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

(Incorporated in Bermuda with limited liability)

(Stock code: 00908)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

ANNUAL RESULTS

The board of directors (the "Board") of Zhuhai Holdings Investment Group Limited (the "Company") is pleased to announce the consolidated annual results of the Company and its subsidiaries (the "Group") for the financial year ended 31 December 2019 ("FY2019"), together with comparative figures for the previous financial year ("FY2018") as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2019

	Note	**2019** *RMB'000*	2018 *RMB'000*
Revenue	3	**11,812,280**	9,248,350
Cost of sales	5	**(10,568,230)**	(7,919,357)
Gross profit		**1,244,050**	1,328,993
Other income and gains, net	4	**88,060**	71,263
Selling and distribution expenses	5	**(135,813)**	(149,118)
Administrative expenses	5	**(235,304)**	(237,308)
Other expenses	5	**(2,107)**	(5,858)
Finance expenses	6	**(23,763)**	(9,346)
Share of (loss)/profits of:			
Joint ventures		**(2,105)**	469
Associates		**3,449**	4,464
Profit before tax		**936,467**	1,003,559
Income tax expense	7	**(656,139)**	(606,715)
Profit for the year		**280,328**	396,844

	Note	2019 RMB'000	2018 RMB'000
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	*8*		
Basic earnings per share		**RMB5.68 cents**	RMB12.40 cents
Diluted earnings per share		**RMB5.68 cents**	RMB12.40 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2019

	2019 *RMB'000*	2018 *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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December 2019

	Note	**As at 31 December 2019 RMB'000**	As at 31 December 2018 RMB'000
Non-current assets			
Property, plant and equipment		**1,463,042**	1,138,530
Right-of-use assets		**385,888**	–
Investment properties		**32,360**	26,770
Prepaid land lease payments		–	360,237
Rights to use port facilities		–	12,176
Properties under development		**2,087,070**	2,813,285
Intangible asset		**3,865**	3,865
Interests in joint ventures		**85,010**	92,612
Interests in associates		**45,387**	34,938
Loan to an associate		**15,000**	–
Financial assets at fair value through other comprehensive income		**8,152**	8,412
Prepayments and deposits		**25,251**	26,173
Contract assets		**182,056**	–
Restricted bank balances		**8,971**	108,762
Deferred tax assets		**78,166**	91,564
Total non-current assets		**4,420,218**	4,717,324
Current assets			
Properties under development		**3,367,630**	3,543,586
Completed properties held-for-sale		**786,643**	76,071
Securities measured at fair value through profit or loss		**287**	529
Inventories		**19,950**	38,173
Trade receivables	*10*	**510,272**	923,146
Prepayments, deposits and other receivables		**902,064**	346,366
Factoring receivables		**581,780**	910,704
Prepaid tax		**417,227**	279,694
Due from related companies		**19,519**	14,930
Restricted bank balances		**923,718**	486,756
Time deposits		**5,000**	–
Cash and cash equivalents		**1,452,837**	982,527
Total current assets		**8,986,927**	7,602,482
Total assets		**13,407,145**	12,319,806

	Note	As at 31 December 2019 RMB'000	As at 31 December 2018 RMB'000
Current liabilities			
Trade and bill payables	*11*	**597,515**	997,859
Deferred income, accrued liabilities and other payables		**373,642**	255,919
Contract liabilities		**2,365,642**	2,382,504
Construction payables		**1,014,192**	870,057
Interest-bearing bank borrowings		**1,257,290**	701,654
Lease liabilities		**14,015**	–
Tax payable		**1,063,618**	656,513
Due to a major shareholder		**8,598**	66
Due to related companies		**34,899**	13,266
Total current liabilities		**6,729,411**	5,877,838
Non-current liabilities			
Interest-bearing bank borrowings		**2,168,931**	2,146,549
Lease liabilities		**14,009**	–
Contract liabilities		**203,342**	197,622
Deferred tax liabilities		**617,767**	656,634
Defined benefit obligations		**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		**142,874**	142,874
Reserves		**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

NOTES

1 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.

1.1 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.

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.

(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 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%.

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

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.

(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.

Segment results

	For the year ended 31 December 2019				For the year ended 31 December 2018
Impacted by the adoption of HKFRS 16:	**Amounts reported under HKFRS 16**	**HKFRS 16 Depreciation, interest and income tax expenses**	**Estimated amounts related to operating lease as if under HKAS 17**	**Hypothetical amounts for 2019 as if under HKAS 17**	**Compared to amounts reported for 2018 under HKAS 17**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*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)		For the year ended 31 December 2019		For the year ended 31 December 2018
Impacted by the adoption of HKFRS 16:	Amounts reported under HKFRS 16	Estimated amounts related to operating leases as if under HKAS 17	Hypothetical amounts for 2019 as if under HKAS 17	Compared to amounts reported for 2018 under HKAS 17
	RMB'000	*RMB'000*	*RMB'000*	*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)

(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. 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".

(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.

3 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.

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.

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	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*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

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								Public Utilities and Financial Investments				Corporate and others		Consolidated	
			Hotel		Tourist attraction		Property development		Golf club operations		Public utilities		Financial investments					
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*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

Disaggregation of revenue:

	Year ended 31 December	
	2019	2018
	RMB'000	*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

4 OTHER INCOME AND GAINS, NET

	Year ended 31 December	
	2019	2018
	RMB'000	*RMB'000*
Interest income	**27,893**	24,979
Government grants	**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

5 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	**–**	14,765
Amortisation of rights to use port facilities	**–**	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	**70,335**	98,430
Depreciation of right-of-use assets	**28,555**	–
Employee benefit expenses (including directors' remuneration)	**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

6 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

7 INCOME TAX EXPENSE

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.

The Group's subsidiary established in the PRC is subject to a corporate income tax rate of 25% (2018: 25%).

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

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

	Year ended 31 December	
	2019	2018
	RMB'000	*RMB'000*
Current income tax:		
– Hong Kong	**(1)**	(1)
– PRC corporate income tax and PRC withholding tax	**279,252**	322,746
– Current PRC land appreciation tax	**403,568**	261,875
Deferred income tax	**(26,680)**	22,095
	656,139	606,715

8 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.

9 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

10 TRADE RECEIVABLES

	As at 31 December 2019	As at 31 December 2018
	RMB'000	*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.

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

11 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.

12 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.

13 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 Company") entered into a preliminary co-operation agreement with a subsidiary of a state-owned enterprise in Zhuhai, in relation to the development of "Zhuhai Sailboat Station Project" in Zhuhai, the PRC. The project will 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 within 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 its 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 珠海九洲能源有限公司 (Zhuhai Jiuzhou Energy Co., Ltd.*) and its subsidiaries, 珠海九洲港加油站有限公司 (Zhuhai Jiuzhou Port Petro-Filling Station Company Limited*) and 珠海市石花东度假村加油站有限公司 (Zhuhai Shihuadong Resort Petro-filling Station Co., Ltd.*). 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 九洲公用有限公司 (Jiuzhou Public Co., Ltd.*, "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.

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

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

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

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

SPECIFIC PERFORMANCE OBLIGATIONS 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 ("February 2019 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 ("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 ("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 ("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. 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.

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 announcement, 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 result announcement, 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.

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.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing The Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules") as its code of conduct regarding directors' securities transactions. All directors of the Company have confirmed, following specific enquiry by the Company, that they have complied with the required standard set out in the Model Code during FY2019.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the Company's forthcoming annual general meeting, the register of members of the Company will be closed from Wednesday, 24 June 2020 to Monday, 29 June 2020 (both dates inclusive) during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the forthcoming annual general meeting, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 23 June 2020.

CORPORATE GOVERNANCE

Throughout FY2019, the Company has complied with the code provisions as set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules in all other respects except that under code provision A.4.1 which requires non-executive directors of the Company should be appointed for a specific term subject to re-election – the Company's directors including non-executive directors and independent non-executive directors, were not appointed for a fixed term of office. The reason for the deviation was that all those directors are subject to retirement by rotation and re-election at least once every three years in accordance with the Company's Bye-laws and accordingly, every director shall retire and his appointment being terminated if he is not so re-elected once every three years.

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

AUDIT COMMITTEE

The Company has established an audit committee in compliance with Rule 3.21 and 3.22 of the Listing Rules for the purpose, among other duties and functions, of reviewing and providing supervision over the financial reporting process and internal controls of the Group. The audit committee comprises three independent non-executive directors of the Company, namely Mr. Albert Ho (Chairman), Mr. Hui Chiu Chung and Mr. Chu Yu Lin, David. The annual results of the Group for FY2019 has been reviewed by the audit committee.

SCOPE OF WORK OF THE AUDITOR

The figures in respect of this preliminary announcement of the Group's results for FY2019 have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

PUBLICATION OF 2019 ANNUAL REPORT

The Company's 2019 annual report containing the relevant information required by Appendix 16 to the Listing Rules will be published on the Stock Exchange's website at www.hkexnews.hk and the Company's website at www.0908.hk and will be dispatched to the shareholders of the Company in due course.

By Order of the Board
Zhuhai Holdings Investment Group Limited
Huang Xin
Chairman

Hong Kong, 26 March 2020

As at the date of this announcement, the Board comprises Mr. Huang Xin, Mr. Jin Tao, Mr. Ye Yuhong and Mr. Li Wenjun as executive Directors; Datuk Wira Lim Hock Guan (Mr. Lim Seng Lee as his alternate), Mr. Kwok Hoi Hing (Mr. Zhu Minming as his alternate) and Mr. Zou Chaoyong as non-executive Directors; and Mr. Hui Chiu Chung, Mr. Chu Yu Lin, David, Mr. Albert Ho and Mr. Wang Yijiang as independent non-executive Directors.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

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