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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)

CONTINUING CONNECTED TRANSACTIONS: RENEWAL OF JIUZHOU AGENCY TRANSPORTATION CUM MANAGEMENT FEE AGREEMENTS

RENEWAL OF JIUZHOU AGENCY TRANSPORTATION CUM MANAGEMENT FEE AGREEMENTS

Reference is made to the Company's circulars dated 23 November 2012, 30 April 2015, 28 December 2017 and 10 October 2018 and its announcements dated 28 September 2012, 18 December 2012, 30 September 2013, 31 December 2014, 4 December 2017 and 24 September 2018 respectively, in relation to (among other things) the 2012-14 Jiuzhou AM Fee Agreements (as varied by the Supplemental Jiuzhou AM Fee Agreements), the 2015-17 Jiuzhou AM Fee Agreements, the 2018-20 Jiuzhou AM Fee Agreements and the revision of the annual caps for the CCTs contemplated under the 2018-20 Jiuzhou AM Fee Agreements.

The 2012-14 Jiuzhou AM Fee Agreements, the 2015-17 Jiuzhou AM Fee Agreements and the 2018-20 Jiuzhou AM Fee Agreements were entered into on 28 September 2012, 31 December 2014 and 4 December 2017, respectively, on a conditional basis and between Ferry Company, Jiuzhou Port Company and Jiuzhou Passenger Development Company in relation to the operation of the ferry lines between Jiuzhou Port, Zhuhai, the PRC on the one part and various terminals in Hong Kong and Shekou on the other part, for the period commencing from 28 September 2012 up to 31 December 2014, three years from 1 January 2015 up to 31 December 2017, and three years from 1 January 2018 up to 31 December 2020, respectively. As disclosed in the Company's announcement dated 30 September 2013, parties to the 2012-14 Jiuzhou AM Fee Agreements entered into the Supplemental Jiuzhou AM Fee Agreements to amend certain terms of the 2012-14 Jiuzhou AM Fee Agreements.

It is expected that the CCTs under the 2018-20 Jiuzhou AM Fee Agreements (except in relation to the HK Airport Line) will continue beyond their respective expiry on 31 December 2020. On 21 December 2020, Ferry Company, Jiuzhou Port Company and Jiuzhou Passenger Development Company entered into the 2021-23 Jiuzhou AM Fee Agreements in relation to the operation of the Hong Kong-Macau Ferry Terminal Line, Macau Taipa Line and Shekou Line (as defined below) all for a term of three years up to 31 December 2023.

LISTING RULES IMPLICATIONS

Both Ferry Company and Jiuzhou Port Company are connected subsidiaries of the Company under Rule 14A.16 of the Listing Rules and Jiuzhou Passenger Development Company is a connected person of the Company under the Listing Rules. The transactions as contemplated by the 2021-23 Jiuzhou AM Fee Agreements thus constitute CCTs for the Company under Chapter 14A of the Listing Rules.

The highest applicable percentage ratio, based on the total annual caps for the Jiuzhou AM Fees and the Jiuzhou Relevant Fees payable by Ferry Company to Jiuzhou Port Company and Jiuzhou Passenger Development Company under the 2021-23 Jiuzhou AM Fee Agreements for each of the three financial years ending 31 December 2023, is greater than 0.1% but less than 5%. Accordingly, the transactions contemplated under the 2021-23 Jiuzhou AM Fee Agreements shall constitute non-exempt CCTs under Chapter 14A of the Listing Rules and are subject to the reporting, announcement and annual review requirements but exempt from the circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

The purpose of this announcement is to give information concerning the entering into the 2021-23 Jiuzhou AM Fee Agreements by the Group and certain connected persons.

Reference is made to the Company's circulars dated 23 November 2012, 30 April 2015, 28 December 2017 and 10 October 2018 and its announcements dated 28 September 2012, 18 December 2012, 30 September 2013, 31 December 2014, 4 December 2017 and 24 September 2018, respectively, in relation to (among other things) the 2012-14 Jiuzhou AM Fee Agreements (as varied by the Supplemental Jiuzhou AM Fee Agreements), the 2015-17 Jiuzhou AM Fee Agreements, the 2018-20 Jiuzhou AM Fee Agreements and the revision of the annual caps for the CCTs contemplated under the 2018-20 Jiuzhou AM Fee Agreements.

The 2012-14 Jiuzhou AM Fee Agreements, the 2015-17 Jiuzhou AM Fee Agreements and the 2018-20 Jiuzhou AM Fee Agreements were entered into on 28 September 2012, 31 December 2014 and 4 December 2017, respectively, on a conditional basis and between Ferry Company, Jiuzhou Port Company and Jiuzhou Passenger Development Company in relation to the operation of the ferry lines between Jiuzhou Port, Zhuhai, the PRC on the one part and the following terminals (the "**Previous Relevant Terminals (ZJ Port Line)**") respectively on the other part:

- (i) Hong Kong China Ferry Terminal or Hong Kong-Macau Ferry Terminal ("**HK-Macau Ferry Terminal Line**");
- (ii) Hong Kong International Airport ("**HK Airport Line**"); and
- (iii) Shekou, Shenzhen, the PRC ("**Shekou Line**"),

for the period commencing from 28 September 2012 up to 31 December 2014, three years from 1 January 2015 up to 31 December 2017 and three years from 1 January 2018 up to 31 December 2020, respectively.

As disclosed in the Company's announcement dated 30 September 2013, parties to the 2012-14 Jiuzhou AM Fee Agreements entered into the Supplemental Jiuzhou AM Fee Agreements to amend certain terms of the 2012-14 Jiuzhou AM Fee Agreements.

As disclosed in the announcement dated 24 September 2018, the outbound passenger flow for the aforementioned ferry lines and the average ferry ticket price during FY2018 increased at a rate greater than originally expected, and it was anticipated that the Original 2018-20 Annual Caps would not be sufficient to meet the expected transaction amounts under the 2018-20 Jiuzhou AM Fee Agreements for FY2018, FY2019 and FY2020. The Board therefore proposed to revise the Original 2018-20 Annual Caps to the Proposed Revised 2018-20 Annual Caps ("**Proposed Revision of 2018-20 Annual Caps**"). The Proposed Revision of 2018-20 Annual Caps constituted the revised annual caps under the 2018-20 Jiuzhou AM Fee Agreements for each of FY2018, FY2019 and FY2020 and were more than HK\$10 million respectively and the relevant applicable ratios (as prescribed under Chapter 14 of the Listing Rules) were more than 5%, the transactions contemplated under the 2018-20 Jiuzhou AM Fee Agreements constituted non-exempt CCTs under Chapter 14A of the Listing Rules and were subject to the annual review, disclosure and Shareholders' approval requirements under Chapter 14A of the Listing Rules. The Proposed Revision of 2018-20 Annual Caps were approved by the Independent Shareholders at the special general meeting of the Company held on 30 October 2018 ("**2018 SGM**"). Further details of the Proposed Revision of 2018-20 Annual Caps and the 2018 SGM are set out in the Company's circular dated 10 October 2018 and the announcements of the Company dated 24 September 2018 and 30 October 2018, respectively.

Due to the outbreak of COVID-19 in Hong Kong, the Hong Kong Airport Authority has issued a notice to the Company in relation to the suspension of lines between the Hong Kong International Airport and all ports in the Pearl River Delta during the period from 25 March 2020 to 7 April 2020. Therefore the Company has suspended the HK Airport Line during the same time period. The Company has further decided to continuously suspend the HK Airport Line on 19 May 2020 taking into consideration of the significant decrease in the number of passengers during 2019 and 2020, lower competitiveness of the line compared to the shuttlebus service operating through the Hong Kong-Zhuhai-Macao Bridge, and the possible irreversible financial loss to the Company should the line continue.

Instead, having taken into account of the prospect of a ferry service between Zhuhai and Macau, the Company has decided to operate a new route between Jiuzhou Port, Zhuhai, the PRC on the one part and Macau Taipa Ferry Terminal, Macau on the other part ("**Macau Taipa Line**") subject to the approval of the relevant regulatory authorities.

It is expected that the CCTs under the 2018-20 Jiuzhou AM Fee Agreements (except in relation to the HK Airport Line) will continue beyond their respective expiry on 31 December 2020. On 21 December 2020, Ferry Company, Jiuzhou Port Company and Jiuzhou Passenger Development Company entered into the 2021-23 Jiuzhou AM Fee Agreements in relation to the operation of the HK-Macau Ferry Terminal Line, Macau Taipa Line and Shekou Line (“**Relevant ZJ Port Ferry Lines**”) between Jiuzhou Port, Zhuhai, the PRC on the one part and (i) the Hong Kong China Ferry Terminal or Hong Kong-Macau Ferry Terminal, (ii) Macau Taipa Ferry Terminal and (iii) Shekou, Shenzhen, the PRC (“**Relevant Terminals (JZ Port Line)**”) for a term of three years up to 31 December 2023.

PRINCIPAL TERMS OF THE 2021-23 JIUZHOU AM FEE AGREEMENTS

Date:

21 December 2020

Parties:

- (i) Ferry Company (as ferry services provider);
- (ii) Jiuzhou Port Company (as port facilities provider); and
- (iii) Jiuzhou Passenger Development Company (as passenger-transport station operator and transportation agency services and luggage transportation services provider).

Ferry Company is established in the PRC and is principally engaged in the provision of ferry services between Zhuhai on the one part and the Relevant Terminals (JZ Port Line) on the other part. Ferry Company is owned as to 49% by the Group, 43% by ZJ Holdings and 8% by an Independent Third Party respectively. Ferry Company is treated as a subsidiary of the Company.

Jiuzhou Port Company is established in the PRC and a non wholly-owned subsidiary of the Company. 90% of the registered capital in Jiuzhou Port Company is attributable to the Company, and the remaining 10% is attributable to ZJ Holdings. Jiuzhou Port Company is a member of the Group. The principal activities of Jiuzhou Port Company include provision of port facilities.

Jiuzhou Passenger Development Company is established in the PRC and a wholly-owned subsidiary of ZJ Holdings. The principal activities of Jiuzhou Passenger Development Company include operation of passenger-transport station and transportation agency services for ferry lines.

ZJ Holdings is a state-owned enterprise established in the PRC and is the controlling Shareholder of the Company. As at the date of this announcement, it is interested in 878,155,109 Shares, representing about 61.5% of the Shares in issue. The principal activities of ZJ Holdings include investment in tourism and transportation businesses and properties letting.

As ZJ Holdings has 10% or more of equity interest in each of Ferry Company and Jiuzhou Port Company, both Ferry Company and Jiuzhou Port Company are connected subsidiaries of the Company under Rule 14A.16 of the Listing Rules, hence connected persons of the Company.

As Jiuzhou Passenger Development Company is owned as to more than 30% by ZJ Holdings, Jiuzhou Passenger Development Company is an associate of ZJ Holdings, hence a connected person of the Company under the Listing Rules.

The transactions contemplated under the 2021-23 Jiuzhou AM Fee Agreements involve: (1) part of the Jiuzhou AM Fees and the Jiuzhou Relevant Fees as income received by Jiuzhou Port Company (a member of the Group) from Ferry Company (a connected subsidiary of the Company); and (2) the Jiuzhou AM Fees and the Jiuzhou Relevant Fees as expenses paid by Ferry Company (a member of the Group) to Jiuzhou Port Company (a connected subsidiary of the Company) and Jiuzhou Passenger Development Company (a connected person of the Company), for provision of agency and management services by Jiuzhou Port Company and Jiuzhou Passenger Development Company to Ferry Company. Accordingly, transactions contemplated under the 2021-23 Jiuzhou AM Fee Agreements constitute CCTs for the Company under Chapter 14A of the Listing Rules. The aggregate income received by Jiuzhou Port Company (a member of the Group) from Ferry Company (a connected subsidiary of the Company) together with the aggregate expenses paid by Ferry Company (a member of the Group) to both Jiuzhou Port Company (a connected subsidiary of the Company) and Jiuzhou Passenger Development Company (a connected person of the Company), are both subjects of consideration receivable and payable, respectively, by the Group from or to connected persons for calculation of the relevant percentage ratios under the 2021-23 Jiuzhou AM Fee Agreements.

Term:

From 1 January 2021 to 31 December 2023

Services provided:

Under the 2021-23 Jiuzhou AM Fee Agreements, (a) Jiuzhou Port Company will be mainly responsible for providing waiting lounge for passengers, printing ferry tickets, supplying electricity and fresh water to Ferry Company (at a fee to be charged at market rate with reference to the actual usage plus a premium of 15% per month), conducting promotional activities for the ferry lines and providing berthing facilities and services for the ferries of Ferry Company at the Jiuzhou Port, providing luggage handling and loading services for passengers; and (b) Jiuzhou Passenger Development Company will be mainly responsible for selling and checking ferry tickets to passengers in the PRC, receiving luggage and charging the passengers luggage transportation fee, assisting in the management of waiting lounge services and conducting business promotion activities at ferry tickets sales points.

Payment terms:

In return for the above services, the parties agreed to share certain revenues and expenses in the following manners:

(a) Jiuzhou AM Fees

Jiuzhou Port Company and Jiuzhou Passenger Development Company are entitled to receive the Jiuzhou AM Fees from Ferry Company calculated at fixed percentages of the net proceeds (“**Net Proceeds**”), which represents the gross proceeds from the ferry tickets after deducting certain expenses and ticket-selling handling fees payable to certain Independent Third Parties for the Relevant ZJ Port Ferry Lines departing from Jiuzhou Port to the Relevant Terminals (JZ Port Line) (including (i) single-trip tickets from Jiuzhou Port to the Relevant Terminals (JZ Port Line) and (ii) the part of round-trip return tickets for the route from Jiuzhou Port to the Relevant Terminals (JZ Port Line)). Calculation of the Jiuzhou AM Fees is based on the Net Proceeds for the Relevant ZJ Port Ferry Lines with Jiuzhou Port as the departing port, irrespective of the location of where the ferry tickets are sold. Details of the calculation of the Jiuzhou AM Fees are set out in the table below:

	% of the Net Proceeds				
	Ferry Company	Jiuzhou Port Company	Passenger Development Company	Ticket-selling agent	Total
HK-Macau Ferry Terminal Line:					
Ferry tickets sold by Hong Kong ticket-selling agents representing the first 30% of the seats of each ferry	76.5%	18.8%	1.7%	3% (Note 1)	100%
Ferry tickets sold other than by Hong Kong ticket-selling agents and the remaining ferry tickets sold by Hong Kong ticket-selling agents	76.5%	18.8%	4.7%	N/A	100%

		% of the Net Proceeds				
		Jiuzhou				
		Ferry	Port	Passenger	Ticket-	
		Company	Company	Development	selling agent	Total
Macau Taipa Line:						
(A)	1-year span from the commencement date of Macau Taipa Line					
	Ferry tickets sold by Macau ticket-selling agents representing the first 30% of the seats of each ferry	88%	9.6%	2.4%	N/A (Note 2)	100%
	Ferry tickets sold other than by Macau ticket-selling agents and the remaining ferry tickets sold by Macau ticket-selling agents	85%	12%	3%	N/A (Note 2)	100%
(B)	Remaining term up to 31 December 2023					
	Ferry tickets sold by Macau ticket-selling agents representing the first 30% of the seats of each ferry	79.5%	18.8%	1.7%	N/A (Note 2)	100%
	Ferry tickets sold other than by Macau ticket-selling agents and the remaining ferry tickets sold by Macau ticket-selling agents	76.5%	18.8%	4.7%	N/A (Note 2)	100%
	Shekou Line:	76.5%	18.8%	4.7%	N/A	100%

Note:

1. The Hong Kong ticket-selling agents are entitled to a handling fee equivalent to 3% of the Net Proceeds for each single-trip ticket from Jiuzhou Port to Hong Kong and round-trip return ticket (for the route from Jiuzhou Port to Hong Kong) sold in Hong Kong up to the first 30% of the seats for each ferry.
2. The Macau ticket-selling agents are entitled to a handling fee equivalent to 8.5% of the gross proceeds for the Macau Taipa Line (both (i) from Jiuzhou Port to Macau, and (ii) from Macau to Jiuzhou Port).

For the ferries respectively departing: (A) from Hong Kong China Ferry Terminal or Hong Kong-Macau Ferry Terminal to Jiuzhou Port (including (i) single-trip tickets from Hong Kong China Ferry Terminal or Hong Kong-Macau Ferry Terminal to Jiuzhou Port and (ii) the part of round-trip return tickets for the route from Hong Kong China Ferry Terminal or Hong Kong-Macau Ferry Terminal to Jiuzhou Port) for the HK-Macau Ferry Terminal Line; and (B) from Macau Taipa Ferry Terminal to Jiuzhou Port (including (i) single-trip tickets from Macau Taipa Ferry Terminal to Jiuzhou Port and (ii) the part of round-trip return tickets for the route from Macau Taipa Ferry Terminal to Jiuzhou Port) for the Macau Taipa Line, Jiuzhou Passenger Development Company is entitled to an agency fee (“**Fixed Agency Fee**”) of 3% of the Net Proceeds for each ticket sold by Jiuzhou Passenger Development Company. The Directors are of the view that the Fixed Agency Fee was agreed on normal commercial terms which was negotiated among the parties on arm’s length basis and is no more favourable to the connected person than the terms available to Independent Third Parties. For the avoidance of doubt, save and except the Fixed Agency Fee as mentioned above, Jiuzhou Port Company and Jiuzhou Passenger Development Company are not entitled to the Jiuzhou AM Fees for the Relevant ZJ Port Ferry Lines departing from the Relevant Terminals (JZ Port Line) to Jiuzhou Port.

The scope of services provided by Jiuzhou Port Company and covered by the Jiuzhou AM Fees include providing waiting lounge for passengers, printing ferry tickets, providing berthing facilities and services for the ferries of Ferry Company at Jiuzhou Port.

The sharing ratio for the Net Proceeds in respect of the Shekou Line was determined by the parties with reference to the sharing ratio for a ferry line having the same route as the Shekou Line and operated by an Independent Third Party. As there is no comparable ferry line for the HK-Macau Ferry Terminal Line and Macau Taipa Line, the sharing ratios for the Net Proceeds for such ferry lines were determined with reference to that for the Shekou Line. The Directors are of the view that such sharing ratios for the Net Proceeds in respect of the Relevant ZJ Port Ferry Lines were agreed on normal commercial terms which were negotiated among the parties in good faith and on arm’s length basis and as far as the Jiuzhou AM Fees payable to Jiuzhou Port Company are concerned, are no less favourable to the Group than the terms available from Independent Third Parties and as far as the Jiuzhou AM Fees payable to Jiuzhou Passenger Development Company are concerned, are no more favourable to the connected person than the terms available to Independent Third Parties.

The Jiuzhou AM Fees for each month will be settled within the following month.

(b) *Luggage transportation fee*

In addition, under the 2021-23 Jiuzhou AM Fee Agreements, Jiuzhou Passenger Development Company will provide luggage transportation services to passengers of the Relevant ZJ Port Ferry Lines by receiving their luggage and the passengers are charged with a fee (“**Luggage Transportation Fee**”) for such luggage transportation services by Jiuzhou Passenger Development Company at Jiuzhou Port before boarding according to the weight of the luggage which is the subject of transportation (instead of that measured at the same time as purchasing ferry tickets). Jiuzhou Port Company will provide luggage handling and loading services in respect of the luggage. In return, Ferry Company, Jiuzhou Port Company and Jiuzhou Passenger Development Company shall share the Luggage Transportation Fee on the basis of 50%:25%:25% for all ferry lines (from or to Jiuzhou Port). The sharing ratios of the Luggage Transportation Fee were determined by the parties with reference to the sharing ratio for a ferry line having the same route as the Shekou Line and operated by an Independent Third Party. As there is no comparable ferry line for the HK-Macau Ferry Terminal Line and Macau Taipa Line, the sharing ratios for the Luggage Transportation Fee for such ferry lines were determined with reference to that for the Shekou Line. The Directors are of the view that such sharing ratios were agreed on normal commercial terms which were negotiated among the parties on arm’s length basis and were no less favourable to the Group than those available from Independent Third Parties.

The Luggage Transportation Fee for each month will be payable by Jiuzhou Passenger Development Company to Ferry Company and Jiuzhou Port Company in accordance with the above sharing ratios, and settled within the following month.

(c) *Business promotional expenses*

Ferry Company, Jiuzhou Port Company and Jiuzhou Passenger Development Company will jointly undertake promotional activities in respect of the Relevant ZJ Port Ferry Lines by way of advertisements via various media such as newspaper, magazines, radio and television.

The parties will share among themselves certain expenses in connection with such business promotion (“**Business Promotional Expenses**”). For each of the Relevant ZJ Port Ferry Lines (from or to Jiuzhou Port), the sharing ratio between Ferry Company, Jiuzhou Port Company and Jiuzhou Passenger Development Company is 76.5%:18.8%:4.7%. Since the advertising and business promotional expenses will be paid and realized as expenses upon the relevant services rendered, the sharing ratio of such expenses matches with the sharing ratio of the Net Proceeds of ferry tickets sold (i.e. the income of each party under the 2021-23 Jiuzhou AM Fee Agreements). The adoption of the same ratio was agreed on normal commercial terms which were negotiated among the parties on arm’s length basis and in accordance with the matching concept in accounting principles, under which incurred cost shall be matched against relevant income.

The Business Promotional Expenses for each month are initially borne by Jiuzhou Port Company, which will be reimbursed by Ferry Company and Jiuzhou Passenger Development Company according to the above sharing ratios, and settled within the following month.

(d) *Surcharge on supply of electricity and fresh water*

Jiuzhou Port Company will supply electricity and fresh water to Ferry Company at a surcharge (“**Utility Surcharge**”) calculated on the basis of a premium of 15% on the actual usage of electricity and fresh water. The Utility Surcharge is determined with reference to the premium payable to Jiuzhou Port Company by independent ferry operators whose ferries berth at Jiuzhou Port. The Utility Surcharge was agreed on normal commercial terms which were negotiated between Ferry Company and Jiuzhou Port Company on arm’s length basis and are no less favourable to the Group than those available from independent ferry operators.

The Utility Surcharge for each month payable by Ferry Company to Jiuzhou Port Company will be settled by Ferry Company within the following month.

HISTORICAL TRANSACTION AMOUNTS

The historical transaction amounts of the Jiuzhou AM Fees and the Jiuzhou Relevant Fees payable by Ferry Company to Jiuzhou Port Company and Jiuzhou Passenger Development Company under the 2018-20 Jiuzhou AM Fee Agreements for the financial years concerned are set out below:

HISTORICAL PAYMENTS MADE BY FERRY COMPANY TO JIUZHOU PORT COMPANY IN FY2018 (Note 6)

Financial year concerned	Agreements concerned	Jiuzhou AM Fees (RMB'000)	Fixed Agency Fee (RMB'000)	Luggage Transportation Fee (RMB'000)	Business Promotional Expenses (RMB'000)	Utility Surcharge (RMB'000)	Total historical payments made by Ferry Company to Jiuzhou Port Company (RMB'000)
FY2018	2018-20 Jiuzhou AM Fee Agreements	45,160 (Note 1)	–	72 (Note 2)	77 (Note 3)	52 (Note 4)	45,361

HISTORICAL PAYMENTS MADE BY FERRY COMPANY TO JIUZHOU PASSENGER DEVELOPMENT COMPANY IN FY2018 (Note 6)

Financial year concerned	Agreements concerned	Jiuzhou AM Fees (RMB'000)	Fixed Agency Fee (RMB'000)	Luggage Transportation Fee (RMB'000)	Business Promotional Expenses (RMB'000)	Utility Surcharge (RMB'000)	Total historical payments made by Ferry Company to Jiuzhou Passenger Development Company
							(RMB'000)
FY2018	2018-20 Jiuzhou AM Fee Agreements	12,425 (Note 5)	-	74 (Note 2)	-	-	12,499
FY2018		<u>57,585</u>	<u>-</u>	<u>146</u>	<u>77</u>	<u>52</u>	<u>57,860</u>

HISTORICAL PAYMENTS MADE BY FERRY COMPANY TO JIUZHOU PORT COMPANY IN FY2019 (Note 6)

Financial year concerned	Agreements concerned	Jiuzhou AM Fees (RMB'000)	Fixed Agency Fee (RMB'000)	Luggage Transportation Fee (RMB'000)	Business Promotional Expenses (RMB'000)	Utility Surcharge (RMB'000)	Total historical payments made by Ferry Company to Jiuzhou Port Company
							(RMB'000)
FY2019	2018-20 Jiuzhou AM Fee Agreements	26,487 (Note 1)	-	54 (Note 2)	-	35 (Note 4)	26,576

HISTORICAL PAYMENTS MADE BY FERRY COMPANY TO JIUZHOU PASSENGER DEVELOPMENT COMPANY IN FY2019 (Note 6)

Financial year concerned	Agreements concerned	Jiuzhou AM Fees (RMB'000)	Fixed Agency Fee (RMB'000)	Luggage Transportation Fee (RMB'000)	Business Promotional Expenses (RMB'000)	Utility Surcharge (RMB'000)	Total historical payments made by Ferry Company to Jiuzhou Passenger Development Company
							(RMB'000)
FY2019	2018-20 Jiuzhou AM Fee Agreements	7,155 (Note 5)	-	54 (Note 2)	-	-	7,209
FY2019		33,642	-	108	-	35	33,785

HISTORICAL PAYMENTS MADE BY FERRY COMPANY TO JIUZHOU PORT COMPANY IN THE TEN MONTHS ENDED 31 OCTOBER 2020 (Note 7)

Financial year concerned	Agreements concerned	Jiuzhou AM Fees (RMB'000)	Fixed Agency Fee (RMB'000)	Luggage Transportation Fee (RMB'000)	Business Promotional Expenses (RMB'000)	Utility Surcharge (RMB'000)	Total historical payments made by Ferry Company to Jiuzhou Port Company
							(RMB'000)
1 January 2020 to 31 October 2020	2018-20 Jiuzhou AM Fee Agreements	5,561 (Note 1)	-	11 (Note 2)	-	33 (Note 4)	5,605

HISTORICAL PAYMENTS MADE BY FERRY COMPANY TO JIUZHOU PASSENGER DEVELOPMENT COMPANY IN THE TEN MONTHS ENDED 31 OCTOBER 2020 (Note 7)

Financial year concerned	Agreements concerned	Jiuzhou AM Fees (RMB'000)	Fixed Agency Fee (RMB'000)	Luggage Transportation Fee (RMB'000)	Business Promotional Expenses (RMB'000)	Utility Surcharge (RMB'000)	Total historical payments made by Ferry Company to Jiuzhou Passenger Development Company
							(RMB'000)
1 January 2020 to 31 October 2020	2018-20 Jiuzhou AM Fee Agreements	1,773 (Note 5)	-	11 (Note 2)	-	-	1,784
1 January 2020 to 31 October 2020		<u>7,334</u>	<u>-</u>	<u>22</u>	<u>-</u>	<u>33</u>	<u>7,389</u>

Notes:

1. Calculated on the basis of 18.8% of the Net Proceeds.
2. Calculated on the basis of 25% of total revenue for luggage transportation service.
3. Calculated on the basis of 18.8% of the total advertising and business promotional expenses.
4. Representing 15% premium on top of the actual usage of electricity and water.
5. Calculated on the basis of 1.7% or 4.7% of the Net Proceeds.
6. As set out in the Company's circular dated 10 October 2018, the revised annual caps for the fees payable to Jiuzhou Port Company and Jiuzhou Passenger Development Company under the 2018-20 Jiuzhou AM Fee Agreements for FY2018, FY2019 and FY2020 were RMB71.03 million, RMB78.93 million and RMB87.33 million respectively. The historical fees payable by Ferry Company to Jiuzhou Port Company and Jiuzhou Passenger Development Company for FY2018 and FY2019 have not exceeded the revised annual caps for the financial years concerned.
7. For the ten months ended 31 October 2020, the aggregate historical amounts of the Jiuzhou AM Fees and the Jiuzhou Relevant Fees paid by Ferry Company to Jiuzhou Port Company and Jiuzhou Passenger Development Company amounted to approximately RMB7,389,000. It is expected that the aggregate amount of the Jiuzhou AM Fees and the Jiuzhou Relevant Fees paid by Ferry Company to Jiuzhou Port Company and Jiuzhou Passenger Development Company will not exceed the revised annual cap for FY2020.

MAXIMUM AGGREGATE ANNUAL CAPS FOR THE JIUZHOU AM FEES AND THE JIUZHOU RELEVANT FEES FOR THE THREE FINANCIAL YEARS ENDING 31 DECEMBER 2023

The expected maximum aggregate annual caps in respect of the Jiuzhou AM Fees and the Jiuzhou Relevant Fees under the 2021-23 Jiuzhou AM Fee Agreements including (1) receivable by Jiuzhou Port Company from Ferry Company; and (2) payable by Ferry Company to Jiuzhou Port Company and Jiuzhou Passenger Development Company respectively for the three financial years ending 31 December 2023 are set out as follows:

Annual caps for Jiuzhou AM Fees and Jiuzhou Relevant Fees receivable by Jiuzhou Port Company from Ferry Company (Note 1)

Financial year concerned	Jiuzhou AM Fees (Note 2) (RMB)	Luggage Transportation Fee (Note 3) (RMB)	Business Promotional Expenses (Note 4) (RMB)	Utility Surcharge (Note 5) (RMB)	Total annual caps for Jiuzhou AM Fees and Jiuzhou Relevant Fees receivable (RMB)
FY2021	33,641,000	110,000	80,000	80,000	33,911,000
FY2022	35,500,000	110,000	80,000	80,000	35,770,000
FY2023	36,010,000	110,000	80,000	80,000	36,280,000

**Annual caps for Jiuzhou AM Fees and Jiuzhou Relevant Fees payable
by Ferry Company to Jiuzhou Passenger Development Company**

Financial year concerned	Annual caps for Jiuzhou AM Fees and Jiuzhou Relevant Fees payable by Ferry Company to Jiuzhou Port Company <i>(Note 1)</i> <i>(RMB)</i>	Jiuzhou AM Fees <i>(Note 6)</i> <i>(RMB)</i>	Fixed Agency Fee <i>(Note 7)</i> <i>(RMB)</i>	Luggage Transportation Fee <i>(Note 3)</i> <i>(RMB)</i>	Business Promotional Expenses <i>(Note 8)</i> <i>(RMB)</i>	Total annual caps for Jiuzhou AM Fees and Jiuzhou Relevant Fees payable to Jiuzhou Port Company and Jiuzhou Passenger Development Company <i>(RMB)</i>
FY2021	33,911,000	8,410,000	70,000	110,000	20,000	42,521,000
FY2022	35,770,000	8,875,000	70,000	110,000	20,000	44,845,000
FY2023	36,280,000	9,002,000	70,000	110,000	20,000	45,482,000

Notes:

- In relation to the maximum annual caps of the Jiuzhou AM Fees and the Jiuzhou Relevant Fees for the three financial years ending 31 December 2023, as both Ferry Company and Jiuzhou Port Company are members of the Group as well as connected subsidiaries of the Company, the transaction amounts for the purpose of the annual caps for the Jiuzhou AM Fees and the Jiuzhou Relevant Fees concerning Jiuzhou Port Company represent (i) the Jiuzhou AM Fees and the Jiuzhou Relevant Fees to be received by Jiuzhou Port Company as income from Ferry Company on one hand, and (ii) the Jiuzhou AM Fees and the Jiuzhou Relevant Fees to be paid by Ferry Company as expenses to Jiuzhou Port Company on the other hand, both amounts being identical. In terms of accounting treatment, such amounts under items (i) and (ii) are offset against each other in full under the consolidated financial statements of the Group.
- Calculated on the basis of 18.8%, 12% or 9.6% of the Net Proceeds.
- Calculated on the basis of 25% of total revenue for luggage transportation service.
- Calculated on the basis of 18.8% of the total advertising and business promotional expenses.
- Representing 15% premium on top of the actual usage of electricity and water.
- Calculated on the basis of 4.7%, 3%, 2.4% or 1.7% of the Net Proceeds.
- Calculated on the basis of 3% of the Net Proceeds.
- Calculated on the basis of 4.7% of the total advertising and business promotional expenses.

The above annual monetary caps were proposed by the Directors based on the following factors:

- (a) the historical amounts of the Jiuzhou AM Fees paid by Ferry Company to Jiuzhou Port Company and Jiuzhou Passenger Development Company on the basis of 18.8% and 1.7% or 4.7% of the Net Proceeds under the 2018-20 Jiuzhou AM Fee Agreements;
- (b) the historical amounts of the Jiuzhou Relevant Fees under the 2018-20 Jiuzhou AM Fee Agreements; and
- (c) other factors such as the historical growth rate of passenger flow, the possible increase in the price of ferry ticket and the estimated number of passengers in each of the relevant years, plus an additional buffer of 15%.

REASONS FOR THE TRANSACTIONS CONTEMPLATED UNDER THE 2021-23 JIUZHOU AM FEE AGREEMENTS

As at the date of this announcement, Ferry Company operates ferry services between Zhuhai on the one part and various terminals in Hong Kong and Shekou on the other part. Jiuzhou Port is operated by Jiuzhou Port Company who provides similar services to ferries operated by Independent Third Parties at the same rate as that payable by Ferry Company. As the original port facilities at Jiuzhou Port are currently undergoing redevelopment, ZJ Holdings, the owner of the Jiuzhou Port, granted rights to Jiuzhou Port Company to use and operate the interim port facilities until the redevelopment is complete. It is currently expected that ZJ Holdings and Jiuzhou Port Company will enter into a new lease agreement for the redeveloped port facilities. The transactions as contemplated under the 2021-23 Jiuzhou AM Fee Agreements will bring a stable source of revenue to the Group.

Under the Regulation on the Administration of Domestic Water Transport of the PRC* (國內水路運輸管理條例) published on 13 October 2012, with effect from 1 January 2013, a foreign enterprise (among other entities) is not allowed to engage in water transportation services in the PRC including ticket selling services and luggage transportation services.

Both Ferry Company and Jiuzhou Port Company are members of the Group and are sino-foreign equity joint venture enterprises under the PRC law. Both of them are therefore not allowed to carry out the ticket selling services and luggage transportation services in the PRC. As no member of the Group holds a valid water transportation service permit, no member of the Group is allowed to provide such services in the PRC. Accordingly, such services will be provided by Jiuzhou Passenger Development Company, a domestic enterprise under the PRC law, which was permitted to carry out ticket selling services and luggage transportation services in the PRC by the relevant authority in Zhuhai.

Jiuzhou Passenger Development Company was granted the water transportation service permit from the Guangdong Provincial Transportation Department* (廣東省交通運輸廳) on 15 November 2011. As advised by the Company's PRC legal advisers, under the "Notice in relation to Modification of certain matters of Administrative Approval of the Water Transportation issued by the Guangdong Provincial Transportation Department"* (廣東省交通運輸廳關於調整水路運輸部分行政審批業務事項的通知) on 29 January 2013, with effect from 1 January 2013, the licensing regime in connection with, among other things, the water transportation service permit was abolished and replaced by a filing system with the relevant authorities at the prefecture-level by qualified enterprise to carry on water transportation services in the PRC. The water transportation service permit held by Jiuzhou Passenger Development Company was, by operation of law, withdrawn in 2013. According to the Company's PRC legal advisers, based on a search on the Guangdong Province Water Transportation Information Network* (廣東省水運信息網), Jiuzhou Passenger Development Company has made all necessary filings and is qualified to carry out the services of selling ferry tickets and luggage transportation in the PRC.

In view of the above, the Directors (including independent non-executive Directors) are of the opinion that:

- (a) the engagement of Jiuzhou Port Company by Ferry Company under the 2021-23 Jiuzhou AM Fee Agreements will bring a stable source of revenue to the Group;
- (b) the engagement of Jiuzhou Passenger Development Company which is a PRC domestic non-foreign-invested entity to provide the services of selling ferry tickets and luggage transportation in the PRC is for legal compliance purpose given that the Group is not allowed to engage in such services;
- (c) the terms of the 2021-23 Jiuzhou AM Fee Agreements are no more favourable to Jiuzhou Passenger Development Company than terms available to Independent Third Parties and are no less favourable to the Group than terms available from Independent Third Parties;
- (d) the terms of the 2021-23 Jiuzhou AM Fee Agreements are negotiated between the parties on arm's length basis and on normal commercial terms that are fair and reasonable;
- (e) the proposed annual caps for the Jiuzhou AM Fees and the Jiuzhou Relevant Fees as mentioned above are fair and reasonable; and
- (f) the transactions as contemplated under the 2021-23 Jiuzhou AM Fee Agreements will be conducted in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As explained in the sub-section headed “Principal terms of the 2021-23 Jiuzhou AM Fee Agreements – Parties” above, both Ferry Company and Jiuzhou Port Company are connected subsidiaries of the Company under Rule 14A.16 of the Listing Rules and Jiuzhou Passenger Development Company is a connected person of the Company under the Listing Rules. The transactions as contemplated by the 2021-23 Jiuzhou AM Fee Agreements thus constitute CCTs for the Company under Chapter 14A of the Listing Rules.

The highest applicable percentage ratio, based on the total annual caps for the Jiuzhou AM Fees and the Jiuzhou Relevant Fees payable by Ferry Company to Jiuzhou Port Company and Jiuzhou Passenger Development Company under the 2021-23 Jiuzhou AM Fee Agreements for each of the three financial years ending 31 December 2023, is greater than 0.1% but less than 5%. Accordingly, the transactions contemplated under the 2021-23 Jiuzhou AM Fee Agreements shall constitute non-exempt CCTs under Chapter 14A of the Listing Rules and are subject to the reporting, announcement and annual review requirements but exempt from the circular and Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

Since Mr. Zeng Jianping, Mr. Jin Tao, Mr. Ye Yuhong (all being executive Directors) and Mr. Zou Chaoyong (being a non-executive Director) are also directors of ZJ Holdings, they abstained from voting on the relevant board resolution(s) approving the 2021-23 Jiuzhou AM Fee Agreements. Mr. Li Wenjun (being an executive Director) is also a deputy general manager of ZJ Holdings and also abstained from voting on the aforesaid board resolutions. Save as disclosed above, none of the Directors has a material interest in the 2021-23 Jiuzhou AM Fee Agreements nor has any of them abstained from voting in respect of the relevant board resolution(s).

GENERAL

The Company is an investment holding company. The principal activities of the Group consist of investment holding, the provision of port facilities in Zhuhai, the provision of ferry services between Zhuhai on the one part and Hong Kong, Macau and Shekou on the other part, the management of a holiday resort, a theme park and an amusement park, property development and the operation of a golf club, the provision of factoring services, the construction of river-regulating facilities and provision of river maintenance services and the trading and distribution of fuel oil, to form three major business segments, namely (1) 九洲藍色幹線 (Jiuzhou Blue Sea Jet*, maritime transportation) and 藍色海洋旅遊 (Blue Marine Tourism*); (2) green leisure tourism and composite real estate; and (3) public utilities and financial investments.

DEFINITIONS

In this announcement, the following expressions shall, unless the context otherwise requires, have the following meanings:

- “2012-14 Jiuzhou AM Fee Agreements” the three agency transportation cum management fee agreements all dated 28 September 2012 and entered into between Ferry Company, Jiuzhou Port Company and Jiuzhou Passenger Development Company in relation to the operation of the ferry lines between Zhuhai on the one part and the Previous Relevant Terminals (JZ Port Line) and the Hong Kong International Airport on the other part for the term up to the financial year ending 31 December 2014
- “2015-17 Jiuzhou AM Fee Agreements” the three agency transportation cum management fee agreements all dated 31 December 2014 and entered into between Ferry Company, Jiuzhou Port Company and Jiuzhou Passenger Development Company in relation to the operation of the ferry lines between Zhuhai on the one part and the Previous Relevant Terminals (JZ Port Line) and the Hong Kong International Airport on the other part for the term up to the financial year ending 31 December 2017
- “2018-20 Jiuzhou AM Fee Agreements” the three agency transportation cum management fee agreements all dated 4 December 2017 and entered into between Ferry Company, Jiuzhou Port Company and Jiuzhou Passenger Development Company in relation to the operation of the ferry lines between Zhuhai on the one part and the Previous Relevant Terminals (JZ Port Line) and the Hong Kong International Airport on the other part for a term of three years from 1 January 2018 up to 31 December 2020
- “2021-23 Jiuzhou AM Fee Agreements” the three agency transportation cum management fee agreements all dated 21 December 2020 and entered into between Ferry Company, Jiuzhou Port Company and Jiuzhou Passenger Development Company in relation to the operation of the ferry lines between Zhuhai on the one part and the Relevant Terminals (JZ Port Line) on the other part for a term of three years from 1 January 2021 up to 31 December 2023
- “Board” the board of Directors
- “CCT(s)” continuing connected transaction(s), having such meaning as ascribed to such term under the Listing Rules

“Company”	Zhuhai Holdings Investment Group Limited, a company incorporated in Bermuda with limited liability whose Shares are listed on the Stock Exchange
“Director(s)”	the director(s) of the Company
“Ferry Company”	珠海高速客輪有限公司 (Zhuhai High-speed Passenger Ferry Co., Ltd.*), established as a sino-foreign equity joint venture enterprise under the PRC law and a connected subsidiary of the Company
“FY”	a financial year of the Company ended or ending 31 December
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Shareholder(s)”	Shareholder(s) of the Company, who is/are not required to abstain from voting at a general meeting, if necessary, to approve a connected transaction
“Independent Third Party(ies)”	third party(ies) who and whose ultimate beneficial owners are third parties independent of the Company and connected persons of the Company
“Jiuzhou AM Fees”	the agency, transportation and management fees payable by Ferry Company to (i) Jiuzhou Port Company and (ii) Jiuzhou Passenger Development Company under the 2012-14 Jiuzhou AM Fee Agreements (as varied by the Supplemental Jiuzhou AM Fee Agreements), the 2015-17 Jiuzhou AM Fee Agreements, the 2018-20 Jiuzhou AM Fee Agreements or the 2021-23 Jiuzhou AM Fee Agreements, as the case may be
“Jiuzhou Passenger Development Company”	珠海九洲客運港發展有限公司 (Zhuhai Jiuzhou Passenger Port and Development Co., Ltd.*), established as a domestic enterprise under the PRC law and a wholly-owned subsidiary of ZJ Holdings
“Jiuzhou Port Company”	珠海九洲港客運服務有限公司 (Zhuhai Jiuzhou Port Passenger Traffic Services Co., Ltd.*), established as a sino-foreign equity joint venture enterprise under the PRC law and a connected subsidiary of the Company

“Jiuzhou Relevant Fees”	collectively, the Fixed Agency Fee, the Luggage Transportation Fee, the Business Promotional Expenses and the Utility Surcharge, all as defined under the sub-paragraph headed “Principal terms of the 2021-23 Jiuzhou AM Fee Agreements” of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Original 2018-20 Annual Caps”	the original annual caps for the CCTs in respect of the Jiuzhou AM Fees and the Jiuzhou Relevant Fees (1) receivable by Jiuzhou Port Company from Ferry Company; and (2) payable by Ferry Company to Jiuzhou Port Company and Jiuzhou Passenger Development Company under the 2018-20 Jiuzhou AM Fee Agreements for FY2018, FY2019 and FY2020 as set out in the sub-paragraph headed “Maximum aggregate annual caps for the Jiuzhou AM Fees and the Jiuzhou Relevant Fees for the three financial years ending 31 December 2020” in the paragraph headed “2. The 2018-20 Jiuzhou AM Fee Agreements” of the letter from the Board in the Company’s circular dated 28 December 2017
“PRC”	People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Proposed Revised 2018-20 Annual Caps”	the proposed revised annual caps for the CCTs in respect of the Jiuzhou AM Fees and the Jiuzhou Relevant Fees (1) receivable by Jiuzhou Port Company from Ferry Company; and (2) payable by Ferry Company to Jiuzhou Port Company and Jiuzhou Passenger Development Company under the 2018-20 Jiuzhou AM Fee Agreements for FY2018, FY2019 and FY2020 as set out in the sub-paragraph headed “Existing Annual Caps and Proposed Revised Annual Caps” in the paragraph headed “The 2018-20 Jiuzhou AM Fee Agreements” of the letter from the Board in the Company’s circular dated 10 October 2018
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Supplemental Jiuzhou AM Fee Agreements”	the three supplemental agreements all dated 30 September 2013 and entered into between Ferry Company, Jiuzhou Port Company and Jiuzhou Passenger Development Company in relation to variation of certain terms of the 2012-14 Jiuzhou AM Fee Agreements
“ZJ Holdings”	珠海九洲控股集團有限公司 (Zhuhai Jiuzhou Holdings Group Co., Ltd.*), a state-owned enterprise established in the PRC and the controlling Shareholder of the Company
“%”	per cent

In this announcement, the terms “associate”, “connected person”, “controlling shareholder”, “subsidiary” and “substantial shareholder” have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

By order of the Board of
Zhuhai Holdings Investment Group Limited
Zeng Jianping
Chairman

Hong Kong, 21 December 2020

As at the date of this announcement, the Board comprises Mr. Zeng Jianping, Mr. Jin Tao, Mr. Ye Yuhong and Mr. Li Wenjun as executive Directors; Mr. Zou Chaoyong as non-executive Director; and Mr. Hui Chiu Chung, Mr. Chu Yu Lin, David, Mr. Albert Ho and Mr. Wang Yijiang as independent non-executive Directors.

* *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.*