



Golden Resorts
黃金集團

Golden Resorts Group Limited
黃金集團有限公司

(Incorporated in Bermuda with limited liability)
(Stock Code: 1031)



Interim Report
2007

CORPORATE INFORMATION

BOARD OF DIRECTORS

Chairman and Non-executive Director

Mr. CHU, Nicholas Yuk-yui

Executive Directors

Mrs. CHU Yuet Wah (Chief Executive Officer)

Mr. WONG Hin Shek

Independent Non-executive Directors

Dr. WONG Yun Kuen

Ms. LO Miu Sheung, Betty

Mr. LAU Man Tak

COMPANY SECRETARY & QUALIFIED ACCOUNTANT

Mr. SO Wai Yin

AUDITORS

Graham H Y Chan & Co

Unit 1, 15th Floor, The Center

99 Queen's Road Central

Hong Kong

PRINCIPAL BANKERS

Chong Hing Bank Limited

Bank of China Limited

HONG KONG LEGAL ADVISERS

K&L Gates

35/F., Two International Finance Centre

8 Finance Street

Central

Hong Kong

BERMUDA LEGAL ADVISERS

Conyers Dill & Pearman

Room 2901, One Exchange Square

8 Connaught Place

Central

Hong Kong

REGISTERED OFFICE

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 2809, 28th Floor

One International Finance Centre

1 Harbour View Street

Central

Hong Kong

PRINCIPAL SHARE REGISTRARS AND TRANSFER OFFICE

Butterfield Fund Services (Bermuda) Limited

Rosebank Centre

11 Bermudiana Road

Pembroke HM08

Bermuda

BRANCH SHARE REGISTRARS AND TRANSFER OFFICE IN HONG KONG

Tricor Abacus Limited

26/F., Tesbury Centre

28 Queen's Road East

Wanchai

Hong Kong

Golden Resorts Group Limited

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The Board of Directors (“the Board”) of Golden Resorts Group Limited (“the Company”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, “the Group”) for the six months ended 30 June 2007.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group’s unaudited turnover was approximately HK\$260 million for the six months ended 30 June 2007, representing an increase of 12% as compared with HK\$232 million in the corresponding period of year 2006. Following the opening of Golden 28 Club, a self managed VIP Room, the Group has successfully expanded to the VIP gaming market. For the current period under review, Golden 28 Club had provided remarkable contributions to the overall revenue of the Group. Moreover, Grandview Hotel and Casa Real Hotel had also performed in line with management expectations amid intensifying competition and had provided solid and steady contributions in the reporting period.

For the six months ended 30 June 2007, the Group recorded an EBITDA of HK\$128 million (2006: HK\$130 million). The unaudited net profit attributable to the Company’s shareholders remained stable and amounted to approximately HK\$64 million (2006: HK\$64 million). The basic earnings per share for the six months ended 30 June 2007 was HK0.96 cents (2006: HK1.05 cents).

Hotel & Gaming Business

The Group operates in one of the fastest-growing gaming markets in the world and its hotel and gaming business continued to prosper for the six months ended 30 June 2007. As a result of the expansion to the VIP gaming market, there is a change in the composition of the total revenue of the Group. Revenue from the mass market gaming business accounted for 39% (2006: 60%) of the Group’s turnover while revenue from VIP gaming business accounted for 23% (2006: 12%). Revenue from the hotel business contributed 26% (2006: 28%).

Despite intensifying industry competition with the arrival of several new players in the market, the Group maintained a stable revenue from gaming operation that amounted to HK\$161 million as compared to HK\$166 million in the corresponding period of last year.

Trading of listed securities

The global economies were remarkably resilient and their performances were generally solid through six months ended 30 June 2007. Mainland China’s economic growth was the greatest support to the economic recovery of Hong Kong and the revitalization of its securities market. The Group took full advantage of the corresponding sharp increase in the local market activities and revenue from trading of listed securities accounted for 12% (2006: nil) of the Group’s turnover.

Future Business Prospects and Plans

The first stage of guest rooms renovation work of Grandview Hotel was completed during the period under review and the number of luxurious suites was increased to cope with the increasing trend towards the high end market. The guest rooms renovation work of Casa Real Hotel is expected to commence in the second half of 2007.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)**Future Business Prospects and Plans** (Continued)

The Group is also pursuing various marketing and promotion programs that attract and retain customers. To secure current customers and to expand its customer base, the Group has put forward a comprehensive membership program. Customers can enjoy extensive and free services within the Group with the use of our casino packages.

Furthermore, the Group will continue to upgrade the hotel and casino facilities to enhance customers' satisfaction. The Group will also co-operate with travel agencies and offer packages and joint promotions with business partners to reach a wider scope of customers. With Macau's growing prominence in the global gaming arena, the Group will strive to increase its market share in the mass market and VIP gaming in Macau.

With a strong liquidity position, the Group will also be opened to financially sound investment opportunities with the aim to maximize the return on the shareholders' equity. The Group has plans to expand the market presence in Macau as well as the Asia Pacific region in the future. However, no such investment or business opportunities have been identified at this stage.

Capital Structure

- (i) For the six months ended 30 June 2007, the Company purchased 2,728,000 of its ordinary shares on the Stock Exchange of Hong Kong Limited ("the Stock Exchange"). All the shares purchased were cancelled. Details of shares acquired by month are as follows:

Month	Number purchased	Highest price paid HK\$	Lowest price paid HK\$	Total cost HK\$'000
January	666,000	1.62	1.58	1,068
February	2,062,000	1.85	1.61	3,573
	<u>2,728,000</u>			<u>4,641</u>

- (ii) On 10 April 2007, 220,000,000 shares were subscribed by Mrs. CHU Yuet Wah, the Director of the Company and Sure Expert Limited (collectively, the "Vendors") pursuant to the top-up subscription agreement dated 30 March 2007 entered into between the Company and the Vendors at a price of HK\$1.98 per share (the "Top-Up Subscription"). The Top-Up Subscription issue price of HK\$1.98 represents (i) a discount of approximately 12.39% to the closing price of HK\$2.26 per share as quoted on the Stock Exchange on the last trading date; (ii) a discount of approximately 2.65% to the average closing price per share of approximately HK\$2.034 as quoted on the Stock Exchange for the last five consecutive trading days up to and including the last trading date; and (iii) a premium of approximately 0.3% over the average closing price per share of HK\$1.974 as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the last trading date.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Capital Structure *(Continued)*

- (iii) On 11 April 2007 and 17 April 2007, 210,000 and 608,400 ordinary shares of HK\$0.01 each were issued pursuant to the share option scheme of the Company respectively.
- (iv) Pursuant to a resolution passed on 7 May 2007, a bonus issue was made on the basis of four new shares, credited as fully paid, for every share then held. The bonus shares credited as fully paid and rank pari passu in all respects with the issued shares on that date. On 11 May 2007, 5,802,285,992 bonus shares of HK\$0.01 each were issued.

Change of the Board

On 29 March 2007, Mr. CHI Chi Hung, Kenneth resigned as Executive Director.

Liquidity, Financial Resources and Funding

As at 30 June 2007, the shareholders' fund and net current assets of the Group amounted to approximately HK\$3 billion and HK\$377 million respectively. On the same date, the Group had cash and bank balance of approximately HK\$555 million and the current ratio was 2.4 (31 December 2006: 6).

Contingent Liabilities

No material contingent liabilities of the Group were noted as at 30 June 2007.

Employees

As at 30 June 2007, 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.

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CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2007

	(Unaudited)	
	Six months ended 30 June	
Note	2007 HK\$'000	2006 HK\$'000
Continuing operations:		
Turnover	260,085	231,928
Cost of sales	(35,243)	(6,535)
Operating cost	(72,262)	(36,723)
Gross profit	152,580	188,670
Other operating income	11,176	4,222
Marketing and distribution costs	(5,476)	(259)
Administrative expenses	(74,085)	(86,006)
Gain on disposal of watch business	–	6,172
Staff costs	4 (10,112)	(35,003)
Finance costs	5 (8,136)	(12,978)
Profit before taxation	6 65,947	64,818
Taxation	7 –	–
Profit for the period from continuing operations	65,947	64,818
Discontinued operations:		
Loss for the period from discontinued operations	–	(1,199)
Profit for the period	65,947	63,619
Attributable to:		
Equity holders of the Company	63,721	63,619
Minority interest	2,226	–
	65,947	63,619
Dividends	8 –	36,380
Earnings per share for profit attributable to equity holders of the Company	9	
– Basic	0.96 cents	1.05 cents
– Diluted	0.88 cents	1.03 cents
Earnings per share for profit from continuing operations attributable to equity holders of the Company	9	
– Basic	0.96 cents	1.07 cents
– Diluted	0.88 cents	1.05 cents

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CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2007

		30 June 2007 (Unaudited) HK\$'000	31 December 2006 (Audited) HK\$'000
	Note		
Non-current assets			
Property, plant and equipment	10	1,905,364	1,933,885
Prepaid land lease premium		791,625	801,080
Deferred tax assets		5,575	5,575
Deposit for hotel renovation		–	7,524
Deposit for acquisition of property, plant and equipment		7,226	–
		2,709,790	2,748,064
Current assets			
Inventories	11	2,185	1,965
Prepaid land lease premium		18,905	18,905
Available-for-sale investment		15,600	15,539
Trade receivables	12	51,387	53,472
Prepayments, deposits and other receivables		5,885	18,150
Cash and bank balances		554,708	95,770
		648,670	203,801
Current liabilities			
Trade payables	13	4,168	7,258
Other payable and accruals		20,643	18,086
Obligations under finance leases – due within one year		–	3
Bank overdraft		6,492	6,651
Bank loans – secured	14	240,000	–
		271,303	31,998
Net current assets		377,367	171,803
Total assets less current liabilities		3,087,157	2,919,867
Non-current liabilities			
Bank loans – secured	14	–	320,000
Net assets		3,087,157	2,599,867
Capital and reserves			
Share capital	15	72,528	12,324
Reserves		3,002,267	2,577,407
Total equity attributable to equity holders of the Company		3,074,795	2,589,731
Minority interest		12,362	10,136
		3,087,157	2,599,867

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2007

	Attributable to equity holders of the Company									Minority interest	Total equity
	Share capital	Share premium account	Contributed surplus	Leasehold building revaluation reserve	Employee share-based payment reserve	Exchange fluctuation reserve	Retained earnings/ (accumulated losses)	Total	Total		
				HK\$'000	HK\$'000	HK\$'000	HK\$'000				
At 1 January 2006	121,265	1,415,424	814	866,921	496,800	235	(487,730)	2,413,729	-	2,413,729	
Surplus arising from revaluation of leasehold buildings	-	-	-	19,519	-	-	-	19,519	-	19,519	
Capital reduction	(109,139)	(218,938)	-	-	(448,000)	-	776,077	-	-	-	
Realised upon depreciation based on revalued amount of land and building	-	-	-	(9,773)	-	-	9,773	-	-	-	
Employee share-based payments	-	-	-	-	22,784	-	-	22,784	-	22,784	
Profit for the period	-	-	-	-	-	-	63,619	63,619	-	63,619	
At 30 June 2006	<u>12,126</u>	<u>1,196,486</u>	<u>814</u>	<u>876,667</u>	<u>71,584</u>	<u>235</u>	<u>361,739</u>	<u>2,519,651</u>	<u>-</u>	<u>2,519,651</u>	
At 1 January 2007	12,324	1,226,231	814	886,533	71,584	235	392,010	2,589,731	10,136	2,599,867	
Share repurchased	(27)	(4,614)	-	-	-	-	-	(4,641)	-	(4,641)	
Issue of share for cash, net of expenses	2,200	421,884	-	-	-	-	-	424,084	-	424,084	
Issue of share under share option plan	8	1,854	-	-	(225)	-	-	1,637	-	1,637	
Bonus issue	58,023	(58,023)	-	-	-	-	-	-	-	-	
Realised upon depreciation based on revalued amount of land and building	-	-	-	(10,227)	-	-	10,227	-	-	-	
Employee share-based payments	-	-	-	-	263	-	-	263	-	263	
Forfeiture of share options	-	-	-	-	(3,456)	-	3,456	-	-	-	
Profit for the period	-	-	-	-	-	-	63,721	63,721	2,226	65,947	
At 30 June 2007	<u>72,528</u>	<u>1,587,332</u>	<u>814</u>	<u>876,306</u>	<u>68,166</u>	<u>235</u>	<u>469,414</u>	<u>3,074,795</u>	<u>12,362</u>	<u>3,087,157</u>	

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2007

	(Unaudited)	
	Six months ended 30 June	
	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash from operating activities	131,246	110,173
Net cash used in investing activities	(13,226)	(22,016)
Net cash from/(used in) financing activities	341,077	(52,625)
Net increase in cash and cash equivalents	459,097	35,532
Cash and cash equivalents at 1 January	89,119	113,239
Cash and cash equivalents at 30 June	548,216	148,771
Analysis of balances of cash and cash equivalents		
Cash and bank balances	554,708	155,675
Bank overdrafts	(6,492)	(6,904)
	548,216	148,771

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate information

The Company was incorporated as an exempted company with limited liability in Bermuda on 10 April 1996 under the Companies Act 1981 of Bermuda. The address of the Company's registered office and its principal place of business are disclosed in the "Corporate Information" section of the interim report.

The principal activities of the Group are described in note 3.

These condensed interim financial statements were approved and authorized for issue by the board of directors on 21 September 2007.

2. Basis of presentation and accounting policies

The condensed financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and the Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by Hong Kong Institute of Certified Public Accountants. (the "HKICPA"). These condensed interim financial statements have been reviewed by the Audit Committee of the Company and were approved by the Board of Directors on 21 September 2007.

The condensed financial statements have been prepared under the historical cost convention except for certain properties and financial instruments, which are measured at fair values or revalued amounts, as appropriate.

The accounting policies adopted in the preparation of the condensed financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2006.

In the current period, the Group has applied, for the first time, the following new standards, amendments and interpretations (hereinafter collectively referred to as "new HKFRSs"), issued by the HKICPA, which are effective for the Group's accounting periods beginning on 1 January 2007.

HKAS 1 (Amendment)	Capital disclosures ¹
HKFRS 7	Financial instruments: disclosures ¹
HK(IFRIC) – Int 7	Applying the restatement approach under HKAS 29 financial reporting in hyperinflationary economies ²
HK(IFRIC) – Int 8	Scope of HKFRS 2 ³
HK(IFRIC) – Int 9	Reassessment of embedded derivatives ⁴
HK(IFRIC) – Int 10	Interim financial reporting and impairment ⁵

¹ Effective for annual periods beginning on or after 1 January 2007.

² Effective for annual periods beginning on or after 1 March 2006.

³ Effective for annual periods beginning on or after 1 May 2006.

⁴ Effective for annual periods beginning on or after 1 June 2006.

⁵ Effective for annual periods beginning on or after 1 November 2006.

The application of these new HKFRSs did not have any material impact on how the financial statements of the Group are prepared and presented for the current or prior accounting period.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

2. Basis of presentation and accounting policies *(Continued)*

The Group has not early applied the following new standards and interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these standards, amendments and interpretations will have no material impact on the financial statements of the Group.

HKAS 23 (Revised)	Borrowing costs ¹
HKFRS 8	Operating segments ¹
HK(IFRIC) – Int 11	HKFRS 2 – Group and Treasure Share Transactions ²
HK(IFRIC) – Int 12	Service Concession Arrangements ³

¹ Effective for annual periods beginning on or after 1 January 2009.

² Effective for annual periods beginning on or after 1 March 2007.

³ Effective for annual periods beginning on or after 1 January 2008.

3. Segmental information

In accordance with the Group's internal financial reporting, the Group has determined that business segments be presented as the primary reporting format and geographical segments as the secondary reporting format.

(a) *By business segment*

The Group is comprised of the following business segments:

- holding and operating of hotels: the operation of two hotels in Macau
- trading of listed securities

The following table represent revenue and profit/(loss) information on each of the above business segments for the six months ended 30 June 2007 and 2006.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. Segmental information (Continued)

(a) *By business segment* (Continued)

	Continuing operations						Discontinued operation		Total operations	
	Holding and operating of hotels		Trading of listed securities		Total		Manufacturing and selling of watches and watch components		Six months ended 30 June	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
HK\$'000		HK\$'000		HK\$'000		HK\$'000		HK\$'000		
Turnover										
External sales	<u>228,580</u>	<u>231,928</u>	<u>31,505</u>	<u>-</u>	<u>260,085</u>	<u>231,928</u>	<u>-</u>	<u>64,349</u>	<u>260,085</u>	<u>296,277</u>
Results										
Segment result	<u>72,621</u>	<u>99,704</u>	<u>2,708</u>	<u>-</u>	<u>75,329</u>	<u>99,704</u>	<u>-</u>	<u>(1,149)</u>	<u>75,329</u>	<u>98,555</u>
Unallocated corporate expenses					(12,159)	(9,518)	-	-	(12,159)	(9,518)
Other operating income					11,176	4,222	-	80	11,176	4,302
Expenses in relation to the grant of share option					(263)	(22,784)	-	-	(263)	(22,784)
Gain on disposal of watch business					-	6,172	-	-	-	6,172
Finance costs					(8,136)	(12,978)	-	(130)	(8,136)	(13,108)
Profit/(loss) before taxation					<u>65,947</u>	<u>64,818</u>	<u>-</u>	<u>(1,199)</u>	<u>65,947</u>	<u>63,619</u>
Taxation					<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Profit/(loss) for the period					<u>65,947</u>	<u>64,818</u>	<u>-</u>	<u>(1,199)</u>	<u>65,947</u>	<u>63,619</u>

NBI : The segment of manufacturing and selling of watches and watch components was disposed of on 30 June 2006.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. Segmental information (Continued)

(b) Geographical segment information about these businesses is presented below:

The following is the analysis of the Group's sales by geographical market:

	Continuing operations						Discontinued operation		Total operations	
	Holding and operating of hotels		Trading of listed securities		Total		Manufacturing and selling of watches and watch components		Total operations	
	Six months ended 30 June 2007	2006	Six months ended 30 June 2007	2006	Six months ended 30 June 2007	2006	Six months ended 30 June 2007	2006	Six months ended 30 June 2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
The People's Republic of China ("PRC") including Hong Kong excluding Macau	-	-	31,505	-	31,505	-	-	5,799	31,505	5,799
Macau	228,580	231,928	-	-	228,580	231,928	-	-	228,580	231,928
Middle East	-	-	-	-	-	-	-	10,316	-	10,316
South America	-	-	-	-	-	-	-	43,802	-	43,802
North America	-	-	-	-	-	-	-	2,763	-	2,763
Europe	-	-	-	-	-	-	-	323	-	323
Other locations	-	-	-	-	-	-	-	1,346	-	1,346
	228,580	231,928	31,505	-	260,085	231,928	-	64,349	260,085	296,277

4. Staff costs

(Unaudited)
Six months ended 30 June
2007 2006
HK\$'000 HK\$'000

Continuing operations:

Staff costs (including directors' remuneration)

- salaries, bonus, allowances and benefits in kind (NB 1)	41,397	33,288
- expenses in relation to the grant of share option (NB 2)	263	22,784
	<u>41,660</u>	<u>56,072</u>

Discontinued operation:

Staff costs

- salaries, bonus, allowances and benefits in kind	-	15,232
	<u>-</u>	<u>15,232</u>

NB 1: Included in operating costs are staff costs of HK\$31,548,000 (2006: HK\$21,069,000), which had also been included in staff costs disclosed above.

NB 2: The Company granted 88,070,000 options during the six months ended 30 June 2006. Details refer to note 18.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)***5. Finance costs**

	(Unaudited)	
	Six months ended 30 June	
	2007	2006
	HK\$'000	HK\$'000
Continuing operations:		
Interest expense on bank loans and overdrafts	8,131	12,978
Other loan interest	5	—
	<u>8,136</u>	<u>12,978</u>

6. Profit before taxation

Profit before taxation has been arrived at after charging the following:

	(Unaudited)	
	Six months ended 30 June	
	2007	2006
	HK\$'000	HK\$'000
Continuing operations:		
Amortisation of land lease premium	9,455	9,455
Depreciation	44,697	44,176
Loss on disposal of property, plant and equipment	—	556
	<u>—</u>	<u>556</u>

7. Taxation

No provision for Hong Kong profits tax has been made for six-months period ended 30 June 2007 as the Group has no assessable profit for the period (six months ended 30 June 2006: nil).

No provision for Macau Complementary Tax has been made as the subsidiaries operating in Macau has no assessable profit for the period (six months ended 30 June 2006: nil).

8. Dividends

	(Unaudited)	
	Six months ended 30 June	
	2007	2006
	HK\$'000	HK\$'000
Prepared for approval (not recognised as a liability as at 30 June):		
Dividend on ordinary shares:		
Interim dividend for 2007: nil (2006: 3 cents)	—	36,380
	<u>—</u>	<u>36,380</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

9. Earnings per share

- (a) The calculation of basic earnings per share is based on the net profit attributable to shareholders for the six months ended 30 June 2007 of HK\$63,721,000 (30 June 2006: HK\$63,619,000), and the weighted average number of 6,645,511,501 ordinary shares (2006: 6,063,255,490 as restated by bonus issue of four bonus shares for every share held) in issue during the period.
- (b) The calculation of diluted earnings per share for the six-months period ended 30 June 2007 is based on the net profit attributable to the ordinary equity holders and number of shares as used in the basic earnings per share calculation, adjusted for 577,984,179 shares (2006: 86,386,859 as restated by bonus issue of four bonus shares for every share held) assumed to have been issued since 1 January throughout the six-months period ended 30 June 2007, at no consideration on the deemed exercise of all share options.

10. Property, plant and equipment

During the period, the Group's acquisition of property, plant and equipment amounted to HK\$16,176,000 (six months ended 30 June 2006: HK\$23,764,000).

11. Inventories

	30 June 2007 (unaudited) HK\$'000	31 December 2006 (audited) HK\$'000
Holding and operating of hotels		
Food and beverage	2,185	1,965

12. Trade receivables

The Group generally grants a credit period of 30 to 180 days to its trade customers. The following is an aging analysis of trade receivables at the balance sheet date:

	30 June 2007 (unaudited) HK\$'000	31 December 2006 (audited) HK\$'000
0 – 3 months	43,750	50,379
4 – 6 months	7,131	1,596
Over 6 months	4,729	4,264
	55,610	56,239
Provision	(4,223)	(2,767)
	51,387	53,472

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

13. Trade payables

The following is an aging analysis of trade payables at the balance sheet date:

	30 June 2007 (unaudited) HK\$'000	31 December 2006 (audited) HK\$'000
0 – 3 months	3,949	7,046
4 – 6 months	215	212
Over 6 months	4	–
	4,168	7,258

14. Bank loans – secured

	30 June 2007 (unaudited) HK\$'000	31 December 2006 (audited) HK\$'000
The maturity of the secured bank loan is as follow		
Within one year	240,000	–
In the second to fifth year inclusive:	–	320,000
	240,000	320,000
<i>Less:</i> Amount due within one year shown under current liabilities	(240,000)	–
Amount due after one year	–	320,000

The bank loans are secured by certain leasehold land and buildings of the Group held outside Hong Kong.

15. Share capital

	Number of shares	Amount HK\$'000
Ordinary shares of HK\$0.01 each		
<i>Authorised:</i>		
At 1 January 2007 and 30 June 2007	30,000,000,000	300,000
<i>Issued and fully paid:</i>		
At 1 January 2007	1,232,481,098	12,324
Share repurchased	(2,728,000)	(27)
Issue of share by way of Top-Up Subscription	220,000,000	2,200
Issue of share under share option plan	818,400	8
Bonus issue	5,802,285,992	58,023
	7,252,857,490	72,528
At 30 June 2007	7,252,857,490	72,528

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

15. Share capital *(Continued)*

- (i) During the period, the Company purchased 2,728,000 of its ordinary shares on the Stock Exchange. All the shares purchased were cancelled. Details of shares acquired by month are as follows:

Month	Number purchased	Highest price paid <i>HK\$</i>	Lowest price paid <i>HK\$</i>	Total cost <i>HK\$'000</i>
January	666,000	1.62	1.58	1,068
February	2,062,000	1.85	1.61	3,573
	2,728,000			4,641

- (ii) On 10 April 2007, 220,000,000 shares were subscribed by Mrs. Chu Yuet Wah, the Director of the Company and Sure Expert Limited (collectively, the "Vendors") pursuant to the top-up subscription agreement dated 30 March 2007 entered into between the Company and the Vendors at a price of HK\$1.98 per share (the "Top-Up Subscription"). The Top-Up Subscription issue price of HK\$1.98 represents (i) a discount of approximately 12.39% to the closing price of HK\$2.26 per share as quoted on the Stock Exchange on the last trading date; (ii) a discount of approximately 2.65% to the average closing price per share of approximately HK\$2.034 as quoted on the Stock Exchange for the last five consecutive trading days up to and including the last trading date; and (iii) a premium of approximately 0.3% over the average closing price per share of HK\$1.974 as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the last trading date.
- (iii) On 11 April 2007 and 17 April 2007, 210,000 and 608,400 ordinary shares of HK\$0.01 each were issued pursuant to the share option scheme of the Company respectively.
- (iv) On 11 May 2007, 5,802,285,992 bonus shares of HK\$0.01 each were issued on the basis of four bonus shares for every share held.

16. Operating lease commitment

At 30 June 2007, the Group had total future minimum lease payments under non-cancellable operating leases in respect of properties payable as follows:

	30 June 2007 (unaudited) <i>HK\$'000</i>	31 December 2006 (audited) <i>HK\$'000</i>
Within one year	1,717	2,564
After one year but within five years	—	501
	1,717	3,065

17. Pledge of assets

At 30 June 2007, certain leasehold land and buildings located outside Hong Kong with net book value of HK\$2,519,903,000 (31 December 2006: HK\$2,549,302,000) were pledged to secure banking facilities granted to the Group.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

18. Share-based payment transactions

The Company has share options scheme for eligible employees and the directors of the Company. Details of specific categories of options are as follows:

Category of participants	Date of grant	Exercise period	Exercise price (adjusted) <i>(note 1)</i>	Balance at 30 June 2007 (adjusted)
Directors	28 April 2006	28 April 2006 to 31 December 2009	HK\$0.40	85,600,000
Consultants	28 April 2006	28 April 2006 to 31 December 2009	HK\$0.40	146,200,000
Staff	28 April 2006	28 April 2006 to 31 December 2009	HK\$0.40	138,818,000

The following table discloses movements of the Company's share options held by directors and staff during the period:

Category of participants	Outstanding at 1 January 2007 (adjusted) <i>(note 1)</i>	Exercised during the period <i>(note 1)</i>	Lapsed during the period <i>(note 1)</i>	Outstanding at 30 June 2007
Directors	146,200,000	–	(60,600,000)	85,600,000
Consultants	146,200,000	–	–	146,200,000
Staff	145,050,000	(4,092,000)	(2,140,000)	138,818,000

The closing price of the Company's shares immediately before the date of grant was HK\$1.96.

The fair value was calculated using the Binomial pricing model. The inputs into the model were as follows:

Weighted average share price	HK\$1.95
Exercise price	HK\$2.00
Expected volatility	9%
Expected life	3 years
Risk-free rate	4.15%
Expected dividend yield	0%

Expected volatility was determined by using the historical volatility of the Company's share price over the previous one year.

Because the Binomial pricing model requires the input of highly substantive assumptions, including the volatility of share price, changes in subjective input assumptions can materially affect the fair value estimate.

The Group recognised the total expense of HK\$263,000 for the period ended 30 June 2007 (six months ended 30 June 2006: HK\$22,784,000) in relation to share options granted by the Company.

Note 1: The exercise price, the number of options outstanding as at 1 January 2007 and the number of options exercised and lapsed during the period have been adjusted in accordance with the bonus issue on basis of four bonus shares for every share held.

19. Related party transactions

Placing commission of HK\$9,801,000 was paid to a corporation controlled by a Director of the Company during the current period.

INTERIM DIVIDEND

The Board of Directors has resolved not to declare any interim dividend for the six months ended 30 June 2007 (2006: HK3 cents per share).

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SECURITIES

At 30 June 2007 the following Directors had interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which would be required (a) to be notified to the Company or the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the requirements of the Model Code for Securities Transactions by Directors of Listed Companies:

Long positions in the Shares:

Name of Directors	Number of shares of the Company		No. of underlying shares of the Company	Total	Approximate percentage of shareholding
	Personal Interests	Corporate Interests			
Mrs. CHU Yuet Wah	–	3,034,905,680 <i>(Note 1)</i>	425,000,000 <i>(Note 2)</i>	3,459,905,680	47.70%
Mr. CHU, Nicholas Yuk-yui	–	3,034,905,680 <i>(Note 1)</i>	425,000,000 <i>(Note 2)</i>	3,459,905,680	47.70%
Mr. WONG Hin Shek	–	–	60,600,000 <i>(Note 3)</i>	60,600,000	0.84%

Notes:

- As at 30 June 2007, of the 3,034,905,680 shares, 3,008,333,990 shares are held by Sure Expert, 26,566,665 shares are held by Kingston Capital Limited and 5,025 Shares are held by Kingston Securities Limited. Both Kingston Capital Limited and Kingston Securities Limited are controlled by Mrs. CHU Yuet Wah ("Mrs. CHU"). Mr. CHU Nicholas Yui-yui ("Mr. CHU"), the husband of Mrs. CHU, is deemed to be interested in these 3,034,905,680 shares.
- As at 30 June 2007, Mrs. CHU, through Sure Expert held 400,000,000 warrants conferring rights to subscribe for up to HK\$200,000,000 in aggregate in cash for 400,000,000 new shares at an adjusted subscription price of HK\$0.50 per share (the "Warrants"). Each of Mr. CHU, and Mrs. CHU personally held 12,500,000 share options conferring rights to subscribe for 12,500,000 shares. Mr. CHU, the husband of Mrs. CHU, is deemed to be interested in the 412,500,000 underlying shares held by Mrs. CHU. Mrs. CHU is deemed to be interested in the 12,500,000 underlying shares held by Mr. CHU.
- As at 30 June 2007, 60,600,000 share options conferring rights to subscribe for 60,600,000 shares.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SECURITIES *(Continued)*

Save for those disclosed above, no interests and short positions were held or deemed or taken to be held under Part XV of the SFO by any Director of the Chief Executive of the Company or their respective associates in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or pursuant to the Model Code or which are required pursuant to Section 352 of the SFO to be entered in the register referred to therein.

DIRECTORS' RIGHT TO ACQUIRE SHARES AND DEBENTURES

Save as disclosed in the section "DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SECURITIES", at no time during the period was the Company or any of its associated corporations a party to any arrangement to enable the directors or chief executive of the Company to acquire benefits by means of the acquisition of shares in, or underlying shares in, or debentures of, the Company or any other body corporate, and none of the directors or chief executives, nor any of their spouses or children under the age of 18, had any rights to subscribe the securities of the Company, or had exercised any such rights during the period.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2007, the register of substantial shareholders maintained by the Company pursuant to section 336 of the SFO shows that, the following shareholders had notified the Company of relevant interests and short positions in the issued share capital of the Company:

Name of Directors	Number of shares of the Company		No. of underlying shares of the Company	Total	Approximate percentage of shareholding
	Personal Interests	Corporate Interests			
Sure Expert Limited <i>(Note 1)</i>	–	3,008,333,990	400,000,000	3,408,333,990	46.99%
Choose Right Limited	–	636,250,000	–	636,250,000	8.77%

Notes:

- (1) Sure Expert is wholly owned by Mrs. CHU. The interests of Mrs. CHU and Sure Expert in the Company are stated under the section headed "Directors' and Chief Executive's interests and short positions in the securities" above.

Save for those disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 30 June 2007.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 June 2007, the Company purchased 2,728,000 of its ordinary shares on the Stock Exchange. All the shares purchased were cancelled. Saved for those disclosed above, neither the Company and subsidiaries, has purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

Throughout the six months ended 30 June 2007, The Company has complied with all code provisions in the Code on Corporate Governance Practices contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules").

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors by Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules. Upon enquiry by the Company, all directors of the Company have confirmed that they have complied with the required standards set out in the Model Code during the six months ended 30 June 2007.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the appropriateness and consistent application of significant accounting principles and policies adopted by the Group, and discussed judgemental issues, accounting estimates, adequacy of disclosures and internal consistency of the interim financial report for the six months ended 30 June 2007.

By Order of the Board
Golden Resorts Group Limited
CHU, Nicholas, Yuk-yui
Chairman

Hong Kong, 21 September 2007