designated Terminals (Wanshan Line); (iv) a cleaning fee of RMB10 per service for each ferry of HT Shipping which enters into the Designated Terminals (Wanshan Line); (v) an office leasing fee of RMB1,000 per month (excluding electricity and water charges); and (vi) a surcharge on the provision of electricity, fresh water and sewage treatment (at a fee to be charged at a fixed rate with reference to the actual usage) to ferries of HT Shipping at the Designated Terminals (Wanshan Line)

Agreement	Fees payable by HT Shipping or Marine Tourism Company (as applicable)
2. 2020 HT-Wanshan AM Fee Agreement (Hengqin Line)	(i) agency and management fees calculated on the basis of: subject to a minimum fee for each voyage of RMB500: (A) 20% of the operating income from the ferry services from Wai Lingding Terminal and Dongao Nansha Wan Terminal to Jiuzhou Port; (B) 20% of the gross proceeds from the ferry tickets sold in respect of the ferry services from Wai Lingding Terminal and Dongao Nansha Wan Terminal to Hengqin Port; (ii) a cleaning fee of RMB10 per service for each ferry of HT Shipping which enters into the Designated Terminals (Hengqin Line); and (iii) a surcharge on the provision of electricity, fresh water and sewage treatment (at a fee to be charged at a fixed rate with reference to the actual usage) to ferries of HT Shipping at the Designated Terminals (Hengqin Line), and a maintenance fee calculated on the basis of a premium of 10% on the actual usage of electricity and fresh water

Agreement	Fees payable by HT Shipping or Marine Tourism Company (as applicable)
3. 2020 HT-Wanshan AM Fee Agreement (Shenzhen Shekou Line)	(i) agency and management fees calculated on the basis of 25% of the operating income from the ferry services from Wai Lingding Terminal, Dongao Nansha Wan Terminal, and Guishan Terminal to Shenzhen Shekou Port; or RMB30 for each customer of the ferry services from Wai Lingding Terminal, Dongao Nansha Wan Terminal, and Guishan Terminal to Shenzhen Shekou Port, whichever is higher; (ii) a cleaning fee of RMB10 per service for each ferry of HT Shipping which enters into the Designated Terminals (Shenzhen Shekou Line); (iii) the berthing fees of HT Shipping's ferries at the terminals of Wanshan Port Company shall be calculated and collected at the standard fee of RMB300 per berthing; for the berthing of the ships on the route connecting the islands, the berthing fees shall be calculated and collected at the standard fee of RMB250 per berthing; and for the round-trip voyages containing vacant ferries, the berthing fees shall be calculated and collected at the standard fee of RMB250 per berthing; and (iv) a surcharge on the provision of electricity, fresh water and sewage treatment (at a fee to be charged at a fixed rate with reference to the actual usage) to ferries of HT Shipping at the Designated Terminals (Shenzhen Shekou Line), and a maintenance fee calculated on the basis of a premium of 10% on the actual usage of electricity and fresh water.

Agreement	Fees payable by HT Shipping or Marine Tourism Company (as applicable)
4. 2020 Marine Tourism-Wanshan AM Fee Agreement	(i) agency and management fees calculated on the basis of, subject to a minimum fee for each voyage of RMB500, 12% of the gross proceeds from the ferry tickets sold in respect of ferry services from/to the Designated Terminal (Xiangzhou Line); (ii) a berthing fee of RMB200 per day for each non-operating ferry of Marine Tourism Company which berths at the Designated Terminal (Xiangzhou Line); (iii) a cleaning fee of RMB10 per service for each ferry of Marine Tourism Company which enters into the Designated Terminal (Xiangzhou Line); and (iv) a surcharge on the provision of electricity, fresh water and sewage treatment (at a fee to be charged at a fixed rate with reference to the actual usage) to ferries of Marine Tourism Company at the Designated Terminal (Xiangzhou Line)), and a maintenance fee calculated on the basis of a premium of 10% on the actual usage of electricity and fresh water.

As explained above, HT Shipping is a wholly-owned subsidiary of Ferry Company, which in turn a subsidiary of the Company. HT Shipping is a subsidiary of the Company.

Marine Tourism Company is also a wholly-owned subsidiary of Ferry Company (of which 100% equity interest of Marine Tourism Company is directly held by Zhuhai Jiuzhou Cruises Investment Co., Ltd.* 珠海九洲郵輪投資有限公司), which is a direct wholly-owned subsidiary of Ferry Company). Marine Tourism Company is therefore also a subsidiary of the Company.

As Wanshan Port Company is a non wholly-owned company of ZJ Holdings, hence Wanshan Port Company is an associate of ZJ Holdings and a connected person of the Company under Chapter 14A of the Listing Rules. The transactions contemplated by the 2019 Wanshan AM Fee Agreement thus constitute CCTs for the Company under Chapter 14A of the Listing Rules.

During FY2019, the agency, transportation cum management fees and relevant fees Wanshan Port Company received from HT Shipping under the 2019 Wanshan AM Fee Agreements amounted to RMB12,381,000 (2018, under the 2018 Wanshan AM Fee Agreement: RMB10,734,000).

As the 2020 Wanshan AM Fee Agreements only commenced on 1 January 2020, during FY2019, the agency, transportation cum management fees and relevant fees Wanshan Port Company received from HT Shipping and Marine Tourism Company under the 2020 Wanshan AM Fee Agreements were RMB0.

Details of the 2014 Wanshan AM Fee Agreement, the 2014 Supplemental Wanshan AM Fee Agreement, the 2015 Wanshan AM Fee Agreement, the 2016 Wanshan AM Fee Agreement, the 2017 Wanshan AM Fee Agreement, the 2018 Wanshan AM Fee Agreement, 2019 Wanshan AM Fee Agreements and 2020 Wanshan AM Fee Agreements are set out in the Company's announcements dated 20 March 2015, 31 December 2015, 29 December 2016, 4 December 2017, 24 December 2018 and 27 December 2019 respectively.

(4) **Petrol Supply Agreements**

Since January 2012, Zhuhai Jiuzhou Port Petro-filling Station Co., Ltd.* (珠海九洲港加油站有限公司) ("ZJ Port Station"), a non wholly-owned subsidiary of the Company, has been supplying petrol and diesel to Zhuhai Jiuzhou Travel Transport Co., Ltd.* (珠海市九洲旅遊運輸有限公司) ("Jiuzhou Travel Transport"), a company in which ZJ Holdings is interested in 49% of its equity interest.

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

On 23 May 2013, changes to the shareholding composition of Ferry Company completed and since then Ferry Company has been treated as a 49%-owned subsidiary of the Company. ZJ Port Station, being a subsidiary of Ferry Company, also became a member of the Group since the change of status of Ferry Company becoming effective. Accordingly, since 23 May 2013, transactions contemplated between ZJ Port Station (a member of the Group) and Jiuzhou Travel Transport (a connected person of the Company) constituted connected transactions under Chapter 14A of the Listing Rules.[3]

3 Immediately after the Internal Restructuring (as defined and described above), the Group will continue to hold a 49% equity interest in Jiuzhou Energy Group and will continue to consolidate Jiuzhou Energy Group as non wholly-owned subsidiaries. As ZJ Port Station will remain a subsidiary of the Company and a member of the Group, the subsisting 2018-20 Petrol Supply Agreement (as defined below) and the transactions contemplated thereunder will remain connected transactions under Chapter 14A of the Listing Rules.

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

On 31 December 2015, ZJ Port Station and Jiuzhou Travel Transport entered into a renewed supply of petrol and diesel agreement (the "2016-17 Petrol Supply Agreement") on similar terms in relation to supply of petrol and diesel by ZJ Port Station to Jiuzhou Travel Transport for a term of two years from 1 January 2016 up to 31 December 2017.

On 4 December 2017, ZJ Port Station and Jiuzhou Travel Transport entered into a renewed supply of petrol and diesel agreement (the "2018-20 Petrol Supply Agreement") on similar terms in relation to supply of petrol and diesel by ZJ Port Station to Jiuzhou Travel Transport for a term of three years from 1 January 2018 up to 31 December 2020.

In light of the relocation of the parking lot of Jiuzhou Travel Transport, the demand of Jiuzhou Travel Transport for petrol and diesel fuel for its vehicles increased. The existing annual caps under the 2018-20 Petrol Supply Agreement would not be sufficient to meet the expected transaction amounts under the 2018-20 Petrol Supply Agreement for FY2018, FY2019 and FY2020. In September 2018, the annual caps under the 2018-20 Petrol Supply Agreement was increased from RMB3.1 million, RMB3.5 million and RMB4 million to RMB6 million, RMB6.5 million and RMB7 million for FY2018, FY2019 and FY2020.

During FY2019, the petrol and diesel fuel Jiuzhou Travel Transport purchased from ZJ Port Station amounted to RMB3,502,000 (2018: RMB4,541,000).

Details of the 2013-14 Petrol Supply Agreement, the 2014-15 Petrol Supply Agreement, the Supplemental Petrol Supply Agreement, the 2016-17 Petrol Supply Agreement, the 2018-20 Petrol Supply Agreement and the revision of the annual caps for the CCTs contemplated under the 2018-20 Petrol Supply Agreement are set out in the Company's announcements dated 31 December 2014, 31 December 2015, 4 December 2017 and 5 September 2018, respectively.

(5) **Entrustment Loan Framework Agreements**

On 19 December 2016, the Company (for itself and on behalf of certain wholly-owned subsidiaries of the Company, together with the Company, collectively "Group A Companies") and Jiuzhou Port Company (for itself and on behalf of other certain entities (excluding Jiuzhou Port Company) that are treated as non wholly-owned subsidiaries of the Company from an accounting's perspective and are connected persons of the Company by virtue of ZJ Holdings' interest therein, collectively "Group B Companies") entered into a framework agreement (the "2017-18 Entrustment Loan Framework Agreement"), pursuant to which the parties to the 2017-18 Entrustment Loan Framework Agreement shall conduct the entrustment loan arrangement upon request from time to time and during the term of the 2017-18 Entrustment Loan Framework Agreement through Zhuhai Jiuzhou Corporate Management Limited* (珠海九洲企業管理有限公司) ("Zhuhai Jiuzhou Corporate Management"), a wholly-owned subsidiary of the Company, and an independent third party financial institution in the PRC (the "Financial Institution") (as entrustment loan lending agent) which is qualified to engage in entrustment loan business.

It was expected that the CCTs under the 2017-18 Entrustment Loan Framework Agreement will continue beyond its expiry on 31 December 2018. On 18 October 2018, the Company (for itself and on behalf of other Group A Companies) and Jiuzhou Port Company (for itself and on behalf of the Group B Companies) entered into a framework agreement (the "2019-21 Entrustment Loan Framework Agreement"), pursuant to which the parties to the 2019-21 Entrustment Loan Framework Agreement shall conduct the entrustment loan arrangement upon request from time to time and during the term of the 2019-21 Entrustment Loan Framework Agreement through Zhuhai Jiuzhou Corporate Management and the Financial Institution (as entrustment loan lending agent).

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

At the special general meeting of the Company held on 7 December 2018, the 2019-21 Entrustment Loan Framework Agreement, the transactions contemplated thereby and the related annual caps were approved by the independent shareholders of the Company.

The parties to the 2019-21 Entrustment Loan Framework Agreement proposed that:

(i) the annual cap for the entrustment loans to be provided by members of the Group (including Group A Companies, Jiuzhou Port Company and Group B Companies) to relevant connected persons of the Company (including Jiuzhou Port Company and Group B Companies) (as the case may be) together with the relevant accrued interest thereof for each of FY2019, FY2020 and FY2021 shall not exceed RMB750 million; in other words, the aggregate transaction amount of outstanding loans provided by members of the Group to relevant connected persons of the Company from time to time (i.e. principal) together with relevant accrued interest thereof, in aggregate, during each of FY2019, FY2020 and FY2021 and during the term of the 2019-21 Framework Agreement shall not exceed RMB750 million; and

(ii) the annual cap for the entrustment loans to be provided by relevant connected persons of the Company (including Jiuzhou Port Company and Group B Companies) to members of the Group (including Group A Companies, Jiuzhou Port Company and Group B Companies) (as the case may be) together with the relevant accrued interest thereof for each of FY2019, FY2020 and FY2021 shall not exceed RMB1,500 million, RMB2,000 million and RMB2,500 million, respectively; in other words, the aggregate transaction amount of outstanding loans provided by the relevant connected persons of the Company to members of the Group from time to time (i.e. principal) together with relevant accrued interest thereof, in aggregate, during each of FY2019, FY2020 and FY2021 and during the term of the 2019-21 Framework Agreement shall not exceed RMB1,500 million, RMB2,000 million and RMB2,500 million, respectively.

The actual amount of the transactions provided by members of the Group (including Group A Companies, Jiuzhou Port Company and Group B Companies) to relevant connected persons of the Company (including Jiuzhou Port Company and Group B Companies) as at 31 December 2019 was RMB1,150,758,000. The actual amount of the transactions provided by relevant connected persons of the Company (including Jiuzhou Port Company and Group B Companies) to members of the Group (including Group A Companies, Jiuzhou Port Company and Group B Companies) as at 31 December 2019 was RMB183,716,000.

Details of the 2017-18 Entrustment Loan Framework Agreement and the 2019-21 Entrustment Loan Framework Agreement are set out in the Company's announcements dated 19 December 2016, 12 January 2017, 18 October 2018 and 9 November 2018 and the circulars dated 23 January 2017 and 19 November 2018.

(6) Cleaning Services Framework Agreement

On 18 September 2018, Zhuhai Jiuzhou Holdings Property Development Co., Ltd.* (珠海九控房地產有限公司) ("ZJ Development Company"), a non wholly-owned subsidiary of the Company, entered into the a framework agreement (the "Cleaning Services Framework Agreement") with Zhuhai Jiuzhou Property Management Co., Ltd.* (珠海九洲物業管理有限公司) ("ZJ Property Management"), a wholly-owned subsidiary of ZJ Holdings, pursuant to which, ZJ Property Management, as service provider, agreed to provide to ZJ Development Company certain cleaning and miscellaneous services at designated properties in return for services fees.

ZJ Property Management is a wholly-subsidiary of ZJ Holdings, which is a substantial and controlling shareholder of the Company. Accordingly, ZJ Property Management is an associate of ZJ Holdings and a connected person of the Company under Chapter 14A of the Listing Rules. As such, the transactions contemplated under the Cleaning Services Framework Agreement constitute CCTs of the Company under Chapter 14A of the Listing Rules.

For FY2019, the total service fee under the Cleaning Services Framework Agreement amounted to RMB1,881,000 (2018: 2,201,000), in aggregate.

Details of the Cleaning Services Framework Agreement are set out in the Company's announcement dated 18 September 2018.

(7) **Construction Services Agreement**

On 23 November 2018, Zhuhai Jiuzhou Property Development Limited* (珠海九洲置業開發有限公司) ("JPD Company") entered into a construction services agreement (the "Construction Services Agreement") with ZJ Development Company, pursuant to which, ZJ Development Company agreed to provide to JPD Company certain construction services, which include, among others, pre-construction management, planning and design management, cost management, project management, bidding management, completion and delivery management and file management during a period of 32 months commencing on 23 November 2018 and ending on 30 June 2021.

JPD Company is a wholly-owned subsidiary of the Company. ZJ Holdings is a substantial and controlling shareholder of the Company. ZJ Development Company is indirectly owned as to 60% by the Company and 40% by ZJ Holdings, and it is a connected subsidiary of the Company under Rule 14A.16 of the Listing Rules, and hence it is a connected person of the Company under Rule 14A.07(5) of the Listing Rules. As such, the transactions contemplated under the Construction Services Agreement constitute CCTs of the Company under Chapter 14A of the Listing Rules.

For FY2019, the total construction services income under Construction Services Agreement amounted to RMB270,000 (2018: RMB0), in aggregate.

Details of the Construction Services Agreement are set out in the Company's announcement dated 23 November 2018.

(8) **Ferry Leasing Agreement**

In view of the expected expiry of the licences of some of the ferries operated by HT Shipping for the operation of certain ferry lines, it was planned for HT Shipping to lease a number of ferries from Jiuzhou Shipping to continue its ferry lines operations. On 28 December 2018, HT Shipping entered into a ferry leasing agreement (the "December Ferry Leasing Agreement") with Jiuzhou Shipping to lease four ferries, namely「新海濱」輪 ("Xinhaibin" Ferry),「新海亮」輪 ("Xinhailiang" Ferry),「新海天」輪 ("Xinhaitian" Ferry),「新海珠」輪 ("Xinhaizhu" Ferry), from Jiuzhou Shipping for a period commencing from 1 December 2018 to 30 April 2019 (both days inclusive), pursuant to which HT Shipping shall use the subject ferries for the operation of the ferry lines between 香洲港北堤碼頭 (Xiangzhou Port*) and 九洲港 (Jiuzhou Port*) on the one part and 桂山碼頭 (Guishan Terminal*), 東澳碼頭 (Dongao Terminal*), 外伶仃碼頭 (Wai Lingding Terminal*) and 萬山碼頭 (Wanshan Terminal*) on the other part.

HT Shipping is a connected subsidiary of the Company under Rule 14A.16 of the Listing Rules. As Jiuzhou Shipping is wholly-owned by ZJ Holdings, a substantial and controlling shareholder of the Company, Jiuzhou Shipping is an associate of ZJ Holdings, hence a connected person of the Company under Rule 14A.07(4) of the Listing Rules. As the December Ferry Leasing Agreement were entered into before the Group's adoption of HKFRS 16 "Leases" from 1 January 2019, the transactions as contemplated by the December Ferry Leasing Agreement have been treated as CCTs for the Company under Chapter 14A of the Listing Rules. Based on the Stock Exchange's response to FAQ No. 048-2018, such transaction should continue to be treated as CCTs.

The rental charges payable by HT shipping to Jiuzhou shipping under the Ferry Leasing Agreement (together with the rental charges payable under the previous Ferry Leasing Agreements calculated or an aggregated basis under Rule 14A.81 of the Listing Rules) for FY2019 was RMB3,814,000.

Details of the December Ferry Leasing Agreement are set out in the Company's announcement dated 28 December 2018.

(9) New Marine Tourism Line Agency Transportation Cum Management Fee Agreements

On 1 January 2019, in view of the opening of the Hong Kong-Zhuhai-Macao Bridge and to accommodate the increasing demand from tourists and travel agencies, as a pilot scheme to test the demand and operation of the New Marine Tourism Line, Jiuzhou Port Company, Ferry Company and Jiuzhou Passenger Development Company entered into an agency transportation cum management fee agreement (the "Short Term New Marine Tourism Line AM Fee Agreement") in relation to the operation of a new marine tourism ferry line (the "New Marine Tourism Line") on a relatively short term basis for the term commencing from 1 January 2019 to 28 February 2019.

Considering the popularity of the New Marine Tourism Line, Jiuzhou Port Company, Ferry Company and Jiuzhou Passenger Development Company entered into another agency transportation cum management fee agreement (the "2019-20 New Marine Tourism Line AM Fee Agreement"), with essentially similar terms.

Under the 2019-20 New Marine Tourism Line AM Fee Agreement, (a) Jiuzhou Port Company will be mainly responsible for providing waiting lounge for passengers, printing ferry tickets, supplying electricity and fresh water to Ferry Company (at a fee to be charged at market rate with reference to actual usage plus a premium of 15% per month), conducting promotional activities for the New Marine Tourism Line and providing berthing facilities and services for the ferries of Ferry Company at the Jiuzhou Port; and (b) Jiuzhou Passenger Development Company will be mainly responsible for selling and checking ferry tickets to passengers in the PRC, assisting in the management of waiting lounge services and conducting business promotion activities at ferry tickets sales points.

Jiuzhou Port Company and Jiuzhou Passenger Development Company are entitled to receive the agency and management fees from Ferry Company calculated at fixed percentages of the net proceeds ("Net Proceeds"), which represents the gross proceeds from the ferry tickets sold at the Jiuzhou Port after deducting certain expenses for the New Marine Tourism Line. The sharing ratio for the Net Proceeds between Ferry Company, Jiuzhou Port Company and Jiuzhou Passenger Development Company for both the ten months ending on 31 December 2019 and for FY2020 would be 76.5%:18.8%:4.7%.

Jiuzhou Port Company will supply electricity and fresh water to Ferry Company at a surcharge calculated on the basis of a premium of 15% on the actual usage of electricity and fresh water.

Both Ferry Company and Jiuzhou Port Company are subsidiaries of the Company. Jiuzhou Passenger Development Company is a wholly-owned subsidiary of ZJ Holdings, a substantial shareholder of the Company. Jiuzhou Passenger Development Company is an associate of ZJ Holdings, hence a connected person of the Company under Rule 14A.07(4) of the Listing Rules. The transactions contemplated under the Short Term New Marine Tourism Line AM Fee Agreement and 2019-20 New Marine Tourism Line AM Fee Agreement therefore constitute connected transactions under Chapter 14A of the Listing Rules

In view of an increase in average ferry ticket price and an expectation of greater number of ferry ticket sales, the annual caps under the 2019-20 New Marine Tourism Line AM Fee Agreement for (a) transportation cum management fees and utility surcharges payable by Ferry Company to Jiuzhou Port Company were increased from RMB3,750,000 for the 10 months ending on 31 December 2019 and RMB7,060,000 for FY2020 to RMB4,730,000 and RMB11,440,000 respectively; and (b) transportation cum management fees payable by Ferry Company to Jiuzhou Passenger Development Company were increased from RMB930,000 for the 10 months ending on 31 December 2019 and RMB1,700,000 for FY2020 to RMB1,170,000 and RMB2,750,000 respectively.

During FY2019, agency, transportation cum management fees and utility surcharges received by Jiuzhou Port Company from Ferry Company amounted to RMB4,259,000 and these intra-group transactions were fully eliminated on consolidation of the Group.

During FY2019, agency, transportation cum management fees received by Jiuzhou Passenger Development Company from Ferry Company amounted to RMB1,082,000.

Details of the 2019-20 New Marine Tourism Line AM Fee Agreement and Revision of Annual Caps for 2019-20 New Marine Tourism Line AM Fee Agreement are set out in the Company's announcements dated 25 February 2019 and 28 November 2019 respectively.

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

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

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

Other related party transactions disclosed in notes 46(a), (b) and (c) to the consolidated financial statements also constitute connected transactions entered into or continued by the Group during FY2019 and are regarded as an "exempted transaction" and a "de minimis transaction", respectively, pursuant to the Listing Rules.

Sufficiency of public float

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

Auditors

The financial statements has been audited by PricewaterhouseCoopers who will retire and a resolution for their re-appointment as auditors of the Company will be proposed at the 2020 annual general meeting of the Company.

ON BEHALF OF THE BOARD

Huang Xin
Chairman

Hong Kong, 26 March 2020

The board of directors (the "Board") of the Company is pleased to present this Corporate Governance Report in the annual report for FY2019 of the Company and its subsidiaries (the "Group").

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

Corporate governance practices

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

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

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

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

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

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

Throughout FY2019, the Company has complied with the code provisions as set out in the CG Code in all other respects except that under code provision A.4.1 which requires non-executive directors of the Company should be appointed for a specific term subject to re-election – the Company's directors including non-executive directors and independent non-executive directors, were not appointed for a fixed term of office. The reason for the deviation was that all those directors are subject to retirement by rotation and re-election at least once every three years in accordance with the Company's bye-laws and accordingly, every director shall retire and his appointment being terminated if he is not so re-elected once every three years.

Save as disclosed above, the Company had complied with the code provisions set out in the CG Code during FY2019.

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

Board of directors

Responsibilities, Accountabilities and Contributions of the Board and Management

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

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

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

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

Board Composition

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

The Board of the Company comprises the following directors:

Executive Directors:
Mr. Huang Xin *(Chairman)*
Mr. Jin Tao (appointed as the Chief Executive Officer on 8 April 2020)
Mr. Ye Yuhong
Mr. Li Wenjun
Mr. Zeng Jianping (appointed on 20 April 2020)

Non-Executive Directors:
Datuk Wira Lim Hock Guan
Mr. Kwok Hoi Hing
Mr. Zou Chaoyong

Independent Non-Executive Directors:
Mr. Hui Chiu Chung
Mr. Chu Yu Lin, David
Mr. Albert Ho
Mr. Wang Yijiang

Alternate Directors:
Mr. Lim Seng Lee (alternate to Datuk Wira Lim Hock Guan)
Mr. Zhu Minming (alternate to Mr. Kwok Hoi Hing)

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

Save and except for that Mr. Wong Kok Ching is the nephew of Datuk Wira Lim Hock Guan, none of the member of the Board is related to one another and the biographical information of the directors are disclosed under "Directors and Senior Management" on pages 44 to 54.

Independent Non-Executive Directors

During FY2019, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive directors representing one-third of the Board with at least one independent non-executive director possessing appropriate professional qualifications or accounting or related financial management expertise.

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

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

Chairman and Chief Executive Officer

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

The Chairman of the Board is Mr. Huang Xin, and the Chief Executive Officer is Mr. Jin Tao. Mr. Zhou Shaoqiang has resigned as Chief Executive Officer and executive director, and Mr. Jin Tao took up the role of acting Chief Executive Officer with effect from 15 March 2018 and was appointed as the Chief Executive Officer with effect from 8 April 2020. The positions of Chairman and Chief Executive Officer are held by separate persons in order to preserve independence and a balanced judgement of views.

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

Appointment/Re-election and Removal of Directors

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

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

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

Nomination Committee

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

The primary objectives of the Nomination Committee include the following:

- To review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy.
- To identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships.
- To assess the independence of the independent non-executive directors.
- To make recommendations to the Board on the appointment or re-appointment of directors and succession planning for directors, in particular the chairman of the Board and the chief executive.

The Nomination Committee held one meeting during FY2019 and the attendance records are set out below:

Name of directors	Attendance/ Number of Meetings
EXECUTIVE DIRECTORS:	
Mr. Huang Xin *(Chairman)*	0/1
Mr. Ye Yuhong	1/1
INDEPENDENT NON-EXECUTIVE DIRECTORS:	
Mr. Hui Chiu Chung	1/1
Mr. Chu Yu Lin, David	1/1
Mr. Albert Ho	1/1
Mr. Wang Yijiang	0/1

The following is a summary of the work performed by the Nomination Committee during FY2019:

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

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

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

In accordance with the Company's bye-laws, the Company's directors, Mr. Huang Xin, Mr. Chu Yu Lin, David, Mr. Albert Ho and Mr. Wang Yijiang, shall retire at the forthcoming annual general meeting. In addition, Mr. Zeng Jianping who has been appointed by the Board on 20 April 2020 shall hold office until the forthcoming annual general meeting pursuant to bye-law 115 of the Company's bye-laws. For details of the biography of Mr. Zeng Jianping, please refer to the Company's announcement dated 20 April 2020. Mr Huang Xin has informed the Board that he will not offer himself for re-election and accordingly will retire as Director upon the conclusion of the forthcoming annual general meeting. Mr. Chu Yu Lin, David, Mr. Albert Ho, Mr. Wang Yijiang and Mr. Zeng Jianping, being eligibles will offer themselves for re-election at the forthcoming annual general meeting pursuant to the Company's bye-laws.

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

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

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

Training Induction and Continuing Professional Development of Directors

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

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

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

Name of directors	Topics of training covered (Notes)
EXECUTIVE DIRECTORS:	
Mr. Huang Xin *(Chairman)*	1,2,3
Mr. Jin Tao	1,2,3
Mr. Ye Yuhong	1,2,3
Mr. Li Wenjun	1,2,3
NON-EXECUTIVE DIRECTORS:	
Datuk Wira Lim Hock Guan	1,2,3
Mr. Kwok Hoi Hing	1,2,3
Mr. Zou Chaoyong	1,2,3
INDEPENDENT NON-EXECUTIVE DIRECTORS:	
Mr. Hui Chiu Chung	1,2,3
Mr. Chu Yu Lin, David	1,2,3
Mr. Albert Ho	1,2,3
Mr. Wang Yijiang	1,2,3
ALTERNATE DIRECTORS:	
Mr. Lim Seng Lee *(alternate to Datuk Wira Lim Hock Guan)*	1,2,3
Mr. Zhu Minming *(alternate to Mr. Kwok Hoi Hing)*	1,2,3

Notes:

1 Corporate governance

2 Regulatory updates

3 Industry updates

Board meetings

Board Practices and Conduct of Meetings

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

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

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

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

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

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

Number of Board Meetings and Directors' Attendance Records

During FY2019, save for executive Board meetings held between executive directors during the normal course of business of the Company, four regular Board meetings and one special Board meeting were held for reviewing and approving the financial and operating performance, and considering and approving the overall strategies and policies of the Company.

The attendance records of each director at the Board meetings and general meetings of the Company during FY2019 are set out below:

Name of directors	Attendance/ Number of Board Meetings	Attendance/ Number of General Meetings
EXECUTIVE DIRECTORS:		
Mr. Huang Xin *(Chairman)*	3/5#	2/2
Mr. Jin Tao	4/4	2/2
Mr. Ye Yuhong	3/4	2/2
Mr. Li Wenjun	4/4	2/2
NON-EXECUTIVE DIRECTORS:		
Datuk Wira Lim Hock Guan (Mr. Lim Seng Lee as his alternate)	4/4	1/2
Mr. Kwok Hoi Hing (Mr. Zhu Minming, as his alternate)	4/4	2/2
Mr. Zou Chaoyong	4/4	1/2
INDEPENDENT NON-EXECUTIVE DIRECTORS:		
Mr. Hui Chiu Chung	5/5#	2/2
Mr. Chu Yu Lin, David	5/5#	2/2
Mr. Albert Ho	5/5#	1/2
Mr. Wang Yijiang	4/5#	0/2

Included a meeting among the Chairman and the independent non-executive directors held during FY2019.

Apart from regular Board meetings, the Chairman also held a meeting with the independent non-executive directors without the presence of other directors during FY2019.

Model Code for Securities Transactions

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

Specific enquiry has been made of all the directors and the directors have confirmed that they have complied with the Model Code throughout FY2019.

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

No incident of non-compliance of the Securities Dealing Code by the employees was noted by the Company during FY2019.

Delegation of management functions

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

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

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

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

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

Remuneration of directors and senior management

The Company has established a formal and transparent procedure for formulating policies on remuneration and senior management of the Group. Details of the remuneration of each of the directors of the Company for FY2019 are set out in note 9(a) to the consolidated financial statements.

The remuneration paid to the senior management (excluding the directors) during FY2019 were within the following bands:

Bands	Number of senior management 2019	Number of senior management 2018
Nil to HKD1,000,000	**6**	7
HKD1,000,001 to HKD1,500,000	**1**	0
	7	7

Remuneration Committee

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

The primary objectives of the Remuneration Committee include the following:

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

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

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

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

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

The Remuneration Committee held two meetings during FY2019 and the attendance records are set out below:

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

The following is a summary of work performed by the Remuneration Committee during FY2019:

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

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

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

Accountability and audit

Directors' Responsibilities for Financial Reporting

The directors acknowledge their responsibility for preparing the consolidated financial statements of the Company for FY2019. The directors are also responsible for overseeing the preparation of consolidated financial statements of the Company with a view to ensuring that such consolidated financial statements give a true and fair view of the state of affairs of the Group and that relevant statutory requirements and applicable accounting standards are complied with. In such connection, the Board received from the senior management the management accounts, explanation and relevant information which enable the Board to make an informed assessment for approving the consolidated financial statements for FY2019.

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

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

Risk Management and Internal control

Responsibility of the Board

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

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

Risk Management and Internal Control Framework

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

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

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

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

Risk Management and Enterprise-Wide Risk Assessment

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

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

Internal Audit

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

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

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

Review of Risk Management and Internal Control Systems

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

During FY2019, the Board has conducted a review of the effectiveness of the risk management and internal control systems of the Group and considered the risk management and internal control systems effective and adequate in all material respects. In addition, the Board has reviewed and is satisfied with the adequacy of resources, qualifications and experience of staff of the Group's accounting, internal audit and financial reporting functions, and their training programmes and budget.

Procedures and Controls over Handling and Dissemination of Inside Information

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

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

Audit Committee

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

The main duties of the Audit Committee include the following:

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

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

During FY2019, the Audit Committee has reviewed the Group's unaudited interim financial report for the six months ended 30 June 2019, annual results and annual report for FY2018, the financial reporting and compliance procedures, the report from the management on the Company's internal control and risk management review and process as well as its effectiveness, connected transactions and the re-appointment of the external auditors.

The Audit Committee also met the external auditors twice during FY2019.

The Audit Committee held two meetings during FY2019 and the attendance records are set out below:

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

External auditors and auditors' remuneration

The statement of the external auditors of the Company about their reporting responsibilities for the consolidated financial statements is set out in the "Independent Auditor's Report" on pages 117 to 123.

During FY2019, the remuneration paid to the Company's auditors, PricewaterhouseCoopers, is set out below:

Category of services	Fees paid/Payable (HK$'000)
Audit service	2,346
Non-audit services	
• Interim review	707
• Taxation service	80
• Continuing connected transactions report	47
• Others	600
Total	3,780

Corporate governance functions

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

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

Board Diversity Policy

1. Purpose

This Board Diversity Policy (the "Policy") aims to set out the Company's approach on the diversity of the board of directors (the "Board") of the Company.

2. Scope

This Policy applies to the Board of the Company. It does not apply to diversity in relation to the employees of the Company, nor the Board and the employees of any subsidiary of the Company.

3. Policy Statement

The Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in maintaining the Company's competitive advantage.

The Company believes that greater diversity of directors is good for corporate governance and is committed:

- To attract and retain candidate(s) for Board with a combination of competencies from the widest possible pool of available talent.

- To maintain a Board with diversity perspectives at all levels, in particular, those are aligning with the Company's strategy and objectives.

- To assess regularly the diversity profile of the Board and, where applicable, senior management prepared for Board positions under the succession planning of the Company and the progress on achieving diversity objectives, if any.

- To ensure that the selection and nomination of Board positions are appropriately structured so that a diverse range of candidates can be considered.

- To set up appropriate procedures for development of a broader and more diverse pool of skilled and experienced senior management that would be prepared for Board positions

- To ensure that changes to the Board's composition can be managed without undue disruption.

4. Implementation

The Nomination Committee will review annually the structure, size and composition of the Board and where appropriate, make recommendations on changes to the Board to complement the Company's corporate strategy.

In reviewing and assessing the Board composition and the nomination of directors (as applicable), Board diversity has to be considered from a number of aspects, including but not limited to the following:

- Gender
- Age
- Cultural and educational background
- Professional qualifications
- Skills, knowledge and industry and regional experience

5. Measurable Objectives

The Company aims to maintain an appropriate balance of diversity perspectives of the Board that are relevant to the Company's business growth.

The Nomination Committee will discuss and where necessary, agree on the measurable objectives for achieving diversity on the Board and make recommendation to the Board.

The Board may adopt and/or amend from time to time (as applicable) such diversity perspectives and/or measurable objectives that are appropriate to the Company's business and Board succession planning, as applicable.

Director Nomination Policy

1. Purpose

This Director Nomination Policy (the "Policy") aims to:

- set out the criteria and process in the nomination and appointment of directors of the Company;
- ensure that the board of directors (the "Board") of the Company has a balance of skills, experience and diversity of perspectives appropriate to the Company; and
- ensure the Board continuity and appropriate leadership at Board level.

2. Scope

This Policy applies to the directors of the Company and where applicable, senior management prepared for Board positions under the succession planning of the Company.

3. Responsibilties

The Board has delegated its responsibilities and authority for selection and appointment of directors of the Company to the Nomination Committee of the Company.

Without prejudice to the authority and duties of the Nomination Committee as set out in its terms of reference, the ultimate responsibility for selection and appointment of directors of the Company rests with the entire Board.

4. Nomination And Appoinment Of Directors

4.1 Criteria

In evaluating and selecting any candidate for directorship, the following criteria should be considered:

- Character and integrity.
- Qualifications including professional qualifications, skills, knowledge and experience and diversity aspects under the Board Diversity Policy that are relevant to the Company's business and corporate strategy.
- Any measurable objectives adopted for achieving diversity on the Board.
- Requirement for the Board to have independent directors in accordance with the Hong Kong Listing Rules and whether the candidate would be considered independent with reference to the independence guidelines set out in the Listing Rules.

- Any potential contributions the candidate can bring to the Board in terms of qualifications, skills, experience, independence and gender diversity.
- Willingness and ability to devote adequate time to discharge duties as a member of the Board and/or Board committee(s) of the Company.
- Such other perspectives that are appropriate to the Company's business and succession plan and where applicable, may be adopted and/or amended by the Board and/or the Nomination Committee from time to time for nomination of directors and succession planning.

4.2 Nomination Process

(a) Appointment of New Director

(i) The Nomination Committee and/or the Board should, upon receipt of the proposal on appointment of new director and the biographical information (or relevant details) of the candidate, evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.

(ii) If the process yields one or more desirable candidates, the Nomination Committee and/or the Board should rank them by order of preference based on the needs of the Company and reference check of each candidate (where applicable).

(iii) The Nomination Committee should then recommend to the Board to appoint the appropriate candidate for directorship, as applicable.

(iv) For any person that is nominated by a shareholder for election as a director at the general meeting of the Company, the Nomination Committee and/or the Board should evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.

Where appropriate, the Nomination Committee and/or the Board should make recommendation to shareholders in respect of the proposed election of director at the general meeting.

(b) Re-election of Director at General Meeting

(i) The Nomination Committee and/or the Board should review the overall contribution and service to the Company of the retiring director and the level of participation and performance on the Board.

(ii) The Nomination Committee and/or the Board should also review and determine whether the retiring director continues to meet the criteria as set out above.

(iii) The Nomination Committee and/or the Board should then make recommendation to shareholders in respect of the proposed re-election of director at the general meeting.

Where the board proposes a resolution to elect or re-elect a candidate as director at the general meeting, the relevant information of the candidate will be disclosed in the circular to shareholders and/or explanatory statement accompanying the notice of the relevant general meeting in accordance with the Listing Rules and/or applicable laws and regulations.

Dividend Policy

1. Purpose

This Dividend Policy (the "Policy") aims to set out the principles and guidelines that the Company intends to apply in relation to the declaration, payment or distribution of its net profits as dividends to the shareholders of the Company.

2. Principles And Guidelines

2.1 The board of directors (the "Board") of the Company adopt the policy that, in recommending or declaring dividends, the Company shall maintain adequate cash reserves for meeting its working capital requirements and future growth as well as its shareholder value.

2.2 The Company do not have any pre-determined dividend payout ratio.

2.3 The Board has the discretion to declare and distribute dividends to the shareholders of the Company, subject to the Bye-Laws of the Company and all applicable laws and regulations and the factors set out below.

2.4 The Board shall also take into account the following factors of the Company and its subsidiaries (collectively, the "Group") when considering the declaration and payment of dividends:

- financial results;
- cash flow situation;
- business conditions and strategies;
- future operations and earnings;
- capital requirements and expenditure plans;
- interests of shareholders;
- any restrictions on payment of dividends; and
- any other factors that the Board may consider relevant.

2.5 Depending on the financial conditions of the Company and the Group and the conditions and factors as set out above, dividends may be proposed and/or declared by the Board for a financial year or period:

- interim dividend;
- final dividend;
- special dividend; and
- any distribution of net profits that the Board may deem appropriate.

2.6 Any final dividend for a financial year will be subject to shareholders' approval.

2.7 The Company may declare and pay dividends by way of cash or scrip or by other means that the Board considers appropriate.

2.8 Any dividend unclaimed shall be forfeited and shall revert to the Company in accordance with the Company's Bye-Laws.

Communication with shareholders and investors

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

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

During FY2019, the Company has not made any change to its memorandum of association and bye-laws of the Company. A consolidated version of the Company's memorandum of association and bye-laws is available on the Company's website and the Stock Exchange's website respectively.

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

To promote effective communication, the Company maintains a website at www.0908.hk, where up-to-date information and updates on the Company's business operations and developments, financial information, corporate governance practices and other information are available for public access. Investors may write directly to the Company at its principal place of business in Hong Kong or via email to ir0908hk@zhjzgroup.com for any inquiries.

The 2020 Annual General Meeting ("AGM") will be held on Monday, 29 June 2020. The notice of AGM will be sent to shareholders of the Company at least 20 clear business days before the AGM.

Company secretary

Mr. Kwok Tung Fai was the financial controller and the company secretary of the Company during FY2019 and up to the date of this report. Please refer to the section headed "Directors and Senior Management" for his biography. During FY2019, Mr. Kwok has taken no less than 15 hours of relevant professional training.

Shareholders' rights

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

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

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

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

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

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

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

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

B. Enquiries from Shareholders

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

pwc

羅兵咸永道

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

Opinion

What we have audited

The consolidated financial statements of Zhuhai Holdings Investment Group Limited (the "Company") and its subsidiaries (the "Group") set out on pages 124 to 234, which comprise:

- the consolidated statement of financial position as at 31 December 2019;
- the consolidated statement of profit or loss for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

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

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

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

Basis for Opinion *(Continued)*

Independence

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

Key Audit Matters

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

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

- Estimation of development costs directly attributable to property development activities
- Estimation of fair value of leasehold buildings

Key Audit Matter	How our audit addressed the Key Audit Matter
Estimation of development costs directly attributable to property development activities Refer to Note 4(f) (Critical accounting estimates and assumptions) and Note 7 (Expenses by nature) to the consolidated financial statements. The Group recognised cost of properties sold of RMB1,627,236,000 for the year ended 31 December 2019. Based on industry experience and other available information, management makes estimates on development costs directly attributable to property development activities. We focused on this area because the determination of development costs included in cost of properties sold recognised in 2019 requires estimation which involved significant judgements and estimates towards unbilled construction costs.	Our audit procedures in relation to management's estimation of development costs directly attributable to property development activities included: • Understanding and evaluating management's estimation process on property development costs. • Testing the operating effectiveness of controls including: (a) the approval of budgets for property development costs; and (b) the regular review meetings where management review actual property development costs against detailed budgets.

Key Audit Matters *(Continued)*

Key Audit Matter	How our audit addressed the Key Audit Matter
Estimation of development costs directly attributable to property development activities (continued)	• Examining construction contracts signed and invoices for development costs incurred on a sample basis. • Examining independent supervision report in relation to construction progress on a sample basis. • Circularisation of independent confirmations to construction contractors on a sample basis in confirming the payable balances as at 31 December 2019 and reconciled the confirmed amounts with those recorded by the Group. • Testing transactions after year-end to search for unrecorded liabilities, if any, on a sample basis. We found the management's estimation on development costs directly attributable to property development activities were supported by the available evidence.

Key Audit Matters *(Continued)*

Key Audit Matter	How our audit addressed the Key Audit Matter
Estimation of fair value of leasehold buildings Refer to Note 4(b) (Critical accounting estimates and assumptions) and Note 14(a) (Property, plant and equipment) to the consolidated financial statements. Management chose to apply the revaluation model for the Group's leasehold buildings. The leasehold buildings are stated at fair value. Management has estimated the fair value of the Group's leasehold buildings to be RMB221,449,000 as at 31 December 2019, with a revaluation gain of RMB6,542,000 for the year recorded in the consolidated statement of comprehensive income. Independent external valuations were obtained for all the leasehold buildings in order to support management's estimates. Fair values of leasehold buildings are derived using valuation techniques including the income approach, cost method and market approach. The valuations are dependent on certain key assumptions that require significant management judgement, including discount rates, estimated rental value, occupancy rates, market comparable sales evidence and construction costs. We focused on this area because the valuation of leasehold buildings requires the use of judgement and estimates.	Our audit procedures in relation to management's estimation of fair value of leasehold buildings included: • Evaluating the independent external valuers' competence, capabilities and objectivity; • Assessing the methodologies used and the appropriateness of the key assumptions, including discount rates, estimated rental value, occupancy rates, market comparable sales evidence and construction costs, by making reference to market data of comparable properties and engaging our internal valuation experts; and • Performing testing over the source data provided by the Group to the independent external valuers, on a sample basis, to satisfy ourselves of the accuracy and reasonableness of the property information used by the valuers. We found the key assumptions, including discount rates, estimated rental value, occupancy rates, market comparable sales evidence and construction costs, were supported by the available evidence.

Other Information

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

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

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

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

Responsibilities of Directors and Audit Committee for the Consolidated Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements *(Continued)*

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

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

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements *(Continued)*

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

The engagement partner on the audit resulting in this independent auditor's report is Ho Chiu Yin, Ivan.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 26 March 2020

Consolidated Statement of Profit or Loss

	Note	Year ended 31 December 2019 RMB'000	2018 RMB'000
Revenue	5	**11,812,280**	9,248,350
Cost of sales	7	**(10,568,230)**	(7,919,357)
Gross profit		**1,244,050**	1,328,993
Other income and gains, net	6	**88,060**	71,263
Selling and distribution expenses	7	**(135,813)**	(149,118)
Administrative expenses	7	**(235,304)**	(237,308)
Other expenses	7	**(2,107)**	(5,858)
Finance expenses	10	**(23,763)**	(9,346)
Share of (loss)/profits of:			
Joint ventures	22	**(2,105)**	469
Associates	23	**3,449**	4,464
Profit before tax		**936,467**	1,003,559
Income tax expense	11	**(656,139)**	(606,715)
Profit for the year		**280,328**	396,844
Profit attributable to:			
Owners of the Company		**81,069**	177,028
Non-controlling interests		**199,259**	219,816
		280,328	396,844
Earnings per share attributable to owners of the Company for the year	12		
Basic earnings per share		**RMB5.68 cents**	RMB12.40 cents
Diluted earnings per share		**RMB5.68 cents**	RMB12.40 cents

The notes on pages 131 to 234 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

	Year ended 31 December	
	2019	2018
	RMB'000	RMB'000
Profit for the year	**280,328**	396,844
Other comprehensive (loss)/income		
Item that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	**(22,601)**	(26,559)
	(22,601)	(26,559)
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit obligations	**(9,356)**	(24,093)
Gain/(loss) on property revaluation	**4,906**	(5,471)
Fair value (loss)/gain on financial assets at fair value through other comprehensive income	**(440)**	865
	(4,890)	(28,699)
Other comprehensive loss for the year, net of tax	**(27,491)**	(55,258)
Total comprehensive income for the year	**252,837**	341,586
Attributable to:		
Owners of the Company	**54,288**	124,822
Non-controlling interests	**198,549**	216,764
	252,837	341,586

The notes on pages 131 to 234 are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

	Note	As at 31 December 2019 RMB'000	As at 31 December 2018 RMB'000
Non-current assets			
Property, plant and equipment	14(a)	**1,463,042**	1,138,530
Right-of-use assets	14(b)	**385,888**	–
Investment properties	15	**32,360**	26,770
Prepaid land lease payments	16	**–**	360,237
Rights to use port facilities	17	**–**	12,176
Properties under development	18	**2,087,070**	2,813,285
Intangible asset	20	**3,865**	3,865
Interests in joint ventures	22	**85,010**	92,612
Interests in associates	23	**45,387**	34,938
Loan to an associate	46	**15,000**	–
Financial assets at fair value through other comprehensive income	24	**8,152**	8,412
Prepayments and deposits	25(a)	**25,251**	26,173
Contract assets	44	**182,056**	–
Restricted bank balances	30	**8,971**	108,762
Deferred tax assets	37	**78,166**	91,564
Total non-current assets		**4,420,218**	4,717,324
Current assets			
Properties under development	18	**3,367,630**	3,543,586
Completed properties held-for-sale	19	**786,643**	76,071
Securities measured at fair value through profit or loss	26	**287**	529
Inventories	27	**19,950**	38,173
Trade receivables	28	**510,272**	923,146
Prepayments, deposits and other receivables	25(b)	**902,064**	346,366
Factoring receivables	29	**581,780**	910,704
Prepaid tax		**417,227**	279,694
Due from related companies	46	**19,519**	14,930
Restricted bank balances	30	**923,718**	486,756
Time deposits	30	**5,000**	–
Cash and cash equivalents	30	**1,452,837**	982,527
Total current assets		**8,986,927**	7,602,482
Total assets		**13,407,145**	12,319,806
Current liabilities			
Trade and bill payables	32	**597,515**	997,859
Deferred income, accrued liabilities and other payables	33	**373,642**	255,919
Contract liabilities	33	**2,365,642**	2,382,504
Construction payables	34	**1,014,192**	870,057
Interest-bearing bank borrowings	35	**1,257,290**	701,654
Lease liabilities	14(b)	**14,015**	–
Tax payable		**1,063,618**	656,513
Due to a major shareholder	46	**8,598**	66
Due to related companies	46	**34,899**	13,266
Total current liabilities		**6,729,411**	5,877,838

	Note	As at 31 December 2019 RMB'000	As at 31 December 2018 RMB'000
Non-current liabilities			
Interest-bearing bank borrowings	35	**2,168,931**	2,146,549
Lease liabilities	14(b)	**14,009**	–
Contract liabilities	33	**203,342**	197,622
Deferred tax liabilities	37	**617,767**	656,634
Defined benefit obligations	38	**135,726**	122,828
Total non-current liabilities		**3,139,775**	3,123,633
Total liabilities		**9,869,186**	9,001,471
Equity			
Equity attributable to owners of the Company			
Share capital	39	**142,874**	142,874
Reserves	40	**1,831,630**	1,803,921
		1,974,504	1,946,795
Non-controlling interests		**1,563,455**	1,371,540
Total equity		**3,537,959**	3,318,335
Total equity and liabilities		**13,407,145**	12,319,806

The notes on pages 131 to 234 are an integral part of these consolidated financial statements.

The financial statements on pages 124 to 234 were approved by the Board of Directors on 26 March 2020 and were signed on its behalf.

Huang Xin	**Jin Tao**
Director	Director

Consolidated Statement of Changes in Equity

	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	Other reserve RMB'000	Asset revaluation reserve RMB'000	Financial assets at fair value through other comprehensive income 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
Balance at 31 December 2018	142,874	851,806	477,600	(45,257)	(214,613)	78,774	1,661	327,149	(197,132)	523,933	1,946,795	1,371,540	3,318,335
Adjustment on adoption of HKFRS 16 (Note 2.2)	-	-	-	-	-	-	-	-	-	(1,449)	(1,449)	(184)	(1,633)
Restated balance at 1 January 2019	142,874	851,806	477,600	(45,257)	(214,613)	78,774	1,661	327,149	(197,132)	522,484	1,945,346	1,371,356	3,316,702
Profit for the year	-	-	-	-	-	-	-	-	-	81,069	81,069	199,259	280,328
Other comprehensive (loss)/income for the year													
Remeasurements of defined benefit obligations	-	-	-	-	-	-	-	-	-	(8,639)	(8,639)	(717)	(9,356)
Gain on property revaluation	-	-	-	-	-	4,906	-	-	-	-	4,906	-	4,906
Fair value loss on financial assets at fair value through other comprehensive income	-	-	-	-	-	-	(440)	-	-	-	(440)	-	(440)
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	(22,608)	-	(22,608)	7	(22,601)
Total other comprehensive (loss)/income	-	-	-	-	-	4,906	(440)	-	(22,608)	(8,639)	(26,781)	(710)	(27,491)
Total comprehensive income/(loss)	-	-	-	-	-	4,906	(440)	-	(22,608)	72,430	54,288	198,549	252,837
Derecognition of non-controlling interests upon deregistration of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	(1,430)	(1,430)
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	(5,020)	(5,020)
2018 final dividend paid	-	-	-	-	-	-	-	-	-	(25,130)	(25,130)	-	(25,130)
Appropriation to statutory reserve	-	-	-	-	-	-	-	9,949	-	(9,949)	-	-	-
Total transactions with equity holders, recognised directly in equity	-	-	-	-	-	-	-	9,949	-	(35,079)	(25,130)	(6,450)	(31,580)
At 31 December 2019	142,874	851,806	477,600	(45,257)	(214,613)	83,680	1,221	337,098	(219,740)	559,835	1,974,504	1,563,455	3,537,959

The notes on pages 131 to 234 are an integral part of these consolidated financial statements.

	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 (Note 36)	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 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
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	–	–	–	–	–	–	–	(796)	796	–	–	(832)	(832)	(322)	(1,154)
Adjustment on adoption of HKFRS 15	–	–	–	–	–	–	–	–	–	–	–	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 year	–	–	–	–	–	–	–	–	–	–	–	177,028	177,028	219,816	396,844
Other comprehensive income/(loss) for the year															
Remeasurements of defined benefit obligations	–	–	–	–	–	–	–	–	–	–	–	(21,038)	(21,038)	(3,055)	(24,093)
Loss on property revaluation	–	–	–	–	–	–	(5,471)	–	–	–	–	–	(5,471)	–	(5,471)
Fair value gain on financial assets at fair value through other comprehensive income	–	–	–	–	–	–	–	–	865	–	–	–	865	–	865
Exchange differences on translation of foreign operations	–	–	–	–	–	–	–	–	–	–	(26,562)	–	(26,562)	3	(26,559)
Total other comprehensive income/(loss)	–	–	–	–	–	–	(5,471)	–	865	–	(26,562)	(21,038)	(52,206)	(3,052)	(55,258)
Total comprehensive income/(loss)	–	–	–	–	–	–	(5,471)	–	865	–	(26,562)	155,990	124,822	216,764	341,586
Capital injection by non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	–	–	1,280	1,280
Derecognition of non-controlling interests upon deregistration of a subsidiary	–	–	–	–	–	–	–	–	–	–	–	–	–	(11,250)	(11,250)
2017 final dividend paid	–	–	–	–	–	–	–	–	–	–	–	(24,701)	(24,701)	–	(24,701)
Appropriation to statutory reserve	–	–	–	–	–	–	–	–	–	75,307	–	(75,307)	–	–	–
Transfer upon expiry of warrants	–	–	–	–	(559)	–	–	–	–	–	–	559	–	–	–
Total transactions with equity holders, recognised directly in equity	–	–	–	–	(559)	–	–	–	–	75,307	–	(99,449)	(24,701)	(9,970)	(34,671)
At 31 December 2018	142,874	851,806	477,600	(45,257)	–	(214,613)	78,774	–	1,661	327,149	(197,132)	523,933	1,946,795	1,371,540	3,318,335

The notes on pages 131 to 234 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

		Year ended 31 December	
	Note	**2019** **RMB'000**	2018 RMB'000
Cash flows from operating activities			
Cash generated from/(used in) operations	42	**812,546**	(340,064)
Income taxes paid		**(413,247)**	(257,595)
Net cash flows generated from/(used in) operating activities		**399,299**	(597,659)
Cash flows from investing activities			
Interest received		**27,893**	24,979
Purchases of property, plant and equipment		**(328,734)**	(157,405)
Capital contribution to an associate		**(7,000)**	(25,521)
Capital contribution to a new joint venture		**–**	(82,142)
Dividends received from joint ventures		**5,497**	–
Loan to an associate		**(15,000)**	–
Proceeds from disposal of securities measured at fair value through profit or loss		**237**	–
Proceeds from disposal of property, plant and equipment		**9,061**	23,477
(Increase)/decrease in restricted bank balances		**(331)**	23,596
(Increase)/decrease in time deposits		**(5,000)**	136,322
Net cash flows used in investing activities		**(313,377)**	(56,694)
Cash flows from financing activities			
Capital injection by non-controlling interests		**–**	1,280
Refund to non-controlling interests upon deregistration of a subsidiary		**(1,430)**	(11,250)
Decrease/(increase) in restricted bank balances		**25,581**	(48,915)
New bank borrowings		**1,836,796**	304,526
Repayment of bank borrowings		**(1,296,246)**	(250,000)
Cash repayment to related companies		**(281)**	(802)
Cash receipt from related companies		**1,221**	1,048
Dividends paid to shareholders		**(25,130)**	(24,701)
Dividends paid to non-controlling shareholders		**(5,020)**	–
Interest paid		**(157,615)**	(108,386)
Cash receipt from a major shareholder		**8,598**	–
Repayment of lease liabilities (including interests)		**(15,262)**	–
Net cash flows generated from/(used in) financing activities		**371,212**	(137,200)
Net Increase/(decrease) in cash and cash equivalents		**457,134**	(791,553)
Cash and cash equivalents at beginning of year		**982,527**	1,776,963
Effect of foreign exchange rate changes, net		**13,176**	(2,883)
Cash and cash equivalents at end of year		**1,452,837**	982,527

The notes on pages 131 to 234 are an integral part of these consolidated financial statements.

1 General information

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

- investment holding
- management of a holiday resort
- management of a theme park
- management of an amusement park
- operation of a golf club
- property development
- provision of financial information services, provision of factoring services and internet financial information intermediary services
- provision of port facilities
- provision of ferry services
- construction of river – regulating facilities and provision of river maintenance service
- 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 listing on The Stock Exchange of Hong Kong Limited.

These consolidated financial statements are presented in Renminbi ("RMB"), unless otherwise stated.

2 Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented. The financial statements are for the Group consisting of the Company and its subsidiaries.

2.1 Basis of preparation

(a) Compliance with HKFRSs and HKCO

The consolidated financial statements of the Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") and disclosure requirements of the Hong Kong Companies Ordinance ("HKCO") Cap. 622.

(b) Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis as modified by the revaluation of buildings classified as property, plant and equipment, revaluation of investment properties, financial assets at fair value through other comprehensive income and securities measured at fair value through profit or loss, which are carried at fair value.

(c) New standards, amendments to existing standards and interpretations adopted by the Group

The Group has applied the following new standards, amendments to existing standards and interpretations for the first time for their reporting commencing 1 January 2019:

Standards	Subject of amendment
Annual Improvements Project	Annual Improvements 2015-2017 Cycle
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates or Joint Ventures
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments

The impact of the adoption of HKFRS 16, "Leases" is disclosed in Note 2.2.

Apart from aforementioned HKFRS 16, there are no other new standards, amendments to existing standards and interpretations that are effective for the first time for this reporting period that could be expected to have a material impact on the Group.

2 Summary of significant accounting policies *(Continued)*

2.1 Basis of preparation *(Continued)*

(d) New standards, amendments to existing standards and interpretations not yet adopted

Certain new accounting standards, amendments to existing standards and interpretations have been published that are not mandatory for 31 December 2019 reporting period and have not been early adopted by the Group:

Standards	Subject of amendment	Effective for annual periods beginning on or after
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting	1 January 2020
Amendments to HKAS 1 and HKAS 8	Definition of Material	1 January 2020
Amendments to HKFRS 3	Definition of a Business	1 January 2020
Amendments to HKAS 39, HKFRS 7 and HKFRS 9	Hedging accounting	1 January 2020
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

2.2 Changes in accounting policies

The following explains the impact of the adoption of HKFRS 16 "Leases" on the Group's consolidated financial statements and also discloses the new accounting policies that have been applied from 1 January 2019, where they are different to those applied in prior periods.

The Group has adopted HKFRS 16 retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing recognition rules are therefore not reflected in the consolidated statement of financial position as at 31 December 2018, but are recognised in the opening consolidated statement of financial position on 1 January 2019.

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of HKAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 4.86%.

2 Summary of significant accounting policies *(Continued)*

2.2 Changes in accounting policies *(Continued)*

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

	RMB'000
Operating lease commitments disclosed as at 31 December 2018	30,497
Less: lease commitments with commencement date later than 1 January 2019	(5,892)
Operating lease commitments to be recognised as lease liabilities	24,605
Discounted using the lessee's incremental borrowing rate of at the date of initial application	18,801
Less: short-term leases not recognised as a liability	(3,500)
Lease liability recognised as at 1 January 2019	15,301
Of which are:	
Current lease liabilities	3,806
Non-current lease liabilities	11,495
	15,301

The associated right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. Other right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated statement of financial position as at 31 December 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognised right-of-use assets relate to the following types of assets:

	As at 31 December 2019 RMB'000	As at 1 January 2019 RMB'000
Prepaid land lease payments	**347,999**	360,237
Properties	**8,115**	3,287
Port facilities	**18,764**	22,019
Vessels	**11,010**	–
Total right-of-use assets	**385,888**	385,543

2 Summary of significant accounting policies *(Continued)*

2.2 Changes in accounting policies *(Continued)*

The following table shows the adjustments recognised for each individual line item upon the adoption of HKFRS 16. Line items that were not affected by the changes have not been included.

Consolidated statement of financial position (extract)	As at 31 December 2018 As originally presented RMB'000	Effects of adoption of HKFRS 16 RMB'000	**As at 1 January 2019 Restated RMB'000**
Non-current assets			
Right-of-use assets	–	385,543	**385,543**
Deferred tax assets	91,564	538	**92,102**
Prepaid land lease payments	360,237	(360,237)	**–**
Rights to use port facilities	12,176	(12,176)	**–**
Current liabilities			
Lease liabilities	–	3,806	**3,806**
Non-current liabilities			
Lease liabilities	–	11,495	**11,495**
Equity			
Reserves	1,803,921	(1,449)	**1,802,472**
Non-controlling interests	1,371,540	(184)	**1,371,356**

There is no significant impact on the Group's net profit after tax for the year ended 31 December 2019 as a result of adoption of HKFRS 16.

2 Summary of significant accounting policies *(Continued)*

2.2 Changes in accounting policies *(Continued)*

(a) Impact on segment assets

Segment assets for 31 December 2019 increased as a result of the change in accounting policy. The following segments were affected by the change in policy:

	As at 31 December 2019 RMB'000
Jiuzhou Blue Sea Jet and Blue Marine Tourism	**12,705**
Hotel	**3,191**
Tourist attraction	**1,523**
Public utilities	**6,073**
Financial investments	**129**
Corporate and others	**2,668**
	26,289

(b) Impact on segment results and cash flows of the Group

After the initial recognition of right-of-use assets and lease liabilities as at 1 January 2019, the Group as a lessee is required to recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. This results in a positive impact on the segment results from operations in the Group's consolidated statement of profit or loss, as compared to the results if HKAS 17 had been applied during the year.

In the consolidated statement of cash flows, lease payments under HKFRS 16 are presented under financing cash outflows, rather than as operating cash outflows for operating leases under HKAS 17. Although total cash flows are unaffected, the adoption of HKFRS 16 therefore results in a significant change in presentation of cash flows within the consolidated statement of cash flows.

The following tables give an indication of the estimated impact of the adoption of HKFRS 16 on the Group's segment results and cash flows for the year ended 31 December 2019, by adjusting the amounts reported under HKFRS 16 in consolidated financial statements to compute estimates of the hypothetical amounts that would have been recognised under HKAS 17 if this superseded standard had continued to apply in 2019 instead of HKFRS 16, and by comparing these hypothetical amounts for 2019 with the actual 2018 corresponding amounts which were prepared under HKAS 17.

2 Summary of significant accounting policies *(Continued)*

2.2 Changes in accounting policies *(Continued)*

(b) Impact on segment results and cash flows of the Group *(Continued)*

Segment results Impacted by the adoption of HKFRS 16:	For the year ended 31 December 2019 Amounts reported under HKFRS 16 RMB'000	HKFRS 16 Depreciation, interest and income tax expenses RMB'000	Estimated amounts related to operating lease as if under HKAS 17 RMB'000	Hypothetical amounts for 2019 as if under HKAS 17 RMB'000	For the year ended 31 December 2018 Compared to amounts reported in 2018 under HKAS 17 RMB'000
Segment results	930,993	14,151	(15,262)	929,882	982,993
Finance expenses	(23,763)	1,298	–	(22,465)	(9,346)
Profit before tax	936,467	15,449	(15,262)	936,654	1,003,559
Income tax expense	(656,139)	(45)	–	(656,184)	(606,715)
Profit for the year	280,328	15,404	(15,262)	280,470	396,844
Segment results for the year ended 31 December 2019 impacted by the adoption HKFRS 16:					
Jiuzhou Blue Sea Jet and Blue Marine Tourism	218,064	9,744	(10,235)	217,573	290,047
Hotel	(12,435)	188	(198)	(12,445)	11,593
Tourist attraction	(13,574)	914	(981)	(13,641)	(6,791)
Property development	795,469	–	–	795,469	745,464
Golf club operations	(21,339)	–	–	(21,339)	(26,785)
Public utilities	64,904	1,939	(2,414)	64,429	71,342
Financial investments	40,108	171	(178)	40,101	30,416
Corporate and others	(53,223)	1,195	(1,256)	(53,284)	(47,374)

Line items in the consolidated statement of cash flows (extract) Impacted by the adoption of HKFRS 16:	For the year ended 31 December 2019 Amounts reported under HKFRS 16 RMB'000	Estimated amounts related to operating lease as if under HKAS 17 RMB'000	Hypothetical amounts for 2019 as if under HKAS 17 RMB'000	For the year ended 31 December 2018 Compared to amounts reported in 2018 under HKAS 17 RMB'000
Cash generated from/(used in) operations	812,546	(15,262)	797,284	(340,064)
Net cash flows generated from/(used in) operating activities	399,299	(15,262)	384,037	(597,659)
Net cash flows generated from/(used in) financing activities	371,212	15,262	386,474	(137,200)

2 Summary of significant accounting policies *(Continued)*

2.2 Changes in accounting policies *(Continued)*

(c) Investment property

Under HKFRS 16, the Group is required to account for properties that are held to earn rental income and/or for capital appreciation as investment properties. The adoption of HKFRS 16 does not have a significant impact on the Group's financial statements as the Group previously elected to apply HKAS 40, Investment properties, to account for all of its investment properties that were held for investment purposes as at 31 December 2018. Consequentially, the investment properties continue to be carried at fair value.

(d) Lessor accounting

In addition to leasing out the investment property referred to in paragraph (c) above, the Group leases out certain of its leasehold buildings and sub-leases certain of its leased premise under operating lease arrangements (Note 45(b)). The accounting policies applicable to the Group as a lessor remain substantially unchanged from those under HKAS 17. Under HKFRS 16, when the Group acts as an intermediate lessor in a sublease arrangement, the Group is required to classify the sublease as a finance lease or an operating lease by reference to the right-of-use asset arising from the head lease, instead of by reference to the underlying asset. Under the sub-lease agreement, all sub-leases of the Group are classified as the operating lease by reference to the head lease, thus the adoption of HKFRS 16 does not have a significant impact on the Group's financial statements in this regard.

(e) Practical expedients applied

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- reliance on previous assessments on whether leases are onerous;
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases;
- the exclusion of initial direct costs for the measurement of the right-of-use assets at the date of initial application; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying HKAS 17 and HKFRIC 4 "Determining whether an Arrangement contains a Lease".

2 Summary of significant accounting policies *(Continued)*

2.2 Changes in accounting policies *(Continued)*

(f) The Group's leasing activities and how these are accounted for

The Group leases various properties, leasehold land, port facilities and vessels. Rental contracts are typically made for fixed periods of 1 to 40 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

2 Summary of significant accounting policies *(Continued)*

2.3 Principles of consolidation and equity accounting

(a) Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

(i) fair values of the assets transferred;

(ii) liabilities incurred to the former owners of the acquired business;

(iii) equity interests issued by the Group;

(iv) fair value of any asset or liability resulting from a contingent consideration arrangement; and

(v) fair value of any pre-existing equity interest in the subsidiary;

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

(i) consideration transferred;

(ii) amount of any non-controlling interest in the acquired entity; and

(iii) acquisition-date fair value of any previous equity interest in the acquired entity.

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

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

2 Summary of significant accounting policies *(Continued)*

2.3 Principles of consolidation and equity accounting *(Continued)*

(b) Subsidiaries

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

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

(c) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see (e) below), after initially being recognised at cost.

(d) Joint arrangements

Under HKFRS 11, "Joint Arrangements", investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Interests in joint ventures are accounted for using the equity method (see (e) below), after initially being recognised at cost in the consolidated statement of financial position.

(e) Equity accounting

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

2 Summary of significant accounting policies *(Continued)*

2.3 Principles of consolidation and equity accounting *(Continued)*

(e) Equity accounting *(Continued)*

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

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

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 2.14.

(f) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Company.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs.

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

2 Summary of significant accounting policies *(Continued)*

2.4 Separate financial statements

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

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

2.5 Segment reporting

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

2.6 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

Foreign exchange gains and losses are presented in the consolidated statement of comprehensive income within "Other income and gains, net".

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets such as equities classified as fair value through comprehensive income are recognised in other comprehensive income.

2 Summary of significant accounting policies *(Continued)*

2.6 Foreign currency translation *(Continued)*

(c) Group companies

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

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

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

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

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

2.7 Property, plant and equipment

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

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

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

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

2 Summary of significant accounting policies *(Continued)*

2.7 Property, plant and equipment *(Continued)*

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

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

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

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

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

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

2.8 Investment properties

Investment properties are held for long-term rental yields and are not occupied by the Group. Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs. Subsequently, they are carried at fair value. Changes in fair values are presented in consolidated statement of profit or loss as part of "Other income and gain, net".

2.9 Rights to use port facilities

Accounting policy applied until 31 December 2018

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

2.10 Intangible assets

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

2 Summary of significant accounting policies *(Continued)*

2.11 Service concession arrangement

The Group has entered into a sevice concession arrangement with local government on a Build-Operate-Transfer (the "BOT") basis. The Group is required to carry out construction work of river-regulating facilities and provide river maintenance service for a specified period of time (the "Service Concession Periods") in accordance with the pre-determined conditions set by the local government. The Group will be paid for its services over the Service Concession Periods at prices stipulated through a pricing mechanism. At the end of the operation period, the Group is obliged to transfer the infrastructure to the local government at nil consideration.

A financial asset (receivables under a service concession arrangement) is recognised to the extent that the Group has an unconditional right to receive cash or another financial asset from the local government for the construction services rendered and/or the consideration paid and payable by the Group to the local government during the Service Concession Period. The Group has an unconditional right to receive cash if the local government contractually guarantees to pay the Group specified or determinable amounts. The financial asset (receivable under a service concession arrangement) is accounted for in accordance with the policy set out for financial assets measured at amortised cost under Note 2.14.

During the construction periods, the Group recognises a contract asset and accounts for the significant financing component in the arrangement. When the construction services are completed, the contract asset would be classified and measured as receivables under a service concession arrangement accordingly.

When the Group receives a payment during the concession period, it will apportion such payment between (i) a repayment of the financial asset (if any), which will be used to reduce the carrying amount of financial receivables on the consolidated statement of financial position, (ii) interest income, will be recognised as revenue in profit or loss and (iii) revenue from operating service in the consolidated statement of profit or loss.

2.12 Contract assets and contract liabilities

Under HKFRS 15, a receivable is recognised only if the Group has an unconditional right to consideration. If the Group recognises the related revenue before being unconditionally entitled to the consideration for the promised goods and services in the contract, then the entitlement to consideration is classified as a contract asset. Similarly, a contract liability, rather than a payable, is recognised when a customer pays consideration, or is contractually required to pay consideration and the amount is already due, before the Group recognises the related revenue. For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

An impairment of a contract asset is measured, presented and disclosed on the same basis as a financial asset under Note 2.14.

The Group recognises the incremental costs of obtaining a contract with a customer within contract costs if the Group expects to recover those costs.

2 Summary of significant accounting policies *(Continued)*

2.13 Impairment of non-financial assets

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

2.14 Investments and other financial assets

(a) Classification

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.

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

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on the trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

2 Summary of significant accounting policies *(Continued)*

2.14 Investments and other financial assets *(Continued)*

(c) 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, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in 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.

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. There are three measurement categories into which the Group classifies its debt instruments as financial assets measured at amortised cost, financial assets measured subsequently at fair value through OCI, and financial assets measured subsequently at fair value through profit or loss.

- Amortised cost: 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 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 fair value through profit or loss 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 fair value through other comprehensive income are not reported separately from other changes in fair value.

2 Summary of significant accounting policies *(Continued)*

2.14 Investments and other financial assets *(Continued)*

(d) Impairment

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.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see Note 28 for further details.

2.15 Offsetting financial instrument

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position where the Group has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The Group has also entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

2.16 Inventories

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

2.17 Properties under development

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

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

2.18 Completed properties held-for-sale

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

2 Summary of significant accounting policies *(Continued)*

2.19 Trade and other receivables

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

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See Note 28 for further information about the Group's accounting for trade receivables and Note 3.1(b)(2) for a description of the Group's impairment policies.

2.20 Cash and cash equivalents

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

2.21 Share capital

Ordinary shares are classified as equity.

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

2.22 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities unless payment is not due within one year after the reporting period.

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

2 Summary of significant accounting policies *(Continued)*

2.23 Borrowings

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

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

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

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

2.24 Borrowing costs

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

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

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

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

2 Summary of significant accounting policies *(Continued)*

2.24 Borrowing costs *(Continued)*

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

2.25 Government grants

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

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

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

2.26 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(a) Current income tax

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

2 Summary of significant accounting policies *(Continued)*

2.26 Current and deferred income tax *(Continued)*

(b) Deferred income tax

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

The deferred tax liability in relation to investment property that is measured at fair value is determined assuming the property will be recovered entirely through sale.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2 Summary of significant accounting policies *(Continued)*

2.27 Employee benefits

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

(a) Pension obligations

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

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

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

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

Past-service costs are recognised immediately in the consolidated statement of profit or loss.

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

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

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

2 Summary of significant accounting policies *(Continued)*

2.27 Employee benefits *(Continued)*

(b) Termination benefits

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

2.28 Share-based payments

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

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

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

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

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (and share premium).

2 Summary of significant accounting policies *(Continued)*

2.29 Provisions

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

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

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

2.30 Revenue recognition

(a) Sales of properties

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.

2 Summary of significant accounting policies *(Continued)*

2.30 Revenue recognition *(Continued)*

(b) Sales of goods

The Group trades and distributes fuel oil to other ferry companies and certain wholesalers. Sales of goods are recognised when the control of the goods have been transferred to the customers, and the customers have full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customers' acceptance of the products.

(c) 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 port 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.

(d) Rental income

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

(e) Interest income arisen from service concession arrangement

Interest income arisen from service concession arrangement is accrued on a time basis, by making reference to the carrying amount and at the effective interest rate applicable, which is the rate discounts estimated cash flow of the project to its net carrying amount at initial recognition.

(f) Interest income

Interest income is recognised using the effective interest method.

(g) Incremental costs

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

(h) 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.

2 Summary of significant accounting policies *(Continued)*

2.31 Dividend income

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

2.32 Leases

As explained in Note 2.2 above, the Group has changed its accounting policy for leases where the Group is the lessee. The new policy is described below and the impact of the change in Note 2.2.

Until 31 December 2018, leases of property, plant and equipment where the Group, as lessee, had substantially all the risks and rewards of ownership were classified as finance leases. Finance leases were capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, were included in other short-term and long-term payables. Each lease payment was allocated between the liability and finance cost. The finance cost was charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases was depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership were not transferred to the Group as lessee were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

2 Summary of significant accounting policies *(Continued)*

2.32 Leases *(Continued)*

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by Group, which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

2 Summary of significant accounting policies *(Continued)*

2.32 Leases *(Continued)*

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the Group revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Group.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term (Note 15). Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the statement of financial position based on their nature. The Group did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

2.33 Dividend distribution

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

3 Financial risk management

3.1 Financial risk factors

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

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

(a) Market risk

(1) Commodity price risk

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

(2) Foreign currency risk

The Group's business operated in the People's Republic of China ("PRC") is mainly exposed to foreign currency risk arising from HK$.

At 31 December 2019, if HK$ had strengthened/weakened by 5% against the Renminbi with all other variables held constant, post-tax profit for the year would have been RMB284,000 (2018: RMB591,000) lower/higher, mainly as a result of foreign exchange losses/gains on translation of HK$ denominated monetary assets and liabilities.

(3) Cash flow and fair value interest rate risk

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

The Group's interest rate risk arises from long-term borrowings. Borrowings obtained at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. During the years ended 31 December 2019 and 2018, the Group's long-term borrowings at variable rate were denominated in HK$.

At 31 December 2019, if interest rates on Hong Kong dollar-denominated borrowings had been 50 basis points higher/lower with all other variables held constant, post-tax profit for the year would have been RMB1,922,000 (2018: RMB808,000) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

3 Financial risk management *(Continued)*

3.1 Financial risk factors *(Continued)*

(b) Credit risk

Credit risk arises from cash and cash equivalents, financial assets at fair value through other comprehensive income and securities measured at fair value through profit or loss, factoring receivables, contract assets and deposits with banks and financial institutions, as well as credit exposures from outstanding receivables.

(1) Risk Management

To manage credit risk, the Group has considered the underlying security and the long-established business relationship with the counterparty.

The Group has policies in place to ensure that sales of products on credit terms are made to customers with an appropriate credit history and the Group performs periodic credit evaluations of its customers. Normally the Group does not require collaterals from trade debtors. The existing debtors have no significant defaults in the past. The Group's historical experience in collection of trade and other receivables falls within the recorded allowances and the directors are of the opinion that adequate provision for uncollectible receivables, if any, has been made. There are no significant concentrations of credit risk within the Group as the intermediate and direct customer bases of the Group's trade receivables are widely dispersed in different sectors and industries.

The credit risk on contract assets is limited because the counterparties are mainly PRC local government. The Group assessed the credit losses against contract assets is low.

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

(2) Impairment of financial assets

Trade receivables

The trade receivables of the Group are subject to the expected credit loss model.

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure expected credit losses, the Group categorises its trade receivables based in the nature of customer accounts and shared credit risk characteristics.

3 Financial risk management *(Continued)*

3.1 Financial risk factors *(Continued)*

(b) Credit risk *(Continued)*

(2) Impairment of financial assets (Continued)

Trade receivables (Continued)

The expected loss rates are based on the payment profiles of sales over a period of 24 months before 31 December 2019 or 31 December 2018 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

On that basis, the loss allowance for trade receivables as at 31 December 2019 and 31 December 2018 were determined as follows:

31 December 2019	**Current**	**1-90 days past due**	**91-180 days past due**	**Over 180 days past due**	**Total**
Gross carrying amount (RMB'000)	**515,309**	**23**	**100**	**7,768**	**523,200**
Loss allowance (RMB'000)	**(5,118)**	**(4)**	**(38)**	**(7,768)**	**(12,928)**

31 December 2018	Current	1-90 days past due	91-180 days past due	Over 180 days past due	Total
Gross carrying amount (RMB'000)	927,349	18	253	7,504	935,124
Loss allowance (RMB'000)	(4,441)	(1)	(32)	(7,504)	(11,978)

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Other financial assets at amortised cost

Other financial assets at amortised cost include factoring receivables, loan to an associate, receivables from related parties and deposits and other receivables. Except for factoring receivables, management consider low credit risk for other financial assets at amortised cost and the expected credit loss for other financial assets at amortised cost based on the historical settlement pattern of these other financial assets and the forward looking recoverability analysis of the counterparties are close to zero.

3 Financial risk management *(Continued)*

3.1 Financial risk factors *(Continued)*

(b) Credit risk *(Continued)*

(2) Impairment of financial assets *(Continued)*

Other financial assets at amortised cost (Continued)

Factoring receivables are considered to have low credit risk, and the loss allowance recognised during the year was therefore limited to 12 months expected losses. Factoring receivables are considered to be low credit risk when they have a low risk of default and the counterparties have strong capacities to meet its contractual cash flow obligations in the near term.

On that basis, the loss allowance for factoring receivables as at 31 December 2019 and 31 December 2018 were determined as follows:

31 December 2019	**Current**	**1-90 days past due**	**91-180 days past due**	**Over 180 days past due**	**Total**
Gross carrying amount (RMB'000)	**587,659**	**–**	**–**	**–**	**587,659**
Loss allowance (RMB'000)	**(5,880)**	**–**	**–**	**–**	**(5,880)**

31 December 2018	Current	1-90 days past due	91-180 days past due	Over 180 days past due	Total
Gross carrying amount (RMB'000)	912,529	–	–	–	912,529
Loss allowance (RMB'000)	(1,825)	–	–	–	(1,825)

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

3 Financial risk management *(Continued)*

3.1 Financial risk factors *(Continued)*

(c) Liquidity risk

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

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

	As at 31 December 2019			
	Less than 12 months RMB'000	1 to 5 Years RMB'000	Over 5 years RMB'000	Total RMB'000
Trade and bill payables	597,515	–	–	597,515
Financial liabilities included in deferred income, accrued liabilities and other payables	274,139	–	–	274,139
Construction payables	1,014,192	–	–	1,014,192
Interest-bearing bank borrowings and interest payments	1,398,150	2,172,410	131,805	3,702,365
Due to a major shareholder	8,598	–	–	8,598
Due to related companies	34,899	–	–	34,899
Lease liabilities (including interest payment)	14,976	8,917	9,322	33,215
Financial guarantees (Note 43)	1,791,563	–	–	1,791,563
	5,134,032	2,181,327	141,127	7,456,486

	As at 31 December 2018			
	Less than 12 months RMB'000	1 to 5 Years RMB'000	Over 5 years RMB'000	Total RMB'000
Trade and bill payables	997,859	–	–	997,859
Financial liabilities included in deferred income, accrued liabilities and other payables	151,732	–	–	151,732
Construction payables	870,057	–	–	870,057
Interest-bearing bank borrowings and interest payments	803,768	2,201,989	–	3,005,757
Due to a major shareholder	66	–	–	66
Due to related companies	13,266	–	–	13,266
Financial guarantees (Note 43)	2,394,162	–	–	2,394,162
	5,230,910	2,201,989	–	7,432,899

3 Financial risk management *(Continued)*

3.2 Capital management

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

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2019 and 2018.

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

	2019 **RMB'000**	2018 RMB'000
Interest-bearing bank borrowings	**3,426,221**	2,848,203
Trade and bill payables	**597,515**	997,859
Accrued liabilities and other payables	**373,642**	255,919
Construction payables	**1,014,192**	870,057
Lease liabilities	**28,024**	–
Due to a major shareholder	**8,598**	66
Due to related companies	**34,899**	13,266
Less: Restricted bank balances	**(932,689)**	(595,518)
Less: Time deposits	**(5,000)**	–
Less: Cash and cash equivalents	**(1,452,837)**	(982,527)
Net debt	**3,092,565**	3,407,325
Equity attributable to owners of the Company	**1,974,504**	1,946,795
Capital and net debt	**5,067,069**	5,354,120
Gearing ratio	**61%**	64%

3 Financial risk management *(Continued)*

3.3 Fair value estimation

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

(a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).

(b) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

(c) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

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

See Note 14(a) and Note 15 for disclosure of the leasehold buildings and investment properties that are measured at fair value.

3 Financial risk management *(Continued)*

3.3 Fair value estimation *(Continued)*

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

Assets measured at fair value:

	Level 1 RMB'000
At 31 December 2019	
Financial assets at fair value through other comprehensive income:	
Equity investments of a listed entity in HK	
– Investment, trading and real estate industry	**8,152**
Financial assets at fair value through profit or loss:	
Trading securities of a listed entity in HK	
– Utilities industry	**287**
At 31 December 2018	
Financial assets at fair value through other comprehensive income:	
Equity investments of a listed entity in HK	
– Investment, trading and real estate industry	8,412
Financial assets at fair value through profit or loss:	
Trading securities of a listed entity in HK	
– Utilities industry	529

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

Financial instruments in level 1

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

4 Critical accounting estimates and assumptions

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

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

(a) Impairment of non-financial assets

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

(b) Estimation of fair value of leasehold buildings and investment properties

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

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

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

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

The principal assumptions for the Group's estimation of the fair value have been disclosed in Note 14(a) and Note 15 respectively.

4 Critical accounting estimates and assumptions *(Continued)*

(c) Retirement benefit

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

(d) Income taxes and deferred taxation

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

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

(e) PRC land appreciation taxes

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

4 Critical accounting estimates and assumptions *(Continued)*

(f) Development costs directly attributable to property development activities

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

5 Operating segment information

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

Executive directors monitor the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of profit/(loss) before tax. The profit/(loss) before tax is measured consistently with the Group's profit/(loss) before tax except that interest income, finance expenses, and share of (loss)/profits of 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 ("PRC"), which is considered as one geographical location in an economic environment with similar risks and returns.

5 Operating segment information *(Continued)*

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

(a) the Jiuzhou Blue Sea Jet and Blue Marine Tourism segment consists of the provision of ferry services;

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

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

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

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

(f) the public utilities segment consists of the provision of port facilities, trading and distribution of fuel oil, construction of river – regulating facilities and provision of river maintenance service;

(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.

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

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

For the year ended 31 December 2019, three customers of the Group individually accounted for 10% or more (2018: one customer of the Group individually accounted for 10% or more) of the Group's total revenue.

5 Operating segment information *(Continued)*

The following tables present revenue and results for the Group's operating segments for the years ended 31 December 2019 and 2018.

			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	
	2019 RMB'000	2018 RMB'000	**2019 RMB'000**	2018 RMB'000	**2019 RMB'000**	2018 RMB'000	**2019 RMB'000**	2018 RMB'000	**2019 RMB'000**	2018 RMB'000	**2019 RMB'000**	2018 RMB'000	**2019 RMB'000**	2018 RMB'000	**2019 RMB'000**	2018 RMB'000	**2019 RMB'000**	2018 RMB'000	**2019 RMB'000**	2018 RMB'000
Segment revenue:																				
Sales to external customers	**545,972**	680,340	**134,429**	160,017	**31,541**	29,704	**2,534,937**	3,097,578	**33,617**	28,558	**8,475,929**	5,215,064	**55,855**	37,089	**-**	-	**-**	-	**11,812,280**	9,248,350
Inter-segment sales	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**86,981**	84,919	**-**	-	**-**	-	**(86,981)**	(84,919)	**-**	-
Total	**545,972**	680,340	**134,429**	160,017	**31,541**	29,704	**2,534,937**	3,097,578	**33,617**	28,558	**8,562,910**	5,299,983	**55,855**	37,089	**-**	-	**(86,981)**	(84,919)	**11,812,280**	9,248,350
Segment results	**218,064**	290,047	**(12,435)**	11,593	**(13,574)**	(6,791)	**795,469**	745,464	**(21,339)**	(26,785)	**64,904**	71,342	**40,108**	30,416	**(53,223)**	(47,374)	**(86,981)**	(84,919)	**930,993**	982,993
Interest income																			**27,893**	24,979
Finance expenses																			**(23,763)**	(9,346)
Share of (loss)/profits of:																				
Joint ventures	**(2,105)**	469	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**(2,105)**	469
Associates	**3,416**	4,451	**-**	-	**-**	-	**-**	-	**-**	-	**33**	13	**-**	-	**-**	-	**-**	-	**3,449**	4,464
Profit before tax																			**936,467**	1,003,559
Income tax expense																			**(656,139)**	(606,715)
Profit for the year																			**280,328**	396,844

5 Operating segment information *(Continued)*

The following tables present certain assets and liabilities for the Group's operating segments as at 31 December 2019 and 2018.

	Jiuzhou Blue Sea Jet and Blue Marine Tourism		Green Leisure Tourism and Composite Real Estate: Hotel		Green Leisure Tourism and Composite Real Estate: Tourist attraction		Green Leisure Tourism and Composite Real Estate: Property development		Green Leisure Tourism and Composite Real Estate: Golf club operations		Public Utilities and Financial Investments: Public utilities		Public Utilities and Financial Investments: Financial investments		Corporate and others		Consolidated	
	2019 RMB'000	2018 RMB'000	**2019 RMB'000**	2018 RMB'000	**2019 RMB'000**	2018 RMB'000	**2019 RMB'000**	2018 RMB'000	**2019 RMB'000**	2018 RMB'000	**2019 RMB'000**	2018 RMB'000	**2019 RMB'000**	2018 RMB'000	**2019 RMB'000**	2018 RMB'000	**2019 RMB'000**	2018 RMB'000
Assets and liabilities:																		
Segment assets	**481,462**	416,712	**1,747,382**	1,435,348	**269,808**	272,446	**7,530,729**	6,922,128	**295,551**	291,321	**1,199,141**	1,173,525	**597,351**	924,770	**625,412**	369,818	**12,746,836**	11,806,068
Interests in joint ventures	**85,010**	92,612	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**85,010**	92,612
Interests in associates	**44,578**	34,162	**-**	-	**-**	-	**-**	-	**-**	-	**809**	776	**-**	-	**-**	-	**45,387**	34,938
Loan to an associate	**15,000**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**15,000**	-
Unallocated assets																	**514,912**	386,188
Total assets																	**13,407,145**	12,319,806
Segment liabilities	**136,406**	120,300	**232,914**	170,887	**43,553**	35,263	**3,314,048**	3,208,336	**229,338**	238,559	**740,484**	1,029,726	**2,543**	4,751	**18,797**	18,967	**4,718,083**	4,826,789
Unallocated liabilities																	**5,151,103**	4,174,682
Total liabilities																	**9,869,186**	9,001,471
Other segment information:																		
Depreciation and amortisation	**34,572**	50,703	**15,617**	16,226	**20,783**	22,389	**3,101**	4,324	**14,688**	13,598	**8,265**	6,093	**224**	235	**1,640**	202	**98,890**	113,770
Capital expenditure in respect of property, plant and equipment	**52,938**	55,465	**332,298**	808,303	**12,306**	6,598	**344,892**	590,849	**25,095**	31,729	**1,547**	2,108	**119**	41	**20**	706	**769,215**	1,495,799
Net fair value loss on securities measured at fair value through profit or loss	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**12**	121	**12**	121
(Write-back of impairment)/impairment of trade and factoring receivables	**(214)**	(404)	**922**	(411)	**(225)**	224	**331**	(147)	**13**	(6)	**123**	1,304	**4,055**	-	**-**	-	**5,005**	560

5 Operating segment information *(Continued)*

Disaggregation of revenue:

	Year ended 31 December	
	2019 **RMB'000**	2018 RMB'000
Timing of revenue recognition		
– At a point in time	**10,968,238**	8,272,636
– Over time	**775,825**	927,488
Revenue under HKFRS 15	**11,744,063**	9,200,124
Revenue from other sources	**68,217**	48,226
	11,812,280	9,248,350

6 Other income and gains, net

	Year ended 31 December	
	2019 **RMB'000**	2018 RMB'000
Interest income	**27,893**	24,979
Government grants (Note)	**20,635**	14,813
Rental income	**24,726**	28,102
Changes in fair value of investment properties	**890**	–
Net fair value loss on securities measured at fair value through profit or loss	**(12)**	(121)
Losses on disposal and write-off of property, plant and equipment	**(2,284)**	(117)
Exchange gains/(losses)	**572**	(5,871)
Others	**15,640**	9,478
	88,060	71,263

Note:

The government grants primarily represent financial support received by certain PRC subsidiaries from the local government. There are no unfulfilled conditions in these grants.

7 Expenses by nature

	Year ended 31 December	
	2019	2018
	RMB'000	RMB'000
Advertising and promotion expenses	**49,503**	50,855
Amortisation of prepaid land lease payments (Note 16)	**–**	14,765
Amortisation of rights to use port facilities (Note 17)	**–**	575
Auditors' remuneration		
– Audit services	**2,029**	1,933
– Non-audit services	**1,240**	1,218
Business tax on sales of properties	**–**	24,760
Commission fee	**50,395**	71,798
Cost of inventories sold	**8,465,795**	5,201,576
Cost of properties sold	**1,627,236**	2,219,910
Depreciation of property, plant and equipment (Note 14(a))	**70,335**	98,430
Depreciation of right-of-use assets (Note 14(b))	**28,555**	–
Employee benefit expenses (including directors' remuneration) (Note 8)	**302,484**	281,415
Fuel and utilities expenses	**66,788**	80,953
Impairment of trade and factoring receivables	**5,005**	560
Land use tax	**13,406**	13,741
Operating lease payments	**–**	38,664
Expenses related to short-term lease payments	**11,806**	–
Expenses related to variable lease payments	**21,697**	–
Repairs and maintenance	**42,668**	40,075
PRC miscellaneous taxes	**22,066**	25,981
Others	**160,446**	144,432
Total cost of sales, selling and distribution expenses, administrative expenses and other expenses	**10,941,454**	8,311,641

8 Employee benefit expenses

	Year ended 31 December	
	2019 **RMB'000**	2018 RMB'000
Salaries, allowances and benefits in kind	**261,924**	250,114
Pension costs – defined contribution plans (Note a)	**32,386**	24,069
Pension costs – defined benefit plans (Note 38)	**8,174**	7,232
	302,484	281,415

(a) Pension costs – defined contribution plans

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

(b) Five highest paid employees

The five individuals whose emoluments were the highest in the Group for the year include one (2018: one) director whose emoluments is reflected in the analysis presented in Note 9(a)(ii). The emoluments payable to the remaining four (2018: four) individuals during the year are as follows:

	Year ended 31 December	
	2019 **RMB'000**	2018 RMB'000
Salaries, allowances and benefits in kind	**2,652**	1,713
Pension costs – defined contribution plans	**193**	103
	2,845	1,816

The emoluments fell within the following bands:

	Number of individuals	
	2019	2018
Emolument bands (in HK$)		
Nil – HKD1,000,000	**3**	4
HKD1,000,001 – HKD2,000,000	**1**	–
	4	4

9 Benefits and interests of directors

(a) Directors' emoluments

The remuneration of every director and the chief executive for the year ended 31 December 2019 is set out below:

(i) Independent non-executive directors

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

	Year ended 31 December	
	2019	2018
	RMB'000	RMB'000
Mr. Hui Chiu Chung	**176**	173
Mr. Chu Yu Lin, David	**176**	173
Mr. Albert Ho	**176**	173
Mr. Wang Yijiang	**176**	173
	704	692

There were no other emoluments payable to the independent non-executive directors during the year (2018: Nil).

9 Benefits and interests of directors *(Continued)*

(a) Directors' emoluments *(Continued)*

(ii) Executive directors and non-executive directors

	Fees RMB'000	Salaries RMB'000	Allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Contribution paid under a retirement benefits scheme RMB'000	Estimated money value of benefits other than in kind RMB'000	Amounts received or receivable as inducement to join the Company/for accepting office as a director RMB'000	Other benefits RMB'000	Total remuneration RMB'000
2019									
Executive directors:									
Mr. Huang Xin	-	343	62	595	90	-	-	-	1,090
Mr. Jin Tao	-	-	-	-	-	-	-	-	-
Mr. Ye Yuhong	-	-	-	-	-	-	-	-	-
Mr. Li Wenjun	-	-	-	-	-	-	-	-	-
	-	343	62	595	90	-	-	-	1,090
Non-executive directors:									
Datuk Wira Lim Hock Guan	176	-	-	-	-	-	-	-	176
Mr. Kwok Hoi Hing	176	-	-	-	-	-	-	-	176
Mr. Zou Chaoyong	-	-	-	-	-	-	-	-	-
	352	-	-	-	-	-	-	-	352
	352	343	62	595	90	-	-	-	1,442

9 Benefits and interests of directors *(Continued)*

(a) Directors' emoluments *(Continued)*

(ii) Executive directors and non-executive directors *(Continued)*

	Fees RMB'000	Salaries RMB'000	Allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Contribution paid under a retirement benefits scheme RMB'000	Estimated money value of benefits other than in kind RMB'000	Amounts received or receivable as inducement to join the Company/for accepting office as a director RMB'000	Other benefits RMB'000	Total remuneration RMB'000
2018									
Executive directors:									
Mr. Huang Xin	–	337	61	523	88	–	–	–	1,009
Mr. Zhou Shaoqiang[1]	–	–	–	–	–	–	–	–	–
Mr. Ye Yuhong	–	–	–	–	–	–	–	–	–
Mr. Li Wenjun	–	–	–	–	–	–	–	–	–
Mr. Jin Tao	–	–	–	–	–	–	–	–	–
	–	337	61	523	88	–	–	–	1,009
Non-executive directors:									
Datuk Wira Lim Hock Guan	173	–	–	–	–	–	–	–	173
Mr. Wang Zhe[2]	–	–	–	–	–	–	–	–	–
Mr. Kwok Hoi Hing	–	–	–	–	–	–	–	–	–
Mr. Zou Chaoyong[3]	–	–	–	–	–	–	–	–	–
	173	–	–	–	–	–	–	–	173
	173	337	61	523	88	–	–	–	1,182

9 Benefits and interests of directors *(Continued)*

(a) Directors' emoluments *(Continued)*

(ii) Executive directors and non-executive directors *(Continued)*

	Aggregate emoluments paid to or receivable by directors in respect of their services as directors, whether of the Company or its subsidiary undertakings RMB'000	Aggregate emoluments paid to or receivable by directors in respect of their other services in connection with the management of the affairs of the Company or its subsidiary undertakings RMB'000	Total RMB'000
For the year ended 31 December 2019	**1,442**	**–**	**1,442**
For the year ended 31 December 2018	1,182	–	1,182

No directors waived any emolument during the year (2018: none).

1 Mr. Zhou Shaoqiang resigned as executive director and chief executive officer of the Company with effect from 15 March 2018.

2 Mr. Wang Zhe resigned as non-executive director of the Company with effect from 15 March 2018.

3 Mr. Zou Chaoyong appointed as non-executive director of the Company with effect from 28 May 2018.

(b) Directors' retirement benefits

None of the directors received any retirement benefits during the year (2018: Nil).

(c) Directors' termination benefits

None of the directors received or will receive any termination benefits during the year (2018: Nil).

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

During the year ended 31 December 2019, the Company did not pay consideration to any third parties for making available directors' services (2018: Nil).

9 Benefits and interests of directors *(Continued)*

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

As at 31 December 2019, there were no loans, quasi-loans and other dealing arrangements in favour of directors, controlled bodies corporate by and connected entities with such directors (2018: Nil).

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

No significant transactions, arrangements and contracts in relation to the Company's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year (2018: Nil).

10 Finance expenses

	Year ended 31 December	
	2019	2018
	RMB'000	RMB'000
Interest on bank loans	**161,700**	111,812
Interest on lease liabilities	**1,298**	–
Others	**644**	–
Less: Interest capitalised	**(139,879)**	(102,466)
	23,763	9,346

11 Income tax expense

	Year ended 31 December	
	2019	2018
	RMB'000	RMB'000
Current income tax:		
– Hong Kong (Note (a))	**(1)**	(1)
– PRC corporate income tax (Note (b)) and PRC withholding tax (Note (c))	**279,252**	322,746
– Current PRC land appreciation tax (Note (d))	**403,568**	261,875
Deferred income tax (Note 37)	**(26,680)**	22,095
	656,139	606,715

Note:

(a) Hong Kong profits tax

Hong Kong profits tax has been provided at the rate of 16.5% (2018: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

(b) PRC corporate income tax

The income tax provision of the Group in respect of operations in the PRC has been calculated at the applicable tax rate on the estimated assessable profits for the years ended 31 December 2019 and 2018 based on the existing legislation, interpretations and practices in respect thereof.

The corporate income tax rate applicable to the group entities located in the PRC is 25% (2018: 25%).

(c) PRC withholding tax

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

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

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

11 Income tax expense *(Continued)*

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

	Year ended 31 December	
	2019 RMB'000	2018 RMB'000
Profit before tax	**936,467**	1,003,559
Tax calculated at domestic tax rates applicable to profits in the respective jurisdictions	**281,040**	341,710
Joint ventures and associates' results reported net of tax	**(336)**	(1,233)
Income not subject to tax	**(2,041)**	(474)
Expenses not deductible for tax purposes	**5,556**	5,474
Effect of withholding tax at 10% on the distributable profits of the Group's PRC foreign invested subsidiaries	**47,608**	48,943
PRC LAT deductible for income tax purpose	**(103,642)**	(68,719)
Tax losses for which no deferred income tax asset was recognised	**13,386**	6,140
Corporate income tax expenses	**241,571**	331,841
Land appreciation tax (including current and deferred LAT)	**414,568**	274,874
Income tax expenses	**656,139**	606,715

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

	2019			2018		
	Before tax RMB'000	**Tax charge RMB'000**	**After tax RMB'000**	Before tax RMB'000	Tax credit RMB'000	After tax RMB'000
Remeasurements of defined benefit obligations	**(9,356)**	**–**	**(9,356)**	(24,093)	–	(24,093)
Gain/(loss) on property revaluation	**6,542**	**(1,636)**	**4,906**	(7,295)	1,824	(5,471)
Other comprehensive (loss)/income	**(2,814)**	**(1,636)**	**(4,450)**	(31,388)	1,824	(29,564)
Deferred tax (Note 37)		**(1,636)**			1,824	

12 Earnings per share attributable to owners of the Company

(a) Basic

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

The calculation of basic earnings per share is based on the profit for the year attributable to owners of the Company of approximately RMB81,069,000 (2018: profit for the year attributable to owners of the Company of approximately RMB177,028,000) and the weighted average number of ordinary shares in issue during the year of 1,427,797,174 (2018: 1,427,797,174).

(b) Diluted

For the years ended 31 December 2019 and 2018, diluted earnings per share equals to basic earnings per share as there was no potential dilutive ordinary shares outstanding.

13 Dividends

The dividends paid in the year ended 31 December 2019 and the year ended 31 December 2018 were RMB25,130,000 (HK2 cents per share) and RMB24,701,000 (HK2 cents per share) respectively.

	Year ended 31 December	
	2019	2018
	RMB'000	RMB'000
Proposed final dividend of Nil (2018: HK2 cents) per ordinary share	**–**	25,021

14(a) Property, plant and equipment

	Construction in progress RMB'000	Medium term leasehold buildings outside Hong Kong RMB'000	Golf club facilities RMB'000	Vessels RMB'000	Furniture, fixtures, equipment motor vehicles, plant and machinery and leasehold improvements RMB'000	Total RMB'000
At 1 January 2018						
Cost or fair value	389,069	275,628	138,603	294,405	383,065	1,480,770
Accumulated depreciation and impairment	–	–	(24,646)	(79,105)	(270,882)	(374,633)
Net book amount	389,069	275,628	113,957	215,300	112,183	1,106,137
Year ended 31 December 2018						
Opening net book amount	389,069	275,628	113,957	215,300	112,183	1,106,137
Exchange differences	644	–	–	–	–	644
Loss on revaluation, net	–	(7,295)	–	–	–	(7,295)
Additions	147,005	304	31,729	2,275	6,525	187,838
Disposals and write-off	–	(674)	(133)	(14,001)	(8,786)	(23,594)
Transfer in/(out)	(119,370)	4,906	–	91,446	23,018	–
Transfer to investment properties (Note 15)	–	(26,770)	–	–	–	(26,770)
Depreciation charge	–	(17,159)	(10,802)	(46,805)	(23,664)	(98,430)
Closing net book amount	417,348	228,940	134,751	248,215	109,276	1,138,530
At 31 December 2018						
Cost or fair value	**417,348**	**228,940**	**168,987**	**337,617**	**395,456**	**1,548,348**
Accumulated depreciation and impairment	**–**	**–**	**(34,236)**	**(89,402)**	**(286,180)**	**(409,818)**
Net book amount	**417,348**	**228,940**	**134,751**	**248,215**	**109,276**	**1,138,530**
Year ended 31 December 2019						
Opening net book amount	**417,348**	**228,940**	**134,751**	**248,215**	**109,276**	**1,138,530**
Exchange differences	**–**	**–**	**–**	**–**	**1**	**1**
Gain on revaluation, net	**–**	**6,542**	**–**	**–**	**–**	**6,542**
Additions	**362,694**	**123**	**25,094**	**4,096**	**11,185**	**403,192**
Disposals and write-off	**–**	**(4,926)**	**(97)**	**(3,569)**	**(2,753)**	**(11,345)**
Transfer in/(out)	**(35,459)**	**9,145**	**–**	**20,228**	**6,086**	**–**
Transfer from properties under development	**–**	**1,157**	**–**	**–**	**–**	**1,157**
Transfer to investment properties (Note 15)	**–**	**(4,700)**	**–**	**–**	**–**	**(4,700)**
Depreciation charge	**–**	**(14,832)**	**(11,892)**	**(19,700)**	**(23,911)**	**(70,335)**
Closing net book amount	**744,583**	**221,449**	**147,856**	**249,270**	**99,884**	**1,463,042**
At 31 December 2019						
Cost or fair value	**744,583**	**221,449**	**193,105**	**333,632**	**393,710**	**1,886,479**
Accumulated depreciation and impairment	**–**	**–**	**(45,249)**	**(84,362)**	**(293,826)**	**(423,437)**
Net book amount	**744,583**	**221,449**	**147,856**	**249,270**	**99,884**	**1,463,042**

14(a) Property, plant and equipment *(Continued)*

Depreciation expenses of RMB63,504,000 (2018: RMB91,339,000) has been charged in "Cost of sales", RMB952,000 (2018: RMB1,210,000) in "Selling and distribution expenses" and RMB5,879,000 (2018: RMB5,881,000) in "Administrative expenses".

During the year, the Group has capitalised borrowing costs amounting to RMB19,080,000 (2018: RMB14,147,000) in construction in progress. Borrowings costs were capitalised at weighted average rate of 2.77% (2018: 2.32%).

As at 31 December 2019, leasehold buildings with carrying amount of RMB50,000,000 (2018: RMB52,000,000) was pledged to secure the Group's borrowings (Note 35(a)).

Fair value hierarchy

As at 31 December 2019, the fair value measurement of medium term leasehold buildings outside Hong Kong is categorised in level 3 of the fair value hierarchy (i.e., fair value measurement using significant unobservable inputs).

During the year, there were no transfers between fair value hierarchy classifications.

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

	Leasehold buildings located in the Group's theme park and amusement park RMB'000	Leasehold buildings located in the Group's resort hotel, excluding the main building, office building and various ancillary facilities RMB'000	Main buildings, office buildings and various ancillary facilities located in the Group's resort hotel, the PRC RMB'000	Premises located in the Group's property development project in PRC RMB'000	Total RMB'000
Carrying amount at 1 January 2019	113,000	51,739	64,201	–	228,940
Additions	97	26	–	–	123
Depreciation charge	(8,189)	(3,752)	(2,891)	–	(14,832)
Disposals and write-off	(51)	(3,836)	(1,039)	–	(4,926)
Transfer from properties under development	–	–	–	1,157	1,157
Transfer from construction in progress	9,145	–	–	–	9,145
Gain/(loss) on property revaluation, net, recognised in other comprehensive income	(4,002)	5,606	1,095	3,843	6,542
Transfer to investment properties	–	–	–	(4,700)	(4,700)
Carrying amount at 31 December 2019	110,000	49,783	61,366	300	221,449

14(a) Property, plant and equipment *(Continued)*

Fair value hierarchy *(Continued)*

	Leasehold buildings located in the Group's theme park and amusement park RMB'000	Leasehold buildings located in the Group's resort hotel, excluding the main building, office building and various ancillary facilities RMB'000	Main buildings, office buildings and various ancillary facilities located in the Group's resort hotel, the PRC RMB'000	Residential buildings temporarily leased to third parties located in Zhuhai, the PRC RMB'000	Total RMB'000
Carrying amount at 1 January 2018	133,400	53,696	61,792	26,740	275,628
Additions	304	–	–	–	304
Depreciation charge	(9,422)	(3,736)	(2,664)	(1,337)	(17,159)
Disposals and write-off	–	(674)	–	–	(674)
Transfer from construction in progress	4,906	–	–	–	4,906
Gain/(loss) on property revaluation, net, recognised in other comprehensive income	(16,188)	2,453	5,073	1,367	(7,295)
Transfer to investment properties	–	–	–	(26,770)	(26,770)
Carrying amount at 31 December 2018	113,000	51,739	64,201	–	228,940

Valuation processes of the Group

The Group's medium term leasehold buildings outside Hong Kong were valued at 31 December 2019 and 2018 by independent professionally qualified valuers who hold a recognised relevant professional qualification.

The Group's finance department includes a team that review the valuations performed by the independent valuers for financial reporting purposes. This team reports directly to the senior management. Discussions of valuation processes and results are held between management and valuers annually. As at 31 December 2019 and 2018, the fair values of the properties have been determined by Knight Frank Petty Limited ("Knight Frank").

At each financial year end the finance department:

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

14(a) Property, plant and equipment *(Continued)*

Fair value hierarchy *(Continued)*

Valuation technique

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

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

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

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

14(a) Property, plant and equipment *(Continued)*

Fair value hierarchy *(Continued)*

Valuation technique *(Continued)*

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

2019

	Valuation techniques	Significant unobservable inputs	Range of unobservable inputs (weighted average)	Relationship of unobservable inputs to fair value
Leasehold buildings located in the Group's theme park and amusement park	Cost approach (Depreciated replacement cost method)	Construction cost by use	RMB2,100 to RMB5,600 per square meter	The higher the depreciated replacement cost, the higher the fair value
Leasehold buildings located in the Group's resort hotel, excluding the main building, office building and various ancillary facilities	Market approach	Price	RMB10,300 per square meter	The higher the price, the higher the fair value
Premises located in the Group's property development project in the PRC	Market approach	Price	RMB6,200 per square meter	The higher the price, the higher the fair value
Main building, office building and various ancillary facilities located in the Group's resort hotel, the PRC	Income approach (Discounted cash flow method)	Estimated rental value	RMB600 per night	The higher the estimated rental value, the higher the fair value
		Discount rate	6.5%	The higher the discount rate, the lower the fair value
		Occupancy rate	60%	The higher the occupancy rate, the higher the fair value

14(a) Property, plant and equipment *(Continued)*

Fair value hierarchy *(Continued)*

Valuation technique *(Continued)*

2018

	Valuation techniques	Significant unobservable inputs	Range of unobservable inputs (weighted average)	Relationship of unobservable inputs to fair value
Leasehold buildings located in the Group's theme park and amusement park	Cost approach (Depreciated replacement cost method)	Construction cost by use	RMB2,000 to RMB5,500 per square meter	The higher the depreciated replacement cost, the higher the fair value
Leasehold buildings located in the Group's resort hotel, excluding the main building, office building and various ancillary facilities	Market approach	Price	RMB10,300 per square meter	The higher the price, the higher the fair value
Main building, office building and various ancillary facilities located in the Group's resort hotel, the PRC	Income approach (Discounted cash flow method)	Estimated rental value	RMB600 per night	The higher the estimated rental value, the higher the fair value
		Discount rate	6.5%	The higher the discount rate, the lower the fair value
		Occupancy rate	60%	The higher the occupancy rate, the higher the fair value

14(b) Leases

(i) Amounts recognised in the consolidated statement of financial position

The consolidated statement of financial position shows the following amounts relating to leases:

	As at 31 December 2019 RMB'000	As at 1 January 2019 RMB'000
Right-of-use assets		
Prepaid land lease payments	**347,999**	360,237
Properties	**8,115**	3,287
Port facilities	**18,764**	22,019
Vessels	**11,010**	–
	385,888	385,543
Lease liabilities		
Current	**14,015**	3,806
Non-current	**14,009**	11,495
	28,024	15,301

Additions to the right-of-use assets during the 2019 financial year were RMB27,985,000.

14(b) Leases *(Continued)*

(ii) Amounts recognised in the consolidated statement of profit or loss

The consolidated statement of profit or loss shows the following amounts relating to leases:

	Year ended 31 December	
	2019 RMB'000	2018 RMB'000
Depreciation charge of right-of-use assets		
Properties	**16,387**	–
Port facilities	**2,870**	–
Vessels	**9,298**	–
	28,555	–
Interest expense (included in finance cost)	**1,298**	–
Expense relating to short-term leases (included in cost of goods sold, selling and distribution expenses, and administrative expenses)	**11,806**	–
Expense relating to variable lease payments not included in lease liabilities (included in cost of goods sold) (Note (a))	**21,697**	–

Note:

(a) During the year ended 31 December 2019, the Group leased a number of vessels which contain variable lease payment terms that are based on actual distance travelled by the vessels.

The total cash outflow for leases in 2019 was RMB15,262,000.

15 Investment properties

	2019 RMB'000	2018 RMB'000
Non-current assets – at fair value		
Opening balance at 1 January	**26,770**	–
Transfer from property, plant and equipment (Note 14(a))	**4,700**	26,770
Changes in fair value of investment properties	**890**	–
Closing balance at 31 December	**32,360**	26,770

Valuation processes of the Group

The process is as same as those disclosed in Note 14(a).

Valuation technique

Fair value of investment properties which are all located in Zhuhai, the PRC is derived using income approach (discounted cash flow method).

15 Investment properties *(Continued)*

Fair value hierarchy

As at 31 December 2019, the fair value of investment properties outside Hong Kong is categorised in level 3 of the fair value hierarchy (i.e. fair value measurement using significant unobservable inputs).

Below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties:

2019

	Valuation techniques	**Significant unobservable inputs**	**Range of unobservable inputs (weighted average)**	**Relationship of unobservable inputs to fair value**
Residential buildings leased to third parties located in Zhuhai, the PRC	Income approach (Discounted cash flow method)	Unit market rent	RMB19 per square meter per month	The higher the unit market rent, the higher the fair value
		Capitalisation rate	2.25%	The higher the capitalisation rate, the lower the fair value
Premises located in the Group's property development project in the PRC	Income approach (Discounted cash flow method)	Unit market rent	RMB50 per square meter per month	The higher the unit market rent, the higher the fair value
		Capitalisation rate	7%	The higher the capitalisation rate, the lower the fair value

2018

	Valuation techniques	Significant unobservable inputs	Range of unobservable inputs (weighted average)	Relationship of unobservable inputs to fair value
Residential buildings leased to third parties located in Zhuhai, the PRC	Income approach (Discounted cash flow method)	Unit market rent	RMB21 per square meter per month	The higher the unit market rent, the higher the fair value
		Capitalisation rate	2.5%	The higher the capitalisation rate, the lower the fair value

The Group leases out the investment properties under operating leases, for an initial period of 2 to 8 years, with an option to renew on renegotiated terms. None of the leases includes contingent rentals. During the year ended 31 December 2019, the gross rental income from investment properties, amounted to approximately RMB378,000.

16 Prepaid land lease payments

	2019 **RMB'000**	2018 RMB'000
At 1 January	**360,237**	374,040
Reclassification to right-of-use assets upon adoption of HKFRS 16 (Note 2.2)	**(360,237)**	–
Amortisation charge	**–**	(14,765)
Exchange realignment	**–**	962
At 31 December	**–**	360,237

For the year ended 31 December 2018, amortisation charge of RMB11,711,000 is included in the "Cost of sales" and RMB3,054,000 in "Administrative expenses".

17 Rights to use port facilities

	2019 **RMB'000**	2018 RMB'000
At 1 January	**12,176**	12,751
Reclassification to right-of-use assets upon adoption of HKFRS 16 (Note 2.2)	**(12,176)**	–
Amortisation charge	**–**	(575)
At 31 December	**–**	12,176

For the year ended 31 December 2018, amortisation charge of RMB575,000 is included in the "Cost of sales".

18 Properties under development

	As at 31 December 2019 RMB'000	As at 31 December 2018 RMB'000
Properties under development expected to be completed:		
– Within one operating cycle included under current assets	**3,367,630**	3,543,586
– Beyond one operating cycle included under non-current assets	**2,087,070**	2,813,285
	5,454,700	6,356,871
Properties under development expected to be completed and available-for-sale:		
– Within one year	**1,979,467**	865,562
– Beyond one year	**3,475,233**	5,491,309
	5,454,700	6,356,871
Properties under development comprise:		
– Capitalised interests	**572,017**	776,600
– Land use rights	**2,712,579**	3,103,941
– Construction costs and capitalised expenditures	**2,170,104**	2,476,330
	5,454,700	6,356,871

Certain land use rights and properties under development with a carrying amount of RMB993,793,000 were pledged to secure the Group's borrowings as at 31 December 2018 and were released as at 31 December 2019 (Note 35(a)).

19 Completed properties held-for-sale

	As at 31 December 2019 RMB'000	As at 31 December 2018 RMB'000
Completed properties held-for-sale comprise:		
– Capitalised interests	**98,402**	8,258
– Land use rights	**337,316**	32,048
– Construction costs and capitalised expenditures	**350,925**	35,765
	786,643	76,071

20 Intangible asset

	RMB'000
At 31 December 2018 and 1 January 2019 and 31 December 2019	
Cost	23,005
Accumulated impairment	(19,140)
Net book amount	3,865

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

The recoverable amount of the golf club membership at 31 December 2019 and 2018 was determined by the Group with reference to the open market basis assessed by Knight Frank.

21 Principal subsidiaries

(a) The following is a list of the principal subsidiaries at 31 December 2019:

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued and paid-up registered capital	Proportion of ordinary shares held by the Group (%)	Proportion of ordinary shares held by non-controlling interests (%)
Zhuhai Holiday Resort Hotel Co., Ltd. (Note a)	PRC, Limited liability company	Management of a holiday resort in the PRC	HK$184,880,000	100	–
The New Yuanming Palace Tourist Co., Ltd. of Zhuhai S.E.Z. (Note a)	PRC, Limited liability company	Management of a theme park in the PRC	RMB60,000,000	100	–
Zhuhai Water Entertainment Company Limited (Note a)	PRC, Limited liability company	Management of an amusement park in the PRC	RMB22,500,000	100	–
Zhuhai Jiuzhou Port Passenger Traffic Services Co., Ltd. ("Jiuzhou Port Company") (Note b)	PRC, Limited liability company	Provision of port facilities in the PRC	RMB42,330,000	90	10
Zhuhai High-speed Passenger Ferry Co., Ltd. ("Ferry Company") (Notes b, c)	PRC, Limited liability company	Provision of ferry services in the PRC	RMB65,374,000	49	51
Zhuhai S.E.Z. Haitong Shipping Co., Ltd. (Note d)	PRC, Limited liability company	Provision of ferry services in the PRC	RMB15,000,000	49 (Note e)	51
Zhuhai Jiuzhou Cruises Co., Ltd. (Note d)	PRC, Limited liability company	Provision of ferry services in the PRC	RMB20,000,000	49 (Note e)	51
Zhuhai Jiuzhou Energy Co., Ltd. (Note d)	PRC, Limited liability company	Trading and distribution of fuel oil in the PRC	RMB66,000,000	49 (Note e)	51

21 Principal subsidiaries *(Continued)*

(a) The following is a list of the principal subsidiaries at 31 December 2019: *(Continued)*

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued and paid-up registered capital	Proportion of ordinary shares held by the Group (%)	Proportion of ordinary shares held by non-controlling interests (%)
Zhuhai Jiuzhou Holdings Property Development Co., Ltd. ("ZJ Development") (Note b)	PRC, Limited liability company	Property development in the PRC	US$24,080,000	60	40
Zhuhai Jiuzhou Holdings Sports Management Co., Ltd. ("Zhuhai Golf") (Note b)	PRC, Limited liability company	Operation of a golf club in the PRC	US$8,800,000	60	40
Shenzhen Jiuzhou Holdings Finance Lease Co., Ltd. (Note a)	PRC, Limited liability company	Factoring business for commercial bills and trade receivables	RMB300,000,000	100	–
珠海九控環境建設工程有限公司 (Note d)	PRC, Limited liability company	Construction and maintenance of public facilities	RMB128,000,000	59 (Note f)	41

Notes:

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

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

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

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

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

(f) This entity is the subsidiary of ZJ Development Company and, accordingly, is accounted for as subsidiaries by virtue of the Company's control over them.

21 Principal subsidiaries *(Continued)*

(b) Material non-controlling interests

The total non-controlling interests as at 31 December 2019 amounted to RMB1,563,455,000 (2018: RMB1,371,540,000), of which RMB427,944,000 (2018: RMB365,421,000) was for Ferry Company and its subsidiaries ("Ferry Company Group") and RMB1,101,256,000 (2018: RMB961,551,000) was attributed to ZJ Development and its subsidiaries ("ZJ Development Group"). The non-controlling interests in respect of other entities were not material.

Summarised financial information on subsidiaries with material non-controlling interests

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

Summarised statement of financial position

	Ferry Company Group		ZJ Development Group	
	As at 31 December 2019 RMB'000	As at 31 December 2018 RMB'000	**As at 31 December 2019 RMB'000**	As at 31 December 2018 RMB'000
Current				
Assets	**1,477,659**	1,269,361	**6,974,980**	5,392,359
Liabilities	**(1,043,572)**	(923,018)	**(4,491,136)**	(4,048,697)
Total current net assets	**434,087**	346,343	**2,483,844**	1,343,662
Non-current				
Assets	**464,444**	421,765	**1,393,418**	1,911,339
Liabilities	**(72,447)**	(50,816)	**(1,246,935)**	(939,889)
Total non-current net assets	**391,997**	370,949	**146,483**	971,450
Net assets	**826,084**	717,292	**2,630,327**	2,315,112

21 Principal subsidiaries *(Continued)*

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

Summarised statement of profit or loss

	Ferry Company Group Year ended 31 December		ZJ Development Group Year ended 31 December	
	2019 RMB'000	2018 RMB'000	**2019 RMB'000**	2018 RMB'000
Revenue	**8,990,073**	5,868,586	**2,538,946**	3,097,578
Profit before tax	**168,119**	246,680	**897,962**	822,692
Income tax expense	**(42,172)**	(71,209)	**(548,549)**	(453,261)
Other comprehensive loss	**(1,368)**	(5,443)	**–**	–
Total comprehensive income for the year	**124,579**	170,028	**349,413**	369,431
Total comprehensive income allocated to non-controlling interests	**63,535**	86,714	**139,765**	147,772
Dividend paid to non-controlling shareholders	**–**	–	**–**	–

21 Principal subsidiaries *(Continued)*

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

Summarised statement of cash flows

	Ferry Company Group Year ended 31 December		ZJ Development Group Year ended 31 December	
	2019 RMB'000	2018 RMB'000	**2019 RMB'000**	2018 RMB'000
Cash flows generated from operating activities				
Cash generated from operations	**18,782**	87,541	**263,135**	498,940
Income tax paid	**(36,946)**	(69,523)	**(323,621)**	(173,916)
Net cash (used in)/generated from operating activities	**(18,164)**	18,018	**(60,486)**	325,024
Net cash (used in)/generated from investing activities	**(49,382)**	(55,844)	**12,605**	10,455
Net cash generated from/(used in) financing activities	**171,744**	(91,174)	**212,010**	(250,000)
Net increase/(decrease) in cash and cash equivalents	**104,198**	(129,000)	**164,129**	85,479
Cash and cash equivalents at beginning of year	**98,944**	227,944	**500,521**	415,042
Cash and cash equivalents at end of year	**203,142**	98,944	**664,650**	500,521

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

22 Interests in joint ventures

	2019 RMB'000	2018 RMB'000
At 1 January	92,612	10,001
Share of (loss)/profit	(2,105)	469
Additions (Note (a))	–	82,142
Dividends received	(5,497)	–
At 31 December	85,010	92,612

Particulars of the Group's joint ventures indirectly held by the Company as at 31 December 2019 are as follows:

Name	Place of business/ country of establishment	% of ownership interest	Principal activities	Measurement method
珠海市珠澳輪渡有限公司	PRC	49	Provision of ferry services	Equity
台州市榮遠客運有限公司 (Note (a))	PRC	47.5	Provision of ferry services	Equity

珠海市珠澳輪渡有限公司 and 台州市榮遠客運有限公司 are private companies and not significant to the Group. There is no quoted market price available for their shares.

Note (a): The balance represents the Group's capital contribution in 台州市榮遠客運有限公司 for the year ended 31 December 2018.

The Group has no commitment and contingent liability relating to its interest in the joint ventures.

23 Interests in associates

	2019 RMB'000	2018 RMB'000
At 1 January	**34,938**	4,953
Share of profit	**3,449**	4,464
Additions (Note (a))	**7,000**	25,521
At 31 December	**45,387**	34,938

Particulars of the associates as at 31 December 2019 are as follows:

Name	Place of business/ country of incorporation/ establishment	% of ownership interest	Principal activities	Measurement method
Allways Internet Limited	Hong Kong	50	Investment holding	Equity
深圳市機場高速客運有限公司	PRC	40	Provision of ticketing services	Equity
珠海市九洲快運有限公司	PRC	25	Transportation	Equity
三亞藍色幹線旅遊發展有限公司 (Note (a))	PRC	35	Transportation	Equity
Zhuhai Yuegong Xinhai Transportation Co., Ltd.	PRC	21	Transportation	Equity

Note (a): The Group held 35% equity interest in this entity with an additional capital contribution of RMB7,000,000 in proportion to its percentage ownership interest for the year ended 31 December 2019.

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

All the associates are private companies and not significant to the Group. There are no quoted market prices available for their shares.

24 Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include the following:

	As at 31 December 2019 RMB'000	As at 31 December 2018 RMB'000
Hong Kong listed equity investments, at fair value and denominated in HK$	8,152	8,412

Movement in the financial assets at fair value through other comprehensive income is as follows:

	2019 RMB'000	2018 RMB'000
At 1 January	8,412	–
Reclassification from available-for-sale investments due to adoption of HKFRS 9	–	7,439
Net (loss)/gain recognised as other comprehensive income	(440)	865
Exchange realignment	180	108
At 31 December	8,152	8,412

25 Prepayments, deposits and other receivables

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

	As at 31 December 2019 RMB'000	As at 31 December 2018 RMB'000
Rental prepayments	1,451	1,723
Other prepayments and deposits	23,800	24,450
	25,251	26,173

25 Prepayments, deposits and other receivables *(Continued)*

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

	As at 31 December 2019 RMB'000	As at 31 December 2018 RMB'000
Prepayments	**402,488**	199,205
Prepayment for land use right of properties under development	**353,091**	–
Prepaid value-added tax	**106,638**	124,451
Deposits and other receivables	**38,943**	21,523
Contract costs	**904**	1,187
	902,064	346,366

(i) The fair values of the Group's deposits and other receivables as at 31 December 2019 and 2018 approximate their carrying amounts.

(ii) The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security.

(iii) The Group's prepayments, deposits and other receivables and contract costs are mainly denominated in RMB.

26 Securities measured at fair value through profit or loss

	As at 31 December 2019 RMB'000	As at 31 December 2018 RMB'000
Listed equity securities in Hong Kong – held-for-trading		
Investments in Hong Kong, at fair value	**287**	529

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

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

27 Inventories

	As at 31 December 2019 RMB'000	As at 31 December 2018 RMB'000
Food, beverages and souvenirs held for resale	**1,184**	1,270
Spare parts and consumables	**18,766**	36,903
	19,950	38,173

The cost of inventories recognised as expense and included in "Cost of sales" amounted to RMB8,465,795,000 (2018: RMB5,201,576,000).

28 Trade receivables

	As at 31 December 2019 RMB'000	As at 31 December 2018 RMB'000
Trade receivables	**523,200**	935,124
Less: Allowance for impairment of trade receivables	**(12,928)**	(11,978)
	510,272	923,146

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.

28 Trade receivables *(Continued)*

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

	As at 31 December 2019 RMB'000	As at 31 December 2018 RMB'000
Current to 3 months	**515,309**	927,349
4 to 6 months	**122**	18
7 to 12 months	**1**	253
Over 12 months	**7,768**	7,504
	523,200	935,124

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Note 3.1(b) provides for details about the calculation of the allowance.

The carrying amount of trade receivables approximate their fair value.

The Group's trade receivables were denominated in the following currencies:

	As at 31 December 2019 RMB'000	As at 31 December 2018 RMB'000
RMB	**518,178**	924,900
HK$	**5,022**	10,224
	523,200	935,124

29 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 4.79% – 7.60% per annum. (2018: 3.03%-8.00% per annum). The balances are denominated in RMB and do not expose to foreign currency risk. As at 31 December 2019, none of the balance was overdue.

	As at 31 December 2019 RMB'000	As at 31 December 2018 RMB'000
Factoring receivables	**587,660**	912,529
Less: Allowance for impairment of factoring receivables	**(5,880)**	(1,825)
	581,780	910,704

The carrying amount of factoring receivables approximate their fair value.

30 Cash and bank balances

	As at 31 December 2019 RMB'000	As at 31 December 2018 RMB'000
Cash and cash equivalents	**1,452,837**	982,527
Time deposits with maturities over 3 months	**5,000**	–
Restricted bank balances	**932,689**	595,518
	2,390,526	1,578,045

	As at 31 December 2019 RMB'000	As at 31 December 2018 RMB'000
Restricted bank balances		
Tourism deposits (Note (a))	**700**	700
Deposits to secure construction fee payable (Note (b))	**15,064**	63
Guarantee deposits for construction of pre-sold properties (Note (c))	**780,609**	418,189
Pledged deposits for borrowings (Note (d))	**115,165**	114,807
Deposits for issuance of bill payables	**21,151**	61,759
	932,689	595,518
Less: Non-current portion	**(8,971)**	(108,762)
Current portion	**923,718**	486,756

30 Cash and bank balances *(Continued)*

Notes:

(a) Pursuant to the requirement from Guangdong Provincial Supervisory Bureau of Tourism Quality (廣東省旅遊質量監督管理所), the Group has to maintain certain cash balance in a designated bank account for securing the quality of the tourist business operated by the Group. The bank balance can only be released upon the approval from Guangdong Provincial Supervisory Bureau of Tourism Quality and restricted to be used by the Group.

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

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

(d) As at 31 December 2019, bank deposits of RMB100,000,000 (2018: RMB100,000,000), RMB6,194,000 (2018: RMB6,045,000) and RMB8,971,000 (2018: RMB8,762,000) are pledged as security for certain bank borrowings, respectively (Note 35).

As at 31 December 2019, the cash and bank balances of the Group denominated in RMB amounted to approximately RMB2,265,249,000 (31 December 2018: RMB1,347,024,000). RMB is not freely convertible into other currencies. However, under the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash and bank balances were denominated in the following currencies:

	As at 31 December 2019 RMB'000	As at 31 December 2018 RMB'000
RMB	**2,265,249**	1,347,024
HK$	**125,138**	230,883
Others	**139**	138
	2,390,526	1,578,045

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

The carrying amount of cash and bank balances approximate their fair value.

31 Financial instruments by category

	Assets at fair value through profit or loss RMB'000	Assets at amortised cost RMB'000	Assets at fair value through other comprehensive income RMB'000	Total RMB'000
As at 31 December 2019				
Assets as per consolidated statement of financial position				
Financial assets at fair value through other comprehensive income	**–**	**–**	**8,152**	**8,152**
Securities measured at fair value through profit or loss	**287**	**–**	**–**	**287**
Trade receivables	**–**	**510,272**	**–**	**510,272**
Financial assets included in other receivables	**–**	**38,943**	**–**	**38,943**
Factoring receivables	**–**	**581,780**	**–**	**581,780**
Loan to an associate	**–**	**15,000**	**–**	**15,000**
Due from related companies	**–**	**19,519**	**–**	**19,519**
Restricted bank balances	**–**	**932,689**	**–**	**932,689**
Time deposits	**–**	**5,000**	**–**	**5,000**
Cash and cash equivalents	**–**	**1,452,837**	**–**	**1,452,837**
	287	**3,556,040**	**8,152**	**3,564,479**

	Assets at fair value through profit or loss RMB'000	Assets at amortised cost RMB'000	Assets at fair value through other comprehensive income RMB'000	Total RMB'000
As at 31 December 2018				
Assets as per consolidated statement of financial position				
Financial assets at fair value through other comprehensive income	–	–	8,412	8,412
Securities measured at fair value through profit or loss	529	–	–	529
Trade receivables	–	923,146	–	923,146
Financial assets included in other receivables	–	21,523	–	21,523
Factoring receivables	–	910,704	–	910,704
Due from related companies	–	14,930	–	14,930
Restricted bank balances	–	595,518	–	595,518
Cash and cash equivalents	–	982,527	–	982,527
	529	3,448,348	8,412	3,457,289

31 Financial instruments by category *(Continued)*

	As at 31 December 2019 RMB'000	As at 31 December 2018 RMB'000
Liabilities as per consolidated statement of financial position		
Financial liabilities at amortised cost:		
Trade and bill payables	**597,515**	997,859
Financial liabilities included in deferred income, accrued liabilities and other payables	**273,185**	151,492
Construction payables	**1,014,192**	870,057
Interest-bearing bank borrowings	**3,426,221**	2,848,203
Lease liabilities	**28,024**	–
Due to a major shareholder	**8,598**	66
Due to related companies	**34,899**	13,266
	5,382,634	4,880,943

32 Trade and bill payables

An ageing analysis of the trade and bill payables as at 31 December 2019, based on the invoice date, is as follows:

	As at 31 December 2019 RMB'000	As at 31 December 2018 RMB'000
Current to 3 months	**515,289**	822,494
4 to 6 months	**3,025**	277
7 to 12 months	**354**	747
Over 12 months	**4,679**	5,393
	523,347	828,911
Bill payables	**74,168**	168,948
Trade and bill payables	**597,515**	997,859

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

(ii) The Group's trade and bill payables are denominated in RMB.

(iii) As at 31 December 2019, bill payables of RMB74,168,000 (2018: RMB168,948,000) were secured by restricted bank balances of RMB21,151,000 (2018: RMB61,759,000) and corporate guarantee provided by a subsidiary of the Company.

33 Deferred income, accrued liabilities and other payables and contract liabilities

	As at 31 December 2019 RMB'000	As at 31 December 2018 RMB'000
Accrued liabilities and other payables (Note a)	**373,642**	255,919
Contract liabilities (Note b)	**2,568,984**	2,580,126
	2,942,626	2,836,045
Less: Current portion	**(2,739,284)**	(2,638,423)
Contract liabilities (non-current portion)	**203,342**	197,622

Except for a loan from a non-controlling shareholder of a subsidiary of RMB20,080,000 (2018: RMB20,080,000) which bears interests at 4.75% (2018: 4.75%) per annum and is repayable in 2020, other payables are non-interest bearing and have average payment terms of one to three months.

Note a: The accrued liabilities and other payables in 2019 mainly included accrued staff costs, advances from other customers, interest payables and accrued vessel maintenance fund.

Note b: Contract liabilities include properties pre-sale proceeds received from customer, deferred income from golf club membership and advances from other customers.

Other payables were denominated in RMB.

34 Construction payables

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

35 Interest-bearing bank borrowings

	As at 31 December 2019 RMB'000	As at 31 December 2018 RMB'000
Bank loans and syndicated loan – secured (Note (a))	**1,896,457**	2,757,029
Bank loans – unsecured (Note (b))	**1,529,764**	91,174
	3,426,221	2,848,203
Less: current portion	**(1,257,290)**	(701,654)
	2,168,931	2,146,549

At 31 December 2019, the Group's borrowings were repayable as follows:

	Bank loans and syndicated loan	
	As at 31 December 2019 RMB'000	As at 31 December 2018 RMB'000
Within 1 year	**1,257,290**	701,654
Between 1 and 2 years	**1,301,634**	860,480
Between 2 and 5 years	**763,418**	1,286,069
Over 5 years	**103,879**	–
	3,426,221	2,848,203

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

	As at 31 December 2019 RMB'000	As at 31 December 2018 RMB'000
6 months or less	**1,840,725**	1,920,996

35 Interest-bearing bank borrowings *(Continued)*

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

	As at 31 December 2019 RMB'000	As at 31 December 2018 RMB'000
HK$	**1,840,725**	1,920,996
RMB	**1,585,496**	927,207
	3,426,221	2,848,203

Notes:

(a) As at 31 December 2019, the Group's bank loan of RMB100,000,000 (2018: RMB100,000,000) were secured by its bank deposits amounted to RMB100,000,000 (2018: RMB100,000,000) (Note 30).

As at 31 December 2019, the repayment obligation of the Company amounting to RMB1,438,486,000 (2018: RMB1,746,874,000) under the Syndicated Loan Facility was secured by guarantees executed by wholly-owned subsidiaries of the Company, namely Jiuzhou Tourist Development Company Limited ("JTD") and Jiuzhou Tourism Property Company Limited ("JTP"), and a charge over a bank account amounted to RMB6,194,000 (2018: RMB6,045,000) of the Company in favour of the facility agent on behalf of the lenders (Note 30).

As at 31 December 2019, the repayment obligation of the Company amounting to RMB178,804,000 (2018: RMB174,122,000) under a bank term loan facility was secured by guarantees executed by JTD and JTP and secured by a charge over a bank account amounted to RMB8,971,000 (2018: RMB8,762,000) of the Company in favour of the facility agent on behalf of the lenders (Note 30).

As at 31 December 2019, the Company has executed guarantees in respect of a bank loan of RMB149,167,000 (2018: RMB86,033,000) borrowed by Zhuhai Jiuzhou Property Development Limited, a wholly-owned subsidiary of the Company. As at 31 December 2019, the repayment obligation was also secured by leasehold buildings with carrying amount of approximately RMB50,000,000 (2018: RMB52,000,000).

As at 31 December 2019, bank borrowings of RMB30,000,000 (2018: Nil) were secured by all rights and income under service concession arrangement.

As at 31 December 2019, ZJ Holdings and the Company have executed guarantees of up to RMB780,000,000 (2018: RMB780,000,000) and RMB1,170,000,000 (2018: RMB855,000,000) respectively for a loan of RMB899,000,000 ("Loan") (2018: RMB650,000,000) borrowed by ZJ Development. As at 31 December 2018, such repayment obligation of the Group under the Loan was also secured by certain properties under development of the Group of RMB993,793,000 and the pledged assets were released during the year ended 31 December 2019 (Note 18).

(b) Among the unsecured bank borrowings of RMB1,529,764,000 (2018: RMB91,174,000) as at 31 December 2019, of which RMB187,342,000 (2018: RMB11,174,000) were guaranteed by the Ferry Company.

(c) Borrowings bear average interest rate of 0.5% – 6.65% per annum (2018: 0.5% – 5.94% per annum). The capitalisation rate of borrowings for assets under construction was 4.75% (2018: 3.71%) for the year ended 31 December 2019.

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

36 Warrants

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

The Warrants gave 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 was HK$1.80 per share, subject to adjustments, at any time during the period from 25 November 2013 to 24 November 2018.

The warrant reserve amounting to HK$690,000 (approximately RMB559,000) recognised in 2013 was transferred to retained profits upon the expiry of the Warrants on 24 November 2018.

37 Deferred income tax

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

	As at 31 December 2019 RMB'000	As at 31 December 2018 RMB'000
Deferred tax assets:		
– Deferred tax asset to be recovered after more than 12 months	**(78,166)**	(91,564)
Deferred tax liabilities:		
– Deferred tax liability to be settled after more than 12 months	**506,622**	593,387
– Deferred tax liability to be settled within 12 months	**111,145**	63,247
	617,767	656,634
Deferred tax liabilities (net)	**539,601**	565,070

37 Deferred income tax *(Continued)*

The gross movements on the deferred income tax account are as follows:

	2019 RMB'000	2018 RMB'000
At 1 January	**565,070**	544,828
Impact of adoption of HKFRS 9	**–**	(385)
Impact of adoption of HKFRS 16	**(538)**	–
At 1 January (restated)	**564,532**	544,443
(Credited)/charged to the statement of profit or loss	**(26,142)**	22,480
Tax charge/(credit) relating to components of other comprehensive income	**1,636**	(1,824)
Exchange realignment	**(425)**	(29)
At 31 December	**539,601**	565,070

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

Deferred tax liabilities

	Leasehold buildings and investment properties RMB'000	Fair value adjustments arising from acquisition of subsidiaries and subsequent changes RMB'000	Withholding taxes on undistributed profit of subsidiaries RMB'000	Right-of-use assets RMB'000	Total RMB'000
At 1 January 2018	42,927	593,526	12,543	–	648,996
(Credited)/charged to the statement of profit or loss	(12,374)	(27,018)	48,943	–	9,551
Credited to other comprehensive income	(1,824)	–	–	–	(1,824)
Exchange realignment	–	298	(327)	–	(29)
At 31 December 2018	28,729	566,806	61,159	–	656,694
Adjustment on adoption of HKFRS 16	–	–	–	3,282	3,282
At 1 January 2019 (restated)	28,729	566,806	61,159	3,282	659,976
(Credited)/charged to the statement of profit or loss	(13,443)	(70,223)	43,071	2,873	(37,722)
Charged to other comprehensive income	1,636	–	–	–	1,636
Exchange realignment	–	(553)	128	–	(425)
At 31 December 2019	16,922	496,030	104,358	6,155	623,465

37 Deferred income tax *(Continued)*

Deferred tax assets

	Timing difference in sales recognition RMB'000	Depreciation of vessels RMB'000	Unused tax losses, bad debt provision and others RMB'000	Lease liabilities RMB'000	Total RMB'000
At 1 January 2018	(85,832)	(9,510)	(8,826)	–	(104,168)
Impact of adoption of HKFRS 9	–	–	(385)	–	(385)
At 1 January 2018 (restated)	(85,832)	(9,510)	(9,211)	–	(104,553)
Charged/(credited) to the statement of profit or loss	12,183	1,187	(441)	–	12,929
At 31 December 2018	(73,649)	(8,323)	(9,652)	–	(91,624)
Adjustment on adoption of HKFRS 16	–	–	–	(3,820)	(3,820)
At 1 January 2019 (restated)	(73,649)	(8,323)	(9,652)	(3,820)	(95,444)
Charged/(credited) to the statement of profit or loss	12,076	2,233	162	(2,891)	11,580
At 31 December 2019	(61,573)	(6,090)	(9,490)	(6,711)	(83,864)

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred income tax assets of RMB34,192,000 (2018: RMB29,547,000) in respect of losses amounting to RMB160,398,000 (2018: RMB141,260,000) that can be carried forward against future taxable income. Losses arising in Hong Kong amounting to RMB69,496,000 (2018: RMB67,977,000) are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Losses arising in the PRC amounting to RMB90,902,000 (2018: RMB56,816,000) will expire between 2020 and 2024.

38 Defined benefit obligations

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

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

	As at 31 December 2019 RMB'000	As at 31 December 2018 RMB'000
Consolidated statement of financial position obligations for:		
– Defined pension benefits	**135,726**	122,828

	Year ended 31 December	
	2019 RMB'000	2018 RMB'000
Statement of profit or loss charge included in administrative expenses:		
– Defined pension benefits	**8,174**	7,232

38 Defined benefit obligations *(Continued)*

The movements in the defined benefit liability over the year are as follows:

	Year ended 31 December	
	2019	2018
	RMB'000	RMB'000
Opening defined benefit obligations	**122,828**	95,821
Current service	**3,828**	3,280
Interest expense	**4,346**	3,952
	8,174	7,232
Remeasurements:		
– Gain from change in financial assumptions	**3,925**	10,236
– Experience loss	**5,431**	13,857
	9,356	24,093
Benefit payments	**(4,632)**	(4,318)
Closing defined benefit obligations	**135,726**	122,828

The significant actuarial assumptions are as follows:

Discount rate

	As at 31 December 2019	As at 31 December 2018
Discount rate	**3.4%**	3.6%

38 Defined benefit obligations *(Continued)*

The significant actuarial assumptions are as follows: *(Continued)*

Employee turnover rate

Active employees are assumed to leave the Company before retirement in accordance with an age-related table as follows:

Age	**Employee turnover rate (p.a.)**	
	31 December 2019	31 December 2018
Less than 25	**25%**	25%
25 – 34	**20%**	20%
35 – 44	**10%**	10%
45 – 54	**5%**	5%
Age 55 and over	**0%**	0%

Mortality rate

Mortality rate is based on China Life Insurance Mortality Table (2010-2013).

The sensitivity of the defined benefit obligations to changes in the weighted principal assumptions is:

31 December 2019

	Impact on defined benefit obligations		
	Change in assumption	**Increase in assumption RMB'000**	**Decrease in assumption RMB'000**
Discount rate	**1%**	**(17,971)**	**22,617**
Mortality rate	**1% p.a. improvement**	**6,627**	**(4,503)**
Turnover rate	**25%**	**(2,908)**	**3,385**
		(14,252)	**21,499**

38 Defined benefit obligations *(Continued)*

The significant actuarial assumptions are as follows: *(Continued)*

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligations to significant actuarial assumptions, the same method (present value of the defined benefit obligations calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the consolidated statement of financial position.

The Group provides a monthly allowance to its employees upon attainment of certain retirement ages based on their gender, rank and by which entity they are employed. The expected contributions to post-employment benefits plans for the year ending 31 December 2020 are RMB4,992,000. The weighted average duration of the defined benefit obligation is 15 years (2018: 15 years).

39 Share capital

	As at 31 December 2019 RMB'000	As at 31 December 2018 RMB'000
Authorised:		
4,000,000,000 ordinary shares of HK$0.10 each	**376,170**	376,170
Issued and fully paid:		
1,427,797,174 (2018: 1,427,797,174) ordinary shares of HK$0.10 each	**142,874**	142,874

40 Reserves

The amounts of the Group's reserves and the movements therein for the years ended 31 December 2019 and 2018 are presented in the consolidated statement of changes in equity.

The contributed surplus of the Group represents the difference between the nominal value of the shares of the subsidiaries acquired, together with the surplus arising on the acquisition of the site of the Group's theme park, pursuant to the group reorganisation on 30 April 1998, and the nominal value of the Company's shares issued pursuant to the group reorganisation.

In accordance with the relevant PRC regulations, the group companies established in the PRC are required to transfer a certain percentage of their profits after tax to the statutory reserve funds. Subject to certain restrictions set out in the relevant PRC regulations and the articles of association of the subsidiaries, the statutory reserve funds may be used to offset against losses and/or may be capitalised as paid-up capital.

41 Share option scheme

Pursuant to an ordinary resolution passed by the annual general meeting of the Company held on 28 May 2012, a share option scheme (“Share Option Scheme”) was adopted. The Share Option Scheme will remain in force for a period of 10 years commencing on its adoption date. The principal terms of the Share Option Scheme are set out in the circular of the Company dated 26 April 2012.

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

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

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

On 13 July 2015, the Company had granted an aggregate of 79,600,000 share options (“Share Options”) to eligible grantees (the “Grantees”), including certain directors, senior management and connected persons of the Group under the Share Option Scheme.

All these share options were cancelled without consideration upon the consent to and acceptance of the cancellation by the relevant grantees and the entitled persons with effect from 21 July 2016. The share option reserve recognised in 2015 amounting to RMB3,035,000 was then transferred to retained profits upon the cancellation.

The Company had no share options outstanding as at 31 December 2019.

42 Notes to the consolidated statement of cash flows

(a) Reconciliation of operating profit to cash generated from operations:

	Year ended 31 December	
	2019	2018
	RMB'000	RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	**936,467**	1,003,559
Adjustments for:		
Share of loss/(profits) of joint ventures	**2,105**	(469)
Share of profits of associates	**(3,449)**	(4,464)
Interest income	**(27,893)**	(24,979)
Finance expenses	**23,763**	9,346
Depreciation of property, plant and equipment	**70,335**	98,430
Amortisation of prepaid land lease payments	**–**	14,765
Amortisation of rights to use port facilities	**–**	575
Depreciation of right-of-use assets	**28,555**	–
Losses on disposal and write-off of property, plant and equipment	**2,284**	117
Capitalised interest included in cost of properties sold	**235,072**	181,923
Changes in fair value of investment properties	**(890)**	–
Net fair value loss on securities measured at fair value through profit or loss	**12**	121
	1,266,361	1,278,924
Change in working capital:		
Properties under development and completed properties held-for-sale	**82,764**	84,537
Inventories	**18,223**	(22,596)
Trade receivables	**412,874**	(810,612)
Factoring receivables	**328,924**	(910,704)
Contract assets	**(182,056)**	–
Prepayments, deposits and other receivables	**(555,373)**	(33,187)
Trade and bill payables	**(400,344)**	921,692
Deferred income, accrued liabilities and other payables	**106,398**	(282,249)
Construction payables	**88,757**	206,369
Defined benefit obligations	**3,542**	2,914
Restricted bank balances	**(362,421)**	528,777
Balances with a major shareholder	**(66)**	(2,580)
Balances with related companies	**16,105**	(781)
Contract liabilities	**(11,142)**	(1,300,568)
Cash generated from/(used in) operations	**812,546**	(340,064)

42 Notes to the consolidated statement of cash flows *(Continued)*

(b) Liabilities from financing activities:

	Amounts due to related companies RMB'000	Amounts due to a major shareholder RMB'000	Interest-bearing bank borrowings due within 1 year RMB'000	Interest-bearing bank borrowings due after 1 year RMB'000	Lease liabilities RMB'000	Total RMB'000
At 1st January 2018	9,602	–	–	2,768,282	–	2,777,884
Cash flows – financing activities	(802)	–	701,654	(647,128)	–	53,724
Cash flows – operating activities	4,466	66	–	–	–	4,532
Foreign exchange adjustment	–	–	–	25,395	–	25,395
At 31st December 2018	13,266	66	701,654	2,146,549	–	2,861,535
Recognition on adoption of HKFRS 16 (Note 2.2)	–	–	–	–	15,301	15,301
	13,266	66	701,654	2,146,549	15,301	2,876,836
Cash flows – financing activities	(281)	8,598	555,636	(15,086)	(15,262)	533,605
Cash flows – operating activities	21,914	(66)	–	–	–	21,848
Acquisition – lease	–	–	–	–	27,985	27,985
Foreign exchange adjustment	–	–	–	37,468	–	37,468
At 31st December 2019	34,899	8,598	1,257,290	2,168,931	28,024	3,497,742

43 Financial guarantees

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. The contingent liabilities in respect of financial guarantees on mortgage facilities amounted to RMB1,791,563,000 as at 31 December 2019. 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.

44 Contract assets

As at 31 December 2019, the balance of contract assets related to a service concession agreement under financial asset model in which requires the Group to construct river-regulating facilities in the first two years and provide river maintenance service for the subsequent thirteen years in Zhuhai City.

When the construction progress is certified and the Group has an unconditional right to receive cash or other financial assets from the local government, the contract assets would be reclassified and measured as receivables under service concession arrangement accordingly. Since the amount is due from the local government, management considers the credit risk is low.

45 Commitments

(a) Capital commitments

The Group had the following contracted, but not provided for, commitments at the end of the reporting period:

	As at 31 December 2019 RMB'000	As at 31 December 2018 RMB'000
Property, plant and equipment	841,804	1,032,412
Properties under development	393,752	1,602,991
Land use right	353,000	–
Service concession agreement	396,051	–
	1,984,607	2,635,403

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. As at 31 December 2019, total management fee commitment falling due as follows:

	As at 31 December 2019 RMB'000	As at 31 December 2018 RMB'000
Within one year	24,000	24,000
In the second to fifth years, inclusive	12,000	36,000
	36,000	60,000

45 Commitments *(Continued)*

(b) Operating lease commitments

(i) As lessor

The Group leases certain of its leasehold buildings and sub-leases certain of its leased premises under operating lease arrangements. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

As at 31 December 2019, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	As at 31 December 2019 RMB'000	As at 31 December 2018 RMB'000
Within one year	**19,147**	20,778
In the second to fifth years, inclusive	**43,857**	66,173
After five years	**33,357**	56,310
	96,361	143,261

(ii) As lessee

The Group leases certain of its office premises, the port properties and facilities under operating lease arrangements.

From 1 January 2019, the Group has recognised right-of-use assets for these leases, except for short-term and variable leases, see Note 2.2 and Note 14(b) for further information.

	As at 31 December 2019 RMB'000	As at 31 December 2018 RMB'000
Within one year	**–**	8,257
In the second to fifth years inclusive	**–**	9,286
After five years	**–**	12,954
	–	30,497

46 Related party transactions

The following is a summary of significant related party transactions which, in the opinion of the directors, are entered into in the ordinary course of business between the Company and its related parties, and the balances arising from related party transactions in addition to the related party information shown elsewhere in these financial statements.

The Company's major shareholder is ZJ Holdings, which is a state-owned enterprise established in the PRC. As at 31 December 2019, ZJ Holdings' equity interest in the Company was 42.20% (2018: 41.70%). The transactions with related parties were conducted in the ordinary and usual course of business in accordance with terms agreed between the Group and its related parties.

(a) Significant related party transactions

Name	Relationship with the Company	Nature	Year ended 31 December 2019 RMB'000	2018 RMB'000
Zhuhai Jiuzhou Passenger Port and Development Co., Ltd. ("Jiuzhou Passenger Development Company")	A subsidiary of a major shareholder	Expenses for port service	**8,378**	12,499
		Interest expense of lease liabilities	**76**	–
ZJ Holdings	A major shareholder	Short-term lease payments	**5,052**	3,358
		Management fees	**1,735**	1,733
		Interest expenses of lease liabilities	**401**	–
		Addition of right-of-use assets	**252**	–
		Rental income	**20**	–
Zhuhai Jiuzhou Travel Transport Co., Ltd. ("Jiuzhou Travel Transport")	An associate of a major shareholder	Sales of diesel and petrol	**3,502**	4,541
		Interest expense of lease liabilities	**2**	–
		Addition of right-of-use assets	**314**	–
Zhuhai Wanshan Port Co., Ltd. ("Wanshan Port Company")	A joint venture of a major shareholder	Commission expenses	**12,381**	10,734
Zhuhai Jiuzhou Shipping Co., Ltd	A subsidiary of a major shareholder	Variable lease payments	**10,806**	3,087
		Short-term lease payments	**848**	–
		Interest expense of lease liabilities	**438**	–
		Addition of right-of-use assets	**15,799**	–
		Sales of diesel and petrol	**2,431**	–
Zhuhai Jiuzhou Navigation Culture Co., Ltd	A subsidiary of a major shareholder	Sponsorship expenses	**-**	3,000
		Berthage	**90**	–
Zhuhai Jiuzhou Property Management Co., Ltd	A subsidiary of a major shareholder	Cleaning expenses	**2,594**	2,201
		Management expenses	**420**	–
		Rental income	**67**	–

46 Related party transactions *(Continued)*

(a) Significant related party transactions *(Continued)*

Name	Relationship with the Company	Nature	Year ended 31 December 2019 RMB'000	2018 RMB'000
三亞藍色幹線旅遊發展有限公司	An associate	Rental income	**6,941**	7,906
珠海市珠澳輪渡有限公司	A joint venture	Purchase of vessel	**2,405**	–
		Sales of vessel	**2,253**	–
Zhuhai Tianzhi Development Property Co., Ltd.	A joint venture of a major shareholder	Sales of diesel and petrol	**350**	–
珠海九洲酒店管理有限公司	A subsidiary of a major shareholder	Consultation fee	**348**	–
Zhuhai Jiuzhou Cultural and Industrial Investment Development Co., Ltd.	A subsidiary of a major shareholder	Interest expense of lease liabilities	**95**	–

(b) Other transactions with related parties

In 1994, Jiuzhou Port Company, a subsidiary of the Group, 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.

Rights to use port facilities of RMB12,176,000 have been reclassified to right-of-use assets on 1 January 2019 upon the adoption of HKFRS 16 (Note 2) and depreciation expense of RMB575,000 were recognised during the year ended 31 December 2019.

(c) Key management compensation

	Year ended 31 December 2019 RMB'000	2018 RMB'000
Salaries, allowances and benefits in kind	**3,177**	2,359
Pension costs – defined contribution plans	**267**	178
	3,444	2,537

46 Related party transactions *(Continued)*

(d) Year-end balances

In addition to those disclosed elsewhere, particulars of the amounts due from/(to) related companies and a shareholder are as follows:

	As at 31 December 2019 RMB'000	As at 31 December 2018 RMB'000
Loan to an associate:		
深圳市機場高速客運有限公司 (Note (a))	**15,000**	–
Amounts due from related companies:		
Amounts due from associates:		
深圳市機場高速客運有限公司	**5,964**	2,556
珠海市九洲快運有限公司	**40**	40
三亞藍色幹線旅遊發展有限公司	**7,584**	7,431
	13,588	10,027
Amount due from a joint venture		
珠海市珠澳輪渡有限公司	**4,498**	–
Subsidiaries of a major shareholder:		
珠海九控鄉村旅遊發展有限公司	**–**	1
北京幸福城酒店有限公司	**71**	–
珠海國際賽車場有限公司	**7**	3
Zhuhai Jiuzhou Cultural and Industrial Investment Development Co., Ltd.	**2**	–
ZJ Holdings Investment	**–**	423
Others	**–**	23
	80	450
Joint ventures of a major shareholder:		
Wanshan Port Company	**1,308**	4,453
Zhuhai Tianzhi Development Property Co., Ltd.	**45**	–
	1,353	4,453
Total	**19,519**	14,930

46 Related party transactions *(Continued)*

(d) Year-end balances *(Continued)*

	As at 31 December 2019 RMB'000	As at 31 December 2018 RMB'000
Amounts due to related companies:		
Amount due to an associate:		
珠海旅遊天地網絡有限公司	**(35)**	(35)
Amount due to a joint venture:		
珠海市珠澳輪渡有限公司	**–**	(119)
Subsidiaries of a major shareholder:		
Zhuhai Holding Resort Co., Ltd.	**(6,886)**	(6,886)
珠海九洲綠道旅遊有限公司	**(459)**	(478)
日昇金舫旅遊有限公司	**(1,485)**	(1,485)
Zhuhai Jiuzhou Shipping Co., Ltd	**(9,868)**	(1,966)
Zhuhai Jiuzhou Property Management Co., Ltd	**(599)**	(9)
Jiuzhou Passenger Development Company	**(14,383)**	(1,505)
Others	**(524)**	(601)
	(34,204)	(12,930)
An associate of a major shareholder:		
Jiuzhou Travel Transport	**(660)**	(182)
Total	**(34,899)**	(13,266)
Amounts due to a major shareholder:		
ZJ Holdings	**(8,598)**	(66)

Notes:

(a) The amount was unsecured, interest bearing at effective interest rate of 5.225% (2018: nil) per annum and receivable on 30 April 2024.

(b) Except for the loan to an associate, the balances with related companies and a major shareholder were unsecured, interest-free and repayable on demand as at 31 December 2018 and 2019.

46 Related party transactions *(Continued)*

(e) Lease liabilities related to related companies

	As at 31 December 2019 RMB'000	As at 31 December 2018 RMB'000
Subsidiaries of a major shareholder:		
Zhuhai Jiuzhou Shipping Co., Ltd.	**(6,965)**	–
Jiuzhou Passenger Development Company	**(964)**	–
Zhuhai Jiuzhou Cultural and Industrial Investment Development Co., Ltd.	**(1,570)**	–
	(9,499)	–
An associate of a major shareholder:		
Jiuzhou Travel Transport	**(303)**	–
Amounts due to a major shareholder:		
ZJ Holdings	**(7,771)**	–
Total	**(17,573)**	–

47 Events occurring after the date of statement of financial position

(a) On 30 December 2019, the Company entered into a 3-year revolving loan facility arrangement of up to HK$200,000,000 (approximately RMB179,156,000) with a bank and subsequently drew down HK$200,000,000 (approximately RMB179,156,000) on 31 January 2020.

(b) On 20 January 2020, the Company entered into a 3-year term loan facility agreement of up to HK$200,000,000 (approximately RMB179,156,000) with a bank and subsequently drew down HK$20,000,000 (approximately RMB17,916,000) on 14 February 2020.

(c) After the outbreak of Coronavirus Disease 2019 ("COVID-19") in early 2020, a series of precautionary and control measures have been and continued to be implemented across the country/region. According to the cross boundary arrangements announced by The Government of the Hong Kong Special Administrative Region, the China Hong Kong Ferry Terminal and Hong Kong Macau Ferry Terminal were closed on 30 January 2020 and 4 February 2020, respectively. The ferry service between China Hong Kong Ferry Terminal and Zhuhai Jiuzhou Port provided by the Group and the ferry service between Hong Kong Macau Ferry Terminal and Zhuhai Jiuzhou Port were temporarily suspended from 30 January 2020 and 4 February 2020, respectively until the end of the precautionary and control measures relating to the COVID-19 outbreak.

Up to the date of this report, the Group is still in the process of assessing the impacts of the COVID-19 on the performance of the relevant segments and is currently unable to estimate the quantitative impacts to the Group. The Group will pay close attention to the development of the COVID-19 outbreak and continue to perform assessment of its impact and take relevant measures.

48 Statement of financial position and reserves movement of the Company

(a) Statement of financial position of the Company

	As at 31 December 2019 RMB'000	As at 31 December 2018 RMB'000
NON-CURRENT ASSETS		
Property, plant and equipment	**30**	37
Interests in subsidiaries	**3,138,337**	3,167,101
Right-of-use assets	**2,668**	–
Financial asset at fair value through other comprehensive income	**8,152**	8,412
Restricted bank balances	**8,971**	108,762
Total non-current assets	**3,158,158**	3,284,312
CURRENT ASSETS		
Securities measured at fair value through profit or loss	**287**	529
Deposits and other receivables	**683**	701
Restricted bank balances	**106,194**	6,045
Cash and bank balances	**104,431**	212,106
Total current assets	**211,595**	219,381
Total assets	**3,369,753**	3,503,693
CURRENT LIABILITIES		
Accrued liabilities and other payables	**4,320**	8,525
Interest-bearing bank borrowings	**581,748**	350,480
Lease liabilities	**1,957**	–
Total current liabilities	**588,025**	359,005
NON-CURRENT LIABILITIES		
Interest-bearing bank borrowings	**1,258,977**	1,570,516
Lease liabilities	**755**	–
Total non-current liabilities	**1,259,732**	1,570,516
Total liabilities	**1,847,757**	1,929,521
EQUITY		
Share capital	**142,874**	142,874
Reserves (Note (b))	**1,379,122**	1,431,298
Total equity	**1,521,996**	1,574,172
Total equity and liabilities	**3,369,753**	3,503,693

48 Statement of financial position and reserves movement of the Company *(Continued)*

(b) Reserves movement of the Company

	Contributed surplus RMB'000	Share premium RMB'000	Warrant reserve RMB'000	Available-for-sale investments revaluation reserve RMB'000	Financial asset at fair value through other comprehensive income revaluation reserve RMB'000	Exchange fluctuation reserve RMB'000	Retained profits RMB'000	Total RMB'000
For the year ended 31 December 2019								
Balance at 1 January 2019	**672,431**	**851,806**	**–**	**–**	**1,661**	**(180,273)**	**85,673**	**1,431,298**
Loss for the year	**–**	**–**	**–**	**–**	**–**	**–**	**(60,246)**	**(60,246)**
Fair value loss on financial assets at fair value through other comprehensive income	**–**	**–**	**–**	**–**	**(440)**	**–**	**–**	**(440)**
Exchange differences on translation of foreign operations	**–**	**–**	**–**	**–**	**–**	**33,640**	**–**	**33,640**
2018 final dividend paid	**–**	**–**	**–**	**–**	**–**	**–**	**(25,130)**	**(25,130)**
At 31 December 2019	**672,431**	**851,806**	**–**	**–**	**1,221**	**(146,633)**	**297**	**1,379,122**
For the year ended 31 December 2018								
Balance as at 31 December 2017	672,431	851,806	559	796	–	(200,393)	184,262	1,509,461
Adjustment on adoption of HKFRS 9	–	–	–	(796)	796	–	–	–
Restated balance at 1 January 2018	672,431	851,806	559	–	796	(200,393)	184,262	1,509,461
Loss for the year	–	–	–	–	–	–	(74,447)	(74,447)
Fair value gain on financial assets at fair value through other comprehensive income	–	–	–	–	865	–	–	865
Exchange differences on translation of foreign operations	–	–	–	–	–	20,120	–	20,120
2017 final dividend paid	–	–	–	–	–	–	(24,701)	(24,701)
Transfer upon expiry of warrants	–	–	(559)	–	–	–	559	–
At 31 December 2018	672,431	851,806	–	–	1,661	(180,273)	85,673	1,431,298

Properties under development

Location	Use	Site area (sq.m.)	Approximate gross floor area (sq.m.)	Stage	Attributable interest of the Group
South of Jintang East Road, East of Jinfeng Road, Tangjiawan, Hi-tech Development Zone, Zhuhai City, Guangdong Province, the PRC	Commercial/ residential	788,400	718,316	Construction commenced and partially completed	60%

FINANCIAL SUMMARY

A summary of the results and assets, liabilities and non-controlling interests of the Group for the last five financial years is set out below.

Results

	Year ended 31 December				
	2019 RMB'000	2018 RMB'000	2017 RMB'000	2016 RMB'000	2015 RMB'000
REVENUE	**11,812,280**	9,248,350	3,835,638	4,220,321	2,419,517
PROFIT BEFORE TAX	**936,467**	1,003,559	368,580	458,725	372,435
Income tax expense	**(656,139)**	(606,715)	(210,632)	(236,673)	(134,614)
PROFIT FOR THE YEAR	**280,328**	396,844	157,948	222,052	237,821
Profit attributable to:					
Owners of the Company	**81,069**	177,028	61,479	72,584	98,374
Non-controlling interests	**199,259**	219,816	96,469	149,468	139,447
	280,328	396,844	157,948	222,052	237,821

Assets, liabilities and non-controlling interests

	31 December				
	2019 RMB'000	2018 RMB'000	2017 RMB'000	2016 RMB'000	2015 RMB'000
Total assets	**13,407,145**	12,319,806	11,933,802	11,341,323	10,404,626
Total liabilities	**(9,869,186)**	(9,001,471)	(8,922,673)	(8,295,794)	(7,315,187)
Non-controlling interests	**(1,563,455)**	(1,371,540)	(1,164,490)	(1,213,043)	(1,214,306)
	1,974,504	1,946,795	1,846,639	1,832,486	1,875,133

珠海控股
ZHUHAI HOLDINGS

Units 3709-10, 37/F, West Tower, Shun Tak Centre,
168-200 Connaught Road Central, Sheung Wan, Hong Kong
香港上環干諾道中168-200 號信德中心西座37樓3709-10室

Tel 電話：+852 2803 0866

Website 網址：www.0908.hk