

CHAIRMAN'S STATEMENT

FINANCIAL RESULTS

Golden Resorts Group Limited ("the Company") and its subsidiaries (collectively, "the Group") achieved excellent result in 2006. For the year ended 31 December 2006, the Group's turnover was approximately HK\$453 million, representing a significant increase of 79% as compared with HK\$254 million last year.

The increase reflected the fact that there was contribution from Grandview Hotel and Casa Real Hotel for the whole year in 2006, whereas in last year, the Group only consolidated the results of these two hotels starting from the months of April 2005 and June 2005 respectively. i.e. they contributed only nine months and seven months of operational results respectively.

For the year ended 31 December 2006, the Group recorded an EBITDA from continuing operations of HK\$255 million, after charging a share option expense of HK\$23 million which was a non-cash accounting treatment to the books of the Company (for details, please refer to Note 7). An adjusted EBITDA from continuing operations of HK\$278 million was recorded if the effect of this accounting treatment was not counted.

The net profits of the Group amounted to approximately HK\$120 million in 2006, as compared to a loss of HK\$293 million in the last year. The basic earnings per share from continuing operations was HK10 cents (2005: Loss per share HK25.35 cents). The exceptional performance proved a successful transformation of the core business of the Group into hotel and gaming business.

BONUS ISSUE

The Board of Directors (the "Board") of the Company is pleased to propose a bonus issue ("Bonus Issue") of ordinary shares to shareholders on the basis of four bonus shares ("Bonus Shares") for every share held. The record date for the Bonus Issue is proposed to be 7 May 2007 ("Record Date").

CLOSURE OF REGISTER OF MEMBERS

To qualify for the Bonus Issue, any transfer of shares must be lodged for registration by 4:00 p.m. on 2 May 2007. The book closure dates are from 3 May 2007 to 7 May 2007, both dates inclusive. No transfer of shares will be registered during this period. In order to qualify for the Bonus Issue, all transfers accompanied by relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Abacus Share Registrars Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong by no later than 4:00 p.m. on 2 May 2007.

BUSINESS REVIEW

Hotel & Gaming Business

The Group operates in one of the fastest-growing gaming markets in the world and the Group's gaming business continued to prosper for the year ended 31 December 2006. Gaming income accounted for 56% (2005: 54%) of the Group's turnover, VIP Room rentals accounted for 13% (2005: 12%) and revenue from the hotel business contributed 28% (2005: 33%).

The revenue from gaming operation soared by 87% to approximately HK\$256 million, up from HK\$137 million in 2005. The Group has successfully expanded its operation into the VIP gaming market and opened the Golden 28 Club, a self managed VIP Room at the Casa Real Hotel. The financial results of the Club fulfilled the expectation of the management and continue to grow rapidly.

The casino expansion plan in Grandview Hotel and Casa Real Hotel was completed during the year and were proved to be a success. The Group will continue to improve and upgrade its gaming and hotel facilities to better capture the growing numbers of tourists arriving in Macau. The Group also aims to diversify its marketing strategies to reach a wider scope of customers. Promotional efforts will be increased to solidify the Group as a long-term player in the Macau hotel and gaming business.

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Disposal of the watch related manufacturing and trading business

As disclosed in the circular of the Company dated 25 May 2006, the Company entered into the Disposal Agreement on 2 May 2006, pursuant to which the Company agreed to dispose of 100% shareholding interest in the watch related manufacturing and trading business. On 30 June 2006, being the completion date of the disposal, a gain of approximately HK\$6 million was realized.

The watch related manufacturing and trading business had been making losses for a few years. The disposal would not only improve the profitability of the Group but also streamline the deployment of the Group's resources to the hotel and gaming business.

Future Business Prospects and Plans

The Group has completed the total renovation of two floors at Grandview Hotel and increased the number of luxury suites to capture the upscale market segment. For the purpose of creating a better ambience at the Group's casino hotels, the Group is pursuing marketing and promotion programs in order to secure the flow of customers into the Group's properties. Looking ahead, the Group will work on further upgrading the hotel and casino facilities of the two hotels. There are ongoing arrangements with travel agencies to shuttle guests directly to the Group's hotels and gaming facilities. Both hotels will also offer packages and joint promotions with business partners.

The Group will continue to invigorate the Group's recognizable brand name and build customer loyalty. In the future, the Group has plans to expand the market presence. The Group will seek business collaborations and the management is looking at investment opportunities. However, no such investment or business opportunities have been identified at this stage and in the future the Group aims to expand its presence in the Asia Pacific region.

With Macau's growing prominence in the global gaming arena, the Group is actively looking to increase our stake in the market shares of Macau mass market and VIP gaming. The management team will seek out investment opportunities with the aim to boost the Group's gaming revenues. We do not rule out future M&A or co-operation opportunities to expand our investments in the Asia Pacific region.

EMPLOYEES

As at 31 December 2006, the Group employed a total of approximately 800 staff of which approximately 20 staff were employed in Hong Kong. The employees' remuneration, promotion and salary adjustment are assessed based on their work performance, working and professional experiences and the prevailing market practice.

PLEDGE OF ASSETS

The Group's leasehold land and buildings in Macau with a market value of approximately HK\$2,549 million (2005: in Macau HK\$2,568 million, in PRC HK\$21 million) were pledged to banks for banking facilities granted to the Group amounted to approximately HK\$320 million (2005: HK\$507 million).

FOREIGN EXCHANGE AND INTEREST RATE EXPOSURE

As the Group's hotel revenues are mostly based on Macau Patacas ("MOP"), having considered the exchange rate of MOP is fairly stable, no foreign exchange and interest rate risk management or related hedges were made at present. Proper policy will be in place when the Board considers appropriate.

REVIEW BY AUDIT COMMITTEE

The Audit Committee (the "Committee") meets the external auditors at least once a year to discuss any areas of concerns during the audits. The Committee reviews the interim and annual reports before submission to the Board. The Committee focuses not only on the impact of the changes in accounting policies and practices but also on the compliance with accounting standards, the Rules Governing the Listing of Securities (the "Listing Rules") and the legal requirements in the review of the Company interim and annual reports.

CORPORATE GOVERNANCE

The Group had complied with the code provisions set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 of the Listing Rules on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") during the year ended 31 December 2006.

By Order of the Board
CHU, Nicholas Yuk-yui
Chairman

Hong Kong, 28 March 2007